EUROPE

AUSTRIA

POLITICAL DEVELOPMENTS IN AUSTRIA: SOCIALIST UPRISING; NAZI ACTIVITIES; MURDER OF CHANCELLOR DOLLFUSS

123 Earle, George H./31: Telegram

The Minister in Austria (Earle) to the Secretary of State

VIENNA, October 28, 1933—1 p.m.
[Received October 28—11: 10 a.m.]

60. I am leaving tomorrow, Sunday, with Kliefoth 1 and Military Attaché 2 for 14 days trip of observation through 9 Austrian provincial capitals calling on governors and officials. Austrian Foreign Office pleased with this trip. Will have frequent telephonic communication with Swift at Legation.

EARLE

863.00/827: Telegram

The Minister in Austria (Earle) to the Secretary of State

VIENNA, November 8, 1933—5 p.m.
[Received 6:30 p.m.]

62. Referring to my telegram 60, October 28, 1 p.m. My tour of the nine Austrian provinces and calls upon provincial officials was most informative. These officials fully appreciated my visit, particularly as it was the first time any foreign diplomat had called. It was generally interpreted by them as a gesture of sympathy of America for the struggle Austria is making for its independence and encouraged them tremendously. I may summarize my impressions as follows:

1. Pro-German Hitlerism is at present on the decline; whether it will flare up again is another question. It embraces now probably less than 25 percent of the population in comparison with 40 percent 6 months ago. Where it has not declined it has changed its character to an Austrian national Fascist movement. Organized Nazism is generally broken up; remaining Nazi outbursts are largely efforts of in-

1 Alfred W. Kliefoth, First Secretary of Legation.
individuals, principally of students. Dollfuss's enjoys a large popularity throughout the country.

2. There is at present no fear of a Nazi putsch, even one from the Austrian Nazi Legionnaires in Germany. The extra military forces ordered to the German frontier earlier in the summer have been withdrawn. Some of the military commanders ventured the opinion that the actual danger never was as great as represented.

3. Austrian nationalism was awakened by the Government's anti-Nazi campaign and is gradually replacing the pro-German sentiment. The union-with-Germany movement which formerly embraced 90 percent of the population declined tremendously even in the military circles and is now supported only by the Nazis. This change was largely brought about as much by fear of the Prussianization of Austria as by coordination with the Nazis.

4. The military commanders talked freely and openly. They now have all the reenlistment and security forces under their command and seem to be supporting the Government loyally and effectively. They were unanimous in their opinion that the Nazi movement has decreased measurably. Individual cases of disloyalty existed but were isolated and unimportant.

5. While there is a noticeable economic improvement and the tourist trade was not as bad as originally feared, the economic situation remains the greatest danger to the present Government. Unless there is a decided improvement next year the Chancellor may face insurmountable difficulties. The crying need is to find a market for Austrian timber. The potential customers are Italy, France, and England. Tourist trade is the second urgent need.

6. Apparently little anti-Semitic sentiment outside of Vienna. In Vienna influx of German and Galician Jews has laid foundation for possible future difficulties although present Government assures me no trouble is anticipated unless Nazis come to power.

EARLE

863.00/628: Telegram

The Chargé in Austria (Swift) to the Secretary of State

VIENNA, November 11, 1933—1 p.m.
[Received November 11—12:05 p.m.]

65. After a Ministerial Council last night an official communiqué was issued stating that in response to popular demand the Government had reestablished the death penalty throughout Austria. Persons found guilty of committing murder, arson, or sabotage may be tried by

* Engelbert Dollfuss, Chancellor of Austria.
“summary justice”, the only legal means of invoking the death penalty. Ministerial Council also authorized Minister of Finance to demand that the Vienna municipality repeal the taxes on appreciated value of real estate, servants, moving picture theatres and reduce the price of gas and electricity.

While it is generally construed that the Government’s decree is primarily directed against the Nazis it may also have been promulgated to enable the authorities to deal effectually with the Social Democrats should they create disorder because of the Government’s evident decision to curtail their power in Vienna.

SWIFT

863.00/829 : Telegram

The Minister in Austria (Earle) to the Secretary of State

VIENNA, November 14, 1933—1 p. m.
[Received November 14—10:45 a. m.]

67. Have just had long interview with German Minister Rieth. He states that he has agents throughout Austria in every class and occupation; that he knows Nazi secret organization in Austria grows daily in strength; that it already includes 50 percent of the people; that it may seize control at any time and that Dollfuss government cannot possibly last more than 6 months; and that with Nazi control will come great anti-Semitic action in Vienna. I think Rieth believes all this. However, there is no further evidence to change my opinion expressed in my telegram of November 8, No. 62.

EARLE

123 Earle, George H./50

The Minister in Austria (Earle) to the Chief of the Division of Western European Affairs (Moffat)

VIENNA, November 21, 1933.
[Received December 11.]

DEAR PIERREPONT: The situation here is extremely hard to analyze. From our tour of Austria, calling on Governors, Generals, and Chambers of Commerce in the nine provincial capitals, Klieforth, Shallenberger, and myself all felt the Nazi movement had decidedly lost force.

We returned to Vienna to find the opinion almost unanimously expressed by foreign diplomats and newspaper men alike that the Nazis are gaining in strength steadily and that a putsch is imminent.

The insolent attitude of Rieth, the German Minister, that he will attend no receptions of the President or Chancellor and will simply
wait a few days or weeks for the Nazi putsch to occur, is typical of the faith of the entire German nation that under the surface in Austria a great Nazi development is going on similar to that in Germany just before Hitler was swept into office.

Rieth assured me in no uncertain words that with the Nazi putsch would come a program such as Europe had never had and that 500,000 Jews would lose their property and be lucky to escape from Austria with their lives.

Since we have several hundred American Jews here, and since Austrians are like Freshmen at college who prefer popularity to anything else, I thought an ounce of prevention might save a hell of a lot of trouble later, so in my statement to the press after my trip through Austria I said that since 90% of all Americans were themselves, or were descended from, people who came to America to escape racial or religious persecution, the sympathy of the American people would not be with any country that indulged in such persecution. In absolute confidence the Dollfuss Government told me my statement had strengthened their hands in dealing with this issue.

Now, Pierrepont, I believe the following absolutely: first, that the peace of Europe depends on Austria’s independence. Second, that Austria’s independence depends entirely on an improvement in economic conditions here. Dollfuss also firmly believes this.

Before I left America I talked to ten of the biggest bankers, publicists, and merchants. They were all eager to help Austria by buying her goods, wines, etc. Austria, in turn, learning of my desire to improve trade conditions, showed her willingness to reciprocate by taking off all restrictions on our apples. Austria has fine wines, liqueurs, leather goods, etc., at a much lower figure than any other country that I know of.

Dollfuss, realizing his only hope of remaining in power lies in improving Austria’s trade, is very anxious for me to go back to America and start things rolling, with or without, as you think best, an Austrian business committee of two or three men in January or February.

Words of sympathy are all right, but only improvement in trade is going to save Austria.

For these reasons I would like very much for you to order me back for a conference, leaving it to me whether it would be in January or February... In any case, order me back because I have had enough business experience to know I can get results in America for Austria.

Your friend,

GEORGE H. EARLE, 3d

*Mr. Earle was granted 60 days' leave, beginning January 16, 1934, to visit the United States.*
863.00/837: Telegram

The Minister in Austria (Earle) to the Secretary of State

VIENNA, December 23, 1933—noon.
[Received December 23—11:20 a.m.]

72. On December 5th all Catholic clergy in Austria were ordered by the Church to withdraw from active politics. This action was interpreted by the critics of Dollfuss as meaning that the Church feared a rising tide of Nazism. Tomorrow the Church clarifies this situation by the issuance of a Christmas pastoral letter in which it comes out solidly:

1st, supporting the Dollfuss regime;
2d, condemning Nazism because it (a) works with measures inconsistent with the principles of Christianity, (b) fails to promote peace and international understanding and (c) promotes race hatred and international discord;
3d, condemning anti-Semitism;
4th, placing blame on Germany for Austro-German strained relations.

Inasmuch as Catholicism embraces 90 per cent of Austrian population this action is most significant. It greatly strengthens Dollfuss’ position.

EARLE

863.00/838: Telegram

The Minister in Austria (Earle) to the Secretary of State

VIENNA, January 9, 1934—10 a.m.
[Received January 9—8:10 a.m.]

4. The Austrian Government after weeks of experimenting with a policy of clemency towards local Nazis decided last night to make full use of summary justice decree (see telegram 65, November 11th, 1933). Dollfuss apparently has given in to pressure within Government circles to fight Nazi terrorism with strong arm methods after having been finally convinced that all other methods were futile.

EARLE

762.63/135: Telegram (part air)

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 25, 1934—11 p.m.
[Received January 27—7:37 a.m.]

23. League officials on advices from European political centers are very much preoccupied with the current Austro-German situation par-
ticularly in view of the far-reaching political repercussions which might develop therefrom.

Political officials of the Secretariat have informed me in confidence of (1) Austria’s position as presented to them by the Austrian representative here and (2) their reactions thereto.

1. The Austrian note of January 18th or 19th to Germany was presented after informing Italy, and Austria intends to inform the French and British Governments immediately of what she is doing. The only “stiff” element in the note was the request for an immediate reply.

On receipt of the note Von Neurath remarked “I have up till now done my best in this matter but can do no more”.

Austria hopes that Germany’s reply to the threat of bringing the matter before the Council will be such as to render that step unnecessary.

Should the matter be brought before the Council, the nature of the latter’s action would presumably depend somewhat on the manner it was laid before it. Austria would probably submit to the Council a detailed memorandum setting forth the actions of the German Government against which protest was being brought. The Council might invite Germany to reply to this memorandum. In any case Austria expects no concrete action on the part of the Council. She desires only that Germany be made to realize that in all other negotiations her protestations of peace and friendship will be judged in the light of her attitude toward Austria. Furthermore, the great powers on the Council should declare publicly their privately expressed policy of maintaining Austrian independence. The Austrian representative gave as his own personal opinion and not as coming from his Government that the powers might give some sort of undertaking which would not be eternal but only guaranteeing Austrian independence unless and until an agreement satisfactory to both countries be reached between Austria and Germany. He believed that such declarations would be amply sufficient against further German attacks inasmuch as German public opinion has been led to believe that world opinion was hostile to the Dollfuss government. Since Austria has been obliged to sign a number of treaties binding herself to maintain her own independence, she was entitled to assistance in doing so.

Austria considers this a typical case for the application of paragraph 2 of article XI of the Covenant. It would be unwise to delay action on a matter which might eventually lead to a risk of war. The Council could move now without being charged of an unfriendly act toward either party and in so doing would have the world’s sympathy.

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*See despatch No. 64, January 27, from the Chargé in Austria, p. 8.
Constantin von Neurath, German Minister for Foreign Affairs.
2. It is felt that the question entirely hinges on the support which should be given in this juncture for the purpose of sustaining separate Austrian Government. Should Austria “go Nazi” a situation would ensue whereby not only all chances of League or international action would be lost but the consequent intensification of German recalcitrance would probably be disastrous to disarmament and general peace endeavors. League officials wish to make it clear, however, that in saying this they do not regard Germany as the only state “at fault” in the present disarmament impasse. Although it is not felt that Anschluss would be the immediate, it would undoubtedly be the ultimate outcome which would bring the question before the League in a more difficult form.

The immediate situation is that if Germany can give Dollfuss sufficient satisfaction to enable him to hold his position it will not be necessary to bring the matter before the Council. Should it come before the Council developments are expected to take the general course as outlined in paragraph 1 above.

The purpose of Council action in addition to giving public support to Austria would be to discourage German activities against Austria. This effect is, however, gravely questioned, League officials finding themselves in the absence of German nationals on the Secretariat very much handicapped in estimating German situations and reactions.

The general feeling is that the chances of the question coming before the Council are about even.

The position of the great powers is seen to be substantially as follows. Great Britain has no fundamental objections to the matter coming before the Council, but London hopes that the question may be handled directly between Austria and Germany and Council action thus avoided. France is believed to be urging Austria behind the scenes to appeal to the Council. It is felt that Vienna made an adroit move in that, without precisely consulting Rome, Austria apprised Italy of her intentions thereby at least to a degree committing Italy to moral support.

GILBERT

S63.00/844: Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, January 26, 1934—1 p.m.

[Received January 26—noon.]

10. The British Minister here informed me this morning that he concurs with the London Times statement of January 24 that “The internal situation in Austria is dangerously strained; intrigue is rife.
It is felt here that now at the eleventh hour every possible help should be given to the Austrian Government to break the ring which is slowly closing in on it and threatening to strangle it."

While I regard the situation as critical I do not believe it is quite as serious as reported. The Legation staff and Consul General concur. Nevertheless as pointed out in the Legation’s despatch No. 49 of December 29, 1933 Dollfuss has exhausted almost all possibilities of keeping down the Nazis. I too believe that unless the foreign economic help is announced very soon the chances of the Nazis, because of the German help, are increasing with great speed.

Kliefoth

762.63/145

The Chargé in Austria (Kliefoth) to the Secretary of State

No. 64 Vienna, January 27, 1934.
[Received February 10.]

Sir: In continuation of my telegram No. 8, of January 24, 1934, 1 p. m., I have the honor to report that on January 18, 1934, the Austrian Minister in Berlin was instructed to notify the German Government that unless a complete stop was put to the Nazi activities in Austria, insofar as they were directed and financed from German soil, the Austrian Government would consider making an appeal to the League of Nations.

This action was indicated publicly for the first time on January 22, when the Chancellor, Dr. Dollfuss, in speaking to the Patriotic Front, said:

"We cannot formulate our complaint here as to what is being sent (into Austria) from across the frontier (Germany), inasmuch as this is a matter we will discuss before other authorities and in a different form. Terror in Austria is only possible because the terrorists are building their hopes on certain circles across the frontier."

The announcement of the Austrian protest once more projected the Austrian problem into the arena of world affairs, a thing which has happened regularly ever since the end of the war. The efforts which the Chancellor has made to preserve Austrian independence have won for him tremendous sympathy throughout the world. There seems to be no doubt in the minds of the foreign legations in Vienna as to the complicity of the German National Socialist Party, and as

*Not printed.*
a matter of fact of German official authorities, in the illegal activities of the Austrian Nazis against the constituted Government of Austria. Nevertheless, there appears to exist a tremendous divergence of opinion as to the methods which Austria should employ in appealing to the world. The Austrians themselves are more or less indifferent as to the method so long as they secure an effective audience. The local French Minister, for instance, probably reflecting the wishes of his Government, seems to advocate the League of Nations, whereas the British and Italian Ministers are inclined to favor a démarche by the Italian, French and British Ambassadors in Berlin.

The Austrian démarche naturally aroused the indignation of the Germans. The official German News Agency, according to the Austrian press, stated:

"The German report regarding the conference of the Austrian Minister in the Berlin Foreign Office shows that the complaints of the Dollfuss Government are absolutely unfounded. Consequently there will not be any possibility for the (Austrian) Government to address itself to the League. Political developments within a country do not fall under the competence of Geneva."

The Austrian official Political Correspondence, on January 26, replied to this charge as follows:

"These views of the German press regarding the interference in Austrian internal political conditions are of a nature to cause astonishment even among legal laymen. There is no doubt, and no German press propaganda will be able to alter the fact, that any attempt from the outside to stir up the people against their own Government is contrary to all principles of even the most primitive international law. No state has the right to influence the political development of another state in such a way that it encourages by every means a certain movement in that state, in order to bring about a change of the system of government of the state. Any such attempt from the outside to influence the people of a state over the head of the international recognized government has been most firmly rejected since time immemorial in all cases where foreign states have made themselves guilty of such interferences.

The German Government itself did not fail on repeated occasions to protest energetically against Communist attempts to influence the political developments in Germany. On the other hand, it may be said in the present case that the National Socialist Party in Germany has the character of a State Party, which is not only proved by numerous declarations of its competent leaders, but among other things also by the fact that on the occasion of the elections on November 12, no other candidates than National Socialists were permitted. Since this Party, as may be seen from numerous announcements of its competent leaders, is to be treated as the state, the state assumes the responsibility for all measures of the Party and its functionaries."
The Austrian press also regarded the charity concert in Berlin on January 28, sponsored by government officials, to be held under the auspices of the “Kampfrieg der Deutsch-Oesterreichischer im Reich”, as another sign of German interference in Austrian affairs, inasmuch as the proceeds of the concert will be used for the support of the Austrian National Socialists.

At the time of writing this despatch, no reply to the Austrian déroche of January 18 has been received by the Austrian Foreign Office.

Respectfully yours,

A. W. KLIEFOTH

762.63/138: Telegram

The Ambassador in Italy (Long) to the Secretary of State

ROME, January 30, 1934—5 p.m.
[Received January 30—2:45 p.m.]

18. I discussed with the German Ambassador today the Austrian-German situation. He is very definite in his statements that Hitler is opposed to Anschluss but just as definite in his statement that the Austrian people are German and that the natural development of their political activity will be a government in Austria sympathetic to the German Nazis. He said that he realized that if the Germans participated in the erection of a Nazi state that Italy would not sit complacently and watch it but that he was sure the German Government would not participate. He did not expect any immediate development but thought it would come eventually and in normal course.


LONG

863.00/856: Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, February 12, 1934—3 p.m.
[Received February 12—1:30 p.m.]

17. The action of the police in Linz in searching Socialist headquarters this morning resulted in bloodshed and martial law whereupon Vienna’s electric workmen called strike in sympathy cutting off electric light and streetcar transportation and industries dependent upon electric power. Streets are patrolled by police armed with carbines. Strike is not spreading and city is orderly, difficulty expected to be settled very soon.

KLIEFOTH
The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, February 13, 1934—11 a. m.  
[Received February 13—7:32 a. m.]

18. The Socialist strike in Vienna developed into general Socialist revolt all over Austria against the Government but which found little public sympathy. The Government forces including army are breaking up the resistance rapidly. The Socialist Party has been dissipated and the Socialist regime of Vienna ousted. The Government estimates 50 killed and several hundred wounded. The Government now seems to have revolt well under control although stubborn resistance in Socialist sections of Vienna continues. The suppressed revolt of the Socialist[s] means that Dollfuss will no longer enjoy their tolerance in his fight against the Nazis. No reports of Americans injured or molested.

Kliefoth

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, February 13, 1934—4 p. m.  
[Received February 13—12:40 p. m.]

19. The futile Socialist revolt can now be considered as crushed, their failure to enlist popular sympathy has doomed their cause. The Government's unusually vigorous and efficient suppression of the uprising has greatly restored confidence in the Chancellor, which he sorely needed. Dollfuss policy hereafter will be [to] fight on the only remaining front, the Nazis, who remained completely in the background and are cowed by the events.

Kliefoth

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON], February 14, 1934.

I asked the Austrian Minister,10 when he called this morning, to give me a picture of the tragic situation as he viewed it in Austria today, and the following is a brief résumé of his conversation:

Dollfuss made his initial mistake in inviting the Fascist Party to cooperate with the Government forces in its fight against the Nazi

10 Edgar L. G. Prochnik.
influence. The Heimwehr, which are the storm troopers of the Fascists, were thereupon given arms and ammunition and machine guns by the Government. They had been very carefully trained over a period of ten years by Prince von Starhemberg, a young man of 34 years of age, who is at the head of one of the richest and most powerful families in Austria. Von Starhemberg had organized and financed the Fascist storm troopers out of his own funds; he has spent over a million dollars gold in this enterprise and is already heavily in debt. The Dollfuss forces were in the neighborhood of 22,000 men; the Fascist forces were about 20,000 strong. Dollfuss thus doubled his forces by inviting them to join with the Government. At once he armed them and gave them a substantial supply of machine guns.

The Socialist Party represents about sixty percent of the voting population of the country. The feeling between the Socialists and the Fascists is intense and, whenever a Socialist sees thecocked feathers in the hat of a Fascist storm trooper, his first impulse is to grapple with it. Dollfuss' initial mistake was in his failure to foresee that the Socialists would take a stand against the combination of the Government and Fascist forces. His idea undoubtedly was that the Socialists, being without arms, would give up the struggle as hopeless and would make the best terms they could with the governing powers. This, however, did not happen and the Socialists had obtained sufficient arms to put up the resistance of the last few days. However, it is impossible for them to continue their resistance, and the Minister has no doubt that the Government forces will win along the line within a few days.

The real problem would then present itself and the Minister would not venture to guess how events would turn out. He felt, however, that if Dollfuss could remain in power, the difficulties would gradually solve themselves. On the other hand, it was quite likely that the Fascist organization would insist upon forming a government, which would probably mean that Fey, the present Vice Chancellor, would become Chancellor. Any such event would in turn stir up the spirit of revenge among the Socialists, which would mean that many of them would probably go over to the Nazi organizations and in this manner the Nazi influence throughout the country would be immensely strengthened. A situation would then be created which would seriously alarm Italy and, as Mussolini has made up his mind definitely to preserve an independent Austria, it might well be that Italian armies would occupy Austria. If Italy took such a step, the Minister felt confident that Yugoslavia would act along the same lines and would have plenty of excuses for marching into Austria alongside of the Italian armies. Finally, everything seemed to depend on whether Dollfuss could remain in power or not. If the British, French and
Italian governments could reach some understanding to the effect that the Dollfuss regime must be maintained and would present a solid front in this respect, probably the Fascist forces in Austria would abandon their ambition of dominating the country. Dollfuss would never invite foreign armies to come to his rescue, but it might well be that he would ask for the moral support of the British, French and Italian governments. The real crisis, according to the Minister, would occur after the present fighting is over, when a decision would have to be reached whether Dollfuss was to continue in power or whether the Fascist regime would insist upon replacing him.

WILLIAM PHILLIPS

863.00/862a : Telegram

The Secretary of State to the Chargé in Great Britain (Atherton)

WASHINGTON, February 14, 1934—5 p. m.

Please telegraph a brief analysis of reaction in Great Britain to recent developments in the Austrian situation.

HULL

863.00/862b : Telegram

The Secretary of State to the Chargé in Austria (Kliefoth)

WASHINGTON, February 14, 1934—6 p. m.

5. I should appreciate receiving during the next few days a short daily analysis of events in Austria.

HULL

762.63/151 : Telegram

The Ambassador in Italy (Long) to the Secretary of State

ROME, February 14, 1934—7 p. m.

[Received February 14—6:25 p. m.]

26. My 17, January 29, 1 p. m. In conversation with Suvich today he confirmed report that France had requested England and Italy to join in a declaration which would be given to the press and which would supplement, and possibly render unnecessary, an appeal of Austria to the League, to which Italy is opposed. The declaration would express the readiness of the three powers at the request of Aus-

11 The same telegram was sent, mutatis mutandis, on February 14, 5 p. m., to the Ambassadors in France and Italy.
12 Not printed.
13 Fulvio Suvich, Italian Under Secretary of State for Foreign Affairs.
tria to “maintain the independence and integrity of Austria.” Italy is expressing her acceptance of the proposal, England has not been heard from here. Suvich said that in the present circumstances there is no thought here of military intervention, it being considered that the present situation in Austria is essentially an internal affair. He believes that Dollfuss is gaining control and that he will be stronger hereafter because of it.

Mailed to Geneva.

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863.00/866a: Telegram

The Secretary of State to the Chargé in Austria (Kliefoth)

WASHINGTON, February 15, 1934—11 a.m.

7. Please report more frequently during this crisis including pertinent information on the welfare of Americans in Austria.

Hull

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863.00/861: Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, February 15, 1934—1 p.m.
[Received February 15—11:25 a.m.]

21. Yesterday's execution of two rebels particularly of one who was taken wounded and disclosures regarding killing of women in barricaded houses has started change in public confidence in the Chancellor whose past prestige built up exclusively on moral suasion. Nevertheless, public still uninterested in general strike and greatly amazed at Socialist party military preparations at taxpayers' expense.

While Socialist uprising is a lost cause the stubborn resistance in heavily fortified dwellings has not been completely subdued and may take several days more. Government offered truce to rebels at 11 o'clock last night up to noon today in hope of obtaining surrender of last strongholds.

The unusual feature of the revolt was the extent of the armaments of the Socialist military organizations. In one center there were 60 machine guns and other armament which is equivalent of five American peace regiments. Such resistance necessitated artillery action and veritable assault methods to overcome it. This explains heavy casualties attending fighting. The public and foreign press correspondents unable to understand that the struggle was a real warfare between two armies and not merely the effort of police forces to put down an unarmed mob.

Kliefoth
The Ambassador in Italy (Long) to the Secretary of State

Rome, February 15, 1934—1 p. m.
[Received 1:35 p. m.]

28. Your circular telegram February 14, 5 p. m., and my 26, February 14, 7 p. m. According to Suvich Italy considers it a very salutary movement in that it has brought to a head a situation which has been hanging over Austria for several years. He thinks that as long as it had to come it has come at an opportune moment because if the movement of the Social Democrats in opposition to Dollfuss had developed when the Nazis were carrying on activities subversive of the Dollfuss regime it would have resulted in the certain fall of Dollfuss. The situation is thought to be well in hand by Dollfuss and Italy believes that he will maintain his authority. Having done so he will have answered the criticisms of the Nazis who have said that he was incapable of being ruthless and strong and unable to maintain order; furthermore, many of the Nazi ambitions are being realized through the forcefulness of his actions and by his policies so that Italy thinks there will be less Nazi opposition after this revolutionary movement is put down partly because of the anti-climactic effect that demonstration bombs and hand grenades will have after this bloody show is over.


Long

The Ambassador in France (Straus) to the Secretary of State

Paris, February 15, 1934—1 p. m.
[Received 2 p. m.]

128. Department's circular February 14, 5 p. m. The Doumargue government has formally signified to the Austrian Minister in Paris its approval of Dollfuss' proposal to submit its dispute with Germany to the Council of the League of Nations. Concomitantly it made plain to the Austrian Government informally that the French Government hoped that Dollfuss would defer taking the proposed action until the situation had become somewhat clarified.

The Embassy understands on reliable authority confirmed by the Austrian Legation that the Doumargue government unlike its predecessors is attracted by the plan for prior consultation between Great

14 See footnote 11, p. 13.
15 Gaston Doumargue, Prime Minister of France.
Britain, Italy, and France. The view is widely held here that nothing substantial can be accomplished at Geneva in behalf of Austria unless France and Italy agree on a course of action in advance. But evidently Rome will be cautious about committing itself without British participation. Accordingly a three-power talk is indicated and at once.

The press is devoting columns to the development in Vienna and the Austrian provinces all the more since the Doumergue government is exceedingly anxious to divert France’s attention from internal affairs. Editorial comment with the exception of the extreme Left papers is favorable to Dollfuss but here and there there is a trace of skepticism as to the durability of his regime. The fear is occasionally expressed that his downfall is inevitable and that nothing in reality can prevent the ultimate Nazification of the Austrian Republic. As a consequence there is a tendency in certain sections of the press to insist that France should join with Great Britain and Italy in sounding the warning that no interference from the outside in the internal affairs of Austria will be tolerated.

A suggestion by Senator Henry Berenger, the Chairman of the Foreign Relations Committee of the Senate, that France, Great Britain and Italy should assign military forces for the maintenance of Austrian independence has not been taken up by other sections of the press and official circles are silent in respect to it. There is some reason to believe, however, that this proposal was put out as a high flyer particularly to sound out the attitude of Italy which clearly holds the key to the situation.

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863.00/867: Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, February 16, 1934—noon.
[Received February 16—10:40 a.m.]

22. Due to the Chancellor’s offer of truce practical peace and order reigns everywhere and uprising definitely ended except for pursuit of armed individuals who will now resort to acts of sabotage, particularly against members of Heimwehr. The truce and lenient treatment of rebels was anticipated by the public and opinion again favoring the Chancellor. Military Attaché and I have personally seen several fortified strongholds and discreetly interviewed inhabitants of dwellings. Women informed me they were locked in their apartments by Socialists so that their presence could be used as screen against attacking forces. They were furious against their own leaders, but not the socialist movement, for the futile armed uprising.
The Consul General and I have kept in constant touch with American colony and advised them as to their welfare. None of them as far as we know were in danger as principally only Austrian Socialists who were inhabitants of city dwellings were exposed to danger. There is no reason why American visitors should either leave or not travel to Austria because of danger to them.

The Government is using the failure of Austrian Nazis in not helping to put down Socialists and the attack of German press and radio on Dollfuß during the crisis to discredit the Nazi movement and claims it is causing bitter resentment of loyal citizens. French and British unfriendly opinion from socialist press and confidential appeals from local French and British Legations to the Government to exercise great clemency to the Socialists is pushing Austria into closer relations with Italy. Austrians further claim that all new military supplies of Socialists lately acquired were received from Czech sources which fact may be used to arouse public opinion against that country. Government is proceeding rapidly with plans to put through new form of corporative state abolition of all political parties largely on Fascist model with pro-Italian leanings.

Kliefoth

863.00/666 : Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, February 16, 1934—1 p. m.
[Received February 16—11:10 a. m.]

28. Foreign Office complained bitterly over American correspondents’ despatches. It is true that their reports must be read bearing in mind that New York Times correspondent, an Englishman, is an ardent Socialist; that New York Evening Post, a Hungarian, also Socialist; that Associated Press violent pro-Nazi and anti-American; and Chicago Daily News, United Press and International News are radicals. Unfortunately not one of our regular American correspondents here. In view of their own political sympathies they are hostile to Dollfuss for suppression of Socialists.

Kliefoth

863.00/669 : Telegram

The Chargé in Czechoslovakia (Benton) to the Secretary of State

PRAGUE, February 16, 1934—4 p. m.
[Received February 16—3:25 p. m.]

10. The following represents what I believe to be an accurate analysis of the Czechoslovak point of view toward the Austrian situation in 700532—51—8
general. Great concern is felt, it being feared that recent events in Austria have materially weakened Dollfuss’ position and at the same time strengthened the hands of the Austrian National Socialists. Czechoslovakia would not like to see the latter gain the upper hand; but if they do she will probably not protest unless the German Nazis working in conjunction with the large number of Austrian Nazis in Germany should attempt to capitalize the situation, or Dollfuss should appeal for assistance to one state alone, such as Germany or Hungary. She is, however, of the opinion that the situation can only be definitely settled by the intervention of the states signatory to the Geneva protocol of 1922, and I understand that Beneš who is now in Paris is so informing the French Government at the same time urging agreement among the interested powers to take joint action, military if necessary, if and when needed. In any event this country would take no action, military or otherwise, without first consulting her friends and allies.

BENTON

868.00/871 : Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, February 17, 1934—1 p. m.
[Received 1:10 p. m.]

24. Government officially announced total killed 239 of which 102 Government forces and 137 civilian; injured total 658 of which 319 legal forces. There are probably additional casualties among civilians not yet reported. These figures in my opinion are fairly honest. Except for police surveillance of certain buildings and continued search for arms Vienna and Austria present normal appearance. Soldiers and Heimwehr have returned to barracks or homes.

In final investigation of affected area and discreet examination of witnesses on both sides Military Attaché and I were impressed with efforts used to prevent attack. Every form of persuasion and warning maneuvers were used before attacks were started. In each case investigated firing was started by the revolvers.

Political consequences of Government’s loss of Socialist toleration not yet clear but offhand there seems to be no immediate big change in view except possible readjustment of relations between Dollfuss and Heimwehr leaders who may demand larger recognition of their services. Dollfuss’ greatest weakness as a dictator is that he has no army of his own; his strength is that no one other person in Austria enjoys his prestige and that his use of force has impressed the Nazis.

Also many Socialists realize that even suppression of their party is not as serious as Nazi victory.

Kliethoff

863.00/872 : Telegram

The Chargé in Austria (Kliethoff) to the Secretary of State

VIENNA, February 17, 1934—6 p. m.
[Received February 17—3:15 p. m.]

25. Cabinet reorganization as foreseen in my telegram 24, February 17, 3 [?] p. m., was appointment today of Minister for Social Welfare Richard Schmidt, Christian Socialist, now Acting Mayor of Vienna in place of ousted Socialist Mayor as Minister without Portfolio. His old place in the Cabinet taken by Neustädter-Stürmer, moderate member of Heimwehr and formerly Under Secretary of State for unemployment and tourist trade. The latter’s appointment represents first political reward to Heimwehr for its services in uprising and is considered wiser politically than promotion of Fey or Starhemberg. Reward for latter constitutes difficult problem. Cabinet also decided not to withdraw from workers all social rights especially wage salaries obtained for them by Socialists. Martial law already canceled in five out of nine provinces.

Organized Jewry continuing their support of Dollfuss by offering him services of Jewish war veterans and money donations. No signs anti-Semitic outburst nor renewal Nazi terror.

Kliethoff

863.00/877 : Telegram

The Chargé in Austria (Kliethoff) to the Secretary of State

VIENNA, February 22, 1934—6 p. m.
[Received February 22—4:15 p. m.]

31. Dollfuss stated to me this afternoon that he was doing the utmost to pacify the country; that martial law is now withdrawn everywhere; that he is urging clemency for prisoners. These efforts, he said in strict confidence, were made difficult through attacks on him by Anglo-American press which only aided the Nazis. I am of the opinion that the Chancellor’s feeling toward the Socialists is one of pity and charity, not bitterness and revenge. He impressed me with his sincere feeling for interests of workers and that his simple peasant background still dominated his point of view. I fear that unfriendly foreign press comments, if continued, may weaken him so that reaction-
ary militaristic forces, forerunner of Nazis, will have a good chance of replacing him. The British Minister agrees with me that, in spite of last week’s uprising, Dollfuss, if given a chance, is the only person in the country that has a possibility of holding back Nazi wave. The Chancellor concluded by saying: “I am charged with trying to imitate certain foreign dictators whereas my secret ambition is to help Austria like President Roosevelt is helping America”.

KLEEFOTH

863.00/882: Telegram

The Minister in Austria (Earle) to the Secretary of State

VIENNA, February 28, 1934—noon. [Received February 28—9:45 a.m.]

37. The press here are insisting on an interview. The reasons for giving it are (1) to help heal the wounds of the uprising of February 12, (2) to encourage Dollfuss in granting even more clemency to 1,800 Socialist prisoners and, (3) to reiterate President Roosevelt’s words regarding the results of militarism in Europe. Unless I am informed you have objections I will issue the following statement March 1st, 1 p.m.

“I have seen the places where the really serious fighting took place and talked to many eye witnesses. I have two outstanding impressions.

First. The magnificent courage displayed by every Austrian engaged in the actual conflict.

Secondly. The fine clemency shown by the victorious Government forces who have not forgotten to be merciful to their defeated but brave brother Austrians whom, in defense of the Fatherland, they know would march shoulder to shoulder with them.

I have just come from America. It is almost impossible to believe that such a change for the better could take place in the 5 months I have been away.

Everyone there is cheerful and prosperity is coming back in leaps and bounds under the leadership of our great President.

Provided all the nations of Europe will take heed of what our President has pointed out and dispel the constant paralyzing menace of war by respecting and acknowledging the boundaries and the duties of other nations there will be an economic revival in Europe amazing in its extent. If Europe is not able to accompany America back on the road to happiness and prosperity let the burden and blame for this rest squarely upon that nation or nations who constantly rattles the sword in the scabbard and by direct or implied threat keeps all Europe in uncertainty and suspense of an offensive war that will engulf the Continent.”

EARLE
AUSTRIA

863.00/883 : Telegram
The Minister in Austria (Earle) to the Secretary of State

VIENNA, February 28, 1934—2 p.m.
[Received February 28—9:25 a.m.]

38. My telegram No. 37 of today. Proposed statement has full approval Austrian Foreign Office.

EARLE

863.00/882 : Telegram
The Secretary of State to the Minister in Austria (Earle)

WASHINGTON, February 28, 1934—4 p.m.

11. Your 37, February 28, noon, and your 38. I have personally gone over your proposed statement and discussed it with Phillips and with other collaborators here. We are unanimously of the opinion that it would be misunderstood (a) in Europe, where it might be read as implying American aid against an aggressor, and (b) in this country where it would be considered an intervention in European political affairs. For these reasons I feel that it would be better to confine any interview you may give to the press to an analysis of economic conditions in the United States.

HULL

863.00/885 : Telegram
The Minister in Austria (Earle) to the Secretary of State

VIENNA, March 2, 1934—noon.
[Received 12:20 p.m.]

39. I have just returned from tour of the districts of Vienna involved in the uprising and questioned many eyewitnesses. While it is impossible for me to interview the leaders of the uprising I have seen and heard enough to obtain a fairly clear picture of the situation.

The cables sent by Kliefoth during the uprising I thoroughly approve. He was one of the few who kept his head. Also the observations of Colonel Shallenberger were accurate and unemotional at all times.

At the last election held in 1930 the Social Democratic Party polled 1,500,000 votes. Out of a total population of 6,500,000 not more than 20,000 Left Wing Socialists took part in the uprising.

The difference between the Right and Left Wings of the Socialist Party is the difference between moderate liberalism and communism.

In the midst of negotiations by Chancellor Dollfuss to win over to him the Moderate Socialists who are a great majority of that party
the Heimwehr leaders learned of the heavy importation of rifles and machine guns from Czechoslovakia and the placing of these in strategic positions by the small militant communist element of the Socialist Party.

Fearing an attempted putsch the Heimwehr and Government forces initiated a series of raids to seize these arms. This was the immediate cause of the uprising. That only a very small fraction of the Socialist Party was in sympathy with resistance of any kind to the Government is clearly demonstrated by the refusal of the great majority of labor to respond to the call for a general strike issued as the fighting began.

Military operations by soldiers and police were conducted in a most humane manner. Women and children were warned again and again to leave affected buildings and areas hours before shelling began. Only during the first night was the issue in any doubt. After that the disaffected areas were mopped up efficiently in rapid succession. The clemency shown by the Chancellor is amazing. The relief and aid given to the insurgents' families by Dollfuss is almost unparalleled in Europe. He bitterly regrets the necessity of the use of artillery against the semi-fortified machine nests in workers houses. However, had the Government given the insurrectionists longer time to organize the Nazis would have started a simultaneous attack and Austria would now be under Hitler's control in actuality if not in name. Because of the demonstration of strength of the military forces of the Republic which brought fear of death to the Nazis and because of the efficiency and unswerving loyalty of the police and soldiers to the Government in this crisis, I believe Dollfuss' position is stronger than ever and that conditions are less threatening and more stable than at any time since my arrival last September. This opinion is directly contradicted by foreign press representatives who unanimously agree that Dollfuss is greatly directly weakened by the loss of Socialist support, lukewarm though it was.

Taking outside Socialist figures the total dead is 102 of the Government forces, 153 Socialists, and 40 civilians. The total property damage over all Austria will not exceed $200,000.

An interesting side light is that a few nights ago the Soviet radio in Leningrad vilified the Austrian Socialists for their failure to support the uprising.

Dollfuss' real weakness was the attacks against him in the foreign press which now let up.

If he had given way to these attacks the blame for establishing Hitlerism in Austria would have rested on the foreign correspondents who grossly misrepresented the situation.

Earle
The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, March 5, 1934—1 p. m.  [Received March 6—12: 30 p.m.]

38. Legation Vienna, No. 35, February 27, 1 p. m. The Austrian Government has not yet approached the League in any way and there are no further indications of its intention to do so (Consulate’s No. 30, February 16, 3 p. m.).

The League official estimate is that Austria’s coming to Geneva becomes less probable and that particularly in view of the present Italian position as interpreted here Vienna in any event will not make any démarche at Geneva until after the projected tripartite conversations with Hungary and Italy.

GILBERT

The Ambassador in Germany (Dodd) to the Secretary of State

No. 594

BERLIN, March 6, 1934.  [Received March 17.]

SIR: In continuation of despatch No. 531 of February 16, 1934, I have the honor to report that, as might well have been expected, every effort was made here to minimize the importance of the joint statement made by Italy, France, and England, to the effect that the independence of Austria should be maintained in accordance with the existing treaties.

The outstanding event in Austro-German relations in the past fortnight has been Habicht’s radio broadcast of February 19, in which he asked the Austrian Government whether, in view of the casualties of the recent “catastrophe” and the terrible possibilities which it opened up for the future, it intended to adhere to the course it has followed thus far or whether it was prepared “to seek the way to a better German future together with the Nazi movement, i. e., with the people.” As an earnest of the Nazi desire for peace, Habicht issued an order to all members of the party decreeing a truce “from Tuesday, February 20, until noon of Wednesday, February 28.” During this period all members of the party are forbidden, under penalty of exclusion, to attack the Austrian Government by word or deed, the only activity permitted them being propaganda vis-à-vis former members.

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18 Not printed.

of the Social Democratic Party to induce them to join the Nazi Party, and acts of self-defence.

It is interesting to note that, according to reports in the foreign press, the accounts of this speech were withdrawn from the German news service in the course of the night. As a matter of fact, the news item appeared in none of the Berlin press, but it was discovered in the National Zeitung of Essen. Rumors that Habicht had been removed as Nazi leader for Austria were officially denied. To have taken such action would have meant a loss of prestige. I hear confidentially, however, that his public utterances are to be censored in future. I am confidentially informed that Mussolini has conveyed word to the Chancellor that Habicht should be kept quiet.

In various cities meetings of the Austro-German Kampfring were held. According to speakers at these meetings, the association numbered 10,000 members in Germany.

Needless to say, the German press is strongly opposed to the reestablishment of a Habsburg monarchy in Austria, and all evidence of opposition thereto abroad is welcomed by the Deutsches Nachrichtenbüro.

Respectfully yours,

WILLIAM E. DODD

762.63/185

The Chargé in Germany (White) to the Secretary of State

No. 618

BERLIN, March 18, 1934.
[Received March 31.]

Str.: In continuation of despatch No. 594, of March 6, 1934, I have the honor to report that since that date the constant attacks on Chancellor Dollfuss in the German press have markedly subsided. Reports in the foreign press that Vice Chancellor von Papen would proceed to Rome to attend a convention of the Knights of Malta and would there meet Dollfuss, were denied. Von Papen himself, if he ever had any intention of going, was incapacitated by blood poisoning in the foot. Austrian affairs are being primarily viewed from the angle of the Italo-Austro Hungarian conference in Rome.

It is claimed in the press that the European constellation is admitted to be shifting, and a note of fear is in evidence lest Germany be left out of the Duce's plans or else that the altered circumstances may lead to Italian rapprochement with France. As against this it is maintained Mussolini had realized in the past that all solutions of the Danubian question must remain futile without German participation.

Respectfully yours,

J. C. WHITE
Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] March 19, 1934.

The Italian Ambassador 22 called to present the new counselor of the Embassy, Marquis Alberto Rossi Longhi, who has recently come from Vienna.

I put to the Counselor various questions about the Austrian situation concerning which he seems to be well informed; he expressed the view that Dollfuss had strengthened himself immensely and that, while the situation was not settled by any means, it would go along for some time as at present; I asked him whether there had been much of a split among the Socialists and whether many had gone over to the Austrian Nazi Party; he said that a certain number had undoubtedly joined the Nazi ranks, but they were not many in number.

The Ambassador referred to a recent press despatch by Paul Augur, 23 which we had discussed during his last visit to the Department, in which Augur spoke of the very great effort which Mussolini was making to reach an understanding with France on the subject of Austria, etc. etc.; the Ambassador said he had cabled the substance of this despatch to Rome and had received a reply to the effect that the report was immensely exaggerated; that while there had been an exchange of views with France, it was not being done in the way suggested by Augur.

WILLIAM PHILLIPS

762.03/197: Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, May 11, 1934—3 p. m.
[Received May 11—1: 35 p. m.]

65. Nazi activities especially bombing have considerably increased during the last 2 weeks. Likewise Munich radio resumed its attacks against Dollfuss and therefore resumption of activities attributed in the first place to the Government’s leniency in its treatment of Nazi agitators rather than to the growing strength of the movement and secondly to support Germany’s apparent determination in new attempt to force Austria to terms. It is felt here that in view of internal difficulties Germany is seeking progressive victory over Austria.

Kliefoth

22 Augusto Rosso.
Memorandum by the Secretary of State

[WASHINGTON,] May 15, 1934.

The Austrian Minister called, he having returned last Friday from a visit to Austria, and delivered a message of greeting and goodwill from Chancellor Dollfuss.

The Minister said that he had many things in his mind about conditions over there. He proceeded then to refer to the hemmed-in condition of Austria, between Germany on the one side and Yugoslavia, Italy and certain other states on the other, and stated that Austria was obliged to do just the best she could in the circumstances; that she should try to keep on working relations with all, especially Germany. He said that Dollfuss did not care any too much for the Heimwehr; that he was obliged, of course, to work with that group for the present, but by degrees he hoped to free himself from this special relationship and govern all groups and elements impartially and with an appeal to all. He said he did not know how long the Hitler régime would last; that he was not in favor of its continuance.

The Minister then referred to the economic condition of Austria, stating that it had considerably improved since the regional arrangements with Hungary, Czechoslovakia, and Yugoslavia for exchanges of certain kinds of their respective production. He added that conditions were not, by any means, yet what they should be, and that his country had already carefully listed a number of commodities they produced which were not competitive with this country; also a list that were very slightly competitive, and finally a third list of frankly competitive products. He expressed the hope that, as soon as practicable, arrangements might be made between our two countries for some trade with respect to the first class of products and probably some of the second, while the third could await future developments. I stated that when we reached a suitable stage to take up conversations with his government on this general subject of reciprocity trade relations, we would be much interested in doing so.

C[ORDELL] H[ULL]

863.00/336: Telegram

The Minister in Austria (Messersmith) to the Secretary of State

VIENNA, June 12, 1934—4 p. m.
[Received June 12—3:25 p. m.]

71. Press reports bombing outrages in Austria during the last few days substantially correct. Principally directed against railways and most numerous in Vienna and tourist centers. Government convinced and claims to have proof outrages are directed from National Socialist
sources Germany. Four pounds explosives reached desk Vice Chancellor. That outrages follow well-directed plan and are not isolated action indicated by fact that night of June 10th bombs exploded on all six of the main rail lines leading to Vienna. The damage so far small and general attacks directed toward terrorizing population and interfering with travel. Government taking new measures but just as concerted action in Berlin was necessary last August to stop first wave similar outrages and threat to appeal to League in January to stop second wave so similar action may be necessary to stop this third wave which up to now gives no indications of letting up. Population quiet and position Government undisturbed but nervous as to extent to which outrages may be carried. It seems fairly clear entire direction is from outside Austria.

MESSERSMITH

762.65/104 : Telegram

_The Ambassador in Italy (Long) to the Secretary of State_

ROME June 20, 1934—1 p. m.

[Received 4:23 p. m.]

126. Responsible Italian officials including Suvich as well as the German Ambassador have stated to me definitely that there were no commitments nor any agreements as a result of the Hitler-Mussolini conversations and this in spite of the definite announcement to the foreign press by Count Ciano, Chief of the Italian Press Bureau, that there had been an agreement about Austria. However, the same officials are unanimous in expression of entire satisfaction over the tenor of the conversations and the general atmosphere of the meeting. They all seem to think that the result of the meeting will be beneficial to relations between Germany and Italy and helpful to the general political status of Central Europe. The meeting offered the opportunity for full exchange of views principally on the political status of Austria, economic rehabilitation of the Danubian States and Germany's relations to the League of Nations. Also the intermediation of Italy for better relations between Germany and Russia were the subject of discussions of an incidental nature.

As regards Austria each seemed to recede a bit from their former positions and to concede the advisability of Austrian independence, Germany accepting that fact and Italy the possible eventuality of a Nazi government in the coming elections scheduled for October. . . .

And immediately in point is the fact that Hitler did not come to Rome but met Mussolini at a place in Italy outside Rome because

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24 E. R. Starhemberg.
25 The sentence here omitted was badly garbled.
his presence in Rome would have created an embarrassing situation vis-à-vis the Pope.

As regards the Danubian States the conversations covered the general subject of economic rehabilitation without any specific arrangement being concluded.

As regards Germany’s relations with the League of Nations it is understood Germany desires a free hand and Italy accepts the idea of noninterference.

I also understand that a return visit by Mussolini to Hitler at the latter’s country place near Munich is scheduled to take place in October which, it may be noted, is the time set for the elections in Austria.

LONG

863.00/838 : Telegram

The Minister in Austria (Messersmith) to the Secretary of State

VIENNA, June 21, 1934—5 p.m.
[Received June 21—3:08 p.m.]

73. Austrian Government has refrained from commenting on Stra meeting and at the diplomatic reception on June 19th Chancellor gave no information. This situation had given rise to many disturbing inferences. Yesterday, however, in private conversation with Chancellor I ascertained that he was greatly elated.

Barthou, French Minister for Foreign Affairs, passed through Vienna en route to Bucharest on June 19th. After conference of Dollfuss with Barthou Austrian Government in official communiqué approved by French Legation stated that French Government in cooperation with Italian and British would “continue to guarantee independence of Austria.” Later in an authorized press interview Barthou stated “France’s whole power stands behind independence of Austria; independence as it is represented in the person of the Chancellor. With regard to National Socialist outrages from which your country suffers so much” Barthou added “I wish to say the following: we are quite on the side of Dollfuss government. The freedom and peace of Austria must be guaranteed under all circumstances. We will protect this freedom by all means.”

French Legation here stated foregoing was substance of Barthou’s statements to Dollfuss and added that Barthou had assured Dollfuss of French Government’s confidence in his chancellorship.

In expressing his appreciation of the Barthou press interview Dollfuss said to me in strict confidence that Barthou’s statements “were in harmony with what transpired at Stra.”

MESSERSMITH
863.00/255 : Telegram

The Minister in Austria (Messersmith) to the Secretary of State

VIENNA, July 25, 1934—5 p. m.
[Received July 25—3:42 p. m.]

80. At 12:40 today announcement was made over Government radio Vienna that Dollfuss had resigned and Rintelen, Austrian Minister at Rome, was new Chancellor. According to announcement later made over Government radio a group of some 300 persons disguised as security forces had seized the official radio and made foregoing announcement which Government authorities again in control of the station stated was incorrect and an act of sabotage.

The unauthorized announcement may have been a signal for a Nazi putsch throughout Austria. It resulted in a confusion of issues which at the moment has not been clarified.

Numerous rumors regarding Dollfuss Cabinet prevail but are unconfirmed, one of which is Cabinet are prisoners of either the Nazis or the Heimwehr in the Foreign Office and as all communications with Foreign Office by telephone or otherwise barred no definite information concerning status of situation can be sent.

Latest radio communiqué states radio building reoccupied and district surrounded and police action under way. Only shooting we have been able so far to verify have been desultory shots in and around radio building.

The remainder of the city is quiet and it is believed Americans in the city in no danger whatever.

Will report further developments.

Messersmith

863.00/256 : Telegram

The Minister in Austria (Messersmith) to the Secretary of State

VIENNA, July 25, 1934—8 p. m.
[Received July 26—2:40 a. m.]

81. Mayor Vienna assembled chiefs missions and made following statement:

About 1 o’clock small group Nazis took possession Vienna radio and at same time about 100 men in police and army uniforms took possession Foreign Office where Cabinet had been in session. The Chancellor, Fey and Karwinski were made prisoners the Chancellor being shot in breast and gravity of wound not yet definitely determined.
Remainder Cabinet met under Schuschnigg and endeavored open communication with Nazis in the Foreign Office and received a communication from Fey that the Chancellor was wounded and would recognize any successor named by the President who from South Austria where he is on holiday stated he could not recognize any communication from imprisoned members of Cabinet acting under duress. Ministers were informed by Nazis that unless entire Cabinet resigned imprisoned members would be shot.

Although Ministers hesitated to order police surrounding building to clear it fearing besieged would carry out threat necessity for action became evident and ultimatum was issued to besieged to surrender and they would be given safe conduct to the border. No definite answer being received police were ordered to clear building using first gas which action in progress.

Official and other reports indicate while a police commandant in Tyrol shot and Nazis had temporarily occupied some Government offices in Styria the whole country is quiet as is Vienna where action has been localized at radio station and the Foreign Office.

While all circumstances not yet clear vacancy in determined factors would indicate today's events an abortive attempt of Nazis to secure control of the Government through terrorizing Cabinet.

Vice Chancellor Starhemberg returning by aeroplane Vienna this evening from holiday Italy.

MESSERSMITH

863.00/957: Telegram

The Minister in Austria (Messersmith) to the Secretary of State

VIENNA, July 25, 1934—10 p. m.
[Received July 26—2 a. m.]

82. Mayor Vienna informs me Chancellor Dollfuss has died of bleeding result two shots in the neck and that Schuschnigg is acting at the request of the President until return of Vice Chancellor Starhemberg tomorrow morning from Italy where he has been on holiday.

Foreign Office has been cleared and the prisoners estimated at well over 100 have been taken to the police prison.

President Miklas returns to Vienna by special train arriving tomorrow morning.

Foregoing now officially confirmed in Government statement. All reports and personal observation staff confirm city quiet. Official and other sources confirm quiet throughout country.

MESSERSMITH

*Kurt Schuschnigg, Austrian Minister of Education and of Justice.
The Secretary of State to the Acting Minister for Foreign Affairs and Chancellor of Austria (Schuschnigg)

WASHINGTON, July 26, 1934.

The sad intelligence of the death of Chancellor Dollfuss at the hand of an assassin shocks and grieves me beyond expression.

My fellow citizens join with me in extending to the Government and people of Austria sincerest sympathy in their sorrow.

CORDELL HULL

President Roosevelt to President Wilhelm Miklas

WASHINGTON, July 26, 1934.

It is with horror and deep regret that I learn of the assassination of Engelbert Dollfuss, Minister of Foreign Affairs and Chancellor of Austria. I extend through you to the Austrian people sincere sympathy in my own name and on behalf of my fellow countrymen.

Mrs. Roosevelt joins with me in expressing to Madame Dollfuss our deepest sympathy in this great sorrow which has come to her.

FRANKLIN D. ROOSEVELT

The Chargé in Czechoslovakia (Benton) to the Secretary of State

PRAGUE, July 27, 1934—11 a.m.
[Received July 27—9:20 a.m.]

39. Public opinion here is shocked by recent events in Vienna and generally holds Germany directly responsible for murder of Dollfuss. Foreign Office fears no international complications and believes that reconstructed Austrian Government will be able to handle the situation and continue Dollfuss’ policies. It considers that national socialism in Austria has been materially weakened.

BENTON

37 Based on a telegram from President Roosevelt on board the U. S. S. Houston, July 25, to the Secretary of State, received July 26, 6:25 a.m.: “Please express to the head of the Austrian Government over my own signature my deep horror and regret on receiving the news of the murder of Chancellor Dollfuss.”
Vienna, July 27, 1934—4 p. m.
[Received 8:25 p. m.]

86. Government here convinced recent events were desperate Nazi attempt to seize power by murder Dollfuss and intimidation present Cabinet. False radio announcement was to be signal for general Nazi uprising Austria which persons behind move felt would be reenforced by Socialists and probably communistic opposition and by invasion Austrian Legion from Germany as soon as results preliminary action proved propitious. General opinion well-informed quarters is Rioptelen was involved whose personal ambitions for Chancellorship parallel Nazi plans. When invaders Foreign Office had reached first objective of killing Dollfuss and found they had imprisoned only a small part Cabinet and that instead of supporting movement outside Foreign Office materially they found themselves also prisoners, they lost heart and followed prearranged plan to treat for safe conduct to Germany.

While impossible to assert this version correct all details I believe developing evidence will support it. Undoubtedly one of first objectives was death Dollfuss whom Nazis have correctly regarded as principal obstacle in their way as he has consistently refused to admit Nazis in the Cabinet.

During a conversation with Tauschitz today he showed himself expectant. He said that (1) the disturbances in a few spots in Austria will be cleared up at the most by tomorrow; (2) Dollfuss left a verbal political testament which President and Government will adhere to and any Cabinet changes or additions will not change Dollfuss policy; (3) in the strictest confidence he told me Schuschnigg will be the new Chancellor (This appointment in my opinion would definitely indicate continuance of Dollfuss policies as late Chancellor always in conversation with me showed special confidence in and predilection for Schuschnigg); (4) he expressed conviction that martyrdom Dollfuss had consolidated determination Italy, France, and England that German aggression and interference in all forms in Austria must stop; (5) with respect to declaration Hitler this morning on appointment Papen he said that Austria must wait for acts and not words from Germany. Italian Military Attaché confirms that their forces on the Austrian border had orders to be ready to move if real invasion of Austrian legionnaires developed.

28 Telegram in two sections.
29 Stefan Tauschitz, Austrian Under Secretary of State for Foreign Affairs.
30 Franz von Papen, German Minister in Austria.
Numerous arrests have been made in Vienna and throughout country last 2 days of important persons suspected of complicity in Nazi uprising including many friends of Rintelen.

There is a good deal in the happenings of the last few days that seems to me far from clear. This, and that a completely new situation is created by the death of Dollfuss which opens the way to freer plan of personal ambitions and rivalries, makes me feel that no one can with any certainty forecast interior developments. I believe, however, that the martyrdom Dollfuss can for a time at least maintain the Dollfuss tradition in the Government. Schuschnigg, who will most likely be Chancellor, is a sound man of determination and many good qualities and he is undoubtedly the best man now available.

MISERSMITH

863.00/976: Telegram

The Minister in Austria (Messersmith) to the Secretary of State

VIENNA, July 28, 1934—8 p. m.
[Received 10:25 p.m.]

87. The funeral of Dollfuss today was dignified and moving spectacle and President Miklas and Acting Chancellor Starhemberg in temperate, well-considered, but unmistakable and energetic language, used the occasion as a public dedication of the united Government to the Dollfuss policies and unswerving adherence to complete Austrian independence. They have definitely committed the Government to a policy of friendship with Germany but have made it clear that there can be no compromise on matters affecting Austrian independence and interference in her internal affairs.

Used brave words and meant them and the martyrdom of Dollfuss may be the path to internal political peace in Austria. The settlement of the Austrian problem is essential to European peace but it is not a problem the Austrian people can solve by themselves in spite of concrete and determined intentions. Her problem was created after the war from the outside and only the united action of the powers can save her and by that heal what is now one of the most dangerous spots in Europe, perhaps immediately the most dangerous. The Austrian economic and financial situation is better and I believe that with normal relations with her neighbors she can live within present borders but she is and will remain a weak country. As a result of the conditions developing in the postwar years she is now really prostrate before any aggressor, as events have clearly shown since the pretensions and lawless acts of the National Socialist government in Germany have so brutally manifested themselves.
There can be no political peace in Europe and no beginning towards Bavarian recovery until Austrian independence is definitely assured and a responsible government in control in Germany. It seems that Italy, France, England now definitely recognize this and I believe we should view with sympathy any concerted moral pressure which may be exerted by them to secure guarantees [for] Austrian independence.

While I am forced to the conviction by experience that no faith can be placed in the fulfillment of the promises or declarations of the Hitler government, such as those implied in his letter to Papen naming him Minister to Austria, I believe the circumstances require and are propitious for putting that government unequivocally on record regarding Austrian independence. Many factors point to a breakdown of that government before long. Its position has never been weaker. It is an untenable position before world opinion as the result of the murder of Dollfuss with the perpetrators of which her Minister here with his background and official knowledge felt compelled to treat. Concerted moral action by Italy, France, England can now without bloodshed secure from an insecure and trembling Germany guarantees for Austrian independence which will at least place her unequivocally on record and heal this long neglected sore and at the same time this will help materially in paving the way for more normal conditions in Germany and Europe. Then, and not before, progress can be made on disarmament. I do not believe the Austrian problem is an immediate problem for us. I do not believe that we should intervene directly in this or other primarily European problems. But an independent Austria and a healthy Germany are necessary to our own peace and economic health. I have felt it my duty therefore to give to the Department my matured views at this length as of possible interest at a time when it appears important steps may be under consideration by the immediately interested governments.

Messersmith

863.00/977: Telegram

The Minister in Austria (Messersmith) to the Secretary of State

VIENNA, July 30, 1934—10 a. m.
[Received July 30—8:45 a. m.]

88. Referring to my telegram No. 86, July 27, 4 p. m., the President charged Schuschnigg with formation new Cabinet which is as follows:

Schuschnigg Chancellor and Minister of War, Education and Justice; Starhemberg Vice Chancellor; Berger-Waldenegg (a Heimwehr leader) Minister for Foreign Affairs; Fey in addition to previous functions under last Cabinet General State Commissar for matter[s] of internal administration; Buresch Finance; Stockinger Commerce;
Neustädter-Stürmer Social Welfare and matters corporative state; General Zehner Under Secretary War; Dr. Hans Perner, a divisional chief of the Ministry, is named Under Secretary for Education; Karwinsky Under Secretary of Justice.

The special commission for extraordinary security measures remain as heretofore with Starhemberg as Chancellor and Fey as Vice Chancellor.

As a Minister for Foreign Affairs has been appointed Tauschitz remains Under Secretary temporarily.

MESSERSMITH

863.00/989

Memorandum by the Secretary of State

[WASHINGTON,] August 1, 1934.

The Austrian Minister called for the purpose, to quote him, of thanking the United States Government and its officials for the sympathy and friendly consideration exhibited in connection with the recent tragedy that had overtaken the Austrian Government and the Austrian people in the death of Chancellor Dollfuss.

I inquired casually what in the Minister's judgment would be the course of governmental affairs in Austria during the early future. He replied that the new régime which succeeded that of Dollfuss belonged to the same political group and that it would crush and wipe out the Nazi influence in Austria; that conditions were at present steadily moving in the direction of normalcy and that he saw nothing serious ahead in the early future. He said that Dollfuss had often expressed his purpose as contemplating more friendly relations with Germany, but that he never had the opportunity to consummate this desire on his part on account of interference of some kind at just the wrong time.

The Minister expressed the view that Hitler would probably make himself President to succeed von Hindenburg and would find a way to retain all his present power; that Hitler never surrendered power.

CORDELL HULL

863.00/1077

The Minister in Austria (Messersmith) to the Under Secretary of State (Phillips)

VIENNA, August 1, 1934.
[Received August 10.]

DEAR MR. PHILLIPS: In my despatches Nos. 65, 66 and 70,1 which go forward by the same pouch as this letter, I have endeavored to

1 None printed.
give a chronological and as exact a picture of the events of July 25 and the days following as the circumstances up to now permit. If you can find the time to read these, I think they will give you an idea of what actually happened. It is still too early to send much interpretative background, but I have given in my No. 70 some which will be of interest. I shall endeavor in this letter to confine myself to some comment which seems to be justified by developments to this date.

Just a brief statement of the initial happenings. At about noon, six motor-trucks stopped in front of a building in the city and unloaded some bundles. These contained army and police uniforms and arms, and the some 150 men who had gathered in the building changed into these uniforms quickly, mounted into the trucks, and five of the cars drove rapidly to the Ballhausplatz, where is situated the building occupied by the Foreign Office and where the Chancellor had his office. The sixth truck went to the nearby building of the Vienna radio station, overpowered the personnel and compelled the announcer to make the statement that the Dollfuss Government had resigned and that Dr. Rintelen was forming a new ministry.

At half past twelve Major Fey, who is a member of the Cabinet, got word from one of his agents that something was in the air, and he immediately went to the Foreign Office, where there was a cabinet meeting, at which all except he and Prince Starhemberg were present, Starhemberg being in Italy on holiday. He told the Chancellor that something was about to happen, and the cabinet meeting was immediately broken up, to resume at four o’clock. All the ministers, except the Chancellor and Fey and Under Secretaries Tauschitz, Karwinsky and General Zehner, returned to their respective ministries. While Chancellor Dollfuss was discussing with them the protective measures to be taken, the five trucks drove into the courtyard of the Foreign Office, and the men immediately scattered through the entire building, rounding people up and stating they were arrested in the name of the President and of the new Government. The Chancellor, while passing from one room into another, was shot and died several hours afterwards, as no physician was brought.

The entire personnel of the Foreign Office was huddled together in the courtyard, while about twelve of the principal officials were put under guard in a room, and they were informed that if there was any attack on the building, they would all be shot. I cannot go into the further details in this letter, as they would unduly increase its length, and the details of sufficient importance are set out at some length in my despatches above mentioned.

The important fact to record is that the expected revolt of the population, for which the false announcement over the radio was the signal, did not materialize, either in the city or throughout Austria,
for naturally the false announcement over the Vienna station was heard all over the country. Instead, within a very short time the radio station was cleared out by the police and an announcement sent out that the previous one has been a false one, and police, Troops and Heimwehr massed in front of the Foreign Office on the Ballhausplatz, and the Nazis in the building found themselves in turn prisoners. When this situation arose, they began to treat, first by telephone with the ministers at liberty, who were meeting with Dr. Schuschnigg in the Defense Ministry, and later directly in person through the intermediary of Minister Neustädter-Stürmer. As the besieged Nazis threatened to kill all in the Foreign Office if they were not given safe conduct to the German frontier, the Government was under the necessity of treating with them and agreed to this condition, if none of the officials and personnel lost their lives. When this agreement had been reached between Minister Neustädter-Stürmer and the pseudo-officer in command of the besieged Nazis, they feared that the Government would not keep its word, and so insisted that the German Minister be called to be a witness to the understanding. Dr. Rieth, the German Minister, appeared on the scene and was a witness to the agreement, after conferring at some length with a group of the besieged Nazis. The council of ministers made this agreement with the knowledge that the Chancellor was wounded, but they were under the impression, not gravely so. The besieged Nazis, numbering 144, then surrendered and were taken to the police prison in Vienna.

In spite of the contrary reports which, I am sorry to say, reached the outside world, the remainder of the city remained entirely quiet, and there has been no incident in the city up to this time other than what I have described. Four persons lost their life when the radio station was cleared out, and in the Foreign Office the Chancellor’s supreme sacrifice was the only one.

In the rest of the country Nazi groups did not begin to make trouble until the afternoon of the following day, and on July 27 there was a real conflict between Nazis and local Heimwehr, which in some places had to be reinforced by troops. The only spot, however, where real fighting developed was at Leoben, where the Alpine Montangeellschaft, which is really a German company, has its works and where the action assumed the proportions of a small battle. By the evening of the 27th the country was quiet, and has remained so.

The foregoing is only the most sketchy recital. According to the official statement, the Government forces, including police, Heimwehr and troops, lost 78 killed and 165 wounded throughout the country. The losses of the Nazis must have been considerably greater, but no definite figures have as yet been published.
To endeavor to give complete background is almost impossible in the scope of any letter which I can impose on you and get ready for the pouch about to leave, in view of the many things pressing on me for attention. I will, however, endeavor to give some of the most essential facts.

According to the information which has now developed and of which a good part, I am sure, has reached you from Berlin, Rome, London and Paris, it seems definitely established that this putsch was not only made with the knowledge of the German Government, but engineered by it. On June 29 Goebbels told Cherruti, the Italian Ambassador in Berlin, that there would be a Nazi Government in Vienna within a month. On the evening of July 24, a pamphlet appeared on the streets of Berlin, of which the Berlin Embassy has copies, from which it was obvious that there was full knowledge of what was planned in Vienna. An attempt was made to suppress it, and its contents got into only a few of the German papers on July 25, but the articles which did appear in the German papers of the day of the putsch showed that they had information as to the time it was to take place. I am informed by my English colleague here that London is convinced that Hitler had knowledge of the putsch planned and was entirely in accord with the action, but on the 23rd he is supposed to have called it off, fearing the time not propitious. The reports of the Consul at Munich written on the days just before the 25th show that he had knowledge of activity in the Austrian Legion and of movements which indicated impending action. If Hitler did try to call it off, what happened shows what I have always contended, that the secondary leaders have been and are in definite control in Germany. There seems to be no question that the Austrian Legion in Bavaria was to cross the frontier on the signal from the Vienna radio station, and I think the evidence is already accumulating in definite form that the movement was stopped when it was found the circumstances were not propitious.

Dr. Rintelen, the Austrian Minister in Rome, was in Vienna for no official reason whatever, and the evidence already accumulated indicates that he was here to be on the spot to form a new government. The key to Rintelen’s character is his ambition, which was to be Chancellor, and he really had grown to hate Dollfuss, whom he felt was the only real obstacle in his way. Rintelen was taken to the Defense Ministry on the evening of July 25, and that night attempted to commit suicide. The reports which have been sent out that he was shot by the police officials who went to the Defense Ministry to take him to the police Präsidium are, I believe, without foundation.
I think he tried to commit suicide when they came to the Defense Ministry to really arrest him, as he knew the game was up and feared a public trial and execution. I will not go into details here about this, for I have given some in my despatches, but I think there is no question that Rintelen was in the plot and was the willing tool of the Nazis in Germany and in Austria, as their plans paralleled his ambitions. Twice since his attempted suicide he has been given blood transfusions, and he is now said to be recovering and has already been submitted to a preliminary examination by the judicial authorities in the hospital. It was in Styria and Carinthia, where Rintelen had his stronghold and where he is known as "King Anton" that there was the only real Nazi uprising on July 26 and 27.

The intervention of Rieth was one of the most extraordinary things I have ever heard of. When I first heard of it, I felt it was a mistake and did not telegraph it to the Department until I had confirmed it from official and other sources. In spite of the statements which he has made since he returned to Germany and in spite of the official German disclaimers, I find no one here who has any doubt but what he knew all about it. Rieth's statement and that of the German Government that it was at the request of the Austrian Government that he acted as a witness does not give the real picture. The fact is that when the besieged found their position hopeless and made the agreement for safe transport under the protection of the military to the German frontier, they insisted that Rieth must be a witness to it. It was only when the besieged Nazis insisted, that Major Fey telephoned to Rieth and gave him the message. Fey says that he transmitted it merely as the message of the besieged, and I think he is telling the truth. All the circumstances point to that. Rieth came, and after talking to Minister Neustädter-Stürmer, had a long conference with the leaders of the besieged Nazis. I admit that he was in an impossible position, but it was only a guilty conscience and the full knowledge of the circumstances which could have enabled him to take the action which he did.

On the morning of the 26th Rieth was recalled and his act disavowed by the German Government, and Hitler's letter to Papen, with which you are familiar, was published on the morning of the 27th. On the evening of the 27th the German Chargé, as Rieth had already left for Germany, called at the Foreign Office and insisted that the agrément for Papen be given at once. This the Austrian Government refused to do, for various reasons, but I am sure that one of the controlling reasons was that they were of the opinion that if they granted it, Hitler would order Papen to go by plane imme-
diately to Vienna, so as to be present for the funeral of the Chancellor on the afternoon of July 28. The Austrian Government felt that they had enough trouble on their hands not to have to guard Papen on that day, and they did not wish anything to mar the funeral of the Chancellor.

The Austrian Government is in a difficult position. It does not want to refuse the agrément, but at the same time it feels that Papen’s mission has sinister aspects. While agrément has been asked for in the usual way, Hitler’s letter to Papen indicates that he is directly responsible to him, and the Austrians feel that this is practically sending a Statthalter to a subject province. They are thoroughly familiar with Papen, and while they recognize that he has done much to rehabilitate himself during the last few months, they know that it was his palace intrigue which brought in the Nazi Government in Germany. They know that for his ambition he sold that fine old figure Hindenburg, who treated Papen as a son. They fear, knowing that type of German as they do, that Papen would not be above using his position here to endeavor to bring Austria into the lap of Germany as a satisfaction of his personal ambition. My own feeling is that they have a good deal of reason for these fears.

I have been informed, however, that the agrément will be granted in a few days, but that Papen will be treated with a good deal of coldness and reserve, and that they have nothing to negotiate with him. They want to be friendly with Germany, but they feel that all the action must come from the German side in the form of unequivocal statements with respect to their recognition of Austrian independence and real acts to show that they will not interfere further in Austrian internal affairs. There is no question but that the Austrians are being asked to receive a Minister from a supposedly friendly power, when his immediate predecessor had knowledge of and probably figured in a plot to overthrow their government, and when that plot undoubtedly had as one of its primary objects the murder of their Chancellor. They feel that they are being asked to receive as a Minister the representative of a country which maintains within its borders and within striking distance of theirs an armed legion, whose arms come from the German Government, which has for its sole object the overthrow of the Austrian Government. They feel that if Hitler really means what he says in his letter to Papen, his first step would naturally be to dissolve the Austrian Legion in Bavaria.

They know that no faith can be put in his words, for they know that when Hitler refers to Papen as one of his most intimate and trusted co-workers, as he does in the letter of appointment, he is undoubtedly insincere. They know that the Austrian Legion, according to the German press, was supposed to have been removed from the
Austrian frontier to eastern and North Prussia, but they know now that in the days preceding the fateful 25th of July, the Legion was where it has always been. I think even the most objective observer must appreciate that their fears are not without foundation and that their lack of faith is more than justified by the facts.

When the news of the attack on the Foreign Office reached Rome, Mussolini, as you know, took prompt and decisive action in ordering the two Italian army corps held on the Austro-Italian frontier to be ready to move. This action and Mussolini’s telegram to Starhemberg undoubtedly did more to have Hitler take energetic action to stop any invasion by the Austrian Legion than the fear of a triple démarche, of which the papers were so full. It now appears there is some reason to believe that Hitler had already taken action before the 25th to stop participation by the Austrian Legion, but if he had not taken this action before, it is clear that it was taken on the afternoon of the 25th, after the determined attitude of Italy. I hold no brief for Mussolini, but I am confident that had he not taken the decisive action which he did, at least a part of the Austrian Legion would have got into Austria, and the fat would have been in the fire. In that case the Italian army would have moved across the Brenner Pass into Austria, and that would have meant, without any question, mobilization in Yugoslavia, which is so suspicious of Italy that it believes as little in any good intentions on the part of Italy as some of us have confidence in the promises of the present German régime. Such mobilization by Yugoslavia, with the state of mind that they are in, would have been extremely dangerous, and that it would have taken place I am quite confident, from what their Minister here tells me. It would have meant also mobilization by Czechoslovakia, but for other reasons, which in spite of their being more benevolent, would have been not much less dangerous.

Naturally it is the situation in Austria which must continue to give us the greatest concern. The Government from the outset of the trouble was in full control of the situation. It was at no time really threatened by the Nazi action, and it has been shown how much weaker the movement here was than even some of us assumed, and I was one of those who felt it much smaller than most foreign observers here. I was early able to telegraph the Department as to who the new Chancellor would be, for Tauschitz, whom Dollfuss brought here as Under Secretary of State, is very friendly, and told me he wanted me to know that the President had decided this, but that he would not be able to tell any of my colleagues. I felt a good deal relieved, because, naturally, poor President Miklas had very little to say about it, except to register the will of the major people in the Government, although, obviously he would want Schuschnigg to succeed Dollfuss. Starhemberg
and Fey would both have liked to be Chancellor, but just because both of them wanted it, it was obviously impossible for either of them to have it. Besides, Schuschnigg was the logical candidate, for undoubtedly Dollfuss had always indicated that in case anything happened to him, he wanted Schuschnigg to be Chancellor. Whenever I talked with Dollfuss about important matters, he always asked me whether I had already mentioned the matter to Schuschnigg, and if I said “no” he would ask me to do so. Schuschnigg is the best man in the Government and, I believe, is a man of sound judgment and will prove to be a much better man than has been generally supposed. The reports which the newspapers sent out about trouble between Starhemberg and Fey and that the Heimwehr was insisting on Starhemberg as Chancellor, are without real foundation. Both of them knew that this was no time to press their own ambitions. Both of them knew that their own eventual careers will be best served by not being Chancellor now. Both of them knew that absolute unity in the Government was essential in order to maintain its position at home and internationally. I do not wish to appear to be ascribing to them too great qualities of restraint and of judgment, for I do not consider either of them as particularly possessing either of these qualities, but it would have taken a much poorer man than they under the existing circumstances to press personal ambitions.

By this I did not mean to say that the position of the Government is strong. With the passing of Dollfuss Austria has lost her really great bulwark against internal difficulties. There are all sorts of political passions and resentments and difficulties in this little country, which are a result of all sorts of conditions which have prevailed here since the war, and some of which have their roots in the economic situation. Dollfuss never aroused great enthusiasm, but he was respected by all of his opponents, except the Nazis. He was on the point of making political peace with the Socialists, which would probably have materialized within the next few weeks. He had some of the qualities of a statesman and many of those of an agile politician. He was a realist and a good man, whose religion was something very real in his everyday life. He was a reasonable man, and who could discuss with friend and enemy. These qualities made him respected, if not generally beloved. His death has increased his stature and has created a tradition under which the present Government will, I think, hold together for some time. Those who wish Austria well and who have the peace of Europe at heart will hope that this Government can hold out until there is another government in Germany, whose pretensions against Austria have definitely been discarded. Austria can have no political disturbances internally. Hitler has always been insisting that there must be elections here, when he has none in his own country. He has wanted elections, not because he believed a Nazi majority existed
in Austria, but because he knew that elections would give rise to expression of internal political differences here, which would lead to such confusion that the Nazis, although in small minority, could seize the Government.

The Government has since the death of the Chancellor made definite and unequivocal statements of its attitude, which is that it will continue the Dollfuss policy, which, as it has stated, is well known. As a primary element of this policy, the President and all of the members of the Government on various occasions since the death of the Chancellor have stated the absolute insistence on Austrian independence and no toleration of interference in her internal affairs. As I said in my telegram No. 87 to the Department, these are fair and brave words, which they mean, but Austria is incapable of solving her own problems.

She has been put into a house and told to live in it, and it is a house with which she had no choosing of the architect and could not pass on the plans. The powers that put her into this house will have to see for the time being that she is able to maintain it. Her material position is a good deal better, and will get better if she is allowed to have some political peace. If it had not been for what we now know to be the definitely German-inspired bombing outrages and terrorist acts, the tourist business in Austria would have been better this year, as it is in some of her neighbors, and this money would have been sufficient to put her budget in balance and to help those districts where the economic distress is the greatest. As it is, it is too late to correct this situation this year, so in this respect the German policy has succeeded. I am only mentioning this, because it seems so extraordinary that in this day and generation one country, supposedly at peace with another, can deliberately send provocative agents, money and explosives into the other, to cause terrorist acts there, in order to keep the tourist away and by accentuating the economic situation, bring it into the National Socialist fold.

These things are so difficult to understand that they are hard to believe, but, as you know, I have been under no illusions. I had too intimate contact with the real people who conduct Nazi policy to have any illusions. I know what blood they had on their hands, what sinister motives they nourished, and what execrable acts they were capable of. National Socialism is a disease which attacks many worth while people and has some strange results. It is a disease which has to be eradicated if Germany and Europe are to be saved. For the moment, the pressure is being exerted on this little country, and what I wish to emphasize is that these good people here, with the best will in the world and with the firmest intentions to maintain their tradi-

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*2 Dated July 28, 8 p. m.*
tions and their independence, are helpless without the support of England, France and Italy.

The help of Italy so far has been all-powerful and certainly most effective. Paris is delighted, for it saves the situation in the Balkans for them as well as helping to aggravate the situation in Berlin. London is not unhappy, but wishes to take no commitments. My British colleague here is convinced that concerted action is necessary to save Austria. I think all that he says in London is to that effect. He says that this Government may not be strong, or as strong as one would wish it to be, but it is the best that can be had, and that it must be given the support which it now needs until the dangers to Austrian independence are gone and all forms of interference from Germany stop, and Austria can have normal commercial relations with Germany, which are absolutely essential to her. He feels that his country may be making the same mistake with respect to Germany that has been made before. He, I think, is insisting very strongly that his Government go as far as it can in giving support to triple action which will bring about unequivocal declarations and action at Berlin. He feels that this is the time to do it and that if it is done now, it will save the possibilities of catastrophe. He is very frank with me, which I appreciate.

I realize thoroughly that this problem is not primarily one of ours, and I am acting accordingly but I do believe that while we should abstain from interference in this or in any European problem, we should have a sympathetic attitude towards any efforts made by these three powers to bring moral pressure to bear on Berlin which will settle this intolerable situation. This present German régime is on its last legs, but it can last for some months longer, and in that time all sorts of things are possible, such as the events of the 30th of June in Germany and the 25th of July in Vienna have shown. Both outbreaks are symptoms of the same disease. This last time the prompt action of Italy saved complications, which might have had far-reaching consequences. A concerted action now would, I am sure, have the result of unequivocal declarations being secured from Berlin with regard to Austria, and while that is only part of the European problem, it would at least be the beginning of the healing of what is perhaps the sorest spot on this side the water.

Cordially yours,

G. S. Messersmith

P. S. I have just been able to read the foregoing and find there is a little time before the pouch leaves to give you a further word about two points which may be the subject of discussion.

The first is the German insistence that it was the Austrian Government who called in Rieth. This, I believe, is entirely unjustified by the facts, as I have already pointed out in this letter and in my des-
patches. As early as the evening of July 25, when I talked with the Burgomaster of Vienna, who was for the time being the liaison between the Government and the diplomatic officers here, I had to draw out of him the story of Rieth’s intervention and action, and it was patent that it was not because the Austrian Government had anything to hide, but because Rieth’s action had been so extraordinary that they knew it would cause complications and had not yet had time to consult how much they should say about it. The Burgomaster, however, then already, before there had been any opportunity to fix up a story, told me that it was on the insistence of the besieged Nazis to have Rieth as a witness to the agreement that Fey had called Rieth on the telephone.

Later in the evening, about eleven o’clock, when Schuschnigg spoke to the chiefs of the foreign missions here, he and Fey showed the same reserve, and it was not until Rieth’s intervention was brought out by questions that they gave information about it in that meeting. Again Schuschnigg and Fey, obviously without having had any opportunity to consult with each other, told exactly the same story. Fey was still laboring under the effects of the strenuous day and the treatment to which he had been subjected by being driven from pillar to post the whole afternoon with a gun in his back, and all of us who were at the meeting, and I think some of them not too sympathetically inclined towards him, were convinced of his complete sincerity. I think we can take it as a fact that it had not occurred in any way to any member of the Government, either among those at liberty or among those imprisoned in the Foreign Office, to consult with the German Minister. Just as the besieged Nazis were expecting Rintelen to appear at the Foreign Office every minute in the early afternoon, with the members of his new cabinet and government, and had his name constantly on their lips, so it was to Rieth whom they turned when they wanted a witness to their agreement for safe conduct when they found the coup had failed.

Rieth never spoke bitterly to me about Dollfuss, but several of my colleagues, and I am speaking of those in whom I can have the most confidence, spoke to me before and after July 25 of his bitter references to the Chancellor as the man who made it impossible for Germany and Austria to settle what was an “internal” problem. I have told you, and had mentioned in my despatches, that Rieth had always spoken to me of Austro-German relations as an “internal” problem. Rieth is a man of great wealth and of overpowering ambition, and he had sold himself body and soul to the present régime in Germany, which at heart I am confident he abhorred. In these problems over here we have to reckon with these ambitions, which to us are inexplicable when their attainment involves the commission of such iniquities.
While I am on this point, I want to tell you that this question of personal ambitions has really played a tremendous part in this whole matter. I have already pointed out that Rintelen was in it almost entirely because of his ambitions rather than of his convictions, the former paralleling the Nazi plans. The people who were to form the Rintelen Cabinet and who were in this plot, and many of whom have been arrested, were officials, lawyers, or professional people, who hoped through this movement to get positions which they would otherwise never arrive at. When the whole story is told, this will be found to have been the principal prop to Nazi ambitions, again another symptom of that dread disease which is attacking Europe. National Socialism, if it is a political philosophy, is in its last analysis merely an appeal to the most brutal and to the most sordid sentiments which we may have.

The second point which I wish to emphasize and on which there may be difference, is the action of the Austrian Government in trying and executing some of these 144 prisoners taken in the Ballhausplatz. There are those who say that because safe conduct to the frontier was assured these people, none of them should be tried, and certainly none executed. There are others who say that the Government was aware that Dollfuss was dead when it gave the assurance of safe conduct.

I was in as close touch with the situation that fateful afternoon as any of the diplomatic representatives and had constant touch with our newspaper men and with the officials themselves who were at liberty. Until well in the evening there were higher officials of the Government who did not know that Dollfuss was dead. There is no question but that when the agreement was made by the Cabinet in the afternoon, that they would give safe conduct to the frontier, if all the members of the Government and the imprisoned personnel were delivered alive, that they knew that the Chancellor had been wounded. This they knew, because Fey had sent a note over to the cabinet council in the Defense Ministry, in which he said that he had seen Dollfuss and that he was wounded. That is why the Cabinet made this decision about safe conduct on the basis that the imprisoned should be delivered "alive."

During the court proceedings yesterday and day before and the trial of the two already executed yesterday, the court brought out that the question of such an agreement was irrelevant, on the ground that it was made under duress and all contracts in civil procedure made under duress were invalid. Further than this, it is clear from the facts that the Government condition that the imprisoned officials be delivered alive was not met by the besieged and that the besieged were not acting in good faith, for the leaders knew at the time the agreement was concluded that the Chancellor was dead. I do not think,
therefore, that the Austrian Government can properly be held as having broken its faith if it proceeds with the punishment of at least the principal leaders of this lawless act and of those whom it is established had a direct hand in the murder of the Chancellor. To give them free conduct to the frontier of any country that would be willing to receive them, or to leave the principal ones unpunished would be to create a situation in this country which would be intolerable. No government which failed to give adequate punishment could hope to live, for the popular feeling over the murder of the Chancellor is real.

The correspondents who have been present at the trial so far have agreed unanimously that it is being conducted in an extraordinarily fair and proper way. The Government showed extraordinary restraint in delaying the trials until after the funeral of the Chancellor. It was an indication of more strength than many people thought it had, and it was certainly a fine indication of restraint.

The leader of the movement and the man who fired the shots which killed the Chancellor were condemned to death yesterday and hanged. The country at this writing is entirely quiet, and I expect it to remain so unless there is action from Germany.

I shall keep the Department informed currently with regard to developments, and I hope by the next safe opportunity to supplement this personal letter with further background which may be of interest.

G. S. M[essersmith]

701.0265/19

The Minister in Austria (Messersmith) to the Secretary of State

No. 98

Vienna, August 9, 1934.
[Received August 24.]

Sir: I have the honor to inform the Department that the Austrian Cabinet on August 7 announced the agrément of the Government to the appointment of former Vice Chancellor von Papen as German Minister at Vienna.

I am informed on good authority that the Government has no illusions with regard to the mission of Herr von Papen. It feels that the declarations of Chancellor Hitler in his letter to Herr von Papen cannot be taken at their face value as they have not been accompanied by any concrete evidences of a desire to establish normal relations such as the dissolution of the Austrian Legion and the cessation of the Munich radio propaganda.

The Government delayed the issuing of the agrément, I am informed, as an indication of its attitude, but felt that it would be unwise, considering all the circumstances and the general difficult situation in Europe, to refuse it.
I have been informed by the Foreign Office that Herr von Papen will be received as the German Minister with courtesy, but that the Government is a unit in its determination that it cannot negotiate through him with Germany on any matters even remotely connected with Austrian independence or interference in her internal affairs. The Foreign Minister in a statement which he made to me and which I understand has been made to the diplomatic representatives of other countries here, has made it clear that this attitude of the Austrian Government is unalterable.

I gathered further the impression in well-informed and in interested circles that the activities of Herr von Papen will be very carefully observed and that should he engage here in any activities which the Austrian Government would consider improper, it would not hesitate to demand his recall by the German Government.

According to the German newspapers of yesterday Herr von Papen plans to arrive in Vienna and assume his functions as German Minister here towards the end of next week.

The general impression here in well-informed circles is that Herr von Papen does not come here with the necessary powers to enable him to bring about any appeasement of the tension which exists in the relations between the two Governments. There remains, however, the earnest hope that this pessimism is unfounded.

Respectfully yours,

GEORGE S. MESSERSMITH

883.00/1035

The Ambassador in Germany (Dodd) to the Secretary of State

No. 1194

BERLIN, August 21, 1934.

[Received August 31.]

Sir: In continuation of despatch No. 1141 of August 12, 1934, I have the honor to report the persistence of German sympathy for the Nazi insurgents in Austria, as shown by the horrified press comment on the death sentences imposed by the Austrian courts on insurgent Nazis.

Meanwhile, von Papen has gone to Vienna where he was met, upon arrival at the flying field, by the members of the German Legation. No member of the Austrian Government, however, appeared to welcome him. On the way from the field to the Legation he was heavily guarded by Austrian police.

In the usual exchange of speeches accompanying the presentation of credentials to President Miklas, Papen referred to himself as a Minister Plenipotentiary on Special Mission. The President, in his

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*Not printed.*
reply, referred to von Papen as Envoy Extraordinary and Minister Plenipotentiary accredited to Vienna. The new Minister also alluded to the "unfortunately troubled relations between Germany and Austria" which it was hoped to improve. President Miklas, in his turn, expressed a desire to restore the friendly character of the relations between the two States (von Staat zu Staat). Papen spoke for collaboration in the spiritual, social and economic domain for the restoration of Europe. Miklas expressed the hope that the disturbances in the economic field as between the two countries might be set aside.

Respectfully yours,

WILLIAM E. DODD

863.00/1064

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[Extract]

[WASHINGTON,] September 14, 1934.

The Italian Ambassador called this afternoon on his return from leave.

He said that in spite of newspaper reports to the contrary, he felt that the European situation was calmer than it had been for some time past. He attributed this to two causes: one, to the fact that relations between France and Italy had certainly shown a definite improvement; and two, to the fact that Mussolini at the time of the crisis in Austria on July 25 last had taken instantaneous action in mobilizing his troops and in letting Germany know exactly how far Italy was prepared to go. As a matter of fact, Mussolini had made this decision by himself at Riccione where he was spending his summer vacation, and then telephoned to the Foreign Office at Rome that he had issued such orders. The British had been none too happy about it, feeling that Italy should have waited before acting until after consultation with France and England, but hindsight has more than ever convinced the Italians that they had been right.

Pierrepont Moffat

701.6283/26

The Minister in Austria (Messersmith) to the Secretary of State

No. 168

VIENNA, October 5, 1934.

[Received October 17.]

SIR: I have the honor to inform the Department that Herr von Papen, the German Minister to Austria, arrived here on October 3, from Budapest, in order to take up his duties in this capital.
As I have already informed the Department, Herr von Papen came to Vienna some weeks ago and presented his letters of credence. He stayed in Vienna only two days and returned to Germany. I saw the Foreign Minister a few days after Herr von Papen had presented his letters and he told me at that time that Herr von Papen had not indicated when he would return to Vienna to actually assume his duties, but left the impression with the Minister that he was returning to Germany until certain measures had been taken with respect to the Austrian Legion and the Headquarters of the Austrian National Socialist Party at Munich, which he felt were essential as preliminary to his assumption of duty. The Foreign Minister at that time expressed to me the pessimistic attitude of the Austrian Government with respect to the probable activities of Herr von Papen.

In the interval between the presentation of his letters and immediate departure for Germany, and his arrival here on October 3, the activities of the new German Minister have been the subject of considerable speculation here and elsewhere. I am informed in official circles in Austria that Herr von Papen made a number of ineffectual efforts to talk with Chancellor Hitler with the object of getting the assurances and instructions which he wished to have before definitely taking up his duties. Well informed persons here, and this is substantiated by press despatches from Germany, state that he finally succeeded in seeing the Chancellor about two weeks ago and had several long conversations with him. After the finish of these conversations the press carried reports that Herr von Papen was going to visit in Hungary a member of the Hungarian Parliament in order to shoot on his estate, but that the visit was of an entirely private character. This member of Parliament whom Herr von Papen was to visit is known to be very favorably inclined towards the National Socialist Government in Germany and has been actively involved in the conversations and visits which have taken place in recent months between members of the Hungarian Government and representatives of the National-Socialist Government in Germany.

Herr von Papen went to Budapest by airplane from Germany about ten days ago, and after a very brief stay in Budapest went to the estate of his friend, and later returned to Budapest. On October 3, just before leaving Budapest by automobile for Vienna he gave the following interview to the representatives of the Vienna Neue Freie Presse:

"I found myself very happy in Hungary. I was especially interested in the shooting which turned out wonderfully well. The finest stag which I shot is to be sent to me to Vienna. I had the opportunity while I was here to talk with Minister-President Goemboes, and in the course of our conversation we touched on a number of general prob-
lems. Now I am going to Vienna to again take up my work. I do not know when I shall be coming to Budapest again, but Vienna is really so near, and I hope to come therefore to Budapest again very soon."

I saw the Foreign Minister, Baron Berger-Waldenegg, this morning by appointment made some days ago, in order to get his impressions of his stay in Geneva. During the course of the conversation the Foreign Minister informed me that the German Minister was coming to see him during the morning. It was obvious that he was keenly interested in what Herr von Papen would have to say. He stated to me that the Austrian Government had so far no indications whatever of the nature of Herr von Papen’s instructions and what direction his conversation or activities would take. It was quite clear, however, that the developments in Germany and in Austria and in the general situation have in no sense increased the hopes of the Austrian Government that anything to ameliorate the situation between Germany and Austria can develop out of the new Minister’s activities here.

The visit which Herr von Papen made to Budapest and the personal character of which was so much emphasized, has not created a good impression here, and has caused a good deal of speculation not only here, but in other capitals. It is now quite clear that he made this trip to Hungary specifically for the purpose of conferring with Minister-President Gombos before the latter makes his visit to Warsaw, and also to have the opportunity of meeting and talking with Hungarians gathered at the shooting party for this specific purpose. That he should have made this visit before taking up his duties here has not increased the degree of personal or official confidence placed here in Herr von Papen and has not in any way made more easy the obviously difficult task which he has before him.

The general impression in official circles in Vienna, so far as I am able to learn it, is that the new German Minister comes with no specific promises or assurances to the Austrian Government. It is felt here that German diplomatic action will be increasingly exerted in Warsaw, Belgrade, Sofia, and Budapest with the objective of making any French-Italian agreement impossible, and that while this diplomatic action is in progress the German Minister here will mark time and content himself with the assurances that the German Government is in no sense interfering, and will not interfere, in internal matters in Austria.

I will not fail to inform the Department of any developments in this connection of which I may learn.

Respectfully yours,

George S. Messersmith
The Minister in Austria (Messersmith) to the Secretary of State

[Extract]

No. 176

Vienna, October 16, 1934.

[Received October 31.]

Sir:

I think it is quite clear that what I have said in previous despatches about the probability that Herr von Papen would come without any specific instructions which would tend to alleviate the Austro-German situation is substantiated by developments so far. During this last stay here I am reliably informed that he twice saw the Minister for Foreign Affairs and had two conversations with Chancellor Schuschnigg. From what I have been able to learn, he had nothing definite to offer in any of these conversations and avoided the discussion of the outstanding problems in Austro-German relations except in the most general terms. The Austrian Government had looked forward to the second arrival of Herr von Papen as it was quite reliably informed that he had seen Chancellor Hitler at least once immediately before proceeding to Budapest and thence to Vienna. I saw the Foreign Minister, Baron Berger-Waldenegg, yesterday in the Foreign Office on some other matters and remarked that Herr von Papen had called on me, but that I gathered that he probably came without very specific instructions. To this opportunity the Foreign Minister very frankly responded with the statement that he had had several conversations with Herr von Papen, but that they had been very general and that so far as the Austrian Government had any knowledge, he had no specific instructions tending to relieve the Austro-German relationship.

This is in accord with the information which I have received from other sources. I have reliable information that during his call on the British Minister he confined himself to generalities and that the British Minister gathered the impression that Herr von Papen had no specific instructions. During his call on the Swedish Minister he was evidently more direct. The Swedish Minister here, Mr. Undén, has been at this post for a number of years and Mrs. Undén is of German origin. I am informed by a member of my staff who recently saw Mr. Undén that Mr. Undén expressed considerable displeasure with the manner in which Herr von Papen had approached him during his courtesy call. He said that Herr von Papen had come to see him and talked to him as if his country and he were an ally. He indicated that Herr von Papen had specifically expressed to him the hope that he would help him in his very difficult task in Vienna. Mr. Undén asked Herr von Papen if he had any specific instructions with respect
to steps towards alleviating the situation between Germany and Austria, to which Herr von Papen is said to have replied practically directly that he had no specific instructions. Commenting further, the Swedish Minister said that he had no confidence in Herr von Papen and that he had less confidence in his Government and that he resented the attitude with which Herr von Papen had approached him, as certainly Sweden was not an ally of National Socialist Germany and he did not see how Herr von Papen could expect him to be of any assistance in his mission to Austria. He specifically expressed the opinion as a result of his conversation with Herr von Papen that he has no definite instructions with respect to conversations with the Austrian authorities tending towards alleviating the strained relations.

It is reliably reported here that the Austrian newspapers have received the intimation from the Government that they are to be restrained in their comment on developments in Germany and on Austro-German relations. I am informed, but have no direct official confirmation, that Herr von Papen requested that something like this be done when he called on the Foreign Minister on October 5, pointing out that the radio propaganda from Germany directed against Austria had ceased. Whether this official intimation was given to the newspapers in Austria or not, and it seems likely that it was, it has been quite evident from the comment within the last week that it has been very restrained and moderate.

I have the very distinct impression, based on what I have been able to learn so far, that Herr von Papen finds himself in a very difficult position, that he has no definite program in mind, and no definite instructions from his Government as to what he can do or as to what he can say to the Austrian Government. I believe that this present brief stay in Vienna has been for the purpose of exploring the situation and of making certain contacts. I have learned also from very well informed sources that he brought with him this time letters to various well known persons in Austrian society and that he is planning to open contacts through these people and through resuming a rather extensive entertaining in the German Legation. The former German Minister here, Dr. Reith, was a good deal isolated and although a very wealthy man and desiring to entertain, his advances were met very coolly. It seems that whatever advances Herr von Papen made during this last brief stay were met with much reserve in the quarters where he expected a friendly reception.

Herr von Papen left for Berlin by airplane, I understand, on the afternoon of October 15. There is an unconfirmed statement which has appeared in some of the Vienna papers to the effect that he is to go to Sweden to reassure the Protestant Church authorities there with
respect to the attitude of the German Government towards the Church in general.

Herr von Tschirschky and Bögedorff and Baron von Ketteler have been named honorary attachés of the German Legation in Vienna. Herr von Tschirschky, as the Department is aware, was associated with Herr von Papen in Germany for some time and was also arrested and imprisoned for several weeks after the 30th of June, and only narrowly escaped the fate of Herr von Bose and Dr. Jung. It is reported that Baron von Hahn, who is the official representative of the D. N. B. (Deutsches Nachrichten Büro) at the German Legation here and who it is understood has been handling the German money which came into Austria in such considerable sums to aid the National Socialist movement, and who is considered as the direct representative of the Party in the Legation in order to keep track of the activities of the Minister, is to be transferred to the German Legation in Budapest. It is not improbable that because of the unsavory reputation which Baron von Hahn has acquired through these activities Herr von Papen may have found it desirable to have him replaced here by someone less objectionable in Austrian circles.

Respectfully yours,

GEORGE S. MESSERSMITH

762.63/249

Memorandum by the Minister in Austria (Messersmith) of a Conversation With the German Minister in Austria (Von Papen)34

[Extract]

[Vienna,] December 6, 1934.

Papen turned to me and asked what I meant about Austria. I said that I did not wish to single out the Austrian question more than any other, but that obviously if one faced the facts, as he said they must be faced, then one must recognize that there is real fear in Austria with regard to interference in her affairs, and that, in view of the whole situation, Germany must make it clear that she has no aspirations of a political nature with respect to Austria, and that she could do this very easily and it would cause great relief, not only in Austria, but in Europe.

Papen said “You mean that Germany should undertake some guarantees for Austria’s independence”, and then went on to say that Germany could not give any such guarantee of Austria’s independence when it was something which did not exist. One could only guarantee

34 Transmitted to the Department by the Minister as an enclosure to his despatch No. 241, December 7; received December 20.
the independence of independent states, and Germany and Austria, under the Peace Treaties, were not really sovereign states. I remarked that this was rather a strange form of argument, which it would be rather difficult to support. Selby\textsuperscript{35} pointed out that Austria had had real reason to be disturbed by events during the last months. Papen said “I have given assurances to the Austrian Government that Germany does not wish to interfere in Austrian affairs.” I said that with all due respect to him and his position, what was needed to reassure Austria and Europe would be a German declaration.

Papen then said, “I have told the Chancellor and the Foreign Minister that as soon as the powers give Germany and Austria real sovereignty, I will make a statement that we will leave Austria alone.” I said that this form of argument would appear to most people as merely an endeavor to avoid the main issue, and that I doubted whether it would be wise to use such an argument in public, as its use would merely increase lack of confidence and would probably make the world more uncertain than ever of Germany’s real intentions.

Selby said that no progress could be made until there was this return of confidence. Papen said that he agreed entirely to this. I said there could be no confidence until there was more clarity. Papen said that he thought Germany’s attitude towards Austria was sufficiently clear.

As Papen had been deliberately pressing this conversation into these channels, I felt it necessary that there should be no misunderstanding, so I said that when I had called on his predecessor here, Dr. Rieth, Rieth had spoken to me of the German-Austrian question as an inner political one which could easily be settled if those other countries which thought they had an interest in it would keep their hands off. I said that when the German Minister in Austria made a remark of that kind and in such clear terms, they could not be surprised that there was lack of confidence in Austria and among the other countries of Europe. Papen said, “When did Rieth say that to you? He said it, of course, some time ago.” I said he made it towards the end of May or early in June, when I called on him on taking over my duties here. Papen replied that this was some time ago, and that I knew that he was not in sympathy with all that had been done in Germany. My statement obviously somewhat embarrassed him, as it was supported by a remark by Selby to the effect that there had been this tendency in Germany to consider German-Austrian relations as an internal German affair.

The conversation had grown to be somewhat prolonged and we were more or less isolated in the center of one of the drawing rooms, and it was time to leave. Lady Selby came up to remind her husband

\textsuperscript{35} Sir Walford H. M. Selby, British Minister in Austria.
it was time to leave, and I did not hear certain remarks which Papen was making to Selby, but I gathered he was saying that the way was now open to settle these other “frontier questions,” some of which he began to point out, and I have the impression that these latter remarks impressed my British colleague and perhaps disturbed him more than anything else that had been said during this rather extraordinary conversation.

It was evident that Herr von Papen was very happy with the Saar solution, because to them it is another of the German victories since the end of the War, and that it merely opens the way for further German pressure. In his conversation he had said that Austria must be absolutely free to do as she pleases; the inference, of course, being that this is necessary so that she can be free to follow Germany. It is difficult to bring out in such a memorandum the complete import of what Papen said, but he evidently considered the Commons debate on German rearmament as the beginning of the recognition of the legalization of German rearmament, and, therefore, the putting of her into the position to start from the present point to go further in the same direction. It was quite clear from his conversation that to the people with whom he was talking during this last stay in Berlin the Saar solution is merely the next step towards further German demands. In other words, armed conflict may have been avoided over the Saar, but this settlement has done nothing towards relieving the tension in other directions, and according to the German view point, has merely strengthened Germany in pursuing her further objectives. One cannot minimize the importance of statements such as these made by Papen. We know that it is characteristic of him to make such statements, and those who know him realize that he is always doing this sort of thing. Papen himself may be inconsequential and naive, but this conversation took place a few hours after he returned from Berlin, and there is reason to believe he was reflecting Party attitude, as well as that of the Foreign Office.

In this connection, the Department will recall the conversation with Papen which I recently reported, in which he naively said that Germany had no designs on Austrian sovereignty, but that all that Germany wished was to be absolutely sure that in European politics Austria would follow Germany, and not France. It would seem quite clear that in spite of his protestations, his fundamental attitude with respect to Austria does not differ from that expressed by his predecessor, Dr. Rieth. I find that I neglected to mention in this memorandum that when I repeated to Papen what Rieth had said concerning the Austro-German problem being an internal one, Papen remarked that he was probably saying that “under instructions from home.”
The conversation closed by Sir Walford Selby going off with Lady Selby, and I remained for a few moments with Papen, asking him about mutual friends whom he had seen on his trip to Berlin. He said that he had seen Neurath, Bülow, and others, "who were all very much pleased and happy." The conversation closed in a very amicable way, and Herr von Papen seemed to be quite oblivious to the fact that he had made rather interesting statements.

G. S. M[ESSERSMITH]

The Minister in Hungary (Montgomery) to the Secretary of State

No. 167

BUDAPEST, December 6, 1934.
[Received December 26.]

Sir: I have the honor to report that when Baron Hennet, the Austrian Minister, called a few days ago regarding some commercial matters I took the opportunity to mention General Gömbös' activity as peacemaker between Italy and Germany. He admitted that the Hungarian Prime Minister had been acting in that capacity and confirmed the things Baron Besseney told me in reference to the conversations at Rome on Gömbös' last trip. However, he thought that very little had been accomplished because Italy would not accept verbal assurances, and Germany had shown no disposition to give anything else. He felt that Gömbös was greatly disappointed; that the role of mediator was an ungrateful one; and that Gömbös was now beginning to realize it. While he does not feel that Gömbös has accomplished much so far, he thinks that there are possibilities and believes that if anything is done it will be through Gömbös, as he seems to be cast for the role of mediator.

Baron Hennet said that when von Papen came to Austria he announced that he was there on a mission of peace and said that if there was any overt act committed on the part of Germany he would leave. It was perfectly true that since his arrival nothing had happened to give the lie to his peaceful intentions. Nevertheless, his Government felt that he had very little influence and was only sent there to be rid of, and that while it might suit Hitler to adopt a peaceful policy for the moment they had no illusions about Hitler's ultimate intentions so far as Austria is concerned. The only question was whether he would be compelled to change his plans through economic and political necessity.

Bernhard Wilhelm von Bülow, German Under Secretary for Foreign Affairs,
Julius de Gömbös, Hungarian Prime Minister and Minister of National Defense.
Zeno Besseney von Nagybessenyö, Vice President of Hungarian Parliament.
Baron Hennet said that von Papen’s ability to control the Austrian Nazis was of itself evidence that their past activities had been solely dictated from Germany. No one knew how much money Germany had spent in Austria. He estimated that it amounted to at least 180 million schillings.

Respectfully yours,

John F. Montgomery

VISIT OF AUSTRIAN TRADE MISSION TO THE UNITED STATES; DISCUSSIONS REGARDING THE POSSIBILITY OF OPENING NEGOTIATIONS FOR TRADE AGREEMENT

611.6315/1: Telegram (part ali)

The Minister in Austria (Earle) to the Secretary of State

Vienna, January 2, 1934—11 a.m.
[Received January 4—1:05 p.m.]

2. Stockinger, Minister of Commerce, informs me that in order to expand Austrian foreign trade the Government will send special missions abroad. One will soon leave for the Scandinavian countries and within a fortnight another one to the United States. He added that the purpose of this mission was to sell such Austrian goods as did not compete with American and above all not to dump goods.

I am of the opinion that the real purpose of these missions is political; first, to further Austrian independence of Germany and, second, to demonstrate to the Austrian people the Government’s activity in relieving the economic distress.

Earle

611.6315/3

Memorandum by the Under Secretary of State (Phillips)

Washington,] February 1, 1934.

The Austrian Minister 29 called to inform me officially of the arrival on February 15th of an Austrian Trade Commission, which will consist of four members and a secretary. The Minister mentioned the name of three members—Mr. Boehler, president of the Boehler Foundry Company; Mr. Kuffer, president of the largest textile undertaking, and Mr. Granichstadtten.30 The secretary is Count Seefried, a great-grandson of Emperor Francis Joseph. The mission will remain in the United States for one month. From New York they will come to Washington, then proceed to St. Louis, Chicago, etc., etc.

29Edgar L. G. Prochnik.
30The fourth member of the delegation was Mr. Hans Geggenhofer.
The Minister has just received instructions to delay his scheduled leave of absence for one month, that is, until the Trade Commission terminates its work.

William Phillips

611.6331/120

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[Washington,] February 21, 1934.

Mr. Sayre received Mr. von Boehler, Chairman of the Austrian Trade Delegation, and two of his colleagues this afternoon; Mr. Gardner Richardson, of the Department of Commerce, and Mr. Pierrepont Moffat, of the State Department were also present.

Mr. von Boehler told Mr. Sayre that the Chamber of Commerce in Vienna had prepared a careful study of the items of the American tariff which it desired to see lowered and for which it was prepared to make concessions. On second examination, it was found that this memorandum was now somewhat out of date and the Commission was accordingly prepared to revise it, put it in English, and submit it not as a basis of negotiations but as a précis of the situation as seen from the Austrian side.

Mr. Sayre explained that he would be delighted to look over the memorandum but that the United States was not in a position to enter into any form of tariff negotiations with the Austrian Government at present. In the first place, we did not have the requisite legislative authority; in the second place, we were engaged on certain preliminary trade discussions with countries whose exports to the United States were non-competitive and which presumably could absorb some of the American agricultural surplus; in the third place, our experience had shown that negotiations were much more time-consuming than we had anticipated and that our personnel to make the requisite studies was limited.

Mr. Sayre made it very clear that we were not now in a position to start any form of treaty negotiations with Austria, nor would he commit himself as to when we might be able to begin, either as to date or as to the order in which we would start negotiating with foreign countries. Mr. von Boehler hoped that before he sailed back we might have some more definite news for him but Mr. Sayre was noncommittal.

Pierrepont Moffat

*Francis B. Sayre, Assistant Secretary of State.

*Not found in Department files.
Memorandum by the Secretary of State

[WASHINGTON,] March 12, 1934.

The Austrian Minister came in to tell me that he was leaving for about a five weeks’ visit in Austria and he wanted to pay his respects before his departure.

He said that when he was in Austria he would make certain study and inquiries with regard to articles of Austrian manufacture, marketable in the United States, which might be considered in any reciprocal trade agreements which might be made between Austria and the United States.

C[ordell] H[ull]

Memorandum by the Assistant Chief of the Treaty Division (McClure)

[WASHINGTON,] August 1, 1934.

The Minister of Austria came to Mr. Sayre’s office on the morning of August 1, 1934, and, in Mr. Sayre’s absence, asked to see me. He referred to an article which he said he had read in the Baltimore Sun for today, in which six countries, namely, Great Britain, Germany, Russia, Canada, Argentina and Austria, were listed with the statement that an authoritative source had disclosed that the State Department had no plans for instituting negotiations with these countries. With reference to Austria it was stated that American officials believe it is not feasible at the present time to enter into negotiations because of the complicated political and economic situation in Austria.

Mr. Prochnik asked to be informed what was the meaning of this press statement.

I had not myself read it, but told Mr. Prochnik that I felt sure there was no official foundation for the statement and that it originated purely in the imagination of some writer for the press.

Mr. Prochnik then stated that he thought his Government would, when there was a little more leisure, desire to instruct him to approach this Government with a view to opening negotiations. He inquired whether, in view of the press statement referred to, he might feel at liberty to do so. I told Mr. Prochnik that it seemed to me that he should make such proposals as he might desire at such time as might seem appropriate to him. He asked me to look into the press despatch and, if anything should develop contrary to what I had told him, to let him know.
I have since looked into the matter and have found an Associated Press despatch from Washington, July 31, published in the Baltimore Sun for August 1. A similar despatch, though somewhat briefer, appears in the Washington Post. Incidentally, an editorial in the Journal of Commerce for August 1 names Argentina among the countries with which reciprocal agreements may be negotiated and states that it is not believed that England, France or Italy will be approached prior to the Congressional campaign.

I discussed the press despatch in question with Mr. McDermott and Mr. Foote.43 It is by the Associated Press and was written by Mr. Lehrbas, the Associated Press correspondent who covers the Department of State. Mr. Lehrbas came into Mr. Foote’s office while I was there and stated that he had written the article and that he had not obtained the information from any official of the Department of State. He stated definitely that it was based upon fact, but practically admitted that he had simply pieced together a number of items without having authority to do so.

W[ALLACE] MCc[LURE]

ASSISTANCE BY THE DEPARTMENT OF STATE TO THE VACUUM OIL COMPANY IN AN EFFORT TO SECURE FROM THE AUSTRIAN GOVERNMENT AN INCREASED IMPORT QUOTA FOR CRUDE OIL

663.116/59a : Telegram

The Secretary of State to the Chargé in Austria (Kliefoth)

WASHINGTON, April 20, 1934—1 p.m.

22. Representatives of the Vacuum Oil Company state that the Austrian Government is about to allocate import permits of artificial and natural crude oil for 1934.

They are fearful that this allocation may be undertaken on the basis of allocations in former years without equitable reference to the Vacuum Company’s recent extensive investment in the refinery of its Austrian subsidiary and the resultant increase in the latter’s refining capacity which they state now equals that of any plant in Austria.

You are authorized to call at the Foreign Office as early as practicable and to express the hope that in the allocation of quotas for 1934 due regard may be had for the investment of the Company and the refinery’s relative throughput capacity.

Please report developments.

HULL

43 Michael J. McDermott, Chief, and Walter A. Foote, Assistant Chief, of the Division of Current Information.
663.116/60: Telegram

The Chargé in Austria (Kliefoth) to the Secretary of State

VIENNA, April 21, 1934—1 p.m.
[Received April 21—8:20 a.m.]

56. Your telegram No. 22, April 20, 1 p.m. Have taken matter up with Foreign Office this morning.

Kliefoth

663.116/61: Telegram

The Secretary of State to the Minister in Austria (Messersmith)

WASHINGTON, September 15, 1934—1 p.m.

42. Reference Department's telegram No. 22 of April 20, 1 p.m. Representative of Vacuum Oil Company states that the Austrian Government has fixed import permits for artificial and natural crude oil for 1934 and that the share allocated to the Vacuum Company does not correspond either to its relative

(1) Throughput refining capacity;
(2) Previous imports of artificial and crude oil;
(3) Sales in the Austrian market, or
(4) Investment in Austria.

The Company has presented figures to the Department which appear to make out a prima facie case for its claim.

You are requested to go into the matter with Mr. R. H. Evans, the Company's Vienna representative, who will call and give you full details.

If, as the Department believes, the figures presented support the Company's contention that the present allocation is inequitable, you are authorized, if you deem it opportune, to support the Company's request for a redistribution of import permits.

Please submit a telegraphic report of any action taken, as well as any observations or recommendations which you deem pertinent.

Hull

663.116/68

The Minister in Austria (Messersmith) to the Secretary of State

No. 163 VIENNA, October 8, 1934.
[Received October 17.]

Sir: I have the honor to refer to the exchange of telegrams between the Department and this Legation with reference to the aid to be extended to the Vacuum Oil Company in its endeavor to secure a
larger quota for 1934 of artificial and natural crude oil to be imported for refining in its plant at Kagran in Austria, and to give a report on the action so far taken by the Legation. In view of certain circumstances in connection with the matter, and in order to be able to give the Department adequate background and comment, I have deemed it advisable to put the report in the form of this strictly confidential despatch.

In its telegram of April 20, 1934, 1 p.m., the Department authorized the then Chargé d’Affaires, Mr. Kliefoth, to call at the Foreign Office at the earliest possible date to express the hope that in the allocation of quotas for 1934 due regard would be paid to the investment of the Vacuum Oil Company in Austria and to the respective capacity of the company’s refinery. Mr. Kliefoth called at the Foreign Office on April 21, the day this telegram was received, and left the following Aide-Mémoire:

“Upon instructions of my Government, I desire to express the hope that in the allocation of import permits of artificial and natural crude oil for the year 1934, due regard may be had for the investment of the Vacuum Oil Company and its refinery’s output capacity.

“The Company is fearful that the allocation may be undertaken on the basis of allocations in former years without equitable reference to the Vacuum Company’s recent extensive investments in the refinery of its Austrian subsidiary and the resultant increase in the latter’s refining capacity, which it states now equals that of any other plant in Austria.

“In view of the urgency of the matter, I would be grateful if the intervention of the appropriate authorities might be invoked, to the end that a decision in the premises could be conveniently expedited.”

In his telegram of April 21, 1934, 1 p.m. the Chargé d’Affaires informed the Department that he had taken this action at the Foreign Office. A letter was later received from the Managing Director of the Vacuum Oil Company, dated April 27, 1934, (Enclosure No. 1) in which he called attention to promises said to have been given to representatives of the Vacuum Oil Company in the Ministry of Finance and Commerce to the effect that if the capacity of the Kagran refinery was increased requests for larger artificial crude permits would be readily granted. Upon the receipt of this letter the Chargé d’Affaires thought it advisable to transmit this information informally to the Foreign Office, which he did on April 27, 1934. (Enclosure No. 2).

After I assumed charge of this Legation the Managing Director of the Vacuum Oil Company, Mr. R. H. Evans, called and gave me information as to the status of the case and requested the further

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assistance of the Legation. He informed me that I would undoubtedly hear from the Department, and immediately following this conversation there was received the Department’s telegram of September 15, 1934, 1 p.m., authorizing me, if I deemed it advisable, to support the Company’s request for a redistribution of the import permits. On the basis of the information which I had been furnished by the Company, and with the authorization in this telegram, I deemed it advisable that the Legation should take further action.

During the conversation with the General Manager, Mr. Evans, it was learned that the allocation of the quotas for the importation of this artificial oil is determined by the Ministry of Finance, acting in conjunction with the Ministry of Commerce. Mr. Evans was of the opinion that if the matter was taken up through the intermediary of the Foreign Office only, it would be handled in the Ministry of Finance, which has the last word, as well as in the Ministry of Commerce by high ranking subordinates who, he had reason to believe, had already assumed a definite attitude and that therefore their case would not be aided. It was his opinion that the only effective way to take up this matter was with the Minister of Finance, who, he said, had definitely given the Company’s representative the assurance that the quotas for 1934 would be based on refining capacity. I told Mr. Evans that the Legation could not communicate directly with the Ministry of Finance in this matter without the knowledge and approval of the Foreign Office, but that as I was calling at the Foreign Office on another matter, I would determine whether it had any objections to my taking it up directly.

During a conversation therefore with Dr. Peter, the Secretary General in the Foreign Office, on another matter, I brought up this question of the Vacuum Oil Company and said that if the Foreign Office had no objection I hoped to take the first opportunity I had to speak with the Minister of Finance directly about it. As he offered no objection, I called on the Minister of Finance on September 18, and he said in substance the following:

Whenever in the past the Vacuum Oil Company brought before the Ministry of Finance or the Ministry of Commerce the question of an increase in its quota of artificial oil imports, it was indicated to them that if the Company would increase its refining capacity it would be easier for the Government to consider favorably an increase in its quota of artificial oil imports. The Company, therefore, in 1933 began to take the necessary steps to increase the refining capacity of its refinery at Kazgran. In January, 1934, the Company called to the attention of the Ministry of Finance what it was doing in the way of increasing its refining capacity. The Company states that at this time the Minister of Finance promised that the allotment for artificial oil quotas to the refineries for 1934 would be made in relation to their actual refining capacities of the various refineries. To this end the
Ministry of Finance appointed a committee of three persons to make a report on the refining capacity of the Kagran plant. One of these persons was to be an expert, and the other two were respectively representatives of the Ministries of Finance and Commerce.

The committee investigated the refining capacity of the Vacuum Oil Company's plant at Kagran, and made, after considerable delay, a report on the basis of which the 1934 quotas were to be fixed. The Shell Company was given a quota of 6300 cars of 10 tons, while the Vacuum was given a quota of 3600 cars, etc. Although there is not, or apparently should not be, anything confidential with respect to this report, the Vacuum in spite of its endeavors has not been able to see a copy thereof. It has learned, however, that the refining capacity of its Kagran plant is fixed as 118,000 tons a year in the report. As this figure, in the opinion of the Company, does in no sense represent the actual refining capacity of the plant, it employed independently the best expert known to it to make a separate report. This report was made by Professor Pilat, who is now a professor in the University of Lemberg and has a European reputation. His report fixed the refining capacity of the Kagran plant at 206,000 tons a year.

The Vacuum is of the opinion that this figure represents the actual refining capacity of the Kagran plant and that the report of the committee of experts appointed by the Ministry of Finance which fixed it at 118,000 tons, is not correct. The Vacuum therefore has asked the Ministry of Finance to reopen the question of the 1934 quotas under which it received 3600 cars and the Shell received 6300. The Vacuum contends that it is well known in the trade that the refining capacity of the Shell in Austria is only about equal to that of the Vacuum, and certainly not in excess of it by more than a few thousand tons.

The Vacuum therefore contends that it has been unfairly treated in the allocation of the permits for 1934, which allocation it was assured would be made on the basis of actual refining capacity. The information which the Legation has so far been able to secure would seem definitely to support the contention of the Company. In view of the Company's statement that it received assurances that the allotment for 1934 would be based on actual refining capacity, the Legation was of the opinion that as a matter of equity and in order that this discrimination might be removed, the question of the 1934 quotas should be reopened by the Ministry of Finance, as the Company desires, and so that an equitable distribution of the quota might be arrived at.

Of all the companies refining in Austria, which number five, only one has any Austrian capital in it. This question, therefore, is one of equitable treatment of foreign interests.

The Minister of Finance listened carefully to the complete statement which I made in practically the exact form given above. He said that he was very familiar with the entire situation and, for the Department's background, I believe it desirable that I give a résumé of his statement.

From the point of view of the Ministry of Finance, it would prefer not to have this artificial oil imported into Austria as it would be more
advantageous in the way of tax returns and revenue if the refineries did not operate in Austria. For this reason therefore the Austrian Government could not consider increasing the total of artificial oil allowed to come in, as this would involve a still greater loss to the Treasury. The importation of artificial oil was permitted so that the refineries which existed could continue to operate, as the Government did not wish to destroy the investment made therein which would necessarily result if no artificial imports were permitted. The Vacuum Oil Company formerly engaged only in distributing, but bought the Kagran refinery several years ago obviously because the refinery business is a very profitable one in Austria. They bought this refinery at a time when the Government's policy of fixing a maximum of artificial oil to be imported in any one year was already known.

The Vacuum Oil Company increased its refining capacity without getting any assurances from the Government that it would get a larger quota for the importation of artificial oil. The Minister said that it seemed to him that the Company should have assured itself of a larger quota before making the additional capital investment in enlarging the refinery. He said that obviously the Vacuum Oil Company took the action it did as refining is a good business in Austria and they wished to force the Government to give the Company a higher quota. The Minister emphasized that discrimination was hardly in question because the original action in fixing the total of artificial oil permitted to come in was based on the existing refineries and their then capacity and the respective quotas were fixed at an amount enabling them to operate at a profit. The Minister pointed out that if the quota of the Vacuum Oil Company were increased to meet their alleged present capacity, there was no reason why the other refineries should not enlarge their capacity, or why an entirely new company should not come in, build a refinery, and demand a quota on the basis of its refining capacity.

The Minister emphasized that he had endeavored to meet the Vacuum Oil Company's wishes and had increased its quota of artificial oil three fold for 1934. He said that the Government could not increase the total amount permitted to be brought in as this total already represented a great sacrifice of revenue to the Treasury. He said he thought he had treated the Vacuum Oil Company very well in tripling the 1933 quota of the Company as the one for 1934.

The Minister said that he would be very glad to go into this matter further and requested me to leave with him a copy of the memorandum covering what I had said to him, and which has already been recited in this despatch. He said that he would have a memorandum prepared for me which he would send me, in due course.

It will be noted that I presented the case of the Vacuum Oil Company on the basis of the information given me at considerable length and that in the reply which the Minister gave orally he made no reference to what I had said with respect to the statement of the Vacuum Oil Company that he himself had agreed that for 1934 the quota would be based on actual refining capacity. He also made no reference to the wide disparity between the reports of the committee and that
of the expert appointed independently by the Company except to state he had to issue the permits on the basis of the report brought to him.

Pending the receipt of the memorandum which the Minister of Finance said he would supply to the Legation, I thought it advisable to inform the General Manager of the Vacuum Oil Company, Mr. Evans, of my conversation. He therefore called at the Legation and I recited to him what I said to the Minister and the substance of his reply. I pointed out that the Minister had ignored the reference to himself as the one who had specifically agreed that the increased refining capacity of the Vacuum should be recognized in allotting the 1934 quotas, and that these quotas would be made definitely on the basis of relative refining capacity. The Minister did not deny that he had made this statement, but ignored what had been said in this respect completely. On the other hand, the Minister had, I pointed out to Mr. Evans, made to me the specific statement that the Company had proceeded with its plans to increase its refining capacity without having any assurances that it would be able to get a larger quota and knowing that the Government did not wish to increase the total of artificial oil imported into Austria. To this Mr. Evans replied that these assurances had been given by the Minister and that he did not think that the Minister would deny this.

For the Department's confidential information and background I may say that when we gave this case preliminary study in the Legation, and before my conversation with the Minister of Finance, I was of the opinion that the Vacuum Oil Company had a good case. Its case, however, was dependent, in my opinion, on the statement made by the Company that it had received assurances that if it increased its refining capacity its quota would be correspondingly augmented and on its statement that the Minister of Finance himself had assured the Company that the 1934 quotas would be made on the basis of actual refining capacity. The case of the Company seemed further strengthened by the assumption that the Minister might have been favorably inclined towards it because of its attitude on the question of mixing a certain percent of alcohol with the gasoline before distribution. In Austria, as in several other countries where there is a production of alcohol which it has not been possible to consume or export, the Government in its desire to help agriculture wishes to oblige the oil companies to mix a certain percentage of alcohol in the gasoline. According to the information given me by Mr. Evans, the oil companies in Austria took a very antagonistic attitude towards this proposal of the Government, but his company took a more favorable point of view and was willing to help the Government to put this into effect. This attitude, Mr. Evans says, was very helpful to the Minister of Finance who was
faced by the necessity of taking certain measures to relieve the agricultural situation, and he was correspondingly grateful and well disposed towards his Company.

The Department will note, however, from what I said to the Minister of Finance and from his reply that he gives the impression that no promises were made to the Vacuum Oil Company and that on the other hand the Vacuum went ahead to increase its investment in the refinery without assurances of a larger quota. In my conversation with Mr. Evans, therefore, which took place after I had seen the Minister, I pointed out that if the Minister denied having given such assurances their case was considerably weakened. I asked Mr. Evans to whom these promises had been made. He replied that they had been made to an Austrian representative of the Company who acted as intermediary. I said that it was unfortunate that as the Manager of the Company he had not carried on these conversations himself, as in that case it would be easier for the Department and for the Legation to take the attitude that such a promise had been made. I explained to him that in the past such paid intermediaries have been known to state to their principals that certain promises had been made and in a certain form, when in fact they had not actually been made by the Government official to whom they were attributed. I said that in this case the question might resolve itself into one of the veracity and dependability of their intermediary, and as he is an Austrian, it would be impossible for the Legation to take the view that this promise had been given, should the Ministry of Finance deny that it had been given. Mr. Evans said that he recognized this situation, but repeated that he did not think the Minister of Finance would deny that this promise had been given. I further learned from Mr. Evans that he has nothing in writing in any form from the Ministry with respect to this alleged promise.

I have just received from the Minister of Finance a memorandum of which I transmit herewith a copy (Enclosure 3) together with a translation (Enclosure 4). 48

From this reply it is clear that the Minister has no intention of increasing the total of artificial oil imported in any year and feels that it has treated the Vacuum very favorably by giving it a quota for 1934 three times as large as that for 1933. I have furnished a copy of this memorandum to Mr. Evans who has informed me that he is leaving the city for three or four days and will get in touch with me on his return. When he comes back I shall be glad to go into the matter further and will then supplement this despatch.

After a very careful consideration of this entire problem I am doubtful whether there can be any real claim that the Vacuum Oil Company has been discriminated against. There is no information

48 Not printed.
that the other four companies refining artificial oil in Austria have increased their refining capacity. There is very real basis for the contention of the Austrian Government that it would prefer not to have any refining done in the country and that it would prefer not to permit the importation of any artificial crude oil. There is further apparently real basis for the Government’s contention that it permitted the importation of artificial oil only so that the existing investments in refineries should not be destroyed and that the allotments were made on their then refining capacities. If the Government chooses to deny that assurances were given to the Vacuum Oil Company that its quota would be increased if its refining capacity were augmented, or if it did not make such promise, there can be no basis for representation on the grounds of discrimination. In fact, on the other hand, the Government can be open to criticism by the other companies for having increased the quota of the Vacuum simply because the Vacuum increased its refining capacity. If the Ministry of Finance, therefore, leaves the matter rest where its memorandum herewith transmitted leaves it, I am doubtful as to whether the Legation is in a position to further press the claim of the Vacuum. The only ground for representation would be that of discrimination. Discrimination does not exist unless it can be shown a definite promise was made by a responsible official of the Austrian Government. The information which I have so far is not sufficient to show that such a promise has been made. Mr. Evans, in a letter dated October 2, 1934, has transmitted to me two memoranda of conversations by his representative (Enclosures No. 5 and 6), but the accuracy of these may be disputed and in case such accuracy is disputed there is, I believe, not sufficient ground on which we can take further action.

I shall not fail to supplement this despatch after I have seen Mr. Evans on his return to Vienna. I shall, however, refrain from taking up the matter further with the Foreign Office or the Ministry of Finance before receiving the Department’s further instructions and comments.

For the Department’s further background I may say that Mr. Evans informed me that his Company is endeavoring to secure another settlement of this matter. It is endeavoring to take over one of the other four refineries operating in Austria besides theirs, and thus to acquire the quota of that refinery which would then place them on about a parity with the Shell which is what Mr. Evans is aiming for. I have told him that in my opinion he will have far more chance of success by following this line. He is not yet sure whether their negotiations to secure this refinery will meet with success.

Respectfully yours,

GEORGE S. MESSERSMITH

*Neither printed.*
663.116/66: Telegram

The Acting Secretary of State to the Minister in Austria
(Messersmith)

WASHINGTON, November 2, 1934—5 p.m.

53. Your despatch No. 163, October 3, 1934. The Department concurs in your view that on the basis of available evidence you could not appropriately insist that Austrian authorities grant the Vacuum Oil Company a higher import quota for 1934.

Should any additional facts develop that put a different complexion on the case, please keep the Department advised.

Meanwhile should M. W. Bowen, the Company’s export manager who is in Europe, call, please extend to him any appropriate assistance.

PHILLIPS