Vienna, June 12, 1934.

No. 26.

Subject: COMMENT GATHERED DURING COURTESY CALLS MADE ON ASSUMING CHARGE AT THIS POST.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to transmit, as of possible interest to the Department, the following information with respect to the courtesy calls which I made on assuming charge at this Legation.

It was arranged that I should call on Chancellor Dollfuss, who acts also as Foreign Minister, on the evening of the second day after my arrival, and I
assumed that this first interview would be a comparatively short one. I was received promptly by him at 7.30 p.m. and remained with him over an hour. His attitude was extremely cordial, frank and direct. In view of my previous service in Berlin, he asked direct and searching questions with regard to the situation developing there. His questions showed that he was very well informed. I had been told in Berlin by well informed persons that the Austrian Minister there had been given his post as a political reward and with the desire to remove him from active contact with politics in Austria. I also gathered that he did not have the particular confidence of the Austrian Government. The questions of the Chancellor indicated that he was not depending entirely on Minister Tauschits in Berlin for his information. In fact, his frankness and directness are indicated by the fact that he informed me he had independent sources of information in Germany which had so far proved satisfactory.

The Chancellor stated that his information was to the effect that the National Socialist régime was rapidly losing prestige in Germany, and he expressed the fear that in order to cover up the situation in Germany, the Government might undertake a patch against Austria. This appeared to be his principal preoccupation, and while he was inclined to discount the probability of overt action against Austria, he indicated that he felt that it was always a possibility and a probability which he had to face.

He was disturbed over the effect which Germany's refusal . .
refusal to make further interest payments on her loans might have in Austria. He said that he had been insis-
tent that Austria must meet her obligations as far as
was at all possible, and that she had a good record
in this respect. If the creditor countries accepted
Germany's refusal to pay, he felt that the support of
his own government in Austria might be weakened through
the attacks of those who wished to follow a similar
policy. He emphasized that he wished Austria to conti-
 nue to meet her obligations, and as things were a bit
better in the country, he was all the more anxious that
all her obligations should be met. He feared that the
general policy of repudiation and refusal to pay would
open him to attack within Austria.

As to the general situation within the country, he
felt that the position of the Government was stronger
and that the only immediate cloud on the sky was the
possibility of hysterical action by Germany, as a re-
sult of the declining prestige of the Party.

On the following day, when I presented my Letter
of Credence to President Miklas, the Chancellor, al-
though very much occupied, was present. After the pre-
sentation of the Letter, both the President and the
Chancellor engaged me and the members of the Legation
staff in friendly conversation, which lasted for a
considerable time. On leaving the President's chambers,
the Austrian officials showed considerable surprise at
the length of our reception and commented upon the fact
that the ceremony had lasted longer than any similar
ceremony . .
ceremony they could remember within the last ten years. I merely mention this to indicate that the attitude of both the President and the Chancellor, whom I have seen on at least six other occasions since then, has been unusually kind, courteous and friendly.

One of my first calls was on the German Minister, Dr. Rieth, who, as the Department is aware, came to Vienna as Minister from Paris, where he had been Counselor of the German Embassy. When the new régime came into power in Germany, Dr. Rieth was one of the diplomatic officers whom the National Socialist Government intended to displace at once, as they wished to have here a minister completely subservient to the Party. Dr. Rieth, however, showed extraordinary flexibility and has become a very willing and subservient instrument of the present régime, with which he is in reality entirely out of sympathy. He is a very wealthy man, whose previous affiliations had been with the German Center Party. I am told by a well informed person that in addition to his complete subservience, Dr. Rieth turned over to the National Socialist Party his share in the "Germania" as the price of his remaining on at Vienna. He is extremely ambitious and desires to be made an ambassador, and this is the explanation of his "coördination". I shall not go further into this aspect of Dr. Rieth's personality, as I shall cover this more fully in another despatch, but it is necessary to note the foregoing here as explanation of the extraordinary statements he made to me during my first call on him.

Dr. . .
Dr. Nieth, immediately on receiving me, told me that he would be very happy to put me an courant with the situation in Austria. He said that considerably over half the population was National Socialist; that the German-Austrian problem was a purely "internal" one; and that if those countries which "fancied" that they had interests in Austria would realize that they really had no interests here, the problem could easily be settled. He went on to say that his own situation was a very unpleasant and difficult one and that his real work was greatly hampered by the inability to make any progress with the German-Austrian question. I asked him what his real problem was to which he referred, and he said that he was working on the problem of working out close economic relations with the other Danubian and Balkan states, and that of course he could make no progress in this direction as long as the German-Austrian question was not settled.

When Dr. Nieth returned my call, he spent at least an hour discussing the German-Austrian question as though it were a purely internal one. I need make no further comment than the foregoing to the Department to indicate why Dr. Nieth seems to be persona non grata in all circles, official and otherwise, in Vienna. His view that the German-Austrian question is an internal problem is, of course, that of the National Socialist Party and means that the solution is the complete absorption by Germany of Austria. Although Dr. Nieth has . .
has been in the Diplomatic Service since the close of the war and is a man of considerable education, culture and background, and in appearance is typical of the best type of German diplomat of career, he is apparently unusually lacking in tact.

His lack of tact was particularly shown by his method of approach to me, for he had been informed, I am confident, by his colleagues in the Foreign Office in Berlin concerning me, and realized that I must be in fairly complete touch with the situation in Germany. To speak, therefore, to me of the German-Austrian problem as an internal one could only be an indication of arrogance or extraordinary lack of tact.

I need not say that I received with courtesy all the information which Mr. Bieth volunteered to give me, and for the most part I offered no comment whatever, as it seemed inadvisable to do so at the time.

During my call on the Czechoslovak Minister, Mr. Fierlinger, I gathered the distinct impression that he is one of the most able and one of the most capable of the foreign diplomatic representatives in Vienna. He appeared to be particularly well informed with regard to the situation in Austria and in contiguous countries and is obviously very friendly inclined towards the United States. He is undoubtedly known to the Department, as he has served in the Czechoslovak Legation in Washington.

He indicated that his information and that of his Government with regard to Germany was that the National Socialist ....
Socialist Party was rapidly losing prestige and power, and that if the situation continued to develop along the same line, the disintegration of the present Government would be rapid. He stated that Mr. Benes had told him several months before that in his opinion Fascism in Europe had reached its peak and would continue to decline steadily. Mr. Fierlinger is undoubtedly a keen student of economic problems in the whole of Southeastern Europe and is in constant touch with his Government, not only with regard to conditions in Austria, but in Hungary, Rumania, Yugoslavia and Bulgaria as well. He impressed me as a man of very balanced judgment and keen perception.

The Italian Minister, Mr. Preszoni, received me very cordially and was keenly interested in developments in Germany, concerning which he did not seem to be as fully informed as one would assume. He is undoubtedly intelligent, active, affable, tasteful, and was quite open in his conversation. He plays a fairly important role here, in view of the action which Italy has taken and which practically prevented the absorption of Austria, but I am informed that even more important in the Italian representation in Austria is Mr. Eugenio Morreale, the representative in Vienna of the POPOLO D'ITALIA, and, unofficially, the Press Attaché of the Italian Legation. This latter is supposed to be the personal representative of Mussolini in Austria and married to one of the Buce's near relatives. It is too early for me to make any definite statement, but I am inclined...
inclined to believe that before Mr. Fresiosi came here, Mr. Morra was played a more important part than he does now. His position undoubtedly is still an important one, and his contact with the Duce may be more close, but I am inclined to think that he is no longer the "real" representative of the Italian Government, as he was during the term of Mr. Fresiosi's predecessor. The contact between the Italian authorities and the Austrian Government is close, and Italian military men of fairly high rank are now almost continuously in Austria incognito, for the purpose of studying various situations and to keep abreast of all news indicating overt action of any kind against Austria from the German frontiers.

Mr. Fresiosi indicated that the aid which Italy was giving to Austria was costing her very dearly and that she was getting very little in return. The recent trade agreement, it is estimated, will benefit Austria by about 70 million schillings in increased exports to Italy, and the compensatory imports from Italy are comparatively limited. I may say here that it is quite evident that certain articles, such as automobiles, are coming in from Italy in quantities beyond the established quotas, and this is causing American, French and British automobile exporters a good deal of concern. It is difficult to see, however, how any protests which we or the French or British Governments might make against such favorable treatment would be of avail, and they would considerably embarrass the Austrian Government.

Austria has so few compensations to offer to Italy for
the really quite unusual military as well as economic advantage which has been given her by Italy. Looking at it coolly and broadly, it must be recognized that Italy, by her recent action, prevented German absorption of Austria, and is paying in addition at present for the help which she has given. Had Austria been absorbed by National Socialist Germany, a situation would have been created which it would have taken years to unscramble. If Italian influence for the time being is preponderant in Austria, and if certain Italian products enjoy special advantages at present, this is a situation which can be much more easily corrected and adjusted when the threats to Austrian independence are definitely gone than would be the unscrambling of the situation created by German absorption. I am of the opinion, therefore, that other Governments may have to use considerable discretion and restraint for the time being in raising objections to special treatment for various imports from Italy.

The comment in the latter part of the last paragraph is my own, and I make it here in explanation of Mr. Frezioni's statement that Italy was paying heavily for the help she had given Austria, and as background for any information which may reach the Department from this Legation and other sources with regard to special advantages for the present accorded to certain Italian imports.

The British Minister here, Sir Walford Selby, was for a long time in the Foreign Office in London, and this is his first field assignment. He has a very wide acquaintance...
quaintance among European statesmen, as he was the principal secretary to the Foreign Minister for years and attended with the various Foreign Secretaries most of the conferences since the war. He is very friendly, very capable, and very interested, but, I gather, one who has carried out instructions for years rather than initiating or directing policy. He is very well considered here and is tactful, and seems to be very friendly towards things American. He has been very cooperative with this Legation since he is in Vienna, and I have found him quite well informed and very objective. He is of the opinion that the present Government here is quite well established, but that the National Socialist activities from Germany are a very dangerous factor.

The French Minister, Mr. Fauquez, is a career diplomat, whose father and grandfather also served in the French Foreign Service. He is a capable officer, whose attitude has been very frank towards me, very probably because the French Ambassador in Berlin, Mr. Franginoncet, may have written him with regard to me. He too sees no immediate danger for the present Government, but does not underestimate the effects of National Socialist activities, which have become more apparent again in the last few weeks.

The Polish Legation here is in charge of Mr. Gawronsaki acting as Chargé d'Affaires, and I gather that he is without weight or influence.

The Soviet Minister here, Mr. Petrovsky is a clever
and capable man, who is very quiet and reserved in his manner and who, in his own way, is a keen student of the situation in this part of the world.

I find that on the whole the heads of the diplomatic missions here are of a much higher quality than I would have believed probable. There seems to have been a tendency on the part of most countries to send to Vienna recently officers of capacity and with a certain knowledge of the particular problems with which they have to deal. I find that there is not as close and as constant contact between the various chiefs of mission here as that which exists, for example, in Berlin at present, but there is no reason why our Minister here should not have good and friendly contact with all of his colleagues here. Judging from way in which they have received me and from the completely cordial attitude displayed, there is no reason which I can see why I should not be able to establish that contact which should exist and to maintain it.

Respectfully yours,

George S. Messersmith.