March 19, 1935.

Dr. Bloch-Bauer told me that Pilsudski really dis­likes Benes very much as he thinks that Benes is play­ing a part, or has been playing a part that overshadows him. He mentioned this to show how important these personal elements are in European politics. He said Pilsudski had often told friends of his that Benes was putting Poland into the background and that Czechoslovakia must be put into her place.

Bloch-Bauer is of the opinion that an economic blockade is the only effective weapon against Nazi Germany. He said that a naval blockade was no longer a weapon which could be employed in this day of sub­marines and air forces, but that there was a moral, economic blockade which was more powerful than any military or naval weapon. He pointed out that some of the Polish papers are already saying that if Germany can tear up the Versailles Treaty, the Polish Treaty can easily fall into the same category.

My British colleague Selby has been very greatly concerned. When he heard that I was going to see the Chancellor and the Foreign Minister, he came to see me and said he thought it was a good time for me to give one of my injections, which he knew from the past had been helpful. He was very greatly concerned that the apparent lack of unity between London and Paris, as shown by the press over the Simon visit to Berlin, would give a wrong impression in Austria. He said that he had been connected with British-French relations since 1907 and that this sort of thing was symptomatic and could not be avoided and was understood in London and Paris, but was likely to be misunderstood elsewhere. He said that he hoped I would give the Chancellor and the Foreign Minister a real idea as to how the situation stood. The British Minister obviously feels that his Government's attitude is certain and determined, but that it is not yet prepared to tell British opinion how far it has gone. He made it clear that what his Government is really interested in, is the maintenance of peace and that it is its duty to explore...
explore every avenue to maintain peace. There can be no regrets afterwards for failure to do this or that. He feels no good can come out of the Simon visit, but that it must take place just the same. My British colleague feels that Austria is the focus of the situation, and that whether it stands or falls determines the question of war or peace. His daughter is just about to marry a captain in the Coldstream Guards, and I think he has his mind occupied with the thought that instead of a wedding there may be a mobilization. On the other hand, my colleague feels that unless his Government takes a firm stand, war is certain. He is in agreement with me that if this regime stays in Germany there can be no peace. He is also in agreement with me that there is little use in talk now, but that implemented pacts must be entered into as rapidly as possible. My British, French and Italian colleagues all were disturbed and expressed the hope that I would not be staying away very long, but I told them that I felt sure nothing would happen in the way of actual trouble in Austria or in the major situation for some time, even if events take the worst form, and that I think it is much better to go home now than later.

Mr. Geist at Berlin has brought to my attention Mr. Moffat's inquiry as to what may be the explanation for Hitler's statement that Otto will be back on the throne before the end of this year, and that Hitler looked upon this with complacency. I think my letters to the Department have already covered this, but the explanation is as follows:

If Hitler did make this remark, which I think is quite understandable, it is merely an indication of what we know to be Nazi policy. We know that the Nazi policy is not to resort to war unless war is necessary, but to be always ready for it. Nazi policy is to build up a war machine which, together with the German spirit, can confront Europe with the terror teutonicus. Their policy is in the meantime to try to stir up trouble by using every existing element of trouble and accentuating it. Hitler knows that he can overthrow an Austria with a Hapsburg on the throne as easily as he can get the country under the present Corporative State, if the powers let him alone. He knows that
the situation will be weakened for Austria with a Hapsburg on the throne. At present the Little Entente and Hungary are behind Austrian independence. If a Hapsburg comes back in Austria, the Little Entente in spite of how it may feel about the major problem, will have its own troubles, and support of Austrian sovereignty will be weakened. The Little Entente fears not so much the monarchical idea in Austria as it fears its own minorities which would be stirred up once monarchy were back in Austria, and they feel they have enough trouble at home now without having this added to their burden. In other words, the restoration will cause discord and real trouble in all of the Little Entente states and probably in Hungary also, and this is all meat for the Nazi pie.

Even if a more reasonable regime follows this one in Germany and though for this reason the Little Entente has less reason to object to restoration in Austria, it will undoubtedly still object to restoration on the ground of the difficulties which restoration will bring among certain minorities which will likely fall under the lure of a Hapsburg in Vienna. A good many of us have tried to make clear to the Government in Vienna how dangerous the restoration idea is, attractive as it may be. It is a mistaken notion of some of the Austrians in the Government that a Hapsburg restoration would strengthen them against Germany. It would weaken their position instead of strengthening it, and Hitler's remark, to which Mr. Geist referred, is a pretty good indication of this.