A BRIEF RESUMÉ OF SOME MAJOR ASPECTS OF THE EUROPEAN SITUATION TODAY AS SEEN FROM VIENNA.

The major situation in various countries of Europe may be summed up today as follows:

London is today the most important capital in Europe and the one which exercises the preponderant influence. The British position is now more clear. It seems definitely behind the League and the policy of collective security, which involves no credits to Germany; no further separate agreements with her; realisation that there can be no confidence in any agreement entered into as the Naval Pact is already being violated by Germany; recognition of the military threat of Germany on the Continent; real comprehension of the territorial aspirations of Germany in Europe and for colonies; and a clearer definition of the situation in the Far East. All this seems to be accompanied by a grim determination that on one hand arming against Germany, and on the other closest cooperation with France on the Continent, present the only defense. The cooperation with France will follow the line of promoting the greatest degree possible of cooperation among the states in Southeastern Europe as the best method of establishing resistance to German penetration in that direction, and of further building up League prestige to bring about quick action under Article XVI of the Covenant in case of aggressive action against Austria.

In France the Plendin Government, which now seems safely established until after the elections, has apparently
definitely abandoned the penal policy of seeking direct understanding with Germany, and is basing its policy again definitely on cooperation with England, on the League, collective security, maintenance of the defensive system of alliances built up through the Little Entente and the Balkan Union, and a stimulation by all possible means of cooperation, political and economic, among the states of Southeastern Europe. The prospects are that a Left Government will come in at the next election which will enable Herriot to devalue and bring about better internal situation. The weakness of France's internal position at a time when it should be strong has been one of the disturbing influences in Europe and much will depend on whether this trend towards a better internal situation will become a reality. France will continue to use every effort to keep Italy her friend and as a prop in Southeastern Europe, but will be less disposed to make fatal compromises and will cooperate more thoroughly with the League and England.

In Czechooslovakia where there is more liberal statesmanship and a better comprehension of the economic factors, the situation has been good so far as the League, collective security, and steadfastness of policy are concerned, and better than in Yugoslavia and Russia. The internal economic and financial situation of Czechooslovakia are none too good and must undergo certain readjustments which will be difficult, but the necessity for these is appreciated and the path thereto seems easier through cooperation with her neighbors to the South. The categorical declarations of Starhemberg in London and Paris on restoration have removed the fears in this respect in Prague and at least
alayed them for the present in Belgrade and Bucharest. This clears the way for better political and economic relations among the Little Entente states and the Balkan Union with Austria, and eventually with Hungary. Habsburg restoration is still considered by Yugoslavia and Rumania as a life and death matter and would undoubtedly mean mobilization and preparation for war which could lead to general conflagration more definitely than Italian-German cooperation, the spectre of which is so so much raised in many quarters in Europe.

The internal political situation in Czechoslovakia leaves much to be desired because of the increased importance of the Non-Left Party, a group of which is cooperating with Germany. Czechoslovakia will take the lead in the present trend for increasing better relations in Southeastern Europe.

In Yugoslavia, the conversations which Prince Paul, the Regent, had in London and in Paris have gone far towards re-establishing the English and French positions in Yugoslavia. The English position there has been strong and is now stronger, but remains the fear that British direct interest is somewhat weak. The French position was getting very much weaker although its interest is known to be strong. The German position in Yugoslavia has now been very much weakened and the influence emanating from Prince Paul and his more immediate associates will be definitely against this. No substantiation can be found for the reports of Yugoslav-German agreement, but undoubtedly Goering during his visits to Belgrade made and received promises. The statement made by the Milholstrasse on several occasions recently that it has a definite point of support in Belgrade is apparently exaggerated and much less true.
than it was a month ago. The attitude of Yugoslavia vis-à-vis Austria will remain one of suspicion, principally on account of the Habsburg question, until this is even more definitely in the background. The Yugoslav Government has consistently said that it prefers Austrian Anschluss with Germany to a Habsburg restoration in Vienna and it can be expected to maintain this ground for some time still.

In Rumania, the conversations with King Carol in London and Paris have improved the situation and as a consequence thereof the growing German influence there has been greatly weakened. So much has been done there, however, by the Germans that it will take time and effort to keep down this German influence and to maintain the new trend. The Rumanian-Soviet Pact which is so important a part of the defensive system against Germany, will now probably go through and the Franco-Romanian commercial agreement will probably be ratified very shortly. This is important on account of the difficult financial situation of Rumania. Titulescu, since Beneš became President of Czechoslovakia, is playing the rôle to which he aspired in the Little Entente and this fortifies his personal position and strengthens the trend towards collective security.

In Bulgaria, the difficult situation was clearly pictured by King Boris during his recent London and Paris conversations and he made it clear that Bulgaria cannot enter into much closer contact through actual agreements with the Little Entente or the Balkan Union for the present. The internal situation is such as not to permit such active cooperation as
yet for Bulgaria cannot give up on paper her claims against Yugoslavia. Boris made it clear that if he did anything of this kind now or hastily it would mean losing his throne and precipitating a situation in the country which would only complicate and interfere with the general progress. This situation is understood in London and in Paris and in the Southeastern European capitals, but it seems clear that the influence emanating from the King will be in the direction of support of the League, collective security, and as close cooperation as internal conditions permit, with the Little Entente and the Balkan Union.

Turkey has shown a reasonable attitude under British influence and is apparently willing to put the Karsanlis question into the background and not to use it for bargaining purposes for the present. Her foreign minister has been an assiduous visitor to various Southeastern European capitals in recent months before going to Paris for the recent conversations there and he has shown a very understanding comprehension of the trend for cooperation.

In Greece the internal situation continues to cause concern, but with the probability that the King will be able to control it. It does not appear that these internal difficulties will affect her external policy which is definitely influenced by England and behind the League and collective security.

In Egypt the situation continues to offer real difficulties, but appears to be on the way towards adjustments which will keep definitely in line with League policy and collective security. The recent increase in the Egyptian Army
decided during the midst of these negotiations with England, is a favorable indication in this direction.

In the Near East recent reports from several spots show unrest, undoubtedly stimulated by the European situation, but the ratification of the Franco-Soviet Pact and of the Romanian-Soviet Pact and the Russian conversations in London and Paris, together with the general policy of Russia of cooperation with the League and support of collective security offer promise that the situation in the Near East will be straightened out and maintained quiet.

Russia, for reasons of her own, in defense of her territory and interests in Europe and in the Far East, is apparently disposed to support strongly the League and collective security for an appreciable period. Although prepared to play a part in Central and Southeastern Europe, she has been wise enough not to press this point and the resistance to her as a guarantor state of the status quo is likely to decrease in the same ratio that she does not push herself forward. This is the line which she is following. The ratification of the Franco-Soviet Pact and of the Soviet-Romanian Pact will greatly strengthen her position and for an appreciable period assures her cooperation with the League and in collective security. Whatever doubts may be felt with respect to the reliability of Soviet Russia as a permanent partner in the League and in collective security, the cooperation which she is now willing to give has its use in aiding the consolidation of the position in Western and Southeastern Europe, and to
reject that cooperation would be an important factor in de-
fecting the consolidation of peace now.

Poland remains on the fence and will keep on it long-
er, but is already preparing the ground for a change of position.
The difficulties over the clearing agreement with Germany and
the resentment worked up over Schacht's recent speech are be-
ing used as the basis for the measures in the corridor and for
arousing public opinion in Poland. The agreement with Ger-
many cannot stand the strain of the economic short-comings
of Germany, and Poland will not in the end decide to commit
suicide by cooperation with what she sees to be an isolated
and continuously weakening Germany.

Hungary still keeps her eyes turned towards Berlin
and Rome. She embarked on her present policy on revision and
of cooperation with Berlin and Rome as the best way to gain
her ends. Now she finds increasing difficulties in getting
any money out of Italy and the Germans are paying more and more
only in goods. The Hungarian peasant will not be satisfied
with cameras and aspirins, and there is a limit to the ab-
sorption of goods. Hungary will eventually have to turn
towards Paris and London and this will make it easier for
Vienna. For the present Hungarian effort, though more
under cover than before, will have for its objective the ham-
pering of Austro-Czechoslovakian agreement as the precedent
to wider arrangements among the Southeastern European States.

Switzerland is feeling her neutrality more defi-
nitely threatened and is taking measures towards strengthen-
ing her military organizations.
In Belgium and in Holland the military preparations of Germany, particularly on their frontiers, are causing increased concern. In both countries steps are being taken towards increased expenditures for the strengthening of the military resistance, and in Belgium the Minister of Defense has proposed a prolongation of the period of compulsory military service.

The Scandinavian States feel themselves more definitely threatened by the German program which heretofore they looked upon with concern in the general European interest, but not as being any direct threat to them. Now there is increasing apprehension, through a closer knowledge of the present German regime, as to what the gaining of its eventual objectives would mean for them.

In Italy the increasing isolation and pressure are having their effects. The financial position, which may prove to be the deciding factor, is unquestionably worse. She is working for a face saving compromise on the Abyssinian question which will save the present Fascist regime and which will enable her to resume her position in a re-establishment of the Stress front which she prefers to an alliance entered into in desperation with Germany.

In Germany the internal situation is growing constantly worse, with the financial factor approaching a crisis. When this crisis will come no one can tell, but that it will come if the present trend towards isolation continues, is certain. A capital levy seems to be the only alternative now to maintain the armament program, even on a reduced basis.
The increasing isolation of Germany and the general distrust and fear of her in Europe are causing greater exasperation and fear within the Party. The ratification of the Franco-Soviet and the Soviet-Rumanian pacts may lead to a series of moves towards remilitarisation of the Rhineland which can still be avoided by sufficiently definite action by London and Paris in Berlin. It is not likely that any overt action by Germany in the Rhineland or against Austria or Rumania will be undertaken until after the Olympics, as the Government is definitely following a policy of waiting, hope, and rearrangement, believing that time for the immediate present works in its favor. The political, territorial, and social aims of the present German Government are pretty well unmasked and the inexorable directives now appreciated in Europe. The ultimate consequences of a realization of these directives is increasingly understood. This is why the iron ring around Germany is becoming stronger and stronger with the realization that there is only one way of saving Europe from disaster — through the disappearance of the present regime and its displacement by one with which binding agreements can be made. That this change of regime will be the inevitable result of the external pressure is certain if the pressure is maintained on all fronts. No one, however, is able to say with any degree of certainty when the change will come. All objective observers, however, are a unit that the internal situation is becoming worse and leading towards that crisis.

Just as the hopes of Europe for peace now center on steadiness and definiteness of British policy, just as the fears of Europe of war are centered in Berlin on German policy, so Austria continues to remain the principal object
of policy for it is on the maintenance of its independence and integrity that peace so largely depends. Irrespective of any declarations on the subject, it is known that the policy of the present regime in Germany has as its principal immediate objective the absorption of Austria as the first step towards its penetration throughout Southeastern Europe. In this respect Italy is still as much interested as the other powers of Europe which are applying sanctions against her on account of the Abyssinian war. Austria will continue to be this object of European policy as long as the present Government with its objectives remains in Berlin. In the meantime within Austria the situation has been somewhat consolidated. There has grown up within the country a real sentiment for the maintenance of its independence, although the people still consider themselves a German nation. The semi-authoritarian government which is in control is not a form suited to the Austrian people, but it is recognised generally within and without Austria that it is the only form of Government possible for the present as a general election could not be held except under the pressure of external influences which would have disastrous consequences for the major European situation. The Government, however, is well conducted, the finances are in comparatively good shape, and the economic position has steadily but slowly improved for eighteen months. The National Socialist movement within the country is weaker than a year ago and disorganized and for the present not an active danger to peace. Disturbances in the
economic position could rapidly change this situation and increase the National Socialist danger. The former Socialists in Austria remain numerically the strongest political unit, but are passive, realizing that no change within Austria is possible. The question of monarchy has been put into the background by the London-Paris conversations and the policy of the Austrian Government is one of maintaining internal order, strengthening the economic position, and to take no action which would interfere with the peace of Europe. The ultimate fate of Austria depends upon the support which she continues to get from her friends in Europe, and that help will be necessary as long as the present government in Germany keeps as one of its principal objectives the absorption of Austria.

The increasing weakness of Italy and the less effective striking power which she has on the Brenner in case of aggression against Austria, the possibility of using her withdrawal from Austrian support as a threat against the sanction states, and the increasing economic and financial difficulties in so many of the Southeastern European states, have emphasized the necessity for closer cooperation among the states of the Little Entente, the Balkan Union and Austria and Hungary. These states realize that in spite of the interest of England and France in the maintenance of the status quo, their striking power is weaker on account of distance and that this requires consequently greater political and economic unity among themselves as a measure of self-preservation and protection. This movement received its new impetus through the visit of Chancellor Schuschnigg to Prague. The principal result of the London-Paris conversations was to further stimulate this
movement and to give it a definite direction. The negotiation
of the Austro-Czechoslovakian trade agreement now in progress is
to be the first concrete step. The visit of Minister-President
Nexsa of Czechoslovakia to Paris, now in progress, and his
visits to Belgrade, Bucharest, and Vienna, are to further clear
the way. Much depends upon this movement which is attended
by many grave difficulties and the obstacles cannot be under-
estimated. The blessing which London and Paris are giving to
this movement is welcomed in all of the Southeastern European
capitals except Budapest.

With respect to Italian-German cooperation of which
there is so much discussion at present, it is not likely to
come into being except as a desperation measure and it is not
probable that even if it were brought about that it would save
either authoritarian regime. In Italy there may be in some
quarters a certain inclination towards such a German alliance,
but even in these quarters there are no illusions with respect
to the present German regime. Italian participation in such
an alliance would be a desperation measure. The present German
Government is not likely to risk an Italian alliance when it
has everything to lose and nothing to gain from it, for in
Germany also there are no illusions with respect to the situation
in Italy. Berlin wishes to gain time for while time is work-
ing against it within the country, it believes that time is
working for it externally. While the situation is definitely
growing worse within Germany, Berlin believes that its policy
of stirring up trouble among the German minorities has already
borne fruit in a disturbed Europe. It sees its hope in
disunion in the rest of Europe and in the gaining of further
time for those German minorities to gain strength. It knows
that an Italian alliance would precipitate a struggle and that
this would mean disaster for both Italy and Germany. The
nervousness in both Berlin and Rome is apparently increasing
and apparently reliable reports would show that Hitler and
Mussolini are showing the strain. The process of applying
the screws is becoming more definite and as they tighten the
nervousness will increase. The fear that this may lead
to desperation and to war cannot be discarded as altogether
unfounded, but it must be recognised at the same time that
as the situation stands today this desperate act of Italy
and Germany would lead to a more rapid clearing up of the whole
European situation and the removal of both dictatorships,
even though a brief war might be the price. In spite of the
fears and the predictions so rife in various sections of Europe,
the probabilities are that there would be no danger of com-
munism or immediate chaos in either Italy or Germany as a re-
sult of the disappearance of the present regimes. There are
elements in both these countries around which a strong, probably
right, Government would emerge the life of which would then
depend on the outside support which would be so necessary
until they get established.

The foregoing is a brief resume of the general
European situation as I see it from Vienna today. It must
be taken for what it is as the picture of an objective observer,
but only as an expression of personal opinion based on the
most complete information I have been able to get and after
having followed the European situation carefully since the end of the war. In my opinion the peace of Europe can still be saved if the present trends are courageously followed through and if bluster and threats are met with decision and equally unswerving policy in the direction of order just as these blustering forces are unswervingly working for disorder.

George S. Messersmith.

Vienna, February 18, 1936.