Vienna, February 27, 1866.

No. 715.

S U B J E C T: DEVELOPMENTS IN THE AUSTRIAN INTERNAL AND EXTERNAL SITUATION.

CONFIDENTIAL.

The Honorable
The Secretary of State,
Washington.

Sirs:

I have the honor to refer to my confidential despatch No. 707, of February 21, 1866, and to supplement it with the following information on developments in the Austrian internal and external situation.

Since forwarding that despatch there have been no developments of importance in the Austrian internal or external situation aside from the progress on the negotiation of the
Austro-Czecho-Slovakian trade treaty. In my confidential despatch No. 712, of February 27, 1926, I was able to inform the Department that the success of these negotiations is now assured, that an agreement in principle has already been arrived at, and that the successful conclusion of the negotiations will probably be made known during the visit of Minister-President Hodza, of Czecho-Slovakia, to Vienna which visit is now definitely fixed for March 8. The importance which a successful conclusion of these negotiations has not only for Austria and Czecho-Slovakia, but as the first concrete step in the program for closer cooperation between the states of Southeastern Europe, has been so fully covered in my recent despatches that it is not necessary to comment further at this time. It is of real significance that an arrangement has been reached between Austria and Czecho-Slovakia when the difficulties in the way were so real. There will be an endeavor in a part of the press in Europe, which is hostile to the movement towards Southeastern European cooperation, to belittle the actual results of the negotiations, but for those familiar with the entire background it will be recognized that the agreement definitely opens the way towards better relations between these two states where heretofore a feeling of mutual distrust, if not actual dislike, has prevailed.

The Foreign Minister, Baron Berger-Geldnersweig, returned to Vienna on February 25 from his holiday trip to Florence. I had the opportunity for a conversation with him at the Foreign Office on February 26, during which he spoke of his pleasant stay in Italy in such a way as to emphasize that it was a holiday trip and he wished it to be considered
considered as such. He stated that they had seen with great pleasure Mrs. Novich, who was formerly a very intimate friend of Baroness Berger-Waldenegg and whom they had not seen for many years.

This gave me the opportunity to say to the Minister that I had read the press reports with regard to the visit which Mr. Novich had paid to him in Florence, and I asked him whether there was any information which he could give me thereon. The Minister said that the visit of Mr. Novich must be considered more in the nature of a courtesy visit, but that they had naturally taken this opportunity to discuss many matters of mutual interest and that the conversations to him had been very satisfying. I gathered from the Minister's remarks, which were quite general in this respect, that Mr. Novich had expressed the opinion that Austrian independence was less threatened for the moment than it had been.

I then said to the Minister that I had read with interest the repeated reports in the press of the conversations going on in Rome, particularly between Mussolini and the German Ambassador, and also the rumors of impending German-Italian alliance which some papers already referred to as an accomplished fact. The Minister replied that on this point he could be very specific as Mr. Novich had informed him in a very categorical way that there was no Italo-German arrangement, understanding, or alliance, and that he did not consider anything of this kind possible or probable. Mr. Novich had said that it was of very real interest to the Italian Government to keep itself informed concerning the situation in Berlin in view of the developments in Europe, and in this respect Mr. Novich...
Suvich had added that the conversations had shown that the
situation was not good. I asked the Minister whether by this
he meant to convey that the Italian Government had not found
the attitude of the German Government satisfactory. To this
the Minister replied that he had gathered from Mr. Suvich that
the atmosphere in German government circles was such that it
precluded any possibility of satisfactory conversations be-
tween Rome and Berlin. I did not deem it advisable to ask
for more precise information, but the inference from the
Minister's statements was clear that Berlin had laid down
conditions which were unacceptable to Rome.

Further than the foregoing the Foreign Minister
did not seem to be inclined to discuss his conversation with
Mr. Suvich. Later during my conversation, however, with him
and during which he referred to the situation in Yugoslavia,
he expressed the belief that some sort of understanding existed
between Berlin and Belgrade. He said that this understanding
was perhaps not a very broad one, that there was probably not
a written agreement, but that Mr. Suvich had also expressed the
opinion in Florence that some sort of an understanding did ex-
ist. It is interesting also that during a conversation which
one of my colleagues had with the Foreign Minister yesterday
the Foreign Minister stated that he had informed Mr. Suvich
that it was impossible for Austria to deliver goods to Italy
without payment.

The information which the Foreign Minister
gave me with regard to the progress on the Austro-Czechoslovakian
trade treaty during our conversation has been covered in my
despatch No. 712.

I asked
I asked him if he had any idea about the results of the visit of Minister-President Hodza to Belgrade. He expressed his fears that the results had been on the whole disappointing, perhaps principally so due to Mr. Hodza who had placed too great hopes on immediate results from this visit. The Foreign Minister said that the internal situation in Yugoslavia was not good, that it was a cause for a good deal of concern and besides that, Berlin had been very active in Belgrade, not altogether without success. Referring to the internal situation in Yugoslavia he said that he had just received news about a public meeting in a theatre in Zagreb a few nights ago. A woman had got on the stage and made an inflammatory speech against Belgrade which was vociferously applauded. She had been arrested, but it was found necessary shortly thereafter to release her. This internal situation the Minister said, was the principal key to the attitude of Yugoslavia for which Austria had understanding and could exercise patience.

I asked him whether there was any foundation for the report recently published in the LONDON TIMES from its usually well informed Vienna correspondent that he (the Foreign Minister) had intended to go to Belgrade and that Belgrade had rather discourteously turned down the visit. The Minister replied that the report was entirely without foundation as he had had no intention of going to Belgrade. In explanation he remarked that last summer the Yugoslav Minister in Vienna had asked him whether he would be prepared to make a visit to Belgrade and that he had replied that he would be very glad to do so, but had not shown any great enthusiasm as he
as he had not felt the visit possible. Nothing happened as a consequence of this approach of the Yugoslav Minister and there was later talk of his going to Belgrade to meet Stojadinovic. Nothing ever came out of these plans proposed by the Yugoslav Minister in Vienna as for one reason or another the invitation was delayed from the Yugoslav side. The Minister made it clear that he did not think a trip to Belgrade was opportune at this time, but he did this more by inference.

During a conversation which I had later with the Foreign Minister that evening after an informal dinner in the Legation, he said he was very glad to inform me that the visit of Minister-President Kodes to Vienna had been fixed definitely for March 8 and that he would remain in Vienna for two days. On March 13 the Minister said the Chancellor and he would go to Budapest in order to return the visit made here some time ago by Minister-President Goebbels and Foreign Minister Kanya. The visit to Budapest I think it may be safely assumed, is for the purpose of explaining to the Hungarian Government the full reasons which have impelled the Austrian Government to enter into this trade treaty with Czecho-Slovakia to remove so far as possible the unfavorable attitude which Hungary has manifested towards the treaty and to endeavor to pave the way for the closer cooperation of the Little Entente States with Austria and Hungary in which process this treaty is the first definite step.

In Austrian official circles there is a very clear conviction that the German Minister here, Mr. von Papen, was particularly active in trying to place obstacles in the way of Southeastern European rapprochement, particularly in Belgrade.
Belgrade and Budapest. He is believed to be actively propagating the idea that the Austrian Government is about to restore monarchy. In this connection and with reference to the comment which I have sent to the department from time to time concerning the activities of Mr. von Papen in Austria and in this part of the world, the appended editorial (enclosure 1) from the MANCHESTER GUARDIAN of February 22, 1936, on Mr. von Papen's activities is particularly interesting.

There is also transmitted herewith a leading article from the same paper and from the same issue, entitled "An Emperor for Austria".

Respectfully yours,

George S. Messersmith.

Enclosures:
1. Editorial from Manchester Guardian.
2. Article from Manchester Guardian.