MEMORANDUM OF CONVERSATION WITH THE VICE CHANCELLOR,
PRINCE STARHEMBERG.

Prior to departing for the United States on leave of absence I thought it desirable to have a conversation with Prince Starhemberg and had an hour's talk with him on the afternoon of March 31. I said to him that I had no special matter to discuss with him, but that I was glad to have the opportunity to discuss the general situation with him before I went on leave.

We spoke of the extended Rome Protocols signed on March 23, and the Prince said that he was sure their effect would be to strengthen the Austrian position as well as tend towards stabilizing the position in Southeastern Europe. The relations with Italy had proved advantageous to both Austria and Hungary, and Italy had shown herself to be a good friend. Mr. Mussolini had assured him when he last saw him in Rome, and he had also lately assured the Chancellor and the Foreign Minister in Rome, that Italy was just as prepared and determined as in the past to strike effectively for Austrian independence and integrity. This was a great comfort to the Austrians for they knew that they could depend on Mr. Mussolini's word. In the economic sphere, the Prince said, he thought the extended protocols could only be advantageous for they opened the way to greater cooperation in Southeastern Europe. Mussolini had nothing against the Austro-Slovenian treaty and would be glad to see further developments of this kind.

I asked the Prince how he viewed the general situation. He said that he was not too pessimistic. Italy and France, he said, would undoubtedly arrange the Abyssinian matter outside of the League and mostly without England, and while England would not like this very much, the situation had developed in such a way that she would probably not be unhappy to see France and Italy settle this question. I suggested that this would be a further blow to the League and he said that it would.

The Prince expressed great concern over the attitude of England which he said he could not understand. He had recently been in England for the King's funeral and had had a very happy and on the whole satisfactory visit. The English, however, were not Europeans and there were few statesmen in England who really understood the European problems. Of the men with whom he talked, the King and Mr. Baldwin were the only ones who were really Europeans. The other statesmen with whom he talked in England were very fine and very intelligent people, but they were insular or at least did not have a real comprehension of the problems of the different continental countries. They
were all good friends of his country, for which he was grateful, but many of them did not understand the Austrian problem. A man like Churchill, who was a very good friend of Austria, had no proper appreciation of the problems of population pressure in certain countries of Europe. He saw the solution simply in "having fewer children" which might be an English solution but not one which a realist European statesman could envisage now.

I asked the Prince whether he thought the intentions of the present German Government with respect to Austria had changed. He said that they had not, would not, and could not. The danger was greater than before because the Germans would struggle by hook or crook to fortify the Rhineland and that brought war nearer and made it inevitable. He said there was no use in trying to deal with this present Government for it had no intention of keeping any agreements and to deal with it like one dealt with other Governments was most dangerous.

Here the Prince remarked that probably I did not look with entire approval on the Austrian Government in its present form. I said that whether I approved or not was not a matter of importance and that I was here as an objective observer for my Government and did not mix myself in internal matters in Austria. I said that when I came to Austria I was not sure whether on account of her economic structure she would be able to live within her present boundaries without continuous outside assistance, which might not in the end be there. I said that I now knew on the basis of the improvement during the past two years in times of political difficulties and economic distress it was clear not only that Austria could live within her present boundaries, but that with more normal relations with her neighbors, which had to come again, she could prosper. The Prince said this certainly had been shown during the last eighteen months. As to the form of the Austrian Government, I said that I was a rather liberal thinker, did not personally believe in authoritarian regimes and kept my convictions that a republican parliamentary government was the best form of government we now had. I recognised, however, I said, that as long as the danger threatened from without to Austria, the internal situation would be such that any other form of Government than the present was impossible. I said that I was quite of the belief that if elections were to be held now it would be considered by the population that the situation was hopeless and that there was only one thing to do which was to vote for union with Germany even under present conditions. The Prince said that he was glad that I had this understanding of their position and that it was accurately stated. As the views of the Prince with regard to the temporary nature of this Government are well known, I did not go into this matter further with him.

I said to him that there had been a good deal of talk growing out of the conversations between Rome and Berlin and some people felt that there was some understanding between
the two capitals. The Prince said categorically that there was no such understanding and in his opinion there could be none. Mussolini naturally had talked with Berlin some, under the influence of the sanctions against Italy, and that a certain amount of contact might be kept up, but that Mr. Mussolini had no intention of making any agreement or alliance with Berlin. He knew that in any such combination he would be the weaker partner and that he would only be used by Berlin until Berlin could do the same with him that it wished to do with the states of Southeastern Europe. Mussolini might have to play second fiddle in Europe, but he would not put himself in a position of playing second fiddle to Berlin.

I brought to his attention that various trends were making themselves evident here in Austria which might become dangerous if they were not repressed and that this repression would have to come from the top. I called to his attention the trouble which the association of photographers, created under the Austrian Ministry, was asking for the photographic division of the Associated Press. I also called to his attention the circular which had recently been addressed by an association of film manufacturers in Austria to hardware dealers, calling attention to the necessity to get rid of foreign competition and offering a special discount on Austrian films to all hardware dealers who signed a hard and fast agreement not to purchase any foreign films. I said I did not wish to make any comparisons between conditions in Austria and in Germany, for they were entirely different, but that I saw things beginning here which I had seen begin in Germany and which had grown to such proportions that they had become state policies and had practically destroyed Germany's foreign trade. These things, I said, grew out of competition and were the work of small people who did not realize the major implications. Such movements, I said, could become very dangerous to Austria, not only to her commerce, but also to her political position. I was calling his attention to this situation not that we were so directly interested, but as a friend of his country and who appreciated the importance of the maintenance of its position for world peace. We exported principally raw materials to Austria, and while we were interested in the exportation of manufactured goods also, we realized that the volume of our exports in raw and finished goods depends on the prosperity and general welfare of the country. I said that these movements by small people unless they were repressed might bring serious inconveniences and even from some countries reprisals. Unfortunately some of these movements were fostered by really well intentioned and matrimonial parties. I made this remark as I knew some of the influence came from the Vereinigte Güter, and the H ämaner, of which the Prince is the head.

The Prince said that he appreciated very much my bringing these things to his attention. He knew that I was a good friend of his country and such information was very valuable to him. He indicated that he was very much interested and would give this matter his attention. I emphasized that it was a movement which could only be stopped by energetic and definite measures from the top, and from the very top. He said that he quite appreciated that this was so.
I discussed with the Prince some of the articles which had appeared recently in the United States in which he is pictured as a person leading a dissolute life, and he said that he quite understood that these articles had appeared in papers which did not carry much conviction and that the serious press and publications in the United States had treated his country very well. The Prince was apparently in the best of health, spoke most intelligently, frankly, and freely, and indicated through his entire attitude a very friendly attitude towards the United States which he said he too hoped he would be able to visit as soon as things were really quiet here and in Europe. I told him I hoped he would keep accessible to responsible American newspaper men and he said that he quite appreciated this and would be glad to see anyone from time to time whom I thought he should see.

George S. Messersmith.