Dear Mr. Messersmith:

I am enclosing herewith a copy of a letter written to Mr. Moffat as I am sure the remarks on the political situation here will be of interest to you, since I know how deeply concerned you are about Austria and how anxious you are to get any information which concerns the fate of that country. I understand on good authority that Hitler has forbidden party chiefs to intrigue in Austrian affairs: Goebbels for propaganda and Himmler for S.S. activity; that Hitler has established direct contact himself with Seyss-Inquart who is the liaison person between Hitler and the Austrian Nazis. The Germans are anxious to set up a Nazi State in Austria before the Spanish war ends as they think that Mussolini will be sufficiently occupied and handicapped by the Spanish venture to make any definite resistance to Hitler's program in Austria. One of the officers in the Consulate General who is a friend of Commendatore Zamboni, First Secretary of the Italian Embassy here, had a conversation with him the other day in which he stated that the Italian Government had not been consulted by the Germans before the Hitler - Schuschnigg understanding was reached. They were told concurrently what was going on but were not given an opportunity to express their views. The Italian Government does not regard the present German - Austrian arrangement with complete equanimity. The

Italians

The Honorable
George S. Messersmith,
Assistant Secretary of State,
Washington, D.C.
Italians think that the Schuschnigg Government is not representative of the wishes of the Austrian people and cannot be kept indefinitely in office. The Italians do think, however, according to Zamboni, that the German-Austrian customs union would be regarded by Italy as a very grave development and which might prevent the Italians from cooperating further with the Germans. The Italians do not contemplate becoming a third party to such a customs union as they are sure that German industry would force Italian business out of Austria. There is evidently strong hesitation on the part of Italy to surrender her economic advantages in Austria to the Reich, and Italy has no desire to see Austrian independence forfeited which of course has to do with the traditional Italian view with regard to her northern frontiers. It appears that the Italians regard German relations as very difficult.

I want also to let you know that I had an interesting talk with the Ambassador in his office the day after his arrival and since then he has paid a visit here. His attitude towards me has been one of unusual friendliness and he seems to be very much interested in our working very closely together, particularly in protection matters in which he shows a definite and active interest. I think he is anxious that the Embassy will give its utmost support and cooperation in connection with all matters affecting our interests and I have been tremendously pleased and encouraged by this very real interest on his part. It is going to make the period of duty with him very satisfactory and will ensure a maximum of efficiency in getting our work done. I believe from talks that I have had that the Germans in official quarters expect an improvement in relations through Mr. Wilson's coming, and I am confident also that this will be the result. This certain amount of cordial good feeling must be present to get things done. While I do not contemplate that the strengthening of our prestige means in any sense giving advantages or comfort to this regime, it makes our attitude count for more and our wishes to be taken more into consideration. There has been a tendency, as I have pointed out in my letter to Mr. Moffat, to give us the cold shoulder.
I hope that everything is going well with you and that you are physically standing the strain of work. My sister is steadily improving and is able to take walks in the park and is planning on making a long visit at home in the near future. I think she will sail some time in April.

With very warmest regards to you and Mrs. Messersmith, I am

Faithfully yours,

[Signature]