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Vienna, June 14, 1937.

No. 1145

SUBJECT: CUMULATIVE EFFECT OF INCREASING NATIONAL SOCIALIST
ACTIVITY UPON AUSTRO-GERMAN RELATIONS AND THE
AUSTRO-GERMAN AGREEMENT OF JULY 11, 1936.

STRICTLY CONFIDENTIAL.

The Honorable

The Secretary of State,

Washington.

Sir:

I have the honor to refer to recent despatches from
the Legation concerning increasing National-Socialist activity
in Austria, as well as to the Legation's telegram No. 25, of
June 11, 1937, 4 P.M.

In the Legation's strictly confidential despatch No. 1112,
of April 26, 1937, reporting on Chancellor Schuschnigg's recent visit to

Venice

Venice, the Department will recall that a source close to the Chancellor was quoted as saying that there was little doubt in the Chancellor's mind that Italy was somewhat withdrawing from its previous position in Central European affairs so far as Austria was concerned, that Rome-Berlin cooperation was increasing in strength, and that the forthcoming twelve months would be of paramount importance for Austria until British rearmament was an accomplished fact and France's internal situation crystallized. The Legation's informant added at that time that during the forthcoming twelve months the Government fully expected to have to cope with a recrudescence of Austrian Nazi activity, activity which the Government felt it could safely handle were no outside interference forthcoming.

In subsequent despatches, principally Nos. 1122, 1123, 1137, and 1142 of May 3, 10, 24, and June 7, 1937, the Legation reported on the course of this activity, noting that it was increasing and also that there was a division in Austrian Nazi ranks themselves between extremist and more conservative elements as represented respectively by those under the influence of the notorious emigré Frauenfeld and the more moderate Captain Leopold. (Legation's confidential despatch No. 1142, of June 7, 1937). Among the manifestations of this growing Nazi activity particularly noted by the Legation were a hand-ball match recently held in Vienna which ended in a near riot, (Legation's confidential despatch No. 1139, of May 28, 1937), and an international kayak

race

race to be held on the Danube between Passau and Vienna, to finish in the latter city on July 25, 1937, the anniversary of the late Chancellor Dollfuss' assassination. This "international" race in effect was to consist almost entirely of Germans, and such Austrians as were of tried Nazi persuasion, and, as the Austrian Government foresaw, was to be the occasion for Nazi demonstrations the length of the course, culminating in Vienna on the singularly tactless date picked by the sponsors of the race, a date when the Patriotic Front would be out in full force to render homage to Dollfuss' memory. The sponsors of the race were not hard to seek, being in reality the Reich sport authorities backed by a clamorous Austrian Nazi demand. The Legation has rehearsed the foregoing at the risk of being tedious, feeling that it may be of immediate convenience to the Department as background for what follows.

Since the Legation's last despatch on political developments in Austria, No. 1142, of June 7, 1937, the following has come to light. The Government backed by a growing resentment against Nazi activity among all of the more solid classes of Austrian citizens, a backing which Chancellor Schuschnigg has not neglected to encourage through judicious press releases, has given up negotiating with the German sport authorities over the conditions to accompany the international kayak race above referred to, and formally banned

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the entire event. Secondly, the Government either through the official gazette *WIENER ZEITUNG* or through the Chancellor's personal press organ, the *NEUCHÂTELS WELT-BLATT*, has begun to conduct a forum of public education concerning the new State Protection Law which reached its first reading on June 4, 1937, before the Cabinet. This law has been under consideration by the Chancellor ever since last year when as a result of amelioration of internal dissensions, Nazi, Heimwehr, Social-Democratic and the like, coupled with the Austro-German agreement of July 11, 1936, the Chancellor began to toy with the idea of relaxing certain police measures belonging to the present authoritarian state. A committee was then formed by the Chancellor to study ways and means which made little headway, probably due to a later recrudescence of Nazi activities which made the Chancellor relent. Recently, however, the Committee has made considerable headway with the result that the provisions of the new law, far from being relaxed, are apt to be stronger than the present, as the following comment in the Chancellor's personal press organ, the *NEUCHÂTELS WELT-BLATT* of June 8, would seem to show. After somewhat significantly remarking that consideration of the new law had made little progress until the elimination from the Cabinet of Herr Heustädter-Stürmer (Herr Heustädter-Stürmer it will be recalled was ousted from the Government as Minister for Public Security some three months ago for

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alleged Nazi sympathies) the WELT-BLAET goes on to say:

"The State can no longer be content as regards its necessary protection with what sufficed before the war or even up till 1930. The time of liberalism, which left so much scope in the State and against the State for the development of anarchy is over. The Austrian association-law must be called obsolete at present and urgently requires reform. The system of registration which is in force in Austria at present, which permits the arbitrary formation of associations and makes prohibition of them possible only in exceptional cases, will have to be changed into a system of concession in order to offer to the State a better insight into association-life and enable it to forbid inappropriate associations which appear to be dangerous".

Granted the Chancellor was considering a year ago a relaxation of present police measures, the foregoing quotation shows little indication of that fact now. The reference to the formation of associations is particularly interesting as the Department will recall from the Legation's despatches Nos. 1023 and 1029, of January 21, and 27, reporting on subversive activities challenging the Chancellor, that certain associations camouflaging Nazi or "Nationalist" intentions were then engrossing his attention. The formation, moreover, of a Pan-Aryan Union in Vienna allegedly Nazi in ambition was reported in the Legation's set of weekly notes forwarded with despatch No. 1141, of June 5, 1937. Finally, the Legation has already reported on the apparent intention of Chancellor Schuschnigg to instill a more militant spirit into the Patriotic Front. (Legation's confidential despatch No. 1133, May 28, 1937).

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Upon this edifice of irritation and counter-irritation the Austro-German press feud never long dormant has played with increasing intensity during the past month and more. According to the Austrian press, its German counterpart was first irritated by Chancellor Schuschnigg's repudiation of Signor Ceyda's article after the former's Venice visit, in which Ceyda alleged that National-Socialists would shortly be taken into the Austrian Government, then by suspicion of the Austrian Secretary of State, Dr. Guido Schmidt's, coronation visit to London and Paris, and finally by the reply of Cardinal Innitzer, the Austrian Primate, to Dr. Goebbels recent anti-church outburst of May 26. (Reference the Legation's set of weekly notes forwarded with despatch No. 1146, of June 14, 1937.) Contributing sources of annoyance have been the hand-ball match held in Vienna and the cancelled international kayak race previously referred to in this despatch, not to mention the endless petty incidents of flag-raising and down-haulings and incivilities exchanged at frontiers which are the stock in trade of party agitators in this part of the world. The German press, as far as this Legation has been able to ascertain, has been the leader in provocation, but the Austrian press has replied with a controlled but noticeable truculence which seems to indicate that the Chancellor has no intention of being bullied.

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The foregoing may also be taken as an indication that the Chancellor feels that the international scales are slowly swinging in his favor and that he has a clear idea of the actual strength of the internal Nazi movement facing him. Here the Legation would like to refer to its telegram No. 25, of June 11, 1937, 4 P.M.

In that telegram the Department will recall, it was stated that a Foreign Office source had informed the Legation that an Austro-German Commission would shortly be formed to re-examine the Austro-German agreement of July 11, 1936, in view of existing misunderstandings. The impetus for this move, the Legation's informant added at that time, had come from Herr Hitler at the instance of the German Minister to Austria, Herr von Papen, who, realizing he had not accomplished what he had been sent to do as Austro-German mediator, was attempting to throw the blame on Austria for the comparative failure of the Austro-German agreement of July 11, 1936. Mention was further made of a Reuters report to the effect that the present German Consul General in Shanghai, Herr Kriebel, would shortly replace Herr von Papen, as well as of Herr von Papen's attempts to ingratiate himself in Austrian Catholic circles.

To amplify the telegram under reference, the Legation desires to report that its informant, who is close to the Chancellor, appeared somewhat worried at the time. He

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said that the Commission to examine the July 11, 1936 agreement would almost surely be formed in the near future and that publicity would be toned down as much as possible from the Austrian side although he could not say what might be made of it in Germany. Parenthetically, it may be said here that the Chancellor's personal press organ, the *REICHSGESAMTBLATT* of June 12, carried a denial of a Prague report of the same date that an "arbitration court" would be instituted concerning the July 11, 1936, agreement. The *REICHSGESAMTBLATT* stated that there could only be a question of appointing a "commission of officials" to discuss purely technical questions arising from the July agreement.

Ever since the beginning of the year, said the Legation's informant, the Government had been ill at ease with regard to Nazi developments, which, as they increased in unprovoked provocation, the Government could only surmise were intended to force Austria into losing patience. This, as the Legation knew, the Austrian Government had not done despite events attending the von Neurath visit and countless other episodes, but as time went on the Chancellor had begun to suspect that the real underlying motive of Nazi provocation was either to force the Austrian Government to give way to Nazi ambitions within the state or be forced into the open as the saboteur of the Austro-German agreement of July 11, 1936.

Subsequent

Subsequent events, continued the Legation's informant, (those he mentioned are contained in the earlier part of this despatch) had confirmed this suspicion with the result that the Chancellor had no intention of being chivied further and intended, if necessary, to have the matter thrashed out publicly. Moreover, Secretary of State for Foreign Affairs, Dr. Schmidt's visit to London, Paris, and Berns (reference the Legation's strictly confidential despatch No. 1133, of May 24, 1937), had changed matters a good deal and Austria was not without a sympathetic audience. In any event, said the Legation's informant, with Austria's Nazis losing ground and quarrelling among themselves, let trouble come now if it must. Finally, said the Legation's informant, the Austrian Government could be relied upon to employ every tactic to avoid open breaks although it would not give way on essentials.

Turning to the subject of Herr von Papen's activities as mentioned in the Legation's telegram No. 23, of June 11, 1937, 4 P.M., the Legation's informant said that the Austrian Foreign Office had as good information as it could get to the effect that Herr von Papen had been playing a two-edged game; one, trying to convince Herr Hitler that the present unsatisfactory Austro-German relations were due to Chancellor Schuschnigg's intransigence, and, two, attempting to point out to the Austrian Government that he, Herr von

Papen

Papen, was the only German representative it would ever get who would be able to arrange matters even reasonably to Austria's satisfaction. In line with one side of this effort, said the Legation's informant, Herr von Papen had been spreading rumors concerning a possibly intransigent successor, and in line with the other side, while stressing his pro-Catholic sympathies, mentioning his possible transference as German Minister to the Vatican. It will be recalled in connection with the foregoing that the Legation, while unable to furnish comment on the subject, reported in its confidential despatch No. 1137, of May 24, 1937, that according to unconfirmed reports in the Austrian press, Herr von Papen would shortly retire or be transferred to the Vatican, while his place in Vienna would be taken by the present German Consul General in Shanghai, Herr Eriehi. Herr Eriehi, it was then understood by the Austrian press, was a comrade of Herr Hitler's in the famous so-called Munich "beer-putsch", while the Austrian press did not neglect to mention that Herr von Papen had played a prominent part in the Concordat of 1933, between Germany and the Vatican.

The Legation has ventured to go into the foregoing at some length in that it is not altogether improbable that a reckoning may be forthcoming in the near future between the Austrian Government and the Nazi subversive elements within Austria, a reckoning which in view of previous experience is practically certain to affect to a more or less degree Austro-German relations. The situation, although quiet on the surface, is somewhat tense and it might not take a great deal

to precipitate strong internal action on the part of the Austrian Government which might have repercussions across the frontier. That the Austrian Government will move with the greatest circumspection, the Legation does not doubt.

The present situation may also pass over in Austria with twenty or thirty sudden arrests. It does seem probable, however, that sooner or later the National-Socialist bid for power in Austria will have to be broken or succeed, and from what the Legation has been able to observe, time works in favor of the Austrian Government in view of international developments and Austrian Nazi internal differences. Nor does the Austrian Government appear particularly disturbed at the moment as far as internal dissension is concerned, its principal anxiety being taken up with the problematical moves of its German neighbor.

In conclusion, the Legation wishes to note a trial which will probably be held around about the third week of this month, and which is now temporarily set for June 22. That trial concerns a certain Fritz Weitschke, an Austrian Nazi with a checkered career including certain National-Socialist ventures among Germans residing in South America, who returned to Austria in the fall of 1936, with terrorist ambitions. Herr Weitschke, last September, planted two time bombs which exploded without great damage, one in the Vienna Westbahnhof

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and one on a summering local train, and very shortly after was arrested. Investigations then went forward in his case, he being held more or less "incommunicado", until from a diary of his and other papers it was discovered that he had evolved the idea of bombing Chancellor Schuschnigg when the latter went to visit the grave of his wife. Subsequent investigations naturally linked him up with every Austrian Nazi of notoriety, but the interesting fact was that nothing more was heard of Herr Weitsche's case until about two weeks ago, nearly a year after he had been apprehended. It then appeared in the local press that he was shortly to be tried, among other things for plotting the Chancellor's life. Opinions differ as to whether the press, particularly foreign, first learned of the basic charges against Herr Weitsche and thus by query forced the true story into the open, or whether the Government as the trial came on gave out the necessary information realizing that it could no longer be withheld. Suffice it to say that Herr Weitsche's achieved bombing exploits were reported in the local and foreign press last fall, as only a rather typical example of the sporadic type of Nazi terrorism then prevailing. It may also be said that now the true story is known the Government has not neglected to make capital out of the matter, and has pointed to it as the type of National-Socialist terrorism that Austria must beware of.

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The forthcoming trial is drawn attention to by the Legation as it is freely rumored that when the trial takes place it will be seized upon by local Nazi circles for demonstrations. In view of the free circulation that this rumor has received, however, the Legation is not inclined to pay too much attention to it.

Respectfully yours,

James Barclay Young,
Chargé d'Affaires ad interim.

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