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Vienna, July 11, 1938.

No. 487

SUBJECT: A BRIEF RESUME OF SOME OF THE MAJOR CONCENTRATIONS
IN CONNECTION WITH THE POSSIBILITIES OF THE RESTORATION
OF A HABSBURG MONARCHY IN AUSTRIA.

STRICTLY CONFIDENTIAL

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

In view of the recent considerable space given in the press outside of Austria to the probabilities of a Habsburg restoration in Austria, stimulated by the recent enactment of a law returning a part of the Habsburg property, I have the honor to transmit the following brief résumé of the real situation as seen by this Legation. I have in my

despatches

despatches and telegrams from time to time reported fully on this matter, but the résumé below given may be of interest.

The speculation in a considerable part of the press outside of Austria that restoration of a Habsburg monarchy in Austria is imminent is based on a partial knowledge of the actual facts and of the factors involved. There is no immediate probability of the restoration of a Habsburg monarchy in Austria unless some major development in the general situation in Europe should make this. In the opinion of the Austrian Government, an effective instrument in the struggle for the maintenance of the integrity and independence of the country.

The attitude of the considerable majority of the principal leaders in the present Austrian Government is distinctly favorable to the ultimate return of a monarchical form of Government in Austria, but these same leaders are opposed to restoration for the present and the foreseeable future. The attitude of the Austrian population to the question of restoration is comparatively neutral, but can be influenced very readily by the Government in either direction. On the whole, however, there is reason to believe that the attitude of the population towards restoration when it becomes an actual question would be distinctly favorable.

The Government is, I believe, sincere in its repeated declarations that restoration is not an actual question. One of the primary considerations which the present Government keeps in mind is that it must maintain order within Austria so that the internal situation shall not

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become a cause for concern or embarrassment in Europe at this time. The Government is aware that restoration at this time and under the existing major situation in Europe would be very embarrassing, if not displeasing, to those powers which are giving Austria such direct support. In the states of the Little Entente and of the Balkan Union, which have for the most part an active or lukewarm interest in the maintenance of Austrian independence, the restoration would cause not only deep concern and loss of support, but would probably even provoke definite unfriendly acts. The Government does not wish to risk disturbing either the major powers or the smaller states of Southeastern Europe through restoration, or active consideration of it, at a time when it can only make difficulty in Europe and for Austria.

Aside from this major consideration, which is the controlling one in this matter, immediate restoration or in the near future does not fit in with the personal ambitions of some of the leading people in the Austrian Government. Restoration would mean internal changes which would undoubtedly involve the elimination from their present positions of many people. These people who are important in the Government and who are naturally attached to their positions, see no reason why they should help to bring about the restoration of monarchy at this time when it can only have disadvantages for them and no advantage for the country.

Similarly, as I have pointed out in a recent despatch, the Heimwehr and its leader, Prince Starhemberg,

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who basically favor eventual restoration, are inclined to look forward with more favor to a regency as the preparatory step towards eventual restoration. They feel, as does the Government, that the developments towards readjustment in the European situation will be slow and that a regency to follow this present Government is politically much more expedient and in the eventual interest of all concerned than precipitate restoration.

Another major consideration is that the Government here is following closely developments in the general European situation as they may affect the struggle for the maintenance of Austrian independence, and these developments have been such as to cause a good deal of concern. For this reason, as I have pointed out in a recent despatch, the Government has decided, but not yet made public, that the term of President Miklas will be definitely prolonged beyond October instead of an election being held then as provided in the constitution. The Government believes that developments in the external situation have been taking an uncertain course and that the hands of the Government must be free to make such internal changes as the external developments make necessary. According to its present intentions it is undoubtedly their desire to bring in a regency before a restoration, but in this connection what actually happens will depend on factors over which Austria has no control.

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In Legitimist circles opinion on the opportuneness of restoration is divided. The conservative group, which believes that restoration in the near future is not desirable both in the interest of Austria and of the Habsburgs, is also the stronger group and that on which Otto leans and which he follows. The more radical group, which is naturally interested in what it can get out of restoration, favors pressing the matter as an immediate one and this is the group which has the greatest influence on the former Emperor Otto. The conservative group of Legitimists has recently, through its authorized spokesman, emphasized that in their opinion the restoration of the Habsburg property in Austria does not mean early restoration.

There is a growing feeling in Northeastern Europe, which has a certain amount of support in London, Paris, and Rome, that the economic problems of the Danubian basin can not be solved unless there is close economic cooperation between at least some of the former states in the Austro-Hungarian Empire. The Hungarian Premier gave expression to this idea in a recent speech in Budapest before the Parliament. The idea is one which is nourished in Austria and has been finding increasing expression within the last weeks from responsible quarters. It is unquestionable that the idea of a partial economic reconstruction of the former Empire is gaining strength and support. The monarchists believe that this idea of economic reconstruction can only be promoted by a partial reconstruction of the former Empire

in a political sense. Their hopes therefore are increased not only for eventual restoration in Austria and Hungary, but also for a partial political reconstruction of the empire. They believe that time and developments will favor this and they therefore see no reason for endeavoring to precipitate restoration in Austria or in Hungary at this time, as it might interfere only with more important ends. It is interesting that this idea appeals also to the radical legitimists group centering around the former Empress Zita, and it is quite conceivable that even from this group there will be less pressure towards immediate restoration. The return of a part of the Habsburg property will ease the situation of Otto and will make this policy of waiting more appealing.

There is every reason to believe, on information based on authoritative sources, that Otto has been definitely informed of the attitude of the Austrian Government and is completely in accord with its policy that restoration is impracticable under existing conditions in Europe and that this problem is one which must await developments in the general European situation and is entirely dependent upon these developments.

The foregoing is, I believe, a correct statement of the situation with respect to restoration as it now stands. There is no probability whatever of the return of Otto to Austria to live in the near future and there is a definite understanding with him on this subject. The former Empress Zita also will not return here to live, as this would be

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considered undesirable both by the Government here and by the conservative Legitimists, but it is not unlikely that she may come to Austria for brief visits to several of her children who may be placed in Austrian schools. In Government circles which entertain the idea of eventual restoration, as well as in reasonable Legitimist circles, it is considered that it would be disastrous to restoration if either the former Empress Sita or Otto, or both, should take up residence in Austria now or in the near future.

Respectfully yours,

George S. Messersmith.

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