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Vienna, February 8, 1935.

Dear Mr. Phillips:

I wrote you last on February 1 and am very glad to say that since then the prospects for a peaceable and altogether quiet passing of the anniversary of February 12 remains as good as at the time of writing. I can find no objective and well-informed observer here who now anticipates any trouble, although the possibility of minor demonstrations in Vienna or in a few places in the country is not excluded. I still believe that the day and those immediately following will be entirely quiet.

There is, however, a certain amount of nervousness among some of the men in the Government which I think is contributed to a good deal by the fears of their families. There is no doubt that irresponsible Nazi groups, even against present orders from Berlin which according to both Nazi and non-Nazi sources are that there are to be no disturbances whatever for the present, are threatening individuals and planning attacks on some Government offices by gas. The counter measures to protect the individuals and officers are being effectively taken, but that it should cause a certain amount of nervousness is quite understandable. There is, however, no fear in well-informed quarters as to any action against the Government of a real character for the near future. As I have brought out in my letters and despatches, the Government remains in a position to easily take care of any such action against it. The most comforting feature, however, is that for the present I don't think any of the dissatisfied groups are planning any real action.

One of the principal present German methods against Austria is that practiced through diplomatic channels in various capitals. German diplomatic officers in Budapest, Belgrade, and all over this part of the world speak of the weakness of the Austrian Government, its lack of popular support, of very great dissension in the Government, and of the likelihood of impending changes in the makeup of the Government. It is not unlikely

The Honorable

William Phillips,

Under Secretary of State,
Washington, D. C.

that you would get the reflections and reactions of this whispering campaign from the Ministers of some of Austria's neighbors in Washington. I can only repeat that it is the opinion of well-informed, objective foreign observers here, as well as of Austrian circles not necessarily sympathetic to the Government, that the position of the Government is stronger than it has been certainly for a year, and that there are no real difficulties within the Government. I have written so much on this subject that I need not go into any detail, but I should perhaps add that the repeated stories about difficulties between Schuschnigg and Starhemberg have really nothing to them. Schuschnigg is more and more recognized as doing very well and he gains new friends constantly for himself and the Government rather than losing them. On the other hand, he will never arouse much enthusiasm and among his friends he is considered as lacking somewhat in decision. He is an intellectual and has the difficulties of an intellectual in arriving at some decisions, but he is anything but a weak man. Starhemberg, with less capacities in various ways, is more decided and more firm, but not so wise. Schuschnigg and Starhemberg undoubtedly have frequent differences of opinion, but no quarrels and Starhemberg realizes very well that as an alternative to Schuschnigg as Chancellor now he would injure Austria's position as it would lessen the sympathies of the Little Entente now so cordial with Austria. Starhemberg may be ambitious in his own way, but he is not stupid and he has a good deal of patriotism and is not going to push himself at this time, even if it is only because he knows it would not be to his advantage now. Even Italy does not wish to complicate the European situation by any pressure for Starhemberg and undoubtedly prefers to see Schuschnigg at the helm.

Just as background it may be interesting in this connection to say that the possibilities, if Schuschnigg should go, are of course Starhemberg and then Buresch (Minister of Finance), Schmitz (Mayor of Vienna), Adam (Publicity), and Gleisner (one of the Provincial Governors). Of these Starhemberg is naturally the most in the public eye, but aside from all the considerations I have mentioned in previous letters, he would be quite unacceptable to the Church, and although it might not directly stand in his way, it is realized that Starhemberg could not keep all the elements together now behind the Government to the degree Schuschnigg does. Buresch has been Chancellor and has many excellent qualities and is well thought of in Geneva and in foreign circles where he is known for he has been in the Government since the

end of the war, but a Buresch Government would be much weaker than a Schuschnigg Government. Colonel Adam is a very clever man and remains always a possibility to be considered in future situations, but he is hardly timber for the Chancellorship at this time. Gleisner is a young man who is very ambitious and who likes to have himself talked about, but he is hardly to be seriously considered now. The available timber is not any too promising and one can only hope that in the interest of the general European situation, as well as of Austria, Frau Schuschnigg's prayers may be answered that her husband will not meet the fate of Dollfuss. There may be better men among the 6½ millions of Austrians than Schuschnigg for this job, but none of them has as yet come to the top.

I think I can safely say to you that you need not be preoccupied for the present at least with information which you may get with regard to the instability in the present Government here.

The Foreign Minister, Berger-Waldenegg, told me yesterday that the Chancellor and he are leaving for Paris on February 20 and will stay there until February 24, when they go on to London for a few days. I think both of these visits are made more on their own initiative. I think Berger-Waldenegg when last in Geneva let drop a hint that they would be glad to go to Paris and London, and the French and English very courteously said they would be glad to see them. The Austrians then had their Ministers in London and Paris take up the matter in a more definite way with the result that they were invited to both places. A good many people are giving a significance to these visits which I do not believe they have as Austria has nothing particularly to say in either London or Paris at this time. I think I can say pretty definitely that Berger-Waldenegg and the Chancellor wanted to make these visits for the effect they would have at home in Austria and in this part of the world. A cultural agreement has just been signed between Italy and Austria and while the Austrians are grateful for the powerful help politically and commercially which Italy has given them, there are a good many people here who object to so-called Italian influence and even more actively to cultural propaganda. The fact that Italy has been very moderate in her demands on Austria is something which naturally the people here do not understand and this visit to Paris and London is aimed to counteract the effect of the visits to Italy.

From the French point of view of course there is no reason at all why they should not have the Austrians come. On the other hand, the visit will be an acceptable one. From the point of view of London they will be glad to have Schuschnigg and Berger-Waldenegg there, for it is the British policy to add in whatever way it can to the prestige of this Government. Then, too, they will be glad to have both of them in London where some of the English, dissatisfied with certain conditions in Austria, can speak directly with Schuschnigg and Berger-Waldenegg. I think they will have some uncomfortable moments in London where some of the British Socialists will take the chance to have a whack at them, but I believe that from every point of view the visits can only do good. What I wish to emphasize about the visits is that the initiative appears to have been on the Austrian side and there are no special subjects to be discussed. By that time the Austrians hope that the non-interference pacts may have reached the point where at least some paragraphing of the proposed pacts may be discussed. The opportunity, of course, will be taken by both sides to discuss all of the problems in which Austria is interested.

The winter tourist season, especially at some of the winter sport places, promises to be excellent. At Kitzbühl it is impossible to get accommodations before March, and prices have doubled and trebled. The attention which has been concentrated on Austria and the now greater feeling of security about conditions in the country are bringing a very fine type of people here and the Prince of Wales arrived at Kitzbühl the other day for a several weeks stay. There are some who think that his visit here at this time had a particular significance and that the very fact that he is in Austria has had a quieting influence on certain elements tempted to make trouble. In any event, his coming here at this time is one of the minor but very concrete evidences of the active sympathy of certain circles in England for Austria.

I have seen the Foreign Minister a number of times recently and he is quite pessimistic with respect to the German attitude following the London conversations. The information which the Austrians get is that in Reichswehr circles and the Wilhelmstrasse there is great disappointment for they did not expect such far-going agreements in London. According to the Austrian information, these circles are not yet clear as to the attitude Germany should take. On the other hand, the Government here is convinced that Hitler and the Party have in no

sense given up their aspirations toward Austria and in other directions and that the Party has no intention of signing any pacts if it can avoid it. The information here is that the Reichswehr circles, the Wilhelmstrasse, and Party circles are in accord, however, that Germany must play for time and prolong the negotiations. The Government here hopes that a firm, united front between London, Paris, and Rome will bring Germany into line, but it has grave doubts as to whether this happy outcome will be realized.

Berger-Waldenegg told me that they have had a reply from Germany with respect to the non-interference pacts and that it is not nearly as unsatisfactory as he believed it would be. He said that Germany posed a number of questions which did not seem as difficult as what they anticipated. I will not go into these as they are obviously the same which Germany posed in Rome and Paris and on which you have, I am sure, full information. It was significant, however, that he should say that he was unable to determine whether the German answer indicated a favorable attitude or whether they were only stalling for time. He was inclined to the latter opinion for all the information which they had was "that Germany would use every effort to keep out of the pacts".

The Austrian mentality is, I think, indicated by what Berger-Waldenegg told me of a recent talk which he had with Benes. He said that he had told Benes that unless Czechoslovakia and the rest of Europe stood by Austria they were lost. If Austria did not continue to get this help from outside it would have to become more Nazi than the Nazis to save themselves and Austria from becoming a mere province. I remarked that even their becoming more Nazi than the Nazis would not save them from becoming a province, to which he agreed. It seemed quite clear from what he said that if the foreign help disappears this Government will swing of its own initiative rapidly into the Nazi camp. I think anything of this kind which Berger-Waldenegg said to Benes and which he may say elsewhere is not intended as a threat, but indicates what the action here will be if the foreign support falls away, growing out of the fear of what would happen to individuals. I think there is no question but that if the present agreement between London, Paris, and Rome regarding Austria breaks down or should definitely weaken, Austria will very rapidly seek shelter in the German fold. It will be the most natural thing in the world, for they will feel that they may be able to save something through an avalanche in that direction rather than waiting for Germany to come and take them.

I should add that the Foreign Minister's remarks are not to be taken as any indication of weakening here. Austria will hold out and is better than for some time able to hold out if she continues to have the support she now has from outside.

I was one of those who misjudged the effects of the Saar vote in Germany, particularly in Party circles. I believed that the Party would be contented for some time to rest on the laurels of the Saar victory and show a greater disposition to cooperate for at least the time being with the rest of Europe without, however, giving up definitely its aspirations in any direction. I have had no illusions and do not have any with regard to Germany's giving up its aspirations in Europe and for regaining its colonies, but I felt that we could count on a period of partial cooperation during which the reasonable elements might gain control in Germany and thus promote the hopes for ultimate binding agreements for maintaining peace. I can not go so far yet as to say that the developments since London show that Germany will not yield, but on the other hand the information which we have so far here is not encouraging. I knew, as I said in my letters, that the Party would make a tremendous effort not to give in, but even I who have no illusions did not feel that their attitude would be as intransigent as it seems to be. It is still too early to pass any definite judgment, but the outlook is not good.

There is no use in having any illusions as to what Hitler and the Party want. They have their eyes on Memel, Alsace-Lorraine and the Eastern frontier. They nourish just as strongly the hope to get the Ukraine for the surplus German population and to get the fertile lands which Germany "must have". Austria is a definite objective, with absorption or hegemony over the whole of Southeastern Europe definite policy. As long as Hitler and National Socialism remain in power in Germany, Europe will have to deal with these aspirations, pacts or no pacts. With the present regime out of the way the danger is lessened and the field of ambition more restricted, but it would be illusory to believe that the danger of Germany to European peace is definitely eliminated. The only thing that can hold Germany in line is a concert of the powers so close and definite that Germany's policy will be reoriented. The danger to Europe can still be averted, for the German people, although warlike, have shown themselves docile under strong leadership. Probably in no other country in Europe could a Government have done with its people what this present one has done with Germany in the past two years. Germany can be led into being a good neighbor and into being a bad one, depending on her Government.

The German attitude now is very similar to that of the Soviets before recognition by us. The Soviet regime did not wish to talk about recognition with conditions, leaving the impression that if recognition came they would be reasonable with respect to debts, etc. We may not have been convinced entirely as to their good faith, but we gave recognition in the hope that we would be able to reach some agreement. The recent break down in the negotiations with the Soviet regime leaves the impression that they never intended to keep any of the promises which they made, direct or implied. The same situation applies to Germany today. She struggles for recognition of equality and of her rearmament without conditions and endeavors to give the impression that once these are granted she will be entirely reasonable. I think we have even much more reason to believe that they are not more in earnest than the Soviet regime was, for with respect to keeping its promises in the internal and external field, the Soviet Government has a better record than the Nazis.

It would, in my opinion, be the last extreme of folly to put any hope in German promises at this time. The protestations of Hitler that with the Saar out of the way there are no more territorial difficulties between France and Germany are meaningless. Hitler hopes to get Alsace and Lorraine back and has no intention of giving up the struggle in that direction. As in Austria and in other directions, they may not contemplate direct action, but Germany intends to work through raising disturbances by so-called German minorities, keeping Europe in a turmoil. When Hitler proclaims his will for peace he wants peace, but only so that Germany can work her will. He wants to keep a free hand so as not to be bound here and there by pacts which restrict activity or bring her into international difficulties at so many points.

The articles by Lord Lothian in the TIMES early in February, which you have seen, are very interesting. They show a very commendable and a very fine spirit which might apply to another Germany, but not to Hitler Germany. The reply of Wickham Steed in the TIMES of February 2 is not only penetrating, but in my opinion of historic importance. I take the liberty of quoting its

"Lord Lothian is perhaps right in thinking Herr Hitler sincere. Some study of Herr Hitler's writings, sayings, and doings has convinced me that he is usually sincere - and that he is capable of being sincere in the most contradictory and incompatible directions with swift alternation if not simultaneously.

"The central fact in Europe today, may be as Lord Lothian avers, 'that Germany does not want war'. But it may also be that Germany wants 'equality' during 10 years of guaranteed non-interference and relief from the restrictions of the Versailles Treaty, so that she may pursue a policy of territorial acquisition by propaganda among the 'German' populations of neighbouring States. Her methods of propaganda in Austria, in the Memelland, and recently in the Saar, to say nothing of Danish Schleswig and Danzig, have not been such as to inspire blind trust in her quiescence. Nor is it certain that General Goering's visit to Poland has been altogether a mission of peace.....

"Judged in historical perspective, and making allowance for all differences of circumstance and time, the outlook today seems to present one feature which is to all intents and purposes, identical with the dominating feature of the outlook in the summer of 1914. This feature is that, if Great Britain is thought likely not to set her face against war, or against methods likely to provoke war, the chances are that there will be war as soon as the moment is thought opportune for it. But if no room be left for any such belief, war will be avoided and peace may presently be organized".

The foregoing is a quotation from a man who knows and who squarely faces the facts.

I will not endeavor to comment on the London conversations for you have ever so much better direct information than anything I can give you here. I think the most significant feature of the communiqué is the statement that after Germany has been communicated with and agreement is not in sight, France and England will consult again. I think the Sunday meeting in London was a memorable one after the Cabinet had had its session, for the English were facing what definite refusal by Germany would mean. She probably wants to avoid the mistakes made in 1914. I think there is no getting away from it that the question of the air fleet now has become just as important as that of the navy's was in the years immediately preceeding 1914. England feels herself as definitely threatened now from the air, if not more so, than she did in 1914 by the growing German fleet. In the years before 1914 she failed to take the necessary

precautions. German intransigence now may drive her into much closer union with France than most Englishmen relish, but which union seems inescapable if German intransigence continues. It is almost unbelievable that twice in less than half a century Europe should be faced by this danger to her peace from a country which seems to have no desire to live as a good neighbor.

I remember that in June, 1933, I had a conversation with Goering in which he called attention to the fact that the German stress on air rearmament would disquiet England in the same way as the increase in the fleet had before 1914, and that it might have for Germany the same consequences. Goering told me that they would do nothing in the way of increasing their fleet and would concentrate on air and land rearmament and would know how to quiet England's fears. I remember so well his saying that they would not even build up any merchant marine ships, although it would help Hamburg and Bremen which were clamoring for it, in order to keep England quiet. I told him that just as they had hoped to keep England a neutral in 1914, they would probably find themselves just as disappointed when they had to come to a new struggle in Europe, but he assured me that they knew how to take care of England.

I do not wish to play on one string all the time nor to weary you with reiteration of the same idea, but I feel that those of us who know Nazi policy must contribute what we can to its clarification when there are such disturbing interpretations as those of Lord Lothian and when the leaders of the Government of a great people such as the Germans cynically make statements to the whole world which they do not mean. You have read reports of this medieval play given in Hagen recently which has raised such a commotion. The old German pagan spirit in this is glorified and Christianity is held up to ridicule and as a weakness of a great people. The Party struggle in Germany for a coordinated Church under absolute State control and a State instrument is an expression of a feeling which has existed in certain circles in Germany for years that Christianity with its morality and its general teachings is a restriction on a warlike people like the Germans which has a mission to fulfill in Europe and the world.

Professor Redlich was in to see me a few days ago before he left for Harvard, and he quoted some German lines to me in this respect in a manner which amazed me. I thought I was fairly familiar with German literature and philosophy, but

in a few moments he told me a great deal that I did not know. I found that behind this movement for the State Church there existed something of which I had no idea. The tragic part of it all is that even though the Catholic and Protestant Churches are finally successful in their struggle against co-ordination, which I believe they will be, there will remain in Germany this movement of the Party Church which can easily gain strength and which is a new disturbing element in an already disturbed picture.

I have the distinct impression that Germany is going to make a tremendous struggle to gain time. Faced by the situation created at London, she will have to appear to be reasonable and to be willing to talk. She will split hairs on definitions, on non-aggression and non-interference, and on every possible aspect of the pacts and agreements. She is going to endeavor to bargain to the last limit. Her tactics I believe are the wrong ones, for they will only consolidate Europe against her through strengthening the distrust which is increasingly felt even in quarters more friendly. I am still hopeful that a solid front will be maintained and that this may force even this regime into agreements which, as I pointed out in my previous letters, will at least give a breathing spell and increase the possibility of a more reasonable regime coming into power in Germany. But it seems increasingly clear that enough harm has already been done in Germany to create there a situation which even under a more reasonable regime will be disquieting in Europe. A European block against Germany may not be a desirable thing from many points of view, but it is for the moment the only way to bring Germany to reason. I think I need not tell you that I am far from being a hysterical or fearful person, but I see a definite menace to European and world peace which must be very disquieting to us in the long run. If this regime can be curbed, the danger is much lessened without its being definitely eliminated.

This feeling is all the more strengthened by the reliable reports which I get from Germany that although the economic and financial programs of National Socialism have been almost entirely abandoned, the political and cultural program is just as strongly entrenched as ever. When one realizes what this means in the long run for the German youth and for the German voter and soldier of the future easily envisaged by us, it is most disquieting. The emphasis on the cultural program of the Party is in the long run much more dangerous even than its political program now. For the curbing of the political only

means the restricting of the cultural, and a great deal of damage has already been done and a great deal of seed sown in only too fertile ground.

The encouraging thing is that throughout the Danubian States the situation is more clearly recognized than before. I had a long talk with my Yugoslav colleague a few days ago just after he had seen the Foreign Minister, who had expressed his pleasure over the recent speech of Jettie who came out openly for Austrian independence. My colleague for the first time expressed himself as being strongly for Austrian independence as it was quite clear that if Austria fell to Germany they would soon have Germany crossing their frontiers. He referred to the German promises, especially those made by Goering on his last visit to Belgrade, and said that they now knew in Yugoslavia that these meant nothing. He said that the Germans were now much more active in Budapest and Bucharest than in Belgrade. France, he said, had been neglecting Yugoslavia, but that it was clear that it was better for Yugoslavia to have to deal with Italy and France than with Germany, for they at least worked more in the open and could be good neighbors if they promised to. All this came very strangely to me from my Yugoslav colleague as his personal orientation heretofore has been more towards Germany than Italy, but I believe more out of fear of Germany than predilection. He said incidentally that things were going well in Yugoslavia and the situation developing very satisfactorily.

Cordially and sincerely yours,