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Vienna, March 27, 1936.

Dear Mr. Phillips:

I last wrote you on March 20, and as in my recent letters and in the memorandum which I sent with my despatch No. 721, of March 9, I covered the situation so thoroughly, I wish principally in this letter to call attention to the further memorandum on the developments in the general situation, particularly as they may affect Austria, which I am transmitting with my strictly confidential despatch No. 746, of March 26. I hope that you may find time to read it.

This memorandum is in rather direct language and you may be of the opinion that I have overestimated the consequences in Europe of the attitude of England since March 7. I do not think that I have done so. In his speech in the Commons yesterday Eden has already endeavored to repair some of the damage done by his categorical assurances that England will maintain fully her Locarno obligations, and very symptomatically stated that he hoped that he would not be the first Foreign Minister who repudiated the signature of England. That an English Foreign Minister should find it necessary to make such a statement is an indication that it is already recognized in London how far the lack of confidence on the Continent has gained ground. The speech of Eden will help, but it leaves the future too uncertain to have added material confidence on the Continent.

The point which I have emphasized is that the re-fortification of the Rhineland is the main question at issue, for the one around which the immediate conversations will hinge, and I do not see Germany giving way. Eden in his speech yesterday had to admit that his last conversation with Ribbentrop gave no hope that Germany would give any assurances not

The Honorable
William Phillips,
Under Secretary of State,
Washington, D. C.

to commence refortification even during negotiations. The British cling to the hope that after the election on March 29, Hitler will make some definite concessions even on this point. While he will probably make concessions, I do not think he will give way on the fortification matter in any worthwhile manner, just as he was adamant on not removing any troops and on the occupation of a strip of the Rhineland by English and Italian troops.

British opinion, I believe, will swing around again slowly, but it will be too late to re-establish confidence on the Continent. I think I have not overestimated in my memorandum the effects of this loss of confidence. The League has been given practically its coup de grace; confidence in British action or support for Southeastern Europe is practically gone. This will have its definite effect on Franco-Italian relations and the actions of the groups associated with them. As I have covered this in the memorandum, I will not go into it further here.

The new group which Mussolini has formed of Italy, Austria, and Hungary is a very real thing and it may play a very important part in future developments in the general situation. Mussolini now has a strong bargaining position. The probabilities are very strong that France and Italy will settle the Abyssinian question without regard to the League and to England, and both the League and England will accept it. This will add to the prestige of France with the Little Entente and strengthen the ties of Austria and Hungary to Rome. Paris and Rome, with the Little Entente and the Rome bloc behind them, will definitely influence the Balkan Union which cannot stay away from such a combination, and the English position there will be weakened. All this will have its advantages so far as maintaining the situation here in Southeastern Europe is concerned, but it gives Italy a position which will eventually become embarrassing to France as well as to England. Mussolini is keeping the road to both Paris and Berlin open. He wants to make his agreements with Paris rather than with Berlin, and probably will be able to do so. But it is equally clear that if he cannot make his bargain with Paris he will with Berlin. This latter alternative, however, he is not likely to have to resort to. Whatever happens, the position of England on the Continent is weakened, and that is bad. The

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closest cooperation between Paris and London, if it can be re-established, will not bring back England to the position which she had before. Irreparable damage has been done and it is very sad.

I believe that my memorandum transmitted with my despatch No. 746² worth careful reading for I think you will find in it the trend which developments on the Continent will take. While that trend will strengthen the position in South-eastern Europe and while it will weaken the position of Germany and probably lead to disintegration of the Government there, one can only look with considerable fear into the long future, for I am one of those who doubt whether Italy is prepared to play the part which circumstances are giving her. By careful management of the French position a good deal of the danger that lies in the future can be avoided, but if England continues to follow her present line, which can only end in the refortification by the Germans of the Rhineland, her position will become very much weakened.

I may not be writing you again before I sail. I have given a good deal of thought to the question as to whether I should leave here now or not, but I am convinced that it is the best time to go and I ought to make this trip home for the reasons I have already given you. I look forward to seeing you around April 17 or 18, and I may be able to give you some background about this part of the world which it is difficult to convey by letter.

With all good wishes,

Cordially and faithfully yours,

George S. Messersmith.

GSM-MJP