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The Future of Austria

C 3729

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Introduction.

Article 80 of the Treaty of Versailles  
reads:-

"Germany acknowledges and will respect strictly the independence of Austria, within the frontiers which may be fixed in a treaty between that State and the principal Allied and Associated Powers; she agrees that this independence shall be inalienable except with the consent of the Council of the League of Nations."

Article 88 of the Treaty of St. Germain-en-Laye reads:

"The independence of Austria is inalienable otherwise than with the consent of the Council of the League of Nations. Consequently Austria undertakes, in the absence of the consent of the said Council, to abstain from any act which might directly or indirectly or by any means whatever compromise her independence, particularly, and until her admission to membership of the League of Nations, by participation in the affairs of another Power."

During the <sup>years 1919 to 1938,</sup> ~~period between the wars,~~

H.M.G. at various times made it clear that they regarded the maintenance of Austria's independence as an interest of their own, and that they would <sup>(take a most serious view of any)</sup> ~~tolerate no~~ violation of the treaties which would be calculated to imperil Austria's freedom.

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~~TOP SECRET~~

On the 11th March, 1938, German troops marched into Austria. His Majesty's Government protested in the strongest terms both in London and Berlin against the use by the German Government of coercion backed by force against an independent state in order to create a situation incompatible with its national independence.

~~But~~  
~~However~~, on the 22nd April, 1939, His Majesty's Ambassador at Berlin was instructed to inform the German Government that His Majesty's Government had decided to withdraw His Majesty's Legation from Vienna and to replace it by a Consulate-General. Thenceforward His Majesty's Government may be said, for all practical purposes, to have recognised the annexation of Austria by Germany.

The present attitude of His Majesty's Government towards Austria was most recently stated by the Secretary of State in the House of Commons ~~4~~ on the 9th September and the 16th December, 1942<sup>7</sup>. On the 9th September Mr. Eden said: "The policy of His Majesty's Government towards Austria was stated by my right honourable Friend the Prime Minister at the Mansion House on the 9th November, 1940, when he said that Austria is one of the countries for whom we have drawn the sword and for whom our victory will supply liberation. While His Majesty's Government cannot of course commit themselves at this stage to recognise or support the establishment in the future of any particular frontiers in Central Europe, I must make it plain that His Majesty's Government do not regard themselves as being bound by any change affected in Austria in and since 1938". On the 15th December Mr.

Eden

Eden said: "In my speech at Leamington on the 26th September I referred to the existing Polish-Czechoslovak and Greek-Yugoslav agreements and said that, so far as we were concerned, we should continue to foster agreements of this kind and to encourage the smaller States to weld themselves into larger, though not exclusive, groupings. Whether it will be possible or desirable to include Austria and Hungary within a federation based upon Poland and Czechoslovakia must clearly depend, amongst other things, upon the views of the Polish and Czechoslovak Governments and peoples and upon the future attitude of the Austrians and Hungarians, who are now fighting in the ranks of our enemies."

#### Historical Review

Situated at the geographical centre of Europe Austria is intimately concerned in many of the most vital issues of European politics and economies. The Latin, Slav and Teutonic worlds meet within or at the Austrian frontiers. A great power which gains control of Vienna and the Austrian Danube is likely to be the economic master of Danubia. Strategically, either Austria can provide the German salient by the use of which an aggressive Germany can destroy all resistance in Danubia; or, together with the Bohemian bastion, Austria can form the only line of defence for Danubia against such a Germany. Again, Austria forms the strategic

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the strategic extension of Switzerland and can serve to separate Germany from Italy and to cut the line of the Axis which <sup>in this way</sup> has shut Danubia off from Western Europe. ~~"The Austrian problem is to solve that of Europe" is not a great exaggeration for~~ Austria is, from several points of view, the keystone of the European arch.

The Austrians are a German people, sharing the inheritance of German thought and art. But their vocation through more than five centuries has been Danubian, and living as they do at the crossing of so many ways they are by tradition Europeans. This perhaps helps to explain why the great majority of Austrians can hardly be said to have been nationally conscious before 1918.

After the last war the majority of Austrians desired inclusion in Germany. The reasons are not far to seek. So determinedly did the Danubian states shake the dust of Austria from their feet that to the Austrians it seemed clear that their eastern mission had ended. Their ship had foundered and sunk. They were as men huddled in mid-ocean on the raft of German-Austria. Most naturally they welcomed the chance of scrambling on to another vessel to which they were invited in their own language. Further, it was apparently a new and wholly changed Germany which extended the invitation. The socialist democrats, who were at first in charge of the Austrian Government, saw their German colleagues in power in Berlin and promulgating the charter of liberties of the German workers.

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To them, moreover, the only chance of rendering their control of Austria permanent seemed to be in a union with the great German social democratic republic. The Christian socialists saw the beginnings of that considerable influence which their colleagues of the Centrum were to exercise in Germany for the next 14 years. Thus the two great parties which between them had the support of six sevenths of the Austrian Electorate, saw their respective causes flourishing in the Reich; while the remaining seventh consisted of the German nationalists for whom union with Germany was their basic political principle.

The allied and associated powers forbade union with Germany yet took no effective steps to ensure that Austria should enjoy at least some economic co-operation with the other successor states. It was not until 1922 when the economic situation had become desperate, that the Western Powers awoke to Austria's need of support if she was to bear the burden of the independence which had been forced upon her. The necessary loans were supplied in return for guarantees of Austrian independence and three years later, after the application of the League of Nations scheme, Sir W. Latham and Professor Rist submitted a paper which bore testimony to the recovery made by Austria. The recovery went on and Austrians began to have a certain confidence in their country, especially as they observed the difficulties with which Germany had to struggle. Even before the advent of the Third Reich, the idea of an Anschluss with Germany had lost some

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of its appeal. When Dr. Schusner tried to achieve this

customs union  
with Germany in  
1931, he acted without  
the support either of  
the Social Democrats  
or of the Christian  
Socialists.

Already in 1931 Hitler had shown, by his appointment of a Gauleiter for Vienna, that he was as devoted as ever to his intention to effect the Anschluss. <sup>As soon as the Nazis gained power, a</sup> stream of threatening propaganda began, then German tourists were forbidden to visit Austria. A legion of Austrian Nazis was formed in Germany and the organisation of violence in Austria itself developed. Many Austrians, particularly amongst the disinherited intelligentsia and the students who feared future unemployment, responded to the Nazi appeal. But a large body of Austrian opinion swung over rapidly from a disinterested attitude to positive opposition to the Anschluss.

~~Economically what they wanted was not~~  
incorporation in the Reich but a fair chance in the economic field of Danubia. Politically they came to appreciate Dr. Seipel's statesmanship in quietly shelving, though never wholly dropping, the question of the Anschluss. The spectacle of Switzerland had taught them that Germanism could be combined with local liberty and international co-operation. The spectacle of the Reich had caused them to reflect that there were treasures peace, humanity, religious education, the rule of law, that were of higher value than linguistic unity. <sup>NP</sup> Yet when at last Hitler struck, the plebiscite of April 10th, 1938, recorded over 99 per cent of votes for the Anschluss.

→ The apologists for Austria claim that, deserted by the Western Powers, the Austrians were cowed by the clatter of German guns and

tanks/

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~~overwhelmed by~~  
tanks and the roar of German bombers; that long before the plebiscite all the leading opponents of the Anschluss were either dead or imprisoned; that infected by the lust of sensation they succumbed to Nazi showmanship; that they had not fared so well under the Versailles system that they might not hope to fare better in association with Germany; and finally that Hitler's plebiscite meant nothing but the surrender of the majority of the Austrians to force. There is of course something in all this. But it would be foolish to ~~argue~~ <sup>ignore</sup> the fact that the Austrian republic of 1919-1938 did not succeed in arousing the patriotic devotion of its citizens. The majority of ~~them~~ <sup>Austrian people</sup> gradually came to acquiesce in it ~~it~~ <sup>the republic</sup> but few of them felt any strong positive loyalty towards it. Nor is this surprising. German-Austria was no long established historical entity. There had never been a state consisting of the German Austrian provinces of the ~~Dual Monarchy~~ <sup>X</sup>, and when the new state was set up it could appeal to no deep rooted national sentiment. In another respect ~~the~~ <sup>in fact</sup> new state had a bad start. The extensive and desperate poverty which followed the end of the last war lead to a loss of morale, particularly among the middle classes who never fully recovered their position. The western democracies were slow to realise their responsibility towards the new state and ~~never~~ <sup>in fact</sup> shouldered the burden squarely. It was left to the ~~Dolfuss~~ dictatorship to seek and obtain the support of Italy. With the withdrawal of that support after the establishment of the Rome-Berlin Axis, the regime began more and more

~~and that at the time of the Anschluss Austria was neither democratic nor united.~~

~~Moreover the Austrian that Hitler destroyed was not a democracy or united Austria. It was a dictatorship in which the workers were bitterly alienated from~~

~~for which could speak neither for a democratic nor a united Austria,~~

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more shaky in the face of German pressure and probably nothing could then have saved it except the armed intervention of the western powers. It is true that in the very last days of Austrian independence signs of a genuine Austrian patriotism did emerge. But it seems for the most part to have been a negative emotion derived from opposition to Nazi ideology and Nazi methods, rather than a positive enthusiasm for independent Austria as such; and even so it was not shared by the whole population.

Immediately after the occupation of Austria by German troops in March, 1938, Austria was declared a "land" of the German Reich under an Austrian federal government in Vienna with Seyss-Inquart at its head. At the same time the first steps were taken to transform this status into one of complete absorption into the administrative system of the Reich. On the 15th March the German law of the 30th January, 1934, for the Reconstruction of the Reich was declared valid in Austria. This meant the abolition of a representative government and the transfer of the sovereign rights of the former Austrian state to the Reich. The Austrian federal government became the Austrian provincial government and Seyss-Inquart received the title of Reichstatthalter in Austria. The next step was taken by the Ostmark law of the 4th April, 1939. This set out a plan of administration which was put into operation on the 1st April, 1940. The effect of this measure was to destroy Austria as a territorial unit of administration and the office of Reichstatthalter in Austria was abolished. Some time later even the term

/ Ostmark

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Ostmark, the last symbol of Austrian unity, was dropped and all laws relating to former Austria used the phrase "Alpen and Donau Reichsgaue".

Despite the Anschluss, Austria remains<sup>rather</sup> in many respects a different country from the Reich. The feeling in Austria that "Austrians are different from Germans" not only persists but is growing stronger. Already in 1941 there were growing doubts as to whether the Anschluss was worth it at the price of war. During 1942 this disillusionment increased and ripened, though it has not yet taken any clear political form. There have been signs recently of growing discontent. But the grip of the Gestapo on Austria is strong; Austrian troops continue to fight against us, though with waning enthusiasm, and Austrian industry works full time for the German war machine.

There is probably nothing Austrians desire so much as the end of the war, and there is certainly less fear in Austria than in Germany of the consequences of defeat. But while the majority of Austrians are very probably united in their dislike of the Nazi régime, there seems no agreement as to what the future of Austria should be; and there is little evidence that Austrians anywhere are prepared to make violent exertions for the sake of their freedom.

#### The future of Austria.

Austria's future will be one of the most difficult questions with which statesmen will be faced after the war. Austria has been at different times the leading state in a German confederation, the head of a largely non-German empire in South-East Europe, an independent state and an integral part of a unitary German state.

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Vienne is the political economic and strategic gateway to S.E. Europe. German control of Austria constitutes a permanent threat to Italy and to the Succession States. Moreover, if

opinion will be opposed to maintenance of the status quo, the more so as, whereas Germany will suffer the consequences of defeat even more than after the last war, Austria may well hope to escape her share of responsibility and retribution ~~by~~ repudiating Nazidom. And the repudiation of Nazidom means, for the time being at least, the repudiation of Germany.

~~The political and strategic~~  
~~But the chief positive~~ arguments in favour of detaching Austria from Germany ~~is strategic~~ <sup>are very strong.</sup>  
If a powerful Germany extends as far as Hungary, Bohemia, as experience has shown, becomes ~~almost~~ indefensible. It is true that if the future peace settlement leaves Hungary less aggrieved she would not necessarily again threaten Czechoslovakia from the rear; but even so the possession by Germany of upper and lower Austria robs the western frontiers of Bohemia of more than half their defensive value, and the German-Hungarian frontier, however drawn, would be practically indefensible by Hungary. Further the Tyrol separates Germany from Italy and gives Italy valuable <sup>additional</sup> protection, <sup>even</sup> if she ~~still~~ retains the Brenner frontier. <sup>NP</sup> It should also be taken into account that Germany without Austria ~~contains~~ contains several millions fewer Germans and that the German war potential is <sup>very</sup> ~~pro~~ ~~ton~~ reduced.

Inclusion of Austria in a South German State. <sup>Confederation</sup>

If Germany is split up it is possible to envisage the creation of a south German state. In this new state Austria might be associated with Bavaria, <sup>(with</sup> ~~without~~ <sup>)</sup> Wurttemberg and Baden. The result would be a predominantly ~~Germanic~~

Catholic/

Catholic state. The creation of such a south German state could, however, only be undertaken if it received strong positive support from the people immediately concerned. ~~To~~ To impose it on unwilling parties would be to court disaster since the consequent instability of the new state would make it a centre of unrest and a menace to the peace of Europe.

~~It is true that~~ The Bavarians and Austrians dislike the Prussians, but this is too negative a sentiment on which to build a union between them. ~~Not~~ <sup>has</sup> Feeling between Bavarians and Austrians ~~has~~ <sup>has in fact never</sup> been particularly friendly. Both countries are predominantly Catholic, but Austrian Catholicism bears the ~~stain~~ <sup>stamp</sup> of the counter reformation and is more closely linked with Rome than is the case with the more national Catholicism of Bavaria. There are cultural affinities but there is also cultural rivalry. There are monarchist elements in both but their loyalties are directed to different dynasties. After the last war the special ties drawing Bavaria and Austria together were to be found rather among the extremists of the left and right and they were used by these groups, especially the latter, as weapons in the political conflict raging within their respective countries. The Soviet <sup>Bavaria</sup> ~~of~~ <sup>Vienna</sup> ~~Germany~~ <sup>of</sup> Eiser naturally saw in "red ~~Germany~~" a possible ally in its fight against what it regarded as the reactionary pseudo socialism which held power in the Reich. But Eiser did not go to the point of advocating the creation of an Austro-Bavarian state; his aim was a federation including Germany and Austria.

Similarly/

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Similarly the reactionary Bavaria of Kahr, who was backed by Ludendorff, saw a possible ally in its struggle against the Weimar régime, in the conservative provinces of Salzburg and the Tyrol which for a time seemed prepared to contemplate separation from Austria and unite with Germany. But concrete proposals on the part of those provinces for union with Bavaria as distinct from the Reich as a whole, took the form of advocating only what was considered an "economic union". The plebescites held in Salzburg and the Tyrol in 1921 yielded a substantial majority for union with Germany; the question of union with Bavaria was not raised.

It is probable that even if Bavaria were to express a desire for union with Austria after the war, this desire would prove to be an ephemeral reaction to the circumstances of the moment in which a wish to escape from the expected <sup>retardant</sup> economic consequences of a German defeat might play a part. ~~But~~ After a time an increasing number of Bavarians would <sup>very probably desire</sup> ~~want~~ to return to the Reich and might very possibly try to bring Austria in with them. ~~There is in any case no~~ <sup>Not is there any</sup> particular reason to suppose that Wurtemberg and Baden would be ~~likely~~ induced to follow Bavaria if it decided in favour of separation from Germany.

owing to the preponderance it would give to the German element,

or even from Vienna to Munich,

<sup>more generally</sup> Finally, it is clear that a German state stretching from ~~Germany~~ <sup>Vienna</sup> to Stuttgart and Freiburg <sup>Germany</sup> could not be a member of a <sup>Central or South</sup> ~~Danubian~~ <sup>East</sup> federation. By joining it, Austria would forfeit her claim to be treated as a Danubian state, and would be thrown <sup>permanently</sup> into that close association with Germany which it should be our primary aim to break.

3 Austria as an Independent State.

If it ~~can~~ be accepted that it is our primary aim to wean Austria from her traditional association with Germany, we must clearly reject the first two of the four possible solutions put forward in paragraph above, viz., the association of Austria with Germany and the inclusion of Austria in a South German confederation. Excluding the possibility of the partition of Austria, it would seem to follow that we must ~~then~~ accept as the only practicable alternative the restoration of an independent state of Austria, which might either stand alone or form part of a ~~Central or South~~ East European confederation. But this will ~~have been~~ <sup>prove</sup> no easy solution, involving as it does firstly the re-creation of an Austrian state and secondly a ~~prolonged~~ <sup>sustained</sup> effort ~~on the part of the Great Powers to~~ ensure <sup>its</sup> ~~the~~ survival ~~as an independent state of~~ ~~re-created Austria.~~

We are faced at the outset with the handicap that there is no Austrian Government in exile representing the Austrian unity that has been destroyed or ready to return and take control through the period of re-creation. Nor is there the slightest prospect of building up a representative Austrian Council or Committee from the material available in this country, in the U.S.A. or elsewhere outside Austria. Not only is there no unity amongst the rival Austrian refugee groups; even if unity were achieved, there are, with the possible exception of Dr. Dobretzberger, no personalities whose name carry any weight at all in Austria today. The Austrian people themselves will have to throw up the first responsible Government of restored/

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NP.

It is very difficult to assess the strength of the support in Austria for the Habsburg cause. It is certainly not widespread. But in any case the restoration of the Archduke Otto is <sup>virtually</sup> ~~practically~~ excluded by the fact that Austria under a Habsburg ruler could not hope for any kind of relations with Poland, Czechoslovakia and Yugoslavia or for inclusion in any conceivable confederation.

restored Austria.

NP.

Austria will very probably not need to make any special effort to detach itself from Germany. The machinery which links the Austrian Reichsgaue with the Central Government of Germany is of recent creation, it is closely associated with the Nazis and it is largely manned by Nazi personnel. <sup>Consequently</sup> ~~Secondly~~ it would very likely be shattered by a revolution which drove the Nazis out of Austria. Further, when the United Nations occupy Germany, it will rest with them whether to administer Austria as part of Germany or not. In the latter event, they could do much to help Austria to complete her disentanglement from Germany and to rebuild an independent Austrian constitution and administration.

But what of the Austrian people? Will they be willing to assume once more the responsibilities of independence? On the whole it is unlikely, at all events in the early stages, that they will wish to maintain their association with Germany even if they were allowed to do so. The position is likely to be radically different from that which prevailed in 1918 (see paragraph above). If an independent Austria emerges after this war, ~~it~~ <sup>she</sup> will do so by emancipating ~~itself~~ <sup>herself</sup> from a tyrannical German rule which, so far from giving Austria the federal status which was the least that even Germanophil Austrians hoped for, destroyed ~~its~~ <sup>her</sup> unity even as an administrative region. Moreover, whereas Germany will suffer the consequences of defeat more heavily ~~than~~

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after the last war, the Austrian people may well hope to escape them almost altogether by repudiating Nazidom and <sup>(Germans)</sup> with Nazidom, Germany.

It will be appreciated, however, that it is not possible to build very solidly on a negative basis of this sort. Will the years of subjection to Nazi Tyranny have strengthened or killed altogether the tender plant of Austrian national sentiment which even before the access of the Nazis to power was beginning to make growth and to deprive the conception of an Anschluss of some of its appeal? It is impossible to say. It can only be noted that the circumstances attendant on the re-establishment of a responsible independent Government in Austria are likely to be difficult. Particularist sentiment, which has always been strong in Austria, may well be reinforced by local political antagonisms, as for instance between a conservative south-west and a predominantly socialist north-east; and ~~while it is difficult to assess the strength of the Hapsburg supporters~~ clashes between Republicans and Legitimists are <sup>possible</sup> ~~not unlikely~~. Thus, Even though the majority of Austrians may be in favour of the restoration of their independence, there will inevitably be dispersion of <sup>loyalty</sup> ~~energy~~ and effort which might more profitably be concentrated on rebuilding the state.

It would be foolish to <sup>thus</sup> ~~is~~ expect an easy evolution of the political situation in Austria after the war. But, assuming that, with the help and encouragement of the United Nations, an independent Austrian state   
 successfully/

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It is clear that the disentangling of the Austrian economy from that of the Reich, with which it has become more and more closely integrated in the course of the war, will in the early stages cause considerable dislocation. But when these difficulties have been overcome, what are the long-term prospects?

successfully overcomes its political teething troubles, what are its economic prospects? A careful examination of the Austrian national income and of movements of the standard of living makes it clear that Austria in the inter-war period did not solve her economic problems. This was due partly to the failure of the various <sup>Austrian</sup> Governments to pursue an active policy of finding employment for the labour and capital resources of the country, and particularly to the various forms of trade barriers which impeded economic relations with the outside world. The two causes were inter-related, since, owing to the restrictions on foreign trade, the pursuit of an active internal policy would inevitably have increased the adverse foreign balance. It is none the less true that, theoretically, a sound internal economic policy would have made it possible to maintain and even slightly increase the national income, even in spite of the conditions prevailing in world trade, and that international loans to Austria might have been used as a lever to encourage the adoption of such a policy. But this would have required a Government strong enough to assert itself against vested interests and to demand and secure a great and concerted effort on the part of all classes. Political conditions at the time made this practically impossible and the prospects, even if it could have been done, were not rosy enough to overcome the general pessimism about the future of Austria as an independent state. If the conditions of the period 1918 - 1938 are reproduced after this/

this war, the same conclusions will follow:  
and  
Austria could exist/under wise Government  
could prevent a deterioration of her economic  
position. But she would have little hope of  
securing substantial improvement and the  
task set to her Government would be an exceedingly  
severe one. It will be seen, therefore, that to  
be prosperous Austria, more perhaps than most  
states, will be dependent on a satisfactory  
solution of the wider problems of post-war  
international trade.

To sum up, there <sup>may well</sup> ~~is likely~~ to be a fairly  
strong movement in Austria after the war in  
favour of the restoration of Austrian independence.

But this movement will probably be inspired  
at least as much by a reaction from Nazi  
tyranny as by any positive national sentiment,  
and the evolution of a responsible Austrian  
Government is likely to be attended by great  
difficulties. On the longer term <sup>view</sup> ~~policy~~, it would  
be foolish to under-estimate the attraction which  
a <sup>rejuvenated</sup> ~~restored~~ Germany <sup>might</sup> ~~may~~ still exert, in

certain circumstances, on Austria. The ties of  
blood and language are strong and the restored  
independent Austrian state will have to be  
<sup>by the Great Powers</sup> assured of a degree of political and economic  
security not substantially lower than she might  
expect from association with Germany, if she is  
to have the will to maintain <sup>her</sup> ~~that~~ independence.

This is a responsibility that the <sup>Great Powers</sup> ~~United Nations~~  
must face squarely.

Inclusion of Austria in an East-European  
Confederation

National <sup>unity</sup> ~~independence~~ and <sup>and</sup> ~~independent internal~~  
political stability are as essential for Austria  
as a <sup>member of a confederation</sup> ~~one as~~

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which maintaining. If it led to the re-establishment of Austrian trading, financial and other connections with all or large parts of the former Habsburg territories, it would clearly link Austria more closely with her eastern & South eastern neighbours and thus weaken her connection with Germany.

which, for arguments sake, might consist of Poland, Czechoslovakia, Austria, Hungary?

as they ~~are~~ <sup>are</sup> ~~for~~ the existence of Austria as an independent state. Membership of a confederation would not, therefore, solve any of the immediate problems with which an independent Austria will be faced after the war; it could only help to assure to Austria some part of that political and economic security without which the Austrian people

may come to regard independence as not worth

~~while maintaining. The more solid the link, the more solid there is of Austria's future. If the experiment were successful it would induce Austria to turn her back altogether on Germany and seek her future in collaboration with her eastern and south eastern neighbours.~~

But what advantages would the inclusion of Austria confer on ~~even~~ a confederation, and how would the other partners view her inclusion in it? Politically, Austria might be able to render important services to ~~an East European~~ <sup>such a</sup> Confederation. The Austrian people are less nationalistic than most of the peoples of Europe and they might be able to exercise a moderating influence on their Danubian neighbours. From the cultural point of view the contribution of Austria as a whole and of Vienna in particular would be of the first importance. Finally, the acceptance of Austria into such a confederation <sup>(might be expected to)</sup> ~~would~~ strengthen her, in her resistance to German domination, which <sup>is</sup> clearly a paramount interest of the <sup>neighbouring</sup> ~~Danubian~~ states to encourage. Strategically, the ~~possession~~ <sup>domination</sup> of Austria by Germany ~~would~~ presents a permanent threat to South Eastern Europe. Conversely, ~~it would seem that~~ effective measures/



measures for the defence of Austria could <sup>probably</sup> best be taken if considered as an integral part of the defence measures of South Eastern Europe as a whole. An independent Austria on the 1919-1938 model could never have the necessary military strength to defend herself. The strategic protection which her territories provide for the exposed frontiers of her neighbours could only be utilised to the full if she were included in an East European Confederation, disposing of very considerable military forces. *Economically,* it is probable that an East European Confederation would be strengthened by the inclusion of Austrian industries. The natural economic connexions of Eastern Austria are with the Middle Danube area. Before 1918, the bulk of its trade was with other parts of the Dual Monarchy. Vienna was the banking centre for the whole of the Monarchy and for the Balkans as well. Moreover, the easiest communications between Bohemia and Poland on the one hand, and South Eastern Europe on the other pass through Vienna. Despite the economic changes which have occurred in Austria since 1918, these fundamental geographical facts and their economic consequences remain unaltered.

There are, of course, also important arguments on the other side. The East European peoples, if they are prepared to admit Austria at all to their confederation, would only admit her as an equal, not as a senior partner. Probably, Austria would have no desire to claim for herself the dominant position formerly held by the Germans of the Austrian Empire, but the other peoples

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of the Confederation may well feel some doubts on this point, however unfounded, and they may in particular be nervous of the development within the confederation of an Austro-Magyar alliance reminiscent of the old Austro-Hungarian Dualism. Moreover, during the inter-war period, the successor states have been busy building up their own industries and banking systems. They will no doubt have some anxiety, if Austria is admitted to membership, that even if she makes no effort to regain the political hegemony, her geographical position, her industries and her banking system may give her economic predominance in this part of Europe. Perhaps most important of all there is likely to be a very lively fear that Austria might become a centre of disturbance within the confederation by serving as a stepping stone for German penetration and as a camouflage for activities pursued in Germany's interests. Nor can the possibility be ignored of a rapprochement at a later date between Austria and a revived and reformed Germany. In recent years many East European states possessing German minorities have found them a source of great trouble and danger. In some of these states the idea of expatriating these minorities, should opportunity offer, is becoming widely popular. They may well feel that the fewer Germans an East European Confederation contains the safer it will be, and that on that ground alone they would prefer a confederation which did not include Austria.

As regards the attitude towards Austria of the individual potential partners in an East European Confederation, there is no reason to believe that any of them considers the inclusion of Austria essential to its success. President Benes has however stated that Czechoslovakia would not oppose the admission of a democratic Austria and would indeed welcome it. General Sikorski has expressed himself in favour of the establishment of a Free Austria, but it is known that Polish circles are not at present favourably inclined to the idea of the inclusion of Austria in an East



East European Confederation, mainly on the grounds that she might constitute a dangerous fifth-column element. The Hungarian Government has of course made no official pronouncement on the subject, but there has been an indication that official circles in Hungary recognise that the future of Hungary may lie in association with a Confederation which would include Austria.

It is very difficult to strike the balance between the advantages and disadvantages of the inclusion of Austria in a Central or South East European Confederation. Much will depend on political and other factors, which are at present incalculable.

It is indeed by no means certain that any such confederation will come into being, anyhow immediately after the war. It would then clearly be foolish to reckon on partnership in such a confederation providing an easy and immediate solution of the Austrian problem.

In the circumstances, it would seem that the first step must be the restoration of a free and independent Austrian state, standing alone. It must however be realised that whatever international guarantees such a state receives, it will inevitably be weak and therefore a potential danger spot. Anything that can be should be done to strengthen Austria's international position, and to this end the way should be left open for her inclusion if circumstances permit, in whatever form of international or regional structure that may develop in Central and South Eastern Europe.

#### Conclusions.

The foregoing study would seem to justify the following conclusions:-

- (1) In the interests of peace and security in Central and South Eastern Europe, it is essential to encourage

and

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and maintain Austrian resistance to domination by Germany.

(ii) The first step to this end must be the re-creation of an independent Austrian state. In the absence of an Austrian Government in exile and of any pronounced Austrian national sentiment, this step will need careful planning and execution.

(iii) Once restored, an independent Austria will only survive if the United Nations are prepared to afford her sustained support and encouragement both in the political and economic field. Failure on the part of the United Nations to shoulder this responsibility will almost inevitably result in the end in the return of Austria to the German fold.

(iv) The best chance of maintaining Austrian independence probably lies in the ultimate association of Austria with some form of ~~East~~<sup>Central</sup> or South East European Confederation. But this consummation must obviously depend largely on the way in which such a confederation evolves, and on the wishes of the partners in it.

(v) Meanwhile any plans for relief and reconstruction in ~~the East~~<sup>the Central</sup> and South Eastern European area should include Austria within their scope. It should thus be possible so to direct Austria's internal reconstruction that subsequent inclusion in a confederation, if circumstances made it desirable, would represent a fulfilment of the policy she had pursued in the interim and not a reversal of it.