A hideously complicated problem:
Anglo-American relations with Austria, 1945-1955

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NOTE

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Chapter 6

'A very embarrassing situation': Austria challenges the Western Powers

Treaty negotiations resumed

Following the Austrians' formal request to resume treaty negotiations, the Deputies for Austria held 135 meetings during 1949. The Austrian treaty was also discussed at the Council of Foreign Ministers at Paris in May and June, when substantial agreement was reached which appeared to make the conclusion of the treaty imminent. From the very beginning the Austrian Foreign Minister cautioned the British not to adopt 'too rigid' a line when the talks reopened. To present the Russians immediately with the controversial issue of Yugoslav claims seemed unwise and would give the Austrian Communists an opportunity to 'misrepresent' the attitude of the Western Powers.1 The French Embassy in London concurred. The French Counsellor showed Cullis a recent report by General Bethouart, the French High Commissioner, in which he emphasised the military advantages of staying in Austria, and warned that the tough attitude employed by Britain during previous negotiations only played into the hands of those French and American elements who would prefer to continue the occupation.2

London was not easily persuaded. When Bevin informed Cabinet that negotiations were shortly to resume, he stressed that the Russians would not be allowed to dictate the course of negotiations. He thought that the talks would have to begin with the Yugoslav claims issue because it was on that question that the talks had been suspended in 1948. Leaving the question in abeyance might be interpreted by the Russians as a weakening of resolve in the Western camp. Although he did not believe that the Yugoslav claims meant anything other than a bargaining counter to the Soviets, he thought that until Article 35 was settled in accordance with Soviet wishes there was little likelihood that Soviet support for the Yugoslavs would be withdrawn.3

1 Minute by Cullis, 12 January 1949, FO 371/76435, C328
2 Minute by Cullis, 14 January 1949, FO 371/76435, C378
3 Memorandum by Bevin, 20 January 1949, CAB 129/32, CP(49)15
The Foreign Office found to their surprise that the Austrians' plea for avoiding a 'head-on clash' with the Soviets had met with some success in American quarters. Reber intended to leave the Yugoslav claims question aside, at least initially. His government, Reber explained, 'had now come definitely to the view that an Austrian treaty was desirable'. Dean Acheson, who had succeeded George Marshall as Secretary of State on 21 January 1949, had issued 'clear instructions to work for one'. Reber saw thus no point in 'embarrassing them [the Russians] now'. Cullis and Marjoribanks were disturbed by Reber's 'conciliatory' line and decided to seek Bevin's 'express authority' to remonstrate with the Americans. But Ivone Kirkpatrick, who had recently succeeded William Strang as Permanent Under-Secretary of the German Section of the Foreign Office, did not approve of the reasoning employed in Cullis' exposition of proposed negotiation tactics. As he saw it, Cullis' plan would see the combining of two mutually exclusive lines of approach. Cullis wanted to be 'tough' with the Russians but avoid an early breakdown of discussions. A decision had to be made whether the Western Powers were aiming for a showdown or for a treaty. As Cullis disappointedly noted: 'We could not have our cake and eat it'. On 8 February, one day before the resumption of talks, Gruber again reminded Bevin that Austria wanted a treaty and wanted it before summer. Having finally agreed to the tactics proposed by the US Deputy, to wit, a run-through of unagreed articles rather than a quarrel over Yugoslav claims, Bevin told Gruber that he felt the Deputies would finish their work even more quickly than Gruber hoped.

Why, then, were the British and American negotiators not able to achieve the conclusion of the treaty? Bevin was convinced that Soviet support for Yugoslav claims was a matter of the Soviets not wanting to relinquish a bargaining counter too soon and decided to bully the Yugoslavs in the hope that they would drop their claims against Austria and thus make the whole problem disappear. He told the Yugoslav Ambassador that the Yugoslav case for altering Austria's southern frontier in favour of Yugoslavia had not convinced

4 Minute by Cullis, 25 January 1949, FO 371/76435, C686
5 Minute by Cullis, 2 February 1949, FO 371/76435, C905
6 Marjoribanks to Bevin, 8 February 1949, FO 371/76435, C117; Bevin to Cheetham, 8 February 1949, FO 371/76436, C1201
the British Government. The 1943 Moscow Declaration had not foreseen such an alteration and in his mind there were no justifiable grounds for doing so now.7 A week later Bevin returned to the charge. When the Deputy Foreign Minister of Yugoslavia, Ales Bebler, called on Bevin to persuade him to be more sympathetic to Yugoslav claims Bevin attacked him by linking the problem of Austria with that of Greece:

I wished the Yugoslavs would leave Greece alone. The Yugoslavs were trying to obtain control of Northern Epirus on the one side and of Carinthia on the other side. Why could not they think of their own internal problems for a change?

He told Bebler that 'it was easy to see through the Yugoslav game' and accused him of acting in collusion with the Russians to foment trouble in southern Austria. No matter what case Yugoslavia presented for territorial gains in Austria, he could not accept it.8

The Austrians, not privy to the Bevin-Bebler discussions, feared a weakening on the part of the Western Powers. Gruber was concerned that the Austrian frontier issue could be used by Britain and the United States to entice Tito into the Western camp and reiterated his government's firm stand: 'not in any circumstances whatsoever' would Austria agree to territorial concessions or even, as the latest Yugoslav plan proposed, an autonomous Slovene zone in Carinthia. Britain would do well to remember how Hitler had used the Sudeten Germans' claim to autonomy.9 Bevin was impressed with Gruber's argument and when Bebler, looking 'rather pale and depressed', called once more at the Foreign Office to salvage what he could of the Yugoslav claims Marjoribanks told him 'to swallow his medicine at one gulp' and not court another rebuff on the question.10 But Austrian fears were not allayed by Foreign Office assurances and when the Yugoslavs, rather than swallow the prescribed medicine, presented their demands to the Deputies, the Austrian Minister in Washington reported to Gruber his impression that the Americans had deliberately encouraged the Yugoslavs in London so that their unacceptable claims could be used to bring about the failure of treaty

7 Bevin to C. Peake, 9 February 1949, FO 800/439, C1218
8 Bevin to Peake, 18 February 1949, FO 800/439, C1520
9 Kirkpatrick to Bevin, 18 February 1949, FO 371/76437, C1644
10 Minute by Marjoribanks, 23 February 1949, FO 371/76437, C1766
negotiations 'with good conscience'. Taking into consideration Washington's reluctance to withdraw US troops from Austria, Kleinwaechter thought no other interpretation of Yugoslav persistence plausible.\(^{11}\)

As early as the second day of the talks it was evident that the Soviet Deputy was not interested in serious negotiation on other unagreed articles until Article 35, that is, German assets, was settled.\(^{12}\) The new Soviet Deputy, Ambassador to London Georgiy Zarubin, was determined to shift the Western Powers from their delaying tactics and made it plain that he would continue to support Yugoslav claims 'in principle' until the Western Powers were prepared to resume discussion of Article 35.\(^{13}\) Ivo Mallet, soon to take over from Marjoribanks as Deputy for Austria, weighed the alternatives. Abandoning negotiations on the 'good wicket' of the frontier certainly had its advantages. It was clearly impossible for the Deputies to continue to meet merely to disagree. The Austrian Government would be very unhappy, however, if the talks were suspended because the Western Deputies refused to discuss Article 35. Bevin decided to give in to the Russians and go on to the German assets question.\(^{14}\)

It was soon evident that the Soviets would not budge on any of their claims and Marjoribanks suggested that the Deputies adjourn for two to three weeks to allow the Soviet Deputy to obtain 'new and better' instructions from his government. There was now little doubt in the Foreign Office that the Russians were stalling over the Austrian treaty for tactical reasons. The impending formation of a West German government was thought to dictate Soviet action. It seemed feasible that Moscow might drop the Berlin blockade to prevent the Western Powers from going ahead with their plans in Germany and that, as far as the Austrian treaty was concerned, they would offer an 'embarrassingly attractive price'.\(^{15}\) In spite of these assumptions it was plain that nothing had changed when the Deputies resumed at the end of April. Marjoribanks informed Bevin that the

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\(^{11}\) Kleinwaechter to Gruber, 11 March 1949, AdR, BMAA, K120 (Staatsvertrag)

\(^{12}\) Marjoribanks to Bevin, 10 February 1949, FO 371/76436, C1304

\(^{13}\) Marjoribanks to Bevin, 21 March 1949, FO 371/76438, C2531

\(^{14}\) Minute by Ivo Mallet and Bevin's comment, 22 March 1949, FO 371/76438, C2531

\(^{15}\) Minutes by Marjoribanks and R.M.A. Hankey, 6 April 1949, FO 371/76439, C3102
Deputies were 'running out of arguments' and that he now agreed with Reber's suggestion that the talks should be suspended until 1 July to avoid linking the Austrian question with that of Germany at the forthcoming Council of Foreign Ministers.\textsuperscript{16}

The Austrian Parliament, distressed at yet another suspension of treaty talks and claiming that the Austrian people had come to the end of their strength, passed a unanimous resolution calling on the occupying powers to give Austria her treaty immediately. The Austrian plea drew one single comment at the Foreign Office: 'Bunk'.\textsuperscript{17} Nevertheless, on 13 May Bevin informed Cabinet that, although the agenda of the forthcoming CFM was confined to German questions, he might raise the question of Austria if circumstances seemed favourable.\textsuperscript{18}

The CFM was to meet at Paris on 23 May. Throughout April talks between the Western Powers and the Soviets had brought the prospect of ending the Berlin blockade closer and by 5 May it was agreed that the blockade be lifted a week later and that the CFM would re-examine the German problem.\textsuperscript{19} That Bevin was prepared to bring up the Austrian treaty at the CFM seems odd. He had in the past fought hard to separate the two issues. Yet, as Foreign Office speculation in early April shows, there was a feeling that Moscow would happily agree to the Austrian treaty if they could get their way over Germany. On 10 April London had issued a statement emphasising that:

\begin{quote}
  in no circumstances would the holding of any meeting of the CFM be allowed to interfere with or deflect the three Governments [of Britain, France and the United States] from their plans to establish a German Government in Western Germany.\textsuperscript{20}
\end{quote}

This had not deterred the Soviet Government from asking for a CFM in exchange for the lifting of the blockade, suggesting that Moscow was keen to negotiate. Reber was also convinced that the position of the Western Powers was much stronger following the signing of the
Atlantic Pact and that it was a good thing they had 'shut down' the treaty talks in 1948.21

Its blatant use by the great powers as a pawn angered the Austrian Government. In what the British High Commissioner called an 'important speech on Austria's relations with the occupying powers' Gruber vented the Austrians' frustration. Referring to the opportunity presented by the forthcoming CFM, he exhorted the Powers that 'the occupation, camouflaged as liberation, must now come to an end'. The Austrian people's patience was 'completely exhausted' and if the CFM could not agree to an Austrian treaty the Austrian Government would change its policy of co-operation with the occupying powers. To begin with, in any situation where Austrian interests conflicted with those of the occupation, Austrian interests would prevail over all instructions and orders of the Allied Governments. As far as occupation costs were concerned, Gruber promised, 'We will not pay you a single groschen'. In fact, he asserted, Austria did not need a treaty. The treaty served primarily the interests of the Great Powers and was irrelevant to Austria's right to recognition of her sovereignty. A simple recognition of this right must bring about the immediate evacuation of occupation troops. Anything less than 'complete freedom' would result in mobilisation of Austrian and international public opinion against the occupation powers and, finally, in an appeal to the United Nations for protection against the occupation.22

Gruber did not back down when he met Bevin on his arrival in Paris. He stated at the outset that he was not interested in discussing details of the treaty. Rather, he wanted Bevin to be clear about the effects of the continuing occupation on the Austrian people. Pointing out that the youth of Austria had been educated under the Nazi regime when the idea of pan-Germanism was paramount, he stressed that the suggestion that Austria's fate was dependent on agreement over Germany would undermine the structure of the Austrian state. As time progressed, this situation could only become worse. The Austrian people had less and less sympathy for the British attitude. Instead of claiming that the Russians were stalling on the treaty, the Western Powers should publish the details of all

21 Minute by Marjoribanks, 25 April 1949, FO 371/76439, C3743
22 Jerram to FO, 21 May 1949, FO 371/76440, C4326
meetings of Ministers and Deputies over the past three years and demonstrate what concessions they had made in order to reach a settlement. They should then call for the evacuation of the country as soon as the Austrian Government had set up their own security forces. When Bevin tried to slow Gruber down by suggesting that it might be unwise to leave the German assets question unresolved before evacuation, Gruber insisted that the advantages gained by the evacuation would outweigh any other problems.23

Suddenly it appeared as if the prospect of an Austrian Government unfriendly to the West, combined with Moscow's effort to forestall the consolidation of Western Germany, would bring about agreement on the major issues holding up the treaty. On the eve of the first discussion of the Austrian question Acheson received assurances from Soviet Foreign Minister Vishinsky that Moscow no longer considered Yugoslav claims against Austria its business.24 The following day's negotiations prompted Acheson to be cautiously optimistic,25 and settlement terms proposed by Vishinsky in a secret session on 16 June, although harsh, drew a favourable response from the British and French and the Austrian Foreign Minister.26 The major issues having thus been resolved by the Foreign Ministers, the Deputies were instructed to clear up minor points of dispute over unagreed articles and to present a draft treaty by 1 September.27 A week before the Deputies were to resume their work Gruber stressed once more the Austrian Government's attitude. He thought 'almost any sacrifice worthwhile' to secure the treaty immediately.28

**Anglo-American economic interests versus the treaty**

Given these favourable circumstances, why was agreement at ministerial level not reflected in the subsequent Deputies meetings? Two issues threatened the conclusion of the treaty: Anglo-American oil interests in Austria and the lump sum to be paid to the

23 Bevin to Jerram, 7 June 1949, FO 371/76442, C4897
25 Acheson to Truman, 13 June 1949, *ibid.*, pp.992-994
27 Draft Agreement of the Four Ministers, 19 June 1949, *ibid.*, pp.1061-62
28 Kirkpatrick to Bevin, 24 June 1949, FO 371/76443, C5337
Russians. Of the two the former was potentially more harmful to good relations between Austria and the West. Neither the Foreign Office nor the Austrian Government was much concerned about the payment of the $150 million ransom to the Soviet Government. When questioned by the Treasury the Foreign Office replied that it was essentially an Austrian and American problem:

inasmuch as the Austrians are willing to purchase a treaty and the withdrawal of Soviet troops at this price, and the Americans themselves took the initiative in agreeing to the Soviet demand, thereby assuming an implied responsibility for seeing that Austria was enabled to meet it.

Admitting that this issue had always been 'a somewhat delicate matter' to discuss with the Americans, Ivo Mallet, now the new Deputy for Austria, confessed that London had been content with the tacit understanding that the US would take care of the question. Vice Chancellor Schaerf saw the matter in a less ambiguous light. In a conversation with Reber, in which the US Deputy seemed to lay particular stress on Austria's ability to pay the first instalment of the lump sum, Schaerf blandly stated that 'everyone in Austria' had always believed that the ransom would be paid by the Americans or at least by an American loan. After all, Schaerf claimed, the Potsdam decision on German assets in Austria had come about through a 'careless misunderstanding' on the part of the Western Powers - particularly the Americans - and opinion in Austria therefore assumed that 'America would feel morally obliged to correct this error'.

The question of Anglo-American oil interests in Austria was far more controversial. Under the provisions of Article 35 of the treaty, substantial oil interests were to be ceded to the Soviet Union as part of the German assets settlement. During the 1947 negotiations the Soviets had seized the Anglo-American owned Lobau oil refinery as a German asset and the British Government feared now that it might have to be ceded to Russia permanently. To minimise their losses the British proposed to insert a clause in Article 35 which would have the Austrians pay compensation to UN nationals - in this case British and American - for any loss suffered by them as a

29 Mallet to Edward Playfair, 5 July 1949, FO 371/76443, C5266
30 Schaerf, Erneuerung, pp.205-206
result of such cession.\textsuperscript{31} The Austrian Government, who had already warned Britain of the consequences for Anglo-Austrian relations of a similar provision in the British draft of Article 42, protested vigorously to the Western Governments. In his instructions to the Austrian Ministers at London, Paris and Washington Gruber demanded immediate intervention on the grounds that the dispute over German assets had arisen from the Potsdam decision and could not be carried out at Austria's expense. The Austrian Government could not countenance such burdens either economically or politically. He added wickedly that even without such compensation the solution of the oil question appeared to work out rather favourably for all Allies concerned while Austrian interests were largely ignored.\textsuperscript{32} The Austrian protest drew a most unsympathetic response. Reber reacted with 'unwonted acrimony' and left no doubt that his Government would demand full compensation.\textsuperscript{33}

Taking into account the amounts of money poured into Austria through the Marshall Plan, and the political considerations behind this largesse, why did the Americans adopt this attitude? Reber's sharp reaction was partly caused by Anglo-American embarrassment over an unexpected Austrian response to inter-Allied wrangling over oil refineries. Disagreement between Britain and America on the one side and France on the other over which refineries must be ceded to the Russians - either the Anglo-American Lobau or the French NOVA - led to an enquiry to the Austrian Government to determine which refineries they would prefer to retain. Reber had had no doubt that the Austrians would choose Lobau, thus providing Britain and the United States with moral backing against France. The Austrian Government, not aware that there existed - as Reber now admitted - 'generous expansion plans' for Lobau, and basing its decision solely on the existing economic and technical capacity of the various refineries, had chosen the French-controlled NOVA. Angry at his miscalculation, Reber threatened to make the Austrians pay.\textsuperscript{34} Dependence on American goodwill made the Austrians swiftly change their preference from NOVA to Lobau. Gruber emphatically renewed his

\textsuperscript{31} Mallet to Kirkpatrick, 21 July 1949, FO 371/76445, C5928
\textsuperscript{32} 19 July 1949, AdR, BMAA, K120 (Staatsvertrag)
\textsuperscript{33} Hans Coreth to Gruber, 20 July 1949, AdR, BMAA, K120 (Staatsvertrag)
\textsuperscript{34} Ibid.
government's objections over the compensation clause, though. Aus­
trian consent to the imposition of any sort of compensation payment 
was out of the question, particularly in the absence of an American 
assurance to help with the ransom. While Austria could not prevent 
the Allies from making such decisions at Austria's expense, the 
Allies had better not expect the Austrians to agree to them after­
wards.35 Notwithstanding Gruber's bellicosity, the Americans were 
appeased. Reber's demeanour, when informed of the decision in favour 
of Lobau, was 'very friendly' and, although he regretted that his 
government would still need to insert a compensation clause in the 
treaty in order to obtain approval by the US Congress, he assured 
the Austrian Counsellor that the US would never make demands on Aus­
tria which were economically prohibitive.36

The Austrians resolutely objected to being called on twice to 
forfeit part of the means of their economic recovery by ceding oil 
refineries to the USSR and then paying the Western Powers compen­
sation for them. But the Western Powers faced a more formidable op­
position still. The Soviet Government had consistently refused to 
allow the inclusion of a compensation clause in the treaty. The Aus­
trians were thus ranged with the Soviets against the Western Powers, 
lending the issue a special awkwardness. When pressured by the West­
ern Powers the Soviets had admitted that issues such as compen­
sation might be taken care of in bilateral negotiations - between 
Austria and the prospective claimant - outside the treaty. But 
Anglo-American argument for including such clauses in the treaty was 
partly governed by their fear that bilateral negotiations would al­
low the Soviets to subvert the treaty by gaining inordinate control 
over Austria's economy. The issue was further complicated by the 
fact that the Austrian Government had passed a law in 1946 national­
ising the oil industry but had abstained from putting it into effect 
after the Soviets had seized the industry in order to forestall its 
nationalisation. The only consolation for the Western Powers was an 
assurance given by the Austrian Government in 1946 that no measure 
of nationalisation affecting their properties would be put into 
force without compensation being paid.

35 Gruber to Coreth, 21 July 1949, AdR, BMAA, K120 (Staatsvertrag) 
36 Coreth to Gruber, 21 July 1949, ibid.
Faced with Soviet obstinacy, London considered whether a formal undertaking by the Austrian Government outside the treaty would not in fact solve the problem after all. Not only would this remove a source of difficulty in the present treaty negotiations, it would also prevent a potentially dangerous agitation developing in Austria. The problem for the Foreign Office was that they were faced with a recalcitrant Austrian Government on the one side and a stubborn Ministry of Fuel and Power on the other. Neither the Austrian nor the Soviet Government would consent to the inclusion of a compensation clause. Yet in the British Government, opinion was divided over the value of any Austrian undertaking outside the treaty.

C.M. Leitch, of the Ministry of Fuel and Power, claimed that the Austrian Chancellor's assurance of 1946 concerning nationalisation did not have the force of law and was worthless. He maintained that the British oil companies did not trust the Austrian Government to give them a fair deal and that the question of compensation could certainly not be left to some vague 'on the side' deal.

Mallet tried hard to resolve this dilemma by urging the Soviets to relinquish their claim to Lobau but found Zarubin 'completely non-co-operative'. Zarubin's attitude convinced London that there would be no treaty unless the Soviet demands were accepted.

The Foreign Office set about preparing the way for this acceptance. At a meeting with representatives of the Ministry of Fuel and Power and the oil companies, Cullis, while sympathising with the plight of the oil companies and reassuring them of all 'practicable' diplomatic support against the Austrian Government, maintained that political considerations outweighed economic ones. The sad fact was that if decisions taken by the Foreign Office were not what the oil companies - or even the Foreign Office itself - would have liked, it was 'not so much a question of "sacrificing" British interests to the Russians as salvaging as much as we could in a somewhat unfavourable situation'. At the same time, pressure had to be put on the Americans to agree to the Foreign Office view. At least one member of the US Delegation had reached a conclusion which the

37 Minute by Cullis, 27 July 1949, FO 371/76448, C6904
38 C.M. Leitch to Cullis, 2 August 1949, FO 371/76448, C6904
39 FO to Vienna, 5 August 1949, FO 371/76446, C6274
40 Minutes of Meeting of 9 August 1949, FO 371/76447, C6556
Austrians had been advocating for some time: "We should buy the treaty and take other measures, political and economic, to prevent the Austrians from succumbing later". It now appeared, however, that Reber was under instructions to stand firm on the oil issue, placing him in conflict with the British and French Deputies. Mallet echoed the Austrians' claim that:

the general political and financial advantages for Austria of a treaty which would lead to evacuation by all four armies are greater than any disadvantages of an oil settlement on Russian terms.

Laying his argument before the British Ambassador in Washington, Mallet emphasised something which was too often ignored among the occupying powers:

I feel bound to attach importance to what the Austrians say they want: it is their country and if they say - as they do here - that they want a treaty at the Russian price, I think we ought to take this seriously into account.

Mallet did not trust Reber's claim that the US Congress would baulk at further concessions to the Soviets:

It is not easy to demonstrate that the Russians are getting much more than was agreed [at the CFM] in Paris and I cannot believe that the Senate would let these little items stand in the way of a settlement of which Austria is in need.

The British Minister in Vienna shared Mallet's sense of urgency about not letting the spirit of agreement demonstrated at Paris dissipate. Bevin's response, in contrast, seems puzzling. He declared that he was in favour of concluding a treaty within the next two weeks and that he dreaded linking Austria with Germany once again if no treaty were signed. Yet he indicated that, if the Americans still wanted to hold out, he was prepared to go along with them provided the onus of such a decision were squarely placed on them. Perhaps the explanation for Bevin's attitude lies in his growing realisation that the US Government, notwithstanding its apparent willingness at the beginning of 1949 to conclude a treaty, did not

41 C.B.Kidd to Williamson, 29 July 1949, FRUS 1949 III, p.1112
42 Mallet to E.E.Tomkins, 6 August 1949, FO 371/76446, C6353
43 Mallet to F.Hoyer-Millar, 9 August 1949, FO 371/76446, C6353
44 Ibid.
45 Minute by Cullis, 19 August 1949, FO 371/76447, C6548
want to vacate Austria, no matter what the terms. Certainly the State Department's reply to Bevin's arguments in favour of an early treaty must have convinced him of the futility of trying to influence the Americans:

The State Department decline to budge. They consider that the substance of the agreement and its long-term effect are more important than the immediate effect which would be caused by its early conclusion. They attach great importance to the effect which acceptance of the Russian terms would have on Austrian need for aid from the United States and to the difficulties which will lie in the way of ratification of a treaty on the Russian terms.

Considering the disparity in the economies of Britain and the United States it is paradoxical that the British were prepared to subordinate the economic argument to the political one, while the Americans pretended that economic considerations were paramount.

The explanation for the American stance lies in that most striking feature of the 1949 negotiations, the divergence of opinion between the State Department and the US military establishment concerning the advisability of ending the occupation of Austria. In the period leading up to the Council of Foreign Ministers three elements had opposed each other in US Government circles. Acheson believed that future Austrian-American relations demanded the conclusion of the treaty and an early end to the occupation. His argument was fuelled, in part, by the Political Adviser's assessment of internal political stability in Austria and by constant demands from the Austrian Government that Washington show more willingness to compromise. The US Deputy, on the other hand, seemed more concerned with American prestige than Austrian freedom and repeatedly urged suspension of the talks. He feared that continued negotiations would see the US delegation manoeuvred into a position where public opinion would force them into concessions they were not prepared to make, thus giving the Soviets a propaganda advantage. Nonetheless, being a State Department representative, Reber was finally, if not easily, overruled by Acheson. The more serious problem was presented by the US High Commissioner's attitude. General Keyes considered it time that the Military Establishment remind the State Department what the real purpose of the occupation was:

46 Mallet to Bevin, 24 August 1949, FO 371/76447, C6793
We should clearly recognise for policy purposes that the continuation of the occupation of Austria is based upon the existence of East-West ideological differences. The struggle against Communism and against the Soviet aggressive economic and political penetration of Western Europe is now the primary purpose of our presence here. Upon this fact alone should rest the decision and justification of continued military occupation of the country.\footnote{Keyes to Army Department, 19 May 1949, \textit{FRUS 1949 III}, p.1282}

Keyes was especially hostile to Acheson's sympathetic consideration of the Austrian Government's complaints:

> We should abandon this present attitude of basing our policy and the execution of that policy on the Austrian reactions from the point of view of their internal politics or injured pride. Having strongly rejected a policy of appeasement toward the Russians we are now tending to adopt a policy of appeasement toward the Austrians at the expense of our national aims.\footnote{Keyes to Army Department, 14 June 1949, \textit{ibid.}, p.1285}

In view of Austria's past occupation by 'Germanic tribes, Romans, Russians, Turks, Mongols, French and Germans', he saw no reason to make excuses for this 'mildest' of all occupations.\footnote{Ibid.}

Bevin was prompted by the Austrian Foreign Minister's plea to intervene once again with the Americans and tried to persuade US Ambassador Lew Douglas of the larger political advantages of an early treaty. Quite apart from the beneficial effect on Austria there was the thought that an imminent withdrawal of Soviet troops from Austria would encourage Tito in his stance against Moscow:

> It is surely worth paying the price and even taking some risk in order to push the Russians eastward out of Austria. If we do not get agreement on the treaty now while the Soviet Union is embarrassed with Tito we might find conditions much less favourable in some weeks' time.\footnote{Bevin to Oliver Franks, 26 August 1949, FO 371/76447, C6812}

Austria would be brought into the Council of Europe and other international organisations and this would have a good effect on Western Germany. On the other hand, a further delay would have the Russians insisting on another CFM and more 'unsatisfactory wrangles' over Germany. Apart from anything else, if the talks broke down again the Russians might well proclaim to the world that the Western Powers...
were more interested in their own welfare than in Austria's. The American response was 'quite unsatisfactory'. In a long discussion between the Austrian Minister in Washington and Robert Murphy of the State Department Murphy showed himself 'sarcastic and irritated' by what he called the Austrian Government's 'spirit of sacrifice'. He claimed that Washington was tired of listening to Austria's constant allusions to the consequences of another delay. The State Department had more to fear from a critical Congress. In light of the fiasco of the State Department's recent China policy Congress would rigorously examine every concession made to Russia. The only comfort the State Department had to offer were instructions to Reber to keep on talking. The negotiations were adjourned two days later.

Murphy's attitude was not merely a matter of irritation with the bothersome Austrians. The growing American intransigence over Austria accorded with the development of the containment policy since 1948, which would culminate in that extraordinary report, NSC 68, of April 1950.

**Austrian attitude to Western Powers**

After the treaty negotiations had been suspended in May the Austrian Foreign Minister had angrily denounced the occupying powers. But the fury of the reaction to that suspension was nothing compared to that which followed the breakdown in September. There was also a disturbing new tone in the Austrian Government's protests. Whereas the protests had hitherto encompassed all four powers - the Western Powers rationalising their inclusion as an Austrian ploy to ward off Soviet retaliation - the Austrian Government now singled out the United States for attack. The question is why did the Austrians, despite a realisation that this was potentially a very dangerous undertaking, adopt this position?

As long as the Soviets had been seen as the culprits prolonging the occupation, Austria could look to the West for deliverance. But what hope did Austria have when the Americans decided not to leave? The devastating aspect of this new situation, as it revealed

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51 Ibid.
52 Kleinwaechter to Gruber, 30 & 31 August 1949, AdR, BMAA, Kl20 (Staatsvertrag)
53 See Chapter 7, pp.169-71
itself to the Austrians, was that American policy operated on a plane which rendered Austrian aspirations for liberation irrelevant. This was doubly frustrating because the Austrian Government had long been convinced that accommodation with the Russians could be reached simply because Russian demands were uncomplicated. The Austrian Government firmly believed in Soviet pragmatism. Ideologically, Austria was a lost cause to the Kremlin. A Russian takeover, either by force or along the Czech model, was neither expected nor feared, and Moscow's economic demands could be satisfied relatively easily. The problem now lay with the American attitude. Speaking to the British Deputy High Commissioner, Vice Chancellor Schaerf felt that perhaps the Austrians could force the US Government to agree to a treaty 'if they screamed loud enough'. But, Schaerf asked, 'would that be a good thing for Austria?' Would not Washington retaliate by cutting Marshall Aid to Austria?54 Despite such misgivings, to the Austrians the burden of occupation outweighed all other considerations. An Austrian Cabinet discussion on 6 September reaffirmed the Government's desire for an immediate treaty. Informing the British Minister of the result of the Cabinet meeting, Gruber held out little hope of influencing the Americans. He demanded, however, that the Americans declare themselves:

The Americans would have to make up their minds sometime or another to state clearly their reasons for not wanting a treaty. What they could not do was to continue indefinitely their present course of declaring in public their desire for a treaty and at the same time refusing to make the necessary concessions to make it possible.55

The Austrian Government was facing an election in early October and it was becoming more and more difficult to justify co-operation with the Western Powers while Russia seemed the only party willing to conclude the treaty. While most Austrians understood the limitations of the Government's capacity to influence the great powers, they would not suffer gladly a government which passively accepted the situation. This realisation was reflected in Gruber's election speeches and in his approaches to Britain and the United States. Diplomatic means, Gruber stated, would still be employed to persuade

54 Jerram to FO, 1 September 1949, FO 371/76448, C7067
55 Jerram to FO, 7 September 1949, FO 371/76448, C7043
Washington to be more accommodating. But if diplomatic approaches proved inadequate, Austria would not hesitate to use 'more effective language'.

Gruber was, of course, thinking of the Americans' concern with their role as the 'defender of democracy'. Perhaps the threat of a hostile Austrian Government and the attendant damage to the American reputation might convince the Americans to agree to release Austria. With this in mind Gruber addressed a letter to Acheson containing the most comprehensive criticism of the Western Powers yet. Gruber took issue with the claim of 'certain circles' in the US Government that Austria's post-treaty security was placed in jeopardy by accepting Soviet demands regarding Austria's oil industry. Nobody could deny that at the Paris CFM the fundamental questions governing Austria's future had been resolved. Agreement had been reached on Austrian frontiers, the re-establishment of Austrian sovereignty, renunciation of reparations and the exclusion of extraterritorial rights for foreign property owners. The major outstanding question was essentially concerned with the redistribution of oil prospecting areas. Gruber did not deny that the Soviet Union was applying a unilateral interpretation of the Paris decisions, but he demanded that the issue be judged according to its importance for Austria. Once seen in that light the controversy over the oil industry would be shown up for what it was: a struggle by foreign oil companies purely for financial gain. Austria itself stood to gain very little from the proposed arrangements and:

\[\text{it could not seriously be expected that a responsible government should explain to the Austrian population that the conclusion of the treaty had to be postponed for the single reason that several foreign oil companies are unsatisfied with the solution of this problem.}\]

Thus the fiction that the economic disadvantages of an agreement along Soviet lines would impair Austrian security could not be maintained. Austrian security was more likely to be threatened by the effects of continued occupation. Apart from the immense economic burden engendered by the occupation, there was the danger that the Austrian state would disintegrate politically. Tendencies to pan-Germanism already existed in the western half of Austria, and those

\[\text{56 Jerram to FO, 7 September 1949, FO 371/76448, C7031}\]
living in the Soviet zone might find it expedient to forge closer ties with the eastern countries. There was no doubt that these tendencies would increase with continued occupation. The Austrian Government was not prepared to stand by quietly while the Western Powers played games:

We are fully convinced that the criticism of the individual treaty provisions is not the real reason for the postponement of the conclusion of the treaty. Undoubtedly the Western Powers could at relatively small expense compensate the alleged economic disadvantages of the treaty. Therefore the desirability of concluding the treaty is principally a political matter.

The Austrian Government would see to it that the people were left in no doubt about the causes of the continued occupation if the Western Powers persisted in their reluctance to sign the treaty. No one living in the Soviet zone would be fooled by the claims that the Western stance represented a strong policy of opposition to Russia. The Austrian Government would cease to collaborate with the Western Powers since it could not take the risk of increased retaliatory measures towards the population of the eastern zone. The Austrian people would certainly show no understanding for having to contribute to the upkeep of a large number of occupation forces and their families, and any continued payment of occupation costs would be out of the question. Sadly, the friendship built up in the past four years between Austria and the Western Powers would suffer irreparable damage. Thus American foreign policy would have failed in at least one of its aims.57

A seemingly curious aspect of Gruber's vehement attacks on the Americans was that his fierce condemnation did not abate even when the Americans were engaged in protecting the OVP - Gruber's party - from encroachment on its power. As will be explained below, in the domestic frame the SPO's agitation for a fourth party was designed to harm the OVP and was recognised as such by the OVP. One would therefore have expected that the OVP would have welcomed the US Element's unrelenting opposition to a fourth party. However, not only was the domestic squabble subsumed under the larger issue of Western interference in purely internal affairs - an issue on which

57 Gruber to Acheson, 30 September 1949, AdR, BMAA, K123 (Staatsvertrag, Handakten Wildner)
the Austrians automatically closed ranks against the occupying powers - but the very determination of the United States not to relinquish Austria was, of course, hampering the OVP's freedom of dealing with the Socialist challenge.

The 'fourth party' issue

The second free elections since the liberation were to be held in October 1949, raising the question of the admission of new political parties. In September 1945, preceding the first national elections, the Allied Council had decreed that all political parties in Austria had to be approved by the Council. The overriding consideration behind this decree had been to eliminate all Nazi influence in Austrian political life. In the event, only three parties were approved, the Socialist Party (SPO), the People's Party (OVP) and the Communist Party (KPO). As an additional safeguard against National Socialism the Provisional Government had prohibited all Nazis from voting in the first elections. As the 1945 elections had shown, the Communists were a negligible force in Austrian political life. Since then, the OVP and SPO more or less evenly divided the electorate between them. Why, then, would either of the big parties invite competition in the form of additional political parties?

The 1945 elections had given the OVP an unexpected majority. The Socialists' explanation for this phenomenon had been that the OVP, as the only conservative party, had attracted all the former fascists and the families of those Nazis who were not allowed to vote. The SPO, seeing itself as a solid ideological unit, was sure that it would emerge as the biggest political party once the conservative vote was split. As early as 1946 a spokesman for the SPO had warned of a steadily growing 'political party': the 'party of non-voters'. There was no greater danger to democratic development, the writer claimed, than a large section of economically and socially influential people who lacked political representation. It was obvious that the three official strands - socialist, communist and democratic-conservative - would not satisfy all potential voters, hence the need for additional parties. An analysis of the results of shop steward elections in early 1948 confirmed the

58 Arbeiter-Zeitung, 19 December 1946
Socialist Party's contention that a fourth party was needed. Vice Chancellor Schaerf, chairman of the SPO, quoted as an example the voting pattern of white-collar workers, whose representatives formed nearly a quarter of the total electorate. Over 40% of the representatives elected by this group did not belong to a political party. Since neither the Socialists nor the Communists doubted their voters' loyalty, the non-party representatives must have been elected by those whose political views found no adequate expression in the OVP. Schaerf's conclusion was that the OVP would lose a substantial number of its existing adherents if a fourth party were formed. While Schaerf saw in the creation of a fourth party the means of doing away with the OVP's majority in the next election, the British Government, concerned over recent events in Prague, viewed the development with trepidation: 'Another sign of disintegration in the non-Communist ranks, which we can only deplore'.

The issue had to be tackled nonetheless. Although earlier attempts had been made by various groups to gain permission from the Allied Council to operate as political parties, the question became acute in August 1948 with a request by a group calling itself 'Austrian Democratic Union'. The group itself was of no significance but the 'warmth' of Soviet support was. Reviewing the mechanism by which similar requests had been dealt with in the past, the Foreign Office found itself dissatisfied with what proved to be a confused state of affairs. Although an Allied Council decision of September 1945 demanded positive approval by the Allied Council for all political parties, it had become the practice to leave approval to the discretion of the Austrian Minister of the Interior. On closer examination this appeared to be undemocratic as it gave the two coalition parties, the SPO and OVP, the power to prevent the creation of new parties. On the other hand, London still felt that it was in HMG's interest to discourage the growth of 'mushroom' parties - 'some of which are likely to be of Communist inspiration'. For this reason retention of the requirement of positive Allied Council approval seemed the best solution. Within a few days the fourth party issue became an embarrassing bone of contention, setting the Foreign

59 Chancery in Vienna to FO, 25 February 1948, FO 371/70408, C1667
60 Minute by Marjoribanks, ibid.
61 FO to Vienna, 24 August 1948, FO 371/70462, C6842
Office against the British High Commissioner, the Western Powers against the Soviet Union, and the Austrian Socialists against the Allied Council. The British High Commissioner had apparently managed to argue both for the retention of the September 1945 decision and for placing responsibility for recommending acceptance of new political parties on the Austrian Government. The result, to London's embarrassment, was that 'at present the Russians can pose as the democrats, while we can be shown up as reactionary and the French as ultra-reactionary!'62

While the issue was still being debated in the Allied Council the Socialists added to the problem by venting their views in public. In a leading article in the Party newspaper it was pointed out that according to the Austrian Constitution the formation of political parties was entirely free. Neither the Austrian Government nor the Allied Council had any say in it. The September 1945 decision which restricted the number of parties to three had been based on reasons since rendered obsolete and there was nothing in the Control Agreement of 1946 authorising the Allied Council to permit or deny the formation of political parties. The Western Powers' fear of 'people's democracy' and the Soviets' fear of a resurgence of Nazism were best taken care of by letting the democratic process function as it should: without interference from the Austrian Government or the occupying powers.

The SPO was not satisfied merely to state its case publicly. The British Labour Party was enlisted to persuade the British Government of the correctness of the Socialist view. In its response to the Labour Party's enquiry the Foreign Office explained its decision to continue the opposition to new parties. The significant aspect of the present controversy was the striking turn-around by the Soviet Element:

The emergence at this stage of mushroom parties would undoubtedly operate to Soviet advantage. One has only to recall what has happened in countries like Hungary - both before and after her definite absorption into the Soviet bloc - as well as what is happening even in non-Iron Curtain countries such as France today, to realise how this dissipation of democratic anti-Communist forces plays into Russian hands. ... It is therefore in the broad interest of

62 Minutes by Cullis and Marjoribanks, 28 August 1948, FO 371/70462, C7057
preserving a solid anti-Communist front in Austria that we have decided to entertain the line of continued opposition to the creation of splinter parties.\textsuperscript{63}

Cullis, who drafted the letter, further claimed that the Austrian Government had indicated to the British Element its awareness of the danger but that it would be invidious for the Austrian Government itself to oppose the principle of allowing political parties to form freely and that they were 'quite happy that the Allied Council should bear the responsibility for them'. The Foreign Office had already taken steps to convince the Socialists that it was in their own best interests to preserve the \textit{status quo} and he hoped the Labour Party would support this view when dealing with the Austrians.

The OVP members of the Coalition Government may well have confided their unease over a fourth party to the British Legation, but there was no possibility that the Socialists would accept London's reasoning. For Socialists like Schaerf memories of the 1930s died hard. Certainly, co-operation in a coalition government had to continue as long as the occupation lasted and perhaps even beyond, but he saw little reason why the OVP should remain the dominant partner. In his view the Allied Council decision of September 1945 had heavily discriminated against the Socialists. Not only had it made possible a bourgeois unity party - a feat which even the OVP's predecessor in the 1930s had not managed to achieve - but it had also weakened the SPO by giving unreasonable importance to the Communist Party. Four years on, the OVP was naturally determined to perpetuate this 'special stroke of luck' by wooing all anti-Socialist elements of the electorate. To this end the OVP had created 'action committees' as early as December 1948 to incorporate the ex-Nazis. To Schaerf, the OVP's apparent willingness to accommodate even the old Nazi leadership within a bourgeois 'front' evoked fearful memories of the disastrous machinations of the Christiansocial governments before the \textit{Anschluss}.\textsuperscript{64} Thus, motivated as much by memories of the 1930s as by party-political considerations, Schaerf continued to

\textsuperscript{63} Lord Henderson to Transport House, 28 September 1948, FO 371/70462, C7839

\textsuperscript{64} Schaerf, \textit{Erneuerung}, pp.239-240
lobby the British Labour Party to prevail upon HMG to change its mind.

Prodded by renewed representations, Christopher Mayhew, Under-Secretary for Foreign Affairs, felt that it was time to put the matter before Bevin. Mayhew was impressed with the argument presented by the Labour Party on behalf of the Austrian Socialists, namely, that Allied Council refusal to recognise fourth parties constituted interference with the free political development of Austria. This view, Mayhew felt, could not reasonably be refuted and he did 'not relish the idea of having to withstand Parliamentary criticism'. Bevin agreed. At a meeting held to discuss the Foreign Office attitude towards the formation of new parties Bevin declared that only one thing mattered. Britain was no longer at war with Austria; therefore 'it was not right that we should continue to deprive the Austrians of the freedom to create new parties if and when they should want to do so'. He intended to put the issue before Cabinet and if his policy was approved he would seek the concurrence of the US and French Governments to raise the matter in the Allied Council.

In the meantime, Lord Henderson of the Foreign Office went to Vienna to find out what impact the question was having on Austria. After lengthy discussions with the British High Commissioner, the Legation, and community leaders of both political persuasions Henderson reached the conclusion that HMG should divest itself as quickly as possible of this 'embarrassing liability'. Although he found that neither the High Commissioner nor Chancellor Figl - as leader of the OVP - agreed with the Socialists, the question had become a major issue in Austria and would continue to disturb internal political stability if it were not resolved.

In his memorandum to Cabinet Bevin placed the issue in its true perspective. Although he was alive to Soviet tactics of encouraging splinter groups which drew away votes from anti-Communist parties and 'generally confused the political situation', he felt that:

65 Minute by Cullis, 31 December 1948, FO 371/70462, C10658
66 Minute by Mallet, 9 February 1949, FO 371/76412, C1170
67 Henderson to Bevin, 11 February 1949, FO 371/76412, C1307
the present two-party structure in Austria is the natural expression of the country's feelings. While any splinter parties that may be formed are likely to weaken the present coalition to some extent, I do not believe that there is any serious risk at present of these splinter parties developing and of breaking up the coalition. Indeed, both the Socialists and the People's Party [OVP] are fully agreed that the coalition must be maintained.

He therefore proposed to raise the matter in the Allied Council with the aim of having the Council disqualify itself from future pronouncements on the recognition of new parties.68 On 24 February Cabinet endorsed Bevin's policy.69

After London adopted an eminently sensible attitude towards the fourth party question, why did the issue create such a furore in 1949? By mid-March the task of enlisting French and American support for the new policy was begun. In discussions with the French and American Ministers at Vienna the French were not too keen. They feared the prospect of a fourth party becoming the rallying ground for neo-Nazi or pan-Germans. The attitude of the American Legation, on the other hand, seemed 'not unsatisfactory'. They tended towards London's attitude that most Austrian voters would have 'the good sense to eschew extremist policies of either the right or the left' and that, at any rate, it was no longer the occupying powers' place to control the evolution of internal politics in Austria.70 The US High Commissioner, however, did not share the US Legation's sentiments. Keyes' refusal to support British policy followed swiftly. Although he did not elaborate on his decision in his letter to the British High Commissioner, he left his own government in no doubt about his views. The British proposal was nothing but a plot hatched by the Austrian Socialists and endorsed by the British Labour Party to weaken the conservative influence in Austrian political life. Of the Foreign Office claim of ending interference in Austrian internal affairs he had this to say:

68 Memorandum by Bevin, 21 February 1949, CAB 129/32 Part II, CP(49)36
69 CAB 128/15, CM(49)15
70 Minute by Cullis, 17 March 1949, FO 371/76413, C2257
It must be recognised that there will be certain conflicts between our declaration supporting the sovereignty and independence of Austria and the practical implementation in the face of Soviet participation.71

The US High Commissioner's stance awakened London to the awkward position in which HMG could soon find itself. Here was a Cabinet decision which enjoyed considerable parliamentary support and whose non-implementation would create a great deal of parliamentary dissatisfaction. Yet it was hardly possible to bring the Anglo-American conflict out into the open by pursuing the matter in the Allied Council. On the other hand, Austrian Socialist agitation lent a certain urgency to the matter and there was a feeling in the Foreign Office that the issue must be settled without delay. The US Government would have to be appealed to over the head of General Keyes. If the Ambassador could not secure agreement, Bevin would have to take up the matter with Acheson and Schuman during his forthcoming visit to Washington.72 Without waiting for instructions, the British Ambassador in Washington, Oliver Franks, had already asked for the State Department's views. These, he reported, amounted to an 'unqualified rejection' of the British proposal. The State Department's objections were explained thus: a weakening of the Coalition by splinter parties posed more danger to internal stability than Socialist dissatisfaction with the current system. Washington did not share the British confidence in the good sense of the Austrian voter. They were far more concerned with the OVP's reaction to what might be considered by them as a change of policy at their expense than with the Socialist claim of continued intervention. As far as Austrian independence was concerned they thought that what the US Government was doing for Austria in other spheres 'far outweighed the possible embarrassment of keeping this finger in the Austrian pie'. Franks warned that this was firm State Department policy and that, according to the Americans, the French Government and the French Element in Austria shared the American attitude.73

The US Counsellor at Vienna assured the British Minister that General Keyes' decision had not been based on the advice of the US Legation. Keyes had taken his decision without reference even to

71 Keyes to Army Department, 19 March 1949, FRUS 1949 III, p.1207
72 Minute by Henderson, 24 March 1949, FO 371/76413, C2427
73 Franks to FO, 24 March 1949, FO 371/76413, C2544
Washington, but it was soon clear that the State Department fully supported his argument. On the question of limiting the Austrian Government's freedom in its own house Acheson indelicately suggested that the continued demand by the British Government for occupation costs was far more objectionable to the Austrians than 'the controls necessary to achieve and safeguard the maximum extent of Austrian independence in face of Soviet and Communist efforts to bring Austria under domination of the USSR'. By mid-April London conceded defeat. The need for solidarity among the Western Powers was paramount. Satisfying Austrian sensibilities had to take a back seat. Moreover, it was imperative that no publicity be given to Anglo-American differences and orders were issued to keep the Austrians in the dark about Anglo-American-French deliberations.

Neither the Austrian Vice Chancellor nor the British Labour Party let the matter rest there. Schaerf, in a letter to Bevin, asked him to consider the following. Internal stability throughout the occupation had been brought about first and foremost by the Austrian workers' allegiance to the cause of democratic Socialism. Nevertheless, each piece of legislation designed to improve the workers' living standard had to be defended against OVP opposition. This was hardly fair, considering that the OVP's majority was the result of the unnatural political situation created by the ban on fourth parties. If this situation persisted into the second free elections since the war, the workers would interpret it as 'the desire of the Western Powers under all circumstances and against the fundamental ideas of democracy to maintain and strengthen the power of conservative and reactionary forces in Austria'. But not only Austrian workers would judge the Western Powers by the outcome of this struggle. Communist propaganda in the eastern countries was having a field day with the image of democratic Socialism - as represented by the British Labour Party and hitherto seen as the only alternative to Communism - supporting reactionary forces everywhere.

74 Jerram to FO, 25 March 1949, FO 371/76413, C2576; Acheson to US Legation Vienna, 23 March 1949, FO 371/76414, C2836
75 Minute by Cullis, 18 April 1949, FO 371/76414, C3777
76 Schaerf to Bevin, 19 April 1949, FO 371/76414, C3569
In the House of Commons John Hynd, chairman of the Labour Party's foreign affairs committee, and Jenny Lee, the wife of Cabinet Minister Aneurin Bevan, were preparing to ask awkward questions and Lord Henderson was convinced that they could not be pledged not to reveal the reason for the failure to carry out a policy approved by the Cabinet. A further discussion with the American Deputy confirmed the futility of trying to bring the Americans round to the British view. There had been signs of a 'rather stiffer attitude' in Washington towards the Socialist parties in Germany and Austria and, according to the Foreign Office, 'there was no doubt at all that the Americans freely intrigue with the right-wing parties'. Presented with the prospect of HMG being held solely responsible for the stifling of democratic development in Austria, Bevin decided to admit in Parliament that HMG had been in favour of unhampered formation of political parties but that it had been impossible to secure Washington's agreement. To Schaerf he sent a more detailed explanation but asked him to keep the communication confidential lest it cause a rift between the coalition partners or between Britain and the United States.

On the day before Bevin was due to make his statement in the House of Commons the fourth party question took an unexpected turn. Oskar Helmer, the Austrian Minister of the Interior, stated publicly that the privileged position of the SPO, OVP and KPO was incompatible with democratic principles and henceforth no limitations other than those envisaged in the Austrian Constitution and the Austrian Penal Code would apply to the formation and activity of political parties. Citing Article 3 of the Control Agreement, in which the occupying powers described their first task to be to assist the Austrian Government to promote a sound and democratic life in Austria, Helmer declared that 'all former prohibitions and restraints imposed on political parties will be inoperative'. In his opinion the occupying powers would show 'complete understanding' of his decision. After all, it was to be assumed that:

77 Mallet to Bevin, 22 April 1949, FO 371/76414, C3477
78 Minutes by Marjoribanks and Patrick Dean, 25 April 1949, FO 371/76439, C3743
79 Bevin to Jerram, 30 April 1949, FO 371/76414, C3808
from the political forces at work in Austria the occupying powers will at last recognise our common democratic interest, which consists in restoring to the electorate their freedom of decision. 80

The immediate effect of Helmer's pronouncement was to allow Bevin to postpone the moment when he had to admit publicly to disagreement between London and Washington. Informing Cabinet of the new situation, he wanted Helmer's legal arguments examined and, if they proved sound, brought to the attention of the Allied Council. 81

If Bevin had hoped to be extricated from an awkward position by Helmer's statement, he was soon disappointed. The Legal Division of the British Element declared Helmer's interpretation unsound. There had never been an abrogation by the Allied Council of its supreme authority. Immediately after the formation of the first elected government in 1945 the Allied Council had announced that the extension of Austrian legislation to the whole of Austria did not involve renunciation of the power of Allied control. The Austrian Constitution was a purely domestic arrangement and did not affect the powers of the Allied Council over Austrian subjects nor the exercise of military jurisdiction. As far as the Control Agreement was concerned:

The present Control Agreement is one between the Allies as to the manner and extent in which their supreme authority should be in future exercised; it conferred no rights on Austria, either legal or equitable. 82

The Americans wanted no legal analysis of Helmer's move. Bristling with indignation, they called on the Vice Chancellor only to be told that Helmer's statement represented official Socialist Party policy. The Legation's verdict was that Schärf was 'determined by hook or by crook to thwart our efforts to prevent new parties from participating in the elections'. Discussions with Chancellor Figl and Foreign Minister Gruber - both members of the OVP - did not help. Although they were adamantly against the admission of new parties, they felt they could not publicly endorse the American stand in the face of Socialist emphasis on the 'sovereign democratic

80 Jerram to FO, 1 May 1949, FO 371/76414, C3638
81 2 May 1949, CAB 128/15, CM(49)31
82 Jerram to FO, 5 May 1949, FO 371/76414, C3839
rights of Austria' which, understandably, was proving very popular with Austrian opinion.83

On 9 May Bevin at last informed the House of Commons of HMG's policy on the fourth party question and of the failure to carry the Americans with them. This prompted Helmer to express the Austrian Government's 'great satisfaction' with the British Government’s attitude. At the same time, Helmer reiterated his claim that the activities of political parties, unless they were contrary to the Constitution, could not be forbidden by any authority.84 Two days later Helmer informed the British Legation that, regardless of the requirements of the Allied Council decision of September 1945, he would no longer submit applications from new parties to the Allied Council for decision.85 Helmer reasoned that in this situation the Allied Council itself would have to initiate action if it did not agree with any new party. An Allied Council action having to be unanimous, the British attitude in favour of new parties should ensure that no such action would in fact be taken.86

The question now was how London should deal with this development. It was one thing for HMG to sympathise with the Socialists' aim but quite another for the Allied Council to countenance open defiance of its supremacy. There was no doubt in Cullis' mind that it was going to be 'rather tricky' calling Helmer to task for his insubordination. He was, after all, the responsible Austrian minister in this question and it had up to now been British policy to prevent censure of the Austrian Government or its members by the Allied Council. Conversely, there was no doubt that Helmer's behaviour was 'illegal' and, if the matter was raised in the Allied Council by one of the other members, it would be 'neither honest nor dignified' to pretend otherwise.87 In Vienna both the French and the American High Commissioner agreed with General Galloway that the Allied Council could not simply ignore Helmer's actions. They feared that if the Allied Council did not assert its supremacy, there was a danger that any decision taken by the Allied Council before the Control Agreement had come into force in 1946 might be regarded as invalid. A

83 C.Yost to Acheson, 5 May 1949, FRUS 1949 III, pp.1209-11
84 Jerram to FO, 10 May 1949, FO 371/76415, C3968
85 Jerram to FO, 13 May 1949, FO 371/76415, C4096
86 Minute by Cullis, 17 May 1949, FO 371/76415, C4116
87 Ibid.
suggestion by the British Deputy that a private warning be sent to Helmer found no favour with the British High Commissioner. Galloway did not think that it would suffice to stop Helmer.\textsuperscript{88}

London decided to enlist the help of Transport House to make the Vice Chancellor - if not Helmer himself - see reason. Recent developments, Mayhew wrote, had created 'a very embarrassing situation'. While the Foreign Office was resigned to having the matter raised at the next Allied Council meeting - 'we could not possibly acquiesce in the flouting of Allied authority' - they thought the damage could be lessened if the Labour Party could warn Schaerf against allowing this policy to develop further. Surely the Austrian Socialists would be 'wise enough to listen to the advice of their friends and take steps while there is yet time to reverse an indefensible course of action'.\textsuperscript{89} Why London should have thought that Schaerf, who had made it clear that Helmer's actions fully represented the views of the SPO, would restrain his Minister of the Interior is a mystery. Indeed, even though Denis Healey, secretary of the Labour Party's international department, obliged the Foreign Office by writing to Schaerf, perusal of a copy of his letter merely vexed Cullis. Firstly, as Cullis deduced from Healey's letter, the Socialists' move had clearly been premeditated. Secondly, Healey's emphasis was sadly misplaced. Rather than dwell on Helmer's challenge to the Allied Council's authority, Healey had regretted that the need for a common front among the Western Powers had hampered the British Government's wish to see a fourth party established. Healey's emphasis appeared to make the whole British Government side with the SPO's cause for party political reasons instead of stressing that HMG had supported the SPO on a question of principle.\textsuperscript{90} On 27 May the Allied Council duly asserted its supremacy by adopting the following resolution:

The Allied Council confirms that all Allied Council decisions taken before or since the adoption of the Control Agreement of 28 June 1946 remain in effect unless specifically modified or abrogated by unanimous agreement of the Allied Council.\textsuperscript{91}

\textsuperscript{88} Minute by Mallet, 18 May 1949, FO 371/76415, C4116
\textsuperscript{89} Christopher Mayhew to Denis Healey, 23 May 1949, FO 371/76415, C4349
\textsuperscript{90} Memorandum by Cullis, 26 May 1949, FO 371/76415, C4488
\textsuperscript{91} ACA to Figl, 27 May 1949, SECA 49/65, FO 371/76415, C4371
The SPO, meanwhile, had even more reason to fear a conservative unity party. On 28 May members of the right wing of the OVP—the very faction which had sought accommodation with the Communists in 1947 to weaken the Socialists—secretly began to negotiate with former prominent Nazis, including high-ranking members of the SD and SS, for a wholesale incorporation of the ex-Nazi leaders and their followers into the OVP. Only the mistaken assumption by the police that the meetings were a prelude to the formation of an illegal Nazi organisation brought the matter to the attention of the public and the occupation powers. The resulting row put a stop to these negotiations and made the need for additional parties even more pressing.92

In June, in preparation for the forthcoming elections, the Austrian National Assembly passed a new electoral law which alerted London to the possibility that all the Allied Council bluster might well have been in vain. The new law contained a provision which allowed 'associations' of 100 or more persons to receive votes even if they were not political parties. Although Cullis felt that it was a moot point whether this presented a loophole for the Austrians, Mallet thought it wise not to alert the Labour Party—whose representatives were once again agitating on behalf of the SPO—to this possibility.93 London's caution was in vain because the activities of the Legal Division of the British Element made Schaerf appeal again to the Labour Party. Denis Healey, stressing the moral commitment the Labour Party had accepted in intervening on the fourth party issue, asked that the Legal Division be ordered to desist from their meddling with the Electoral Law. Schaerf had informed Healey that the Legal Division had proposed an amendment of the law to ensure that the possible loophole did not become one in fact. Schaerf warned that the Legal Division's proposal was futile and, if pursued, would be considered provocative not merely by the SPO but by the Austrian Parliament as a whole.94 The Legal Division's activities threatened to strain the fragile relations between the Austrians and the British Government even more. It was one thing for the Allied Council collectively to issue a rebuke and another for

92 Schaerf, Erneuerung, pp.243-244
93 Minutes by Cullis and Mallet, 13 June 1949, FO 371/76415, C4973
94 Healey to Mayhew, 18 June 1949, FO 371/76415, C5135
the British Element unilaterally to add insult. At any rate, Cullis pointed out, there was no need for an amendment:

There are two separate sets of regulations in Austria binding an Austrian citizen - those of the Austrian Government and those of the Allied Council. Sometimes they coincide, sometimes they do not.

The Allied Council resolution of 27 May made the provisions of the Electoral Law irrelevant. When the Electoral Law was submitted to the Allied Council all Elements were therefore prepared to approve it as it stood, the American member insisting, however, that a letter be addressed to the Chancellor reminding him that the promulgation of the law in no way affected the validity of Allied Council decisions.

In theory the Allied Council had asserted its authority on the fourth party question. In practice Helmer was busily subverting it. Reports in the Austrian press, to the effect that forty-four new parties had been registered by the Ministry of the Interior, were received with dismay in London. Although the Foreign Office thought that these so-called political parties might be electoral groups falling under the 100-backers clause and were unlikely to obtain even the basic mandate required to gain a seat, it was felt that 'their mere participation would make the Allied Council look silly'. There was no doubt that Helmer was presenting the Allied Council with a situation which would be 'very difficult, if not impossible, to reverse'. But there was more at stake than Allied Council prestige. At about the same time as the Allied Council approved the Electoral Law, reports from Paris filtered through that the Council of Foreign Ministers had reached agreement on the Austrian treaty and that it merely remained for the Deputies to finalise the draft by 1 September. This posed the prospect that the Austrians would go to the polls in October a free country yet prevented by a decision no longer relevant from voting for parties they might otherwise have favoured. This, London believed, would almost certainly tempt the Socialists to challenge the validity of the elections. In that case the Communists would, no doubt, support the SPO and that, in turn,

95 W. Wilson to Cullis, 18 June 1949, ibid.
96 Cheetham to FO, 22 June 1949, FO 371/76416, C5695
97 Cheetham to Mallet, 6 July 1949; FO to Vienna, 9 July 1949, ibid.
would mean the beginnings of a Socialist-Communist front, such as existed in the Soviet zone in Germany, in Austria. As well, the existing three-party system was sure to see the Nazi votes go to the OVP, making a continued coalition more difficult. In the long run it was likely to weaken the anti-Communist front by driving the SPO further to the left. At the same time it would taint the OVP by saddling them with the Nazis.98

These considerations, as well as continued representations by the Labour Party, prompted the Foreign Office to try again to have the Allied Council decision of September 1945 repealed. Since both General Keyes and General Bethouart were adamant in their refusal to indulge the British view, the matter had to be taken up on highest government level. Instructions were sent to Washington to 'leave Mr Acheson in no doubt that HMG attach the greatest importance to this matter'. The British Ambassador was advised to use all the arguments dealing with the principles of democratic freedom and the loss of Allied Council prestige if the Austrians continued along the chosen path, but it was also recommended that he play the 'Communist bogey' card for all its worth.99 Following the British argument, the US Legation warned Acheson that the Socialists were not the only ones likely to challenge the election results. The Soviets, too, would pounce on a powerful, extreme-right front.100

The British Legation's own assessment of the situation in Vienna prompted them to inform London that unless instructed otherwise the British Element would not interfere in any way with the participation of political parties or groups in the forthcoming elections. The attitude of the French Element was that, as much as they hated the thought of fourth parties participating, they realised that such participation could ultimately only be prevented by force and that it was politically impossible to use force. Although the French might protest to the Minister of the Interior or in the Allied Council, it was more likely that they would follow the British lead and take no action whatsoever. The US High Commissioner would not commit himself when questioned by General Winterton and

98 Minutes by Cheetham, Mallet and Kirkpatrick, 29 June 1949, FO 371/76416, C5672
99 FO to Washington, 7 July 1949, ibid.
100 Walter Dowling to Acheson, 16 July 1949, FRUS 1949 III, p.1218
was waiting to be asked his considered opinion by Washington. Winter­
terton thought that Keyes had been somewhat shaken in his resolve by
an approach from the Chancellor and Foreign Minister who informed
him that the OVP could not indefinitely continue to oppose the for­
modation of new parties. And an official Soviet handout made it plain
that the Russians considered the whole matter one exclusively for
Austrian legislation. It appeared that the Allied Council decision
of September 1945 'was already a dead letter'. The British argu­
ment finally convinced Acheson of the folly of the American atti­
tude. In an effort to recover American prestige, Acheson suggested
that General Keyes take the lead in the Allied Council in having the
September 1945 decision rescinded. But Keyes vehemently opposed
Acheson and resolutely refused to change his mind. He was not going
to be part of this conspiracy on the part of British and Austrian
Socialists to disrupt Western solidarity and play into Soviet
hands. London’s reaction was summed up in this remark: 'It is
intolerable that the State Department should be overruled by the
Chiefs of Staff on a purely political question!' Oskar Helmer, grimly humorous, kept the Americans indirectly
informed about the status of the new political parties. There was
nothing at all for the Allied Council to worry about, Helmer stated
to the Austrian press. Of the forty-four applications received:

two-thirds had settled themselves by the death or removal
to mental homes of the sponsors. In some cases the leaders
of one-man parties denied any recollection of their appli­
cations. Other applications had been made merely to put the
sponsor in the lime-light or to embarrass the Allied Council.

As far as the remaining applications were concerned, he maintained
that it was 'improper' for the Allied Council to concern itself with
them and cited the meaning and consequences of the Allied Council’s
approval of the Electoral Law.

By 24 August - one week before the start of the official elec­
tion campaign - the State Department finally asserted its authority
over the High Commissioner and General Keyes declared his support

101 Cheetham to FO, 18 July 1949, FO 371/76416, C5851
102 Keyes to Army Department, 21 July 1949, FRUS 1949 III, pp.1219-
1223
103 Minute by Wilson, 10 August 1949, FO 371/76417, C6329
104 Jerram to FO, 15 August 1949, FO 371/76417, C6462
for a British resolution in the Allied Council. But two days later, at the Allied Council meeting dealing with the matter, the French presented difficulties. They wanted to retain the right of veto against 'Nazi' parties. The discussion remained inconclusive and on 30 August the Austrian Government addressed an appeal to the Allied Council, asking it to:

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guarantee completely free electoral candidature in conformity with the Austrian Federal Constitution and Austrian laws, and to give an assurance to the Austrian Government that in the view of the Allied Council the elections should be conducted exclusively on the basis of Austrian laws.
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With Soviet support guaranteed from the outset there was simply no politically acceptable way for the Americans of refusing this request. On 8 September the French were at last compelled to support the British line and on 9 September the Allied Council replied favourably to the Austrian Government's appeal. Against the odds, Socialist tenacity had won the day.

**Relations between the Coalition partners**

The battle against the Western Powers for the principle of political freedom had made the issue a popular cause in Austria. But what of the relations between SPO and OVP? How did the OVP react to this victory for the resumption of normal political activity? The wooing of nearly one million new voters - mostly returned prisoners of war and amnestied 'lesser' Nazis - had strained relations between the Coalition partners. Nevertheless, they were informally agreed that for the sake of political stability the Coalition must continue. This was just as well because the election results proved a nasty surprise to Socialists and Conservatives alike.

The only significant new group emerging during the fourth party controversy called itself the Union of Independents (Verband der Unabhaengigen [VdU]). In July, Cheetham of the British Legation in Vienna tried to analyse the movement and estimate its appeal to

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105 Jerram to FO, 24 August 1949, FO 371/76417, C6721
106 Minute by Wilson, 29 August 1949, FO 371/76417, C6779
107 Jerram to FO, 31 August 1949, FO 371/76418, C6874
108 Jerram to FO, 8 September 1949, FO 371/76418, C7044; Jerram to FO, 10 September 1949, FO 371/76418, C7086
the Austrian electorate. The VdU was founded by one H.A. Kraus and was almost entirely confined to the western provinces but was beginning to attract considerable interest in the south as well. Kraus’ political programme was difficult to define except that he seemed to see his group occupying the centre of Austrian politics, voting with the Right or the Left as expediency demanded. As far as foreign policy was concerned, Austria should aim for a ‘correct neutrality’, reviving Austria’s traditional economic relations with south-eastern Europe and promoting the formation of a United States of Europe. Kraus’ supporters, Cheetham asserted, were essentially malcontents: disgruntled Nazis, disillusioned prisoners of war, and those unhappy with the OVP. The VdU being mostly a negative force, Austria would find itself decidedly worse off should it gain a decisive vote in the government of Austria. Fortunately, Cheetham thought, the group was most unlikely to gain more than 300,000 votes and ten seats. A month later election forecasts by Austrian political leaders reassured the Foreign Office as to the likelihood of a continued coalition between the OVP and SPO. Schaerf predicted that his party would not lose any seats, not even to the KPO who had combined with the splinter Progressive Socialists into the Left Bloc, and that the OVP would lose just enough seats to the VdU to make the two main parties almost equal. An OVP spokesman, on the other hand, thought that both SPO and OVP would lose to the Left Bloc and the VdU and that the OVP would be deprived of their existing absolute majority.

The results of the October elections demonstrated that the OVP had had the keener appreciation of the mood of the electorate. The VdU gained 16 seats - 8 each from the SPO and OVP - and the SPO lost another seat to the Left Bloc. Nevertheless, the final result - OVP 77, SPO 67, VdU 16, Left Bloc 5 - justified Bevin’s contention that the two-party structure was the natural expression of the country’s desire. His interpretation was reinforced by the fact that, although both major parties had lost more seats than expected, they had between them gained nearly half of the new votes cast. But the

109 Cheetham to Bevin, 20 July 1949, FO 371/76416, C5994
110 Cheetham to Cullis, 22 August 1949, FO 371/76494, C6781
distribution of seats created a potentially explosive situation. A coalition of OVP and VdU would give the conservative forces once again an absolute majority in Parliament and would precipitate a swing to the right, precisely what the Socialists had hoped to avoid. There was no doubt that the demise of the SPO as a coalition partner would have appealed to a considerable section of the OVP's right wing. Why, then, did the OVP not use this opportunity to divest itself of the Socialists?

Schaerf himself was initially devastated by the results. Trying to explain them to the British Labour Attache, he could merely point out the striking similarity between these results and those of the 1919/1920 elections. Then, too, a definite reactionary trend had appeared. The only consolation this time was that the SPO's strategy had at last succeeded in one of its major aims: to do away with the OVP's absolute majority. Had the OVP become even stronger through the retention of the three-party system, the SPO would have faced the same situation as in 1920. The Socialists' position in the Coalition would have been untenable in view of the 'radically reactionary' course the OVP would have insisted on pursuing and the Socialists would have had no choice but to leave the Government as they had done in 1920.112

Notwithstanding pre-election assurances that the two major parties intended to continue the Coalition, London was concerned that the OVP might consider ruling with the support of the VdU. The scandalous May negotiations between the OVP and VdU supporters had proved that at least the right wing of the Party was not averse to such an arrangement. Yet despite the irksome straitjacket of the SPO-OVP coalition, the OVP's appreciation of possibilities was ruled by the same constraint governing all Austrian Government thinking, that of not giving the occupation powers - either in concert or unilaterally - an excuse for partitioning the country. The repercussions of an OVP-VdU coalition both for Austrian internal stability and Austro-Russian relations were too frightening to contemplate. After conveying HMG's apprehensions to the Austrian Foreign Minister the British Minister could report with relief that Gruber had assured him that 'there was no intention whatsoever' of offering

112 A. Bennett to FO, 10 October 1949, FO 371/76419, C8043
the VdU a say in the government of Austria. Gruber, Figl and Schaerf had discussed the formation of the new government and apart from some minor alterations the Coalition would be retained. Both parties had agreed that introduction of VdU ministers would lead to a right-wing government and resurgence of Nazism within two years. Rather than consider collaboration with the VdU, the OVP thought the new party a dangerous growth which would have to be closely watched.113

There remained agreement to be reached on the composition of the new government. Both the OVP and the SPO suffered internal party recriminations over their losses and these were reflected in the long and tough negotiations over the distribution of ministries. The OVP approached the issue on the basis that nothing had changed in the proportional strength of the two parties and that there was thus no need to effect any changes at all. The SPO, on the other hand, insisted that the OVP was no longer all-powerful and that they would have to be more modest in their claims. The SPO, in particular, demanded a greater say in the planning of the economy.114 The protracted negotiations were followed with some concern by the Foreign Office. Three weeks after the elections no agreement had been reached and the British Legation reported that at a Socialist Conference convened to deal with the formation of the new government Schaerf had to defend himself against calls for an anti-OVP alliance with the VdU or at least a termination of the coalition with the OVP.115 In the end the moderates in each party prevailed and the Socialists emerged triumphantly, having not only retained the Ministry of the Interior but gained the administration of nationalised industries. There was a distinct feeling in the SPO that while they had lost the elections they had won the battle for government.116

Continuation of treaty negotiations

After the Deputies failed to present an agreed draft treaty by 1 September, as stipulated by the CFM in June, London looked for ways to rekindle the spirit of accommodation which had existed at

113 Jerram to FO, 12 October 1949, FO 371/76418, C7872
114 Schaerf, Erneuerung, pp.249-250
115 Cheetham to FO, 3 November 1949, FO 371/76419, C8429
116 Schaerf, Erneuerung, p.252
the CFM and had brought the treaty so near to conclusion. The Foreign Ministers were soon to attend a United Nations General Assembly session in New York and this was thought to be perhaps the last opportunity to get the treaty signed before Austria went to the polls. To that end a note by the Western Powers, accompanied by a constructive statement of position, was to be sent to the Soviet Government. A British draft of the note, submitted to the Americans for comment, elicited an American response 'so accusatory and unyielding as to achieve the opposite of what we and the French intended by it'. In fact, Cullis thought, 'it was difficult to resist the impression that the State Department has different objectives from our own'. Cullis' impression was reinforced by the US liaison officer's emphasis on the propaganda aspect of the note. Cullis felt compelled to remind him of HMG's position:

However much we might object to some of the Soviet demands, we did not believe that any of them were sufficient to justify indefinite postponement of the treaty. That being so, we wanted to get the treaty - naturally on improved terms if this were practicable - and not get bogged down in an unproductive exchange of accusations.117

A fortnight later two informal sessions by the Foreign Ministers were marked by mutual recriminations and resulted in an inconclusive squabble between Acheson and Vishinsky.118

On 29 September Acheson, Bevin and Schuman met to discuss the situation. Significantly, Acheson brought along Deputy Under Secretary of State Dean Rusk, who stood for an uncompromising attitude towards the Soviets, to give the State Department's assessment of current Soviet policy in Europe. A day earlier Rusk had informed Acheson of the 'considered opinion' of Acting Secretary of State James Webb, Robert Murphy, Kennan - who was now Director of the Policy Planning Staff - and himself. That opinion rejected acceptance of the British view on the Austrian treaty.119 Rusk now argued that increased Soviet self-confidence caused by their development of

117 Cullis to Kirkpatrick, 9 September 1949, FO 371/76448, C7091
118 Bevin to FO, 27 September 1949, FO 371/76450, C7475; Bevin to FO, 29 September 1949, FO 371/76450, C7519
119 James Webb to Acheson, 28 September 1949, FRUS 1949 III, pp. 1160-1163
the atomic bomb, Communist successes in China and the economic difficulties of the Western world had lessened the Soviets' desire for an Austrian treaty. Therefore there was no point in giving in to Soviet demands. Bevin disagreed. The Western Powers would not know whether or not Moscow wanted a treaty until they had 'really made the maximum effort'. Bevin asserted that this had certainly not been done up to now. Surely such an effort had to be made in the interests of Austria and of Europe as a whole:

My fear - almost obsession - was that if things went on like this much longer, people, especially in the Eastern Zone, would give up hope and compound with the Soviet. Experience had shown Austria to be a bastion, and we wanted her to remain one.

As long as the Russians were in Austria there was always the danger that they might precipitate the partitioning of the country. Admitting that he spoke from a 'European point of view', Bevin warned that a partitioned Austria would be more damaging and more difficult to cope with than the German division.120

On 30 September Bevin privately met with the Soviet Foreign Minister. Vishinsky assured him that his government would continue to try to get a treaty. Stalin had repeatedly given instructions that the treaty should be concluded as soon as possible. Soviet demands were clearly stated and Vishinsky 'did not wish to mislead Mr Bevin by suggesting that there was any likelihood of a change in the Soviet attitude'.121 Bevin's talk with Vishinsky convinced him that another attempt had to be made to bring Acheson round. In a personal letter he reiterated his 'profound conviction' that the Austrian salient could only be saved by getting the Russians out of Austria immediately:

I do not believe that in Middle Europe time is on our side. If Austria goes on being thwarted I can see two groups emerging - the Left will unite and in a year or two from now there will be a kind of Nenni Communist position in Austria. On the right there will be a tendency to say, well, after all, we can get no solution from the Great Powers and our future lies with Germany. As Germany begins to emerge, these two conflicting movements will grow and our hopes for an

120 Bevin to FO, 30 September 1949, FO 371/76450, C7549
121 Record of Conversation between Bevin and Vishinsky at Lake Success, 30 September 1949, FO 800/439, C7666
independent and well-balanced Austria will vanish. ... Our position in Europe will be weakened.\textsuperscript{122}

Little did Bevin know how determined Washington had become to hang on to Austria. On the same day that Vishinsky convinced Bevin that Moscow wanted to see the Austrian question resolved, the Austrian Minister in Washington, delivering Gruber's protest to Acheson,\textsuperscript{123} was 'handled roughly' and forced to withdraw the letter.\textsuperscript{124} While Bevin pleaded with Acheson, events in China served to stiffen the resolve of the hard-liners in Washington. Webb's advice to Acheson had been considerably harsher than the British realised. Concessions to Moscow were out of the question, they could be taken as a sign of weakness and could create a dangerous impression. Should the British insist on yielding to the Soviets, the US Government, while maintaining its troops in Austria, would not participate in further treaty talks, would refuse to ratify any treaty concluded by the other three powers, and would stop all aid to Austria, in which case Austria would have 'no chances whatsoever of continued independent existence'.\textsuperscript{125} And on 1 October, when China 'fell' and devastated American pride, President Truman fully agreed with Webb and thought the estimated $200 million a year it would cost to keep the US occupation going 'not an excessive price'.\textsuperscript{126}

So there it was. The Austrians had been told repeatedly that Congress would never consent to pay the $150 million ransom to buy Austrian freedom, but containing the Russians on Austrian soil seemed worth $200 million a year. No wonder Williamson, transmitting Webb's memorandum of his conversation with Truman to the Political Adviser in Vienna, advocated the cable's immediate destruction.\textsuperscript{127}

Acheson himself, however, seemed persuaded by Bevin's argument. It remained now to convert the National Security Council and the President. Not convinced by Acheson's argument in favour of an Austrian treaty, Defence Secretary Louis Johnson, engaged in constant personal feuding with Acheson, had submitted the Austrian question to the National Security Council with his stipulation that

\begin{itemize}
  \item \textsuperscript{122} Bevin to Acheson, 1 October 1949, FO 371/76451, C7962
  \item \textsuperscript{123} See pp.122-23 above
  \item \textsuperscript{124} Williamson to Erhardt, 4 October 1949, FRUS 1949 III, P.1172
  \item \textsuperscript{125} Webb to Acheson, 28 September 1949, ibid., pp.1160-1163
  \item \textsuperscript{126} Memorandum by Webb, 1 October 1949, ibid., p.1168
  \item \textsuperscript{127} Williamson to Erhardt, 4 October 1949, ibid., p.1171
\end{itemize}
no treaty be concluded. Johnson was supported by General Keyes whose telegrams of June had made a 'magnificent contribution' to the hard-liners' viewpoint and were quoted with relish 'on all occasions'. But Acheson, concerned primarily with the political repercussions of the US stance, fought back. In a report to the NSC he stressed the following points. The US position in Europe was at stake. Naively to assume, as the military seemed to do, that the status quo could be maintained in Austria, was dangerous. The Austrian Government was firmly laying the blame for the continued occupation on the US Government; therefore, in the absence of a treaty Austria's role as a Western outpost could not be safeguarded. Besides, the political advantages to be gained from the first rollback of Soviet military control in Europe since the end of the war were of the 'first magnitude'. Echoing Bevin, he pointed to the reduction of tension in the Danubian area and the encouraging effect on the Yugoslavs which a Soviet withdrawal from Austria would bring. Indeed, his contention had received timely support from the Yugoslavs who told Reber that the Yugoslav Government 'were most anxious to see steps taken towards getting Soviet troops out of Austria'. By 26 October Acheson seemed to have carried the day with the NSC and the President. But, as was soon apparent, an agreement in principle to pursue the conclusion of the treaty merely meant that the US Government was not yet prepared to admit publicly that it had no intention of ending the occupation.

The elections over, the Austrian Government resumed its plea to the British Government to prevail upon the Western Powers to cease their delaying tactics. The Austrians claimed that it was surely clear by now that no more concessions could be extracted from the Russians and that Government supporters in the National Assembly were becoming as vocal as the opposition in their criticism of the delay. The Austrians' unabated drive for a treaty reopened the controversial question of compensation for UN property. By mid-November it was becoming increasingly clear that no tactics on the

128 Ibid.
129 State Department Progress Report on Austrian Treaty, transmitted to NSC on 14 October 1949, ibid., pp.1177-81
130 Mallet to Kirkpatrick, 7 October 1949, FO 371/76451, C7885
131 Memorandum by Acheson, 26 October 1949, FRUS 1949 III, p.1187
132 Cheetham to FO, 11 November 1949, FO 371/76452, C8654
part of the Western Powers could shift the Soviets from their demands in the German assets question. In July and August the Russians had firmly refused to allow the compensation clause to be inserted in the treaty and the Austrians had with equal steadfastness resisted giving assurances outside the treaty. This position was compounded by the Soviet insistence that a clause be inserted exempting Austria from meeting her pre-war debts. Russian justification for this clause - eagerly endorsed by Austria - was that the British and French had signed payments agreements with Germany after the Anschluss in 1938 when the Austrians were no longer masters in their own house. The effect of accepting the Soviet stand on these issues - embodied in Articles 35, 42 and 48 - would be that the Western Powers had to hand over the valuable oil industry, among other assets, to the Soviets, that they would be prevented from extracting compensation for their equities from the Austrian Government and that they would forfeit repayment of pre-war debts by Austria. Predictably, the British Treasury baulked at such a prospect. The alternative was to persuade the Austrians to give assurances to the effect that, despite treaty provisions, they would compensate. There was one problem with this. The only lever the British had for such pressure would be a promise on their part that they would try harder to get the treaty. By implication that meant they were not yet trying hard enough. As London pointed out:

The trouble is that if we ask for assurances and meet with a refusal we shall be in a very bad position indeed. The Russians will not only learn that we are weakening but they will be able to take a pretty damaging propaganda line.  

Notwithstanding such considerations, the Western Powers - even if they had to give ground to the Russians - were not prepared to let the Austrians off as well. Overwhelmed by the joint bullying of the US, British and French Governments the Austrian Government agreed on 29 November to Western demands for compensation. 

New obstacles were not long in appearing. On 21 November John Cheetham reported from Vienna that Soviet slowness in resolving the 'pea-debt' dispute (Russian post-war claims on Austria) between the

133 Minutes by A.J.Gilchrist, I.F.Porter and P.Dean, 12-15 November 1949, FO 371/76452, C8857
134 Note Verbale, AdR, BMAA, K119 (Staatsvertrag) 80.559-89.095
Soviet and Austrian Governments were 'extremely sinister'. And on 28 November the British Deputy warned from New York, where the Deputies were still meeting, that the 'French military are plainly making a last effort to wreck the treaty'. Mallet's assessment was supported by the British Legation's observations in Vienna. Neither the French nor the American military wanted to end the occupation, Cheetham observed. Angrily denouncing the French High Commissioner's 'intrigues', Cheetham reported that 'the poison implanted by Bethouart has had some effect. It would be a relief if we could get rid of this wrong and swollen-headed satrap of the Tyrol'.

On 12 December Kirkpatrick asked Bevin to agree to an adjournment. Although the Foreign Office appeared to have finally succeeded in persuading the British Treasury and the US State Department to allow Russia her pound of flesh 'accompanied by every possible drop of blood', no progress was made because the French stalled on seemingly irrelevant issues and the Soviets displayed an inexplicable reluctance to conclude bilateral negotiations with the Austrian Government. Whereas the Soviet attitude remained obscure, the French High Commissioner clarified his reservations about the Austrian treaty to the new British Minister, Harold Caccia. The problem, Bethouart stated with peculiarly Gallic reasoning, lay with the Austrians:

They are a female race and they are ready to be violated. Last time it was the Germans. The next time it may be the Russians. They are not only female but in many ways oriental in their fatalism and readiness to accept what they feel is an irresistible force.

The answer, Bethouart thought, was simple:

What do you do if you want to make a rape more difficult? You keep the woman under constant observation and never allow her alone with her intending despoiler.

135 Cheetham to FO, 21 November 1949, FO 371/76453, C8938
136 Mallet to FO, 28 November 1949, FO 371/76453, C9128
137 Cheetham to Dean, 28 November 1949, FO 371/76465, C9468
138 Mallet to Bevin, 15 December 1949, FO 371/76458, C9981
139 Harold Caccia to Kirkpatrick, 19 December 1949, FO 371/76458, C9969
Thus, although London suggested that publicity over the adjournment should emphasise the normality of a Christmas recess, the bleak reality was that Austria would soon be faced with the indefinite postponement of her liberation.

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