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

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Chapter 7

'The Ominous Silence': Austria loses her chance for freedom

State of treaty negotiations

In June 1949 at the Paris Council of Foreign Ministers both the British and the Austrians had believed that the conclusion of the Austrian treaty was imminent and that all that remained was the redrafting of the various provisions dealing with Soviet demands. Their optimism soon gave way to the realisation that obstacles raised by the Americans and supported by the French, if not as obvious as those of the Soviets, were at least as formidable. In January 1950, after the first meeting of the Deputies in the new year, Kirkpatrick privately admitted to the British Minister in Vienna that:

As a matter of sad fact we may soon have to ask you to consider what may be the effect on Austria of an indefinite postponement of the treaty negotiations and what measures we can and ought to take to restrain the Austrians from either offering themselves to the Soviet despoiler or turning to Nazi or pan-German tempters.1

Indeed, the British and American Deputies had from the outset agreed to 'test' Soviet intentions by refusing to discuss anything other than the so-called Pea-debt Article.2 The debt, incurred by the Austrian Government for deliveries by Moscow of provisions - among them great amounts of legumes - since 1945, was subject to bilateral negotiations between the Austrian Government and the Soviets. These negotiations had been proceeding for some months, the Soviet Government consistently refusing to make a decision on Austrian offers for settlement.

This gloomy state of affairs prompted the new Austrian Minister in London, Lothar Wimmer, to seek Foreign Office assurances concerning Austria's future. After discussions with senior members of the Foreign Office he thought that - while the British Government seemed to allot considerable importance to the Austrian question -

1 Kirkpatrick to Harold Caccia, 13 January 1950, FO 371/76458, C9969
2 Reber to Acheson, 7 January 1950, FRUS 1950 IV: Central & Eastern Europe; The Soviet Union (Washington, 1980) p.432
the greatest danger to Austria was posed by the 'adaptability' of British foreign policy. This policy had proved time and again to adapt itself to the prevailing situation, and the danger always existed that the British Government would one day choose for Austria a disadvantageous solution - even partition - as the course of least resistance. The Americans, too, expressed concern about Austria's future. The US Ambassador at Moscow noted evidence of a new Soviet confidence in Moscow's dealings with the West, suggesting to him that the Soviet Government might be preparing for the partition of Austria. And, although the Deputies continued to go through the motions, by April Wimmer remarked with trepidation on the British Government's 'ominous silence' about Austria.

If the Austrian question appeared to exercise the British Government less than had hitherto been the case, there were compelling reasons. Ernest Bevin was suffering increasingly from ill-health and the Labour Party had barely managed to hang on to government in the February 1950 elections, leaving the Austrians to speculate about their position under a possibly less sympathetic Conservative government in future. Added to this was Gruber's conviction that the Soviets were planning some venture in 1950. Caccia dismissed this as a 'hunch' and the Foreign Office agreed that Gruber was merely attempting to force the Western Powers into further concessions to the Russians.

After some particularly unproductive meetings of the Deputies, Bevin circulated a long memorandum in April dealing with the position of the Austrian treaty negotiations. For three years, Bevin explained, Soviet intransigence on the German assets question had held up the treaty. Then, shortly before Christmas 1949, this contentious issue was finally resolved by a concession to the Russians. Nevertheless, five more articles - Articles 16 (Displaced Persons), 27 (Prevention of German Rearmament), 42 (United Nations property),

3 Lothar Wimmer to Gruber, 10 February 1950, AdR, BMAA, K148, 120.041-121.248
5 Wimmer to Gruber, 5 April 1950, AdR, BMAA, K2, Politische Berichte
6 Caccia to Patrick Reilly, 24 January 1950; Minute by D.M.Kitching, 31 January 1950, FO 371/84926, C800
7 Memorandum by Bevin, 11 April 1950, CAB 129/39, CP(50)66
48 (Debts) and 48-bis (Post-war Relief Supplies) — remained unagreed for various reasons. Agreement on Article 16 foundered on Soviet insistence that political refugees from Iron Curtain countries should not be given public relief by the Austrian authorities. The US and French governments refused to accept the Soviet clause because it might result in pressure being put upon these refugees to return to their native countries. Both Governments were concerned — unduly so, Bevin thought — with humanitarian sentiment at home.

The problem with Article 27 was a Soviet proposal — accompanied by vigorous Soviet propaganda about the West's intention to use Austria as a base for their own 'aggressive' plans — prohibiting the employment of foreigners in war industry or civil aviation. This aimed directly at US and British plans — supposedly unknown to the Soviets — to equip and train Austria's future army and air force. Unfortunately, the Americans were not ready to yield on this proposal, although 'it could probably be got round in practice'. Soviet drafts of Articles 42 and 48 were designed to prevent the Western Powers from claiming full compensation from the Austrian Government, especially for their rights in the oil industry, and to free Austria from any obligation to resume the servicing of certain pre-Anschluss international loans. This proposal was directed primarily against the British Government, which was a guarantor for these loans and had after the Anschluss made arrangements with Germany for their continued servicing. It was these two articles the Western Powers sought to circumvent by eliciting formal assurances from the Austrian Government that Western claims would be met in spite of treaty provisions.

Article 48-bis dealt with relief supplies and services given by the occupying powers since the liberation. The Western Powers had proposed to waive all claims for compensation, but the Soviet Government insisted on reimbursement and to this end had engaged in bilateral negotiations with the Austrian Government. Although the Russians appeared now to be deliberately obstructing such negotiations, Bevin pointed out that the real problem at the heart of the present difficulty was American and French unwillingness to end the occupation. As he saw it:
Neither the United States nor the French Government seem really to have faced the full implications of getting an Austrian treaty until it was too late to reverse the policy of trying to get one. For a long time the United States Government sheltered behind the supposed unwillingness of the Soviet Government to conclude a treaty, and behind the complexity of the German assets question.

When this strategy proved no longer plausible, the State Department, beset by domestic difficulties from those circles in the United States who would not countenance even a hint of a concession to the Soviet Union, adopted negotiation tactics designed to block an early agreement on the treaty. The State Department's difficulties were exacerbated by French action at the 'eleventh hour'. The French Government, impelled by the French military authorities who regarded the continued presence of American troops in Austria as a guarantee of French security, had at the last moment raised some fundamental objections to the conclusion of the treaty, and this had had a reinforcing effect on the US military. Thus the Deputies' *ad nauseam* discussions of unagreed articles had become futile and the Western delegation had proposed a lengthy adjournment at the beginning of March. That the matter could not rest there was clear from the Austrian attitude to the existing state of affairs. The Austrian Government found themselves subjected to Communist propaganda which portrayed the Soviets as the defenders of Austrian interests against the rapacious Western Powers, and had warned that public opinion, particularly in the Soviet zone, was losing sympathy with the West and tending towards an attitude of 'a plague on both your houses'.

It seems that London, despite intermittent misgivings about American motives, took an inordinate length of time to recognise what the Austrians had intuitively known for some time. The answer lies perhaps in Bevin's apparent successes in bringing Acheson round to his view. How accurate, then, was London's assessment of US attitude in April 1950? The answer emerges from a study of NSC 68, a report by the State Department Policy Planning Staff on 'US Objectives and Programs for National Security'. NSC 68 came into being in the wake of the Communist revolution in China and the Soviet explosion of a nuclear bomb and was an effort by a joint State/Defence

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9 NSC 68, 14 April 1950, Papers of Harry S. Truman, President's Secretary File, Harry S. Truman Library
policy review committee to assess the implications of these events for US national security. The conclusions of the report proceed from the conviction that America's security was threatened by the Kremlin's 'fundamental design' to achieve world hegemony. In particular, Moscow might use its position in Europe to:

  do great damage to the Western European economy and to the maintenance of the Western orientation of certain countries, particularly Germany and Austria.  

The section of the report especially significant for Austria was that dealing with negotiations. Once again the assumption was that Moscow would only conclude agreements if, in some underhanded way, it would stand to gain considerable advantage by doing so. The most obvious advantage was concerned with one of Moscow's major objectives, securing a withdrawal of US forces from Europe. It was, therefore, not at all in Washington's interest to conclude agreements with Moscow. The role of negotiations was thus not to arrive at agreements, but to keep that sector of public opinion which naively failed to appreciate the full danger of the Kremlin's design from interfering in the US Government's attempt 'to foster a world environment in which the American system can survive and flourish'. One of the potentially 'catastrophic' effects on the United States was the danger that:

  our allies and potential allies [might] as a result of a sense of frustration or of Soviet intimidation drift into a course of neutrality eventually leading to Soviet domination.  

In the light of the Austrian Government's repeatedly proclaimed disenchantment with the Western Powers, this is an ironic instance of recognising a principle and failing to apply it to a specific case. Paul Nitze, who succeeded George Kennan as director of the Policy Planning Staff on 1 January 1950 and was thus partly responsible for the report, indirectly confirms in his memoirs what the Austrians had suspected for a long time, namely, that it was the Americans who were holding up the treaty. As he points out, NSC 68 was not a new departure for US foreign policy. On the contrary, it reaffirmed

10 Ibid.
11 Ibid.
existing policy as described in NSC 20/4 of 1948 and merely recommended a 'stepped-up level of effort'.

If Bevin sounded gloomy in April, by May he had to inform Cabinet that matters had got worse. The Deputies had met on 26 April and the Soviet Deputy had adopted 'a particularly discouraging attitude'. Not only had he refused to discuss Austro-Soviet negotiations over the Pea-debt, he had attacked the Austrian Government, charging that it had not carried out the laws and regulations dealing with the denazification and demilitarisation of Austria. He had also accused the Western Powers of obstructing Soviet attempts to raise this matter in the Allied Council. Bevin thought that this could only mean one thing: 'We must, I fear, conclude that the Soviet Government have no intention of completing the Austrian treaty until wider political developments make it in their interest to do so'.

Caccia also reported from Vienna that the US Government's proposed tactics for the forthcoming May meeting seemed seriously at odds with British policy. Caccia agreed with Gruber that nothing would be more effective in countering the Austrian Government's predicament regarding Soviet propaganda than settlement of the four outstanding articles which were not subject to Austro-Soviet negotiations. He wondered whether the US Government was in fact genuinely concerned with furthering joint Anglo-American policy in Austria or whether their principal concern was not with Austria but 'with their own public opinion or with handling of US-Russian relations in general'. As it was, US proposals 'could not be better calculated to keep the initiative in the hands of the Russians', which was bound to have its effect on Austrian morale and British prestige. Bevin had now, however, changed his mind about making further concessions to the Russians on the other articles. He had spent considerable effort to convince the French and the Americans of the wisdom of accommodating the Russians' demands, but felt that his view had prevailed too late:

It is a pity that the French and the Americans should have agreed to make the concessions necessary to get the treaty only after the Russians have ceased to want a treaty. The

12 P.H. Nitze, *From Hiroshima to Glasnost: At the Centre of Decision - A Memoir* (London, 1989) p.97
13 Memorandum by Bevin, 4 May 1950, PREM 8/1123, CP(50)93
14 Caccia to FO, 2 May 1950, FO 371/84902, C2947
fact that the Russians have ceased to want a treaty has altered the whole position, and I do not now advocate the making of concessions which are unlikely to serve any useful purpose.  

Bevin’s concept of Austria’s role in European security had accorded with the Austrians’ demand for an end to the occupation. He had tenaciously worked to get Washington and Paris to agree to the price at which the Soviets could be bought out of Austria. But the moment for Austria’s liberation had passed.

When Gruber’s apprehension over Soviet plans seemed justified by events in Korea, the Austrian Government sought to assess the effect of these events on Austria’s position. In a discussion between Donald Gainer of the Foreign Office and the Austrian Minister, Lothar Wimmer, Gainer put forward the view that Korea doubtlessly represented an attempt to imitate Hitler’s pre-war tactics and that this posed the question whether the US Government should actively resist piece-meal liquidation of the American position in the Far East. Nevertheless, he did not count on an immediate worsening of the situation in Austria, mainly because he did not believe that Russia intended to fight a war simultaneously on two fronts. When Wimmer confessed that Austrian trust in British policy tended to be shaky because of Austria’s experience with the Chamberlain Government, Gainer emphasised that there could be no doubt about the clear attitude of the current British Government and that public opinion also stood fully and unambiguously behind Austria’s demand for independence.

Despite these assurances to the Austrian Minister there was some doubt whether the Deputies should meet again. At their previous meeting on 26 May the next meeting had been set down for 10 July. The British Deputy assumed that the meeting would have to take place ‘in spite of the Korea business’ because cancellation of the meeting would surely give a handle to Soviet propaganda that the Western Powers were not interested in the Austrian treaty. Even the American Deputy had received instructions to proceed with the meeting, though it would be ‘a good deal more awkward for him than for us to meet

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15 Memorandum by Bevin, 4 May 1940, PREM 8/1123, CP(59)93
16 Wimmer to Gruber, 26 June 1950, AdR, BMMA, K2, Politische Berichte
the Russians in the present circumstances'. 17 After the meeting, the British Deputy reported that 'nothing new happened, but it is perhaps of interest that the Soviet Representative attended the meeting and raised no obstacles which he had not already raised in the past'. 18

There seemed no point now in discussing the treaty in further Deputies meetings. Cullis echoed Bevin's appreciation of the likelihood of an Austrian treaty: 'It is surely clearer than ever that we are not going to achieve this unless the Russians regard it as worth their while to concede us an Austrian treaty'. This, in turn, would depend on the development of the international situation. There was, however, a way in which the Korean conflict might act as a catalyst to bring about a solution. In 1949 the settling of the conflict over Berlin had led to agreement over Austria. Cullis thought that the resolution of the Korean conflict might act in the same way, with Austria's use once again as a bargaining counter:

As far as I can see, the Austrian Treaty remains one of the few things that the Russians can afford, without loss of prestige or real strategic advantage, to let us have, if they deem an accommodation with the Western Powers desirable. This is indeed the best hope of getting the Treaty one day, and it is kept alive by the fact that the Russians continue to acquiesce in the Austrian situation being kept fluid. 19

Even the Austrian Foreign Minister conceded unhappily that until the Korean situation was resolved 'not even the most rabid treaty enthusiast [could] reasonably expect progress'. 20

Since Bevin had clearly identified the American attitude as the major impediment to East-West agreement over Austria, it seems extraordinary that London's assessment of the situation should concentrate on Moscow's willingness or otherwise to conclude the treaty. It is a most striking indication of how entrenched the notion of Moscow as the ultimate villain had become by 1950.

17 Mallet to Donald Gainer and Strang, 3 July 1950, FO 371/84906, C4371
18 Mallet to Kenneth Younger, 10 July 1950, FO 371/84906, C4527
19 Minute by Cullis, 20 July 1950, FO 371/84907, C4668
20 Caccia to Denis Allen, 1 August 1950, FO 371/84907, C5091
Easing the burden

With treaty negotiations effectively at a standstill the British Government sought ways of alleviating the burden of occupation. London was moved by an uncomfortable awareness that its own share in the occupation certainly constituted an unwarranted burden on Austria. The Americans, on the other hand, had no such qualms. They paid their own occupation costs, they contributed substantially to Austria's economy, and they saw themselves as the main defender of Austria against Communism. Why, then, did Washington engage at all in talks about alleviations?

As early as February London was disconcerted by the tarnishing of the Western reputation in the Austrian press. While the Foreign Office ascribed the 'continuous chorus of blame' mainly to the Communist press, they found most disquieting the lack of determined response from the Socialist and Conservative party press. This presented a dilemma. Cullis believed that, given a certain apathy and 'even cynicism' on the part of the Austrians, mere counter-propaganda by the Western Powers themselves was not enough. If, however, the press of the coalition parties let the Western case go by default, it would only play into Soviet hands. But an appeal to the Foreign Minister or the Vice Chancellor for help would inevitably bring further pressure to give way to the Russians on the unagreed articles. Less awkward would be to seek the views of the Austrian Government on measures which would lighten the burden of the occupation. As well, the presence in Vienna of 'someone whose full-time job was to brief the Austrian press itself' should make the Western Powers look a lot better.

Ironically, it was the British-sponsored Weltpresse which infuriated London even more than the accusations of the Communist press. Choosing a Deputies meeting on 15 February as a vehicle for Western propaganda, Cullis drafted a long article, emphasising 'the essential point - that the Soviets were holding up the treaty', and telegraphed it to Vienna for use by the Weltpresse. But, as was so often the case, those on the spot in Vienna were less impressed by Foreign Office confections than by realities in Austria. Thus the

21 Cheetham to Allen, Minutes by Kitching and Cullis, 9-17 February 1950, FO 371/84949, C1266
22 Ibid.
Weltpresse, whose reason for existence—according to Cullis—was to 'ensure publicity for the official British point of view', published that view in a 'shockingly inadequate' manner and preferred instead 'to give pride of place to fisticuffs in the Italian Parliament'.

Alleviation of the burden of occupation presented itself as a necessity if the Western Powers were to keep Austria 'friendly'. As NSC 68 had pointed out, a sense of frustration might well see Austria drift towards neutrality, a course detrimental to US national security aims. The Western Powers must therefore at least appear to be exerting themselves on Austria's behalf. In January, two days after the first Deputies meeting for 1950, Kirkpatrick discussed the issue with US Deputy Reber. He thought that the Western Powers would be well advised to take the line that:

Since we had failed to secure the treaty for Austria, we had no alternative but to maintain our contractual obligations, but we would do all we could in practice to treat Austria as an independent country.

He suggested that, in particular, civilian high commissioners should replace the military government in Austria. Reber, ever conscious of propaganda possibilities, suggested instead that the US and Britain make a public proposal that all four powers withdraw their occupation troops. The Russians, he added, 'would of course not agree, but we should have scored a point'. Nor were the French more enthused by the British attitude. They sent round their Ambassador, Rene Massigli, to enquire whether it was correct that the Foreign Office were 'concocting some plan for normalisation of relations with Austria'. Massigli believed that the most important consideration was to maintain the quadripartite regime and he feared that the installation of civilian high commissioners would give the Russians an excuse for terminating that arrangement, thus effectively partitioning Austria.

Despite these discouraging responses, the Foreign Office began to examine the issue and Cullis drew up a memorandum of items which

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23 Minutes by Cullis and Allen, 20 February 1950, FO 371/84899, C1442
24 Minute by Kirkpatrick, 11 January 1950, FO 371/84895, C234
25 Ibid.
26 Minute by Kirkpatrick, 25 January 1950, FO 371/84897, C689
might lend themselves to modification. First of all, as a question of principle, the Western Powers should have to make it clear that:

we no longer consider the occupation as having any military or political justification, but as being simply the consequence of Soviet refusal to evacuate Austria, and that the Western Powers only remain in the country as Austria’s protectors.

On the other hand, one overruling necessity coloured every other consideration, namely:

the need for avoiding any action which might imperil the continued relatively smooth working of the quadripartite machinery, which has in Austria, unlike Germany, been maintained in spite of our generally worsening relations with the Soviet.27

This stipulation, Cullis conceded, left the Western Powers with little to work on. He believed, nevertheless, that some of the issues warranting serious examination were occupation costs, civilian high commissioners, derequisitioning and reduction of interference in Austrian life, pressure on the Soviets in the Allied Council, economic assistance, and British interests in Austria. The only worthwhile economic assistance - particularly if the French could be persuaded to follow the British lead - would be to stop charging Austria occupation costs. The British component alone amounted to some four million pounds a year and, Cullis agreed, it was difficult to justify the continued exaction of this charge.28

Opinions on the merits of ‘civilianising’ the occupation government varied. The issue had first arisen in early 1948 when the methods and attitudes of the military government in Vienna had raised the hackles of both the British Legation and the Austrian authorities. London had at the time thought that Austria’s role as an ‘outpost of the Western system’ warranted the safeguarding of HMG’s political aims by placing the British Element under the full control of the Foreign Office.29 The then High Commissioner, General Galloway, and his Deputy, General Winterton, had objected strenuously to the idea of civilian high commissioners. Winterton had since succeeded Galloway and had not modified his views on the

27 Memorandum by Cullis, 4 February 1950, FO 371/84949, C942
28 Ibid.
29 Minute by Marjoribanks, 3 February 1948, FO 371/70389, C1163
subject. The main argument used in support of the retention of military governors was that 'Russian generals are more likely to respect military opposite numbers'. Cullis thought neither this argument nor the one advanced by the Foreign Office itself — that changing the character of the occupation would emphasise the role of the occupiers as 'helpers and advisers' — worth much. A purely civilian administration might, however, be cheaper should Britain be forced to pay her own occupation costs. The French, at any rate, restricted by General Bethouart's reactionary attitude, 'would probably be glad of an excuse to get rid of [him]'.

The British High Commissioner was not alone in objecting to civilian high commissioners. Changing the military character of the occupation and giving the Austrian Government greater authority vis-a-vis the high commissioners found the State Department once again in a heated contest with the military establishment. The State Department's arguments in favour of appointing a civilian high commissioner emphasised the increasing difficulties encountered between General Keyes and the political staff of the US Legation in Vienna. Washington also stressed what were thought to be profound psychological benefits such an appointment would have in Austria. It could serve as consolation to the Austrians for the delay in the conclusion of a treaty and should pacify the Socialist Party and the trade union leadership, who were violently opposed to military control and resented the political 'guidance' given by the military commander. It would also serve to show that the objectives of military occupation — separation of Austria from Germany, the establishment of a central government and early elections, denazification, disarmament and demilitarisation — had been achieved. It would, as well, do away with the 'considerable difficulties' experienced by the US Minister in dealing with the High Commissioner, who received his instructions from the Joint Chiefs of Staff. Co-ordination of Defence and State Department views, 'particularly in the important and sometimes delicate function of representing the US position to the Austrian Government', was not an easy task under the existing arrangement.

30 Memorandum by Cullis, 4 February 1950, FO 371/84949, C942
31 Ibid.
32 George Perkins to Acheson, 23 February 1950, FRUS 1950 IV, pp.375-76
arrogant Keyes, who continued to summon even the Chancellor and Vice Chancellor to his presence when it suited him, had indeed contributed substantially to Austrian hostility towards the occupation. All in all, the feeling was that the appointment of civilian high commissioners would materially strengthen the Western position in Austria.33

General Keyes and the Defence Department strongly disagreed with this view and insisted that the difference between the State and Defence positions be incorporated into the NSC draft report on the Austrian situation.34 To strengthen the Austrian Government's control over Austrian affairs might easily jeopardise American interests, and present security conditions did not allow the proposed change. The State Department had to be made to realise that:

the cold war is in fact a real war in which the survival of the free world is at stake. Recent Soviet action in dealing with the Western Powers have indicated increasing Soviet arrogance. The US Military High Commissioner should be retained until definite progress has been made in resolving the ideological conflict between the US and the USSR.35

London expected the derequisitioning of hotels and private homes to be no less of a problem. After all, enough troops had to be maintained to allow the existence of a British Element 'capable of holding its own in quadripartite dealings'. Nonetheless, the troops might be shifted to barracks, thus alleviating the problem to some extent. A systematic campaign of pressure on the Soviets in the Allied Council should be co-ordinated with the Americans and the French, without, however, 'straining such quadripartite harmony as still exists'. And in Britain itself there remained the task of re-educating official and semi-official bodies about the importance of demonstrating the 'reality of British interest in Austria'. When members of HMG could still query proposals concerning Austria on the grounds of Austria's supposed 'ex-enemy' status, it was clear that their appreciation of Austria's political importance lagged far behind that of the Foreign Office.36

33 Ibid., p.377
34 'Future Courses of US Actions with Respect to Austria', NSC 38/5, 27 April 1950, ibid., pp.387-94
35 JCS to Louis Johnson, 2 May 1950, ibid., pp.394-97
36 Memorandum by Cullis, 4 February 1950, FO 371/81494, C942
Surprisingly - given the Americans' determination not to vacate Austria in the circumstances then obtaining - the American suggestion that a public proposal be made for a general troop withdrawal sparked much discussion in the Foreign Office. Cullis agreed that it would be a good propaganda move with world-wide repercussions. The world - even the Austrians - would see once and for all that the Soviets were the real scoundrels. The fact that no treaty had been concluded would not matter much because HMG had originally not thought it necessary to have a treaty and had only decided to press for one in order to get the Russians out of Austria. Gruber would have been delighted with an acknowledgement of his claim that legally, at least, no treaty was necessary to give Austria her freedom. What Cullis forgot was that in 1946 an additional consideration had played a part in the decision to negotiate a treaty - that of emphasising Austria's independence. To the Austrians the treaty was becoming increasingly identified with international recognition of Austrian sovereignty. A decision - for whatever reason - not to conclude a treaty would do nothing to allay the psychological need for one. Austrian anxieties aside, Cullis speculated on the prospect that the Soviets might accept the proposal. In that case Moscow might exploit the Western proposal by calling for a similar withdrawal from Germany. This would be embarrassing, considering that 'the Russian bluff could not easily be called'.

Another problem to be faced if the Russians decided to call the Western bluff was the matter of the USIA (Upravlenye Sovetskogo Imushchestva v Avstrii or Administration of Soviet Assets in Austria). USIA's origins dated back to 1946 and had its roots in the dispute between the Western Powers and the Soviet Government over German assets in the Soviet zone. Seeing its claims thwarted by a combination of Western obstructionism and Austrian legislation, the Soviet Government had simply taken over some 250 of the most important industrial, agricultural and business enterprises, including the whole of the oil industry and the assets of the Danube Steamship Company, as well as certain real estate, shares and other assets. These were declared Soviet property and put under Soviet control. USIA effectively became a Soviet enclave on Austrian territory. It

37 Minute by Cullis, 9 February 1950, FO 371/84940, C1091
38 Ibid.
operated independently of Austrian social legislation and tax and customs law, and was protected by an armed 'works protection force' (Werkschutz). At its peak it had some 50,000 employees, and the Werkschutz - handpicked Communists, according to Schaerf - was a potent force in Communist-inspired disturbances.³⁹ Cullis pointed out that Moscow had always maintained that the USIA enterprises were not military concerns. They would thus not fall under the proposed military withdrawal and the Russians would actually be left in control of at least eastern Austria through this body. On the other hand, it was to be expected that USIA's position would be weakened by the removal of the Red Army, so that the Austrians would certainly not be worse off than they were at present. But the Americans would no doubt raise objections to an actual withdrawal on that count alone.⁴⁰

On the whole, the feeling was that, considering the nature of the proposal, to wit, 'a propaganda gesture for the benefit of Austrian public opinion', the stakes were far too high. It could be expected of the Russians to agree to a military withdrawal from Austria and then draw the discussions out until the Communists had consolidated their position in eastern Germany after the forthcoming October elections there. They would then suggest a military withdrawal from Germany and probably propose the unification of Germany under an East-West coalition government. Where would that leave British plans for Europe? Although HMG would, in that event, argue that the Austrian question was distinct from the German problem, the Soviets would ignore that and would 'probably persuade a considerable body of world public opinion'.⁴¹

The argument typified the labyrinthine thinking that had come to characterise Foreign Office discussion on anything to do with the USSR, and two weeks later Kirkpatrick, about to take up his appointment as British High Commissioner in Germany, put an end to it. As long as there was no Austrian treaty, the 'Control Commission' had to continue and there had to be troops to enforce the control - not of the Austrians, of course, but of the Russians. If a troop withdrawal took place, the Russians might 'any day' allege that the

³⁹ Schaerf, Erneuerung, pp.120-21; Csaky, op.cit., p.9
⁴⁰ Minute by Cullis, 10 February 1950, FO 371/84949, C1091
Austrians were not fulfilling their obligations and that Soviet troops would therefore need to re-occupy Austria. 'In that event', Kirkpatrick asked, 'what should we do?' But there was another factor. The chief incentive for the Soviet Government to conclude an Austrian treaty was their desire to get the Americans out of Austria as a first step in getting them out of Europe. It would surely be imprudent to take action which might bring this about. Given these possible complications, the idea of suggesting a withdrawal from Austria 'really will not hold water'.

The Americans would not easily let go of their proposal and were lobbying the British Legation in Vienna for support. There was no need for concern, the Americans argued, because there was 'no risk of the Russians embarrassing the Western Powers by accepting'. The Americans merely wanted to engage in a bit of 'psychological warfare' and their proposal was not designed for anything other than propaganda value. They intended to give it maximum publicity and to put the Soviets 'completely and finally in the wrong in the eyes of the Austrian population and of the whole world'.

It is curious in the extreme how persistently the Americans ignored all warning signals of Austrian discontent. There prevailed a conviction in Washington that the world at large - other than Soviet Russia and its satellites - would accept the American version of the East-West conflict and that Austria could not help but welcome American protection. The fact that the Austrians, who were at any rate inherently sceptical regarding ideological crusades, were dealing day by day on a practical as well as diplomatic level with the Soviets and were thus bound to get a different view of their position in the East-West constellation was dismissed as unimportant.

The Austrian Government's ideas on what measures of relief were needed were specified with much greater precision. Reminding the occupying powers that Austria insisted on 'the very speedy conclusion of the treaty', the Austrian Government submitted a long list of measures necessary for the 'immediate' relief of the Austrian population. Significantly, the list was headed by the demand that henceforth Britain, France and the USSR pay their own

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42 Minute by Kirkpatrick, 21 February 1950, *ibid.*
43 Caccia to Mallet, 14 February 1950, FO 371/84949, C1326
occupation costs and that the number of occupation troops be drastically reduced. The Austrian demands directed to the four occupation governments made it sufficiently clear that no mere propaganda exercise would keep Austria 'friendly'. Interestingly, the substitution of civilian high commissioners for military governors, about which the Western Powers made so much fuss, was not even mentioned in the Austrian note. And the British Minister, after talking to the Austrian Foreign Minister, reminded the Foreign Office: 'It would be something of a travesty if we concentrated all our attention on lightening the burden of occupation rather than getting rid of it altogether by a treaty'.

Caccia warned that Austrian demands for alleviation measures should be taken seriously: 'I consider that a failure to modify our present methods and establishments will defeat our aim in Austria'. In particular, the placement of occupation costs and troop reductions at the top of the Austrian list could not be ignored. Cullis agreed with Caccia's assessment. He thought there was no necessity or justification for maintaining British troops at their present strength. They could without disadvantage be reduced by fifty per cent. Their real function, Kirkpatrick explained later to the Defence Ministry and the War Office, had now become simply 'to show the flag'. They were left with only a very limited function in internal security and, in the event of war, there was no question of British troops attempting a stand in Austria. The cost to Austria of maintaining the present complement of troops was weakening the economy and hampering HMG's attempts to secure 'normal friendly' relations with Austria. As to occupation costs, there was every justification for relieving Austria of this burden:

After all, Austria is as much in the front line of the cold war as was Greece, and whatever the origin of the presence of our forces in Austria, their current function there is as much in the British national interest as in the Austrian.

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44 Memorandum by the Austrian Government, 7 March 1950, Csaky, *op.cit.*, Doc.No.89
45 Caccia to Mallet, 28 February 1950, FO 371/84949, C1652
46 Caccia to Bevin, 28 February 1950, *ibid.*
47 Kirkpatrick to Brigadier Price and Major-General Brownjohn, 13 April 1950, FO 371/84945, C2571
48 Minute by Cullis, 7 March 1950, *ibid.*
Cullis' suggestion immediately drew heavy criticism from the Finance Section of the German Department, but Denis Allen, Head of the Department, agreed that something had to be done: 'We are at present too readily open to the charge that it is the British occupation that costs the Austrians most'.

The proposals by the State Department and Foreign Office that the functions of the high commissioners be curtailed found no favour with Keyes and Winterton. Of the two, General Keyes adopted the more uncompromising view. Keyes would not hear of reducing the number of US troops in Austria. He was equally adamant about retaining direct controls and military courts in the American zone. He insisted that an Austrian army be created before Western troops could even consider leaving Austria, and did not think the conclusion of a treaty advisable even if the Russians wanted one. He thought that Austria would 'speedily become a second Czechoslovakia' if Western troops left.

In view of the American military's preoccupation with Austria's security, the matter of training and equipping an Austrian army presented a particularly complex problem. The draft treaty stipulated a 90-day withdrawal period for occupation forces after the signing of the treaty. In 1946 the US negotiators had feared that the Russians would not be in a hurry to leave Austria after the treaty was concluded and had, therefore, insisted that the 90-day period used in other peace treaties also apply to Austria. Since then, the US military had decided that if US troops had to leave at all, an effective Austrian army must be in existence. The problem in 1950 was that the efficient demilitarisation of Austria made it impossible to pass the necessary legislation, recruit, train and equip such an army in ninety days. The obvious answer, as far as the US military were concerned, was to begin the process immediately. But this was easier said than done. The Austrian Government were fearful of Soviet reaction to precipitate remilitarisation measures. But there also remained a lingering distrust between the Socialists and the OVP over their experiences in the civil war, creating disagreement between them over the character of the future army.

49 Minute by Allen, 10 March 1950, ibid.
50 Caccia to Mallet, 22 February 1950, FO 371/84949, C1507
51 Acheson to Douglas, 11 October 1950, FRUS 1950 IV, p.196
The British, too, appeared unhappy with American plans. While in April they were reluctant even to engage in tripartite talks on Austrian security forces and the US Ambassador had to 'needle the Foreign Office on the subject at frequent intervals', by July London wanted no part at all in the American plan and had to be reminded that tripartite co-operation was imperative and urgent.\textsuperscript{52} Washington's determination to have the British and French associated in this endeavour was no doubt informed by the same considerations as their insistence on the 'United Nations' character of their Korean venture. To leave the British in no doubt over what was expected of them, the Americans stressed the fact that:

the strategic location of Austria makes it of direct importance to the defence of the North Atlantic area. Therefore, the principle of self-help and mutual aid incumbent upon the signatories of the North Atlantic Treaty is clearly applicable to the furnishing of military assistance to Austria by the Governments of [US, Britain and France].\textsuperscript{53}

Moreover, Washington insisted that military assistance be on a grant basis, so that the Austrian economy should not be burdened further. When despite American pressure the British still hesitated to make funds available for their share of the US plan, Defence Secretary Johnson simply directed the Joint Chiefs of Staff to prepare to take over the British function.\textsuperscript{54}

With both British and American military commanders responding in a 'discouragingly negative' fashion to the demands in the Austrian memorandum,\textsuperscript{55} the attempt to lighten the burden for Austria ended rather disappointingly. The wishes of the Austrian Government were largely ignored. Although a high-sounding communique by the Western Powers began by virtuously proclaiming that they were prepared to take such measures - 'within the framework of existing quadripartite agreements' - as would strengthen the authority of the Austrian Government and lighten the burden of occupation, it ended limply with the statement that they intended at some time in the

\textsuperscript{52} Douglas to Acheson, 15 April 1950, \textit{ibid.}, p.387; Acheson to Douglas, 8 July 1950, \textit{ibid.}, p.480


\textsuperscript{54} Johnson to Acheson, 16 September 1950, \textit{ibid.}, p.495

\textsuperscript{55} Minute by Cullis, 10 March 1950, FO 371/84950, C1789
near future to appoint civilian high commissioners. Indeed, as early as 15 March at a meeting held at the Foreign Office it was decided that 'we cannot at present envisage transferring the burden of occupation costs to the British taxpayer'. And neither the War Office nor the British Legation agreed with the Foreign Office view on the reduction of troops. While they agreed that the 'first and most obvious duty' of the British troops was representational, they felt that a reduction might endanger the prestige of the military establishment in Austria. Furthermore, the British troops had to be prepared to support the Austrian police in case of Communist-inspired civil disturbances. The Austrian Government's reaction to the Western Powers' declaration on alleviating the burden of the occupation was summed up by the Vice Chancellor in a radio broadcast: '... the names might change, but the burden remains'.

Between August and October 1950 the British, US and French Governments proceeded to implement the change to civilian governors. The move was primarily designed to ease the burden of the Foreign Office, State Department and Quai d'Orsay of dealing with their unruly military authorities. It was, however, presented to the Austrians as a measure to make the occupation more acceptable. In that light, it might be as well to examine the new governors. Caccia, taking over as High Commissioner from 1 August, was already known to the Austrians in his capacity as HM Minister. The American and French appointees were a different matter. In August, the British Embassy in Caracas provided an appraisal of Walter J. Donnelly, US Ambassador in Caracas, who had just been appointed to the Austrian post. Donnelly, fifty-five, was a devout Catholic, a fervent Irish patriot, 'anything but pro-British', and possessed of a formality of manner unusual in Americans. He seemed 'very devoted to the person and policy of Dean Acheson', but would not normally have accepted a transfer to Europe - which was 'entirely terra incognita' to him - had he not feared damaging his prospects by a refusal. He had no

56 Communique by the Foreign Ministers of Great Britain, France and the USA, 19 May 1950, Csaky, op.cit., Doc.No.90
57 Minutes of Meeting held at the Foreign Office, 15 March 1950, FO 371/84950, C1978
58 Cheetham to Porter, 21 April 1950, and Minute by Mallet, 24 April 1950, FO 371/84945, C2752 and C2753
59 Caccia to FO, 22 May 1950, FO 371/84951, C3498
knowledge of the German language and had made it plain that he would make no attempt to learn it.60 This appraisal was supplemented by the British Embassy in Lima, where he had been US Ambassador previously. They thought him an Irish-American Catholic 'of the more cultivated type', unassuming, friendly and co-operative. He was 'probably efficient and quite intelligent' but not as brilliant as the Americans seemed to think. He had a Colombian wife who was a 'most attractive person'.61

Less information existed on the new French High Commissioner, Jean Payart, though the British Minister at Paris had known him as Counsellor at Moscow in the 1930s and remembered him as 'an uncouth, bearded figure, intelligent but unintelligible', with 'a most peculiar wife who was once refused a British visa'.62 Payart proved to be an odd choice for the position. He promptly offended the Austrians, his British and American colleagues, his own staff and the French Commander-in-Chief. His appointment began inauspiciously when he refused to present his credentials to the Austrian President. He criticised the British High Commissioner for emphasising the role of diplomatic representatives and hoped that Donnelly, the American High Commissioner designate, would have the good sense to follow his - Payart's - example of regarding himself primarily as High Commissioner and 'making the Austrians realise it'. To this end he expected to summon members of the Austrian Government to call on him on official business, instead of his calling on them. The US Charge d'affaires, Walter Dowling, warned Payart that his attitude was in contradiction to the declared policy of treating Austria as an independent country whenever possible, and the British Counsellor thought it 'rather absurd that the weakest of the occupying powers should find it necessary to bolster up its prestige by insisting on the observance of the externals of power'.63

Although Payart did finally present his credentials to the Austrian President, the damage had been done. His diplomatic colleagues were offended by a failure to make his first calls on them immediately after assuming his post and then being very selective

60 British Embassy/Caracas to Strang, 17 August 1950, FO 371/84956, C5512
61 Franks to Attlee, 25 September 1950, FO 371/84596, C6171
62 British Embassy/Paris to FO, 3 July 1950, FO 371/84951, C4377
63 Cheetham to FO, 3 October 1950, FO 371/84956, C6127
with his calls. Payart's relations with the American High Commissioner were awkward because they did not speak each other's language. He made it clear that he had done his best to avoid the Vienna posting and he was constantly at odds with his own staff and the commander of the French forces. Caccia thought that Payart, after four months in Vienna, would not last much longer. Payart was 'maddened' by the problem of occupation costs, complaining that he received insufficient support from his British and American colleagues, and was 'talking violently and widely' about withdrawing the French occupation forces unless he could get more money out of the Austrians. Caccia's assessment: he was 'a square peg in a round hole'.

The Austrian Government, meanwhile, renewed its objections to having to pay for the occupation. The Austrian Minister in London was instructed to present the following argument. The oft-used reference to the British taxpayer's burden was received with little sympathy by the Austrian taxpayer. Even if one accepted the Western Powers' claim that the occupation served not merely their own interests but the protection of Austria, it had also to be conceded that Austria had already borne the burden of that 'protection' for five years. Britain should at least share that burden by taking over the cost now. By doing so, the British taxpayer would still come off lightly, as it was not to be expected that Britain would have to bear the cost for another five years. These representations were made three days before the outbreak of the Korean conflict and Wimmer could not know that soon the thought of another five years of occupation would seem less absurd.

Despite the goodwill with which the Austrian Minister thought his representations had been received in London, he doubted that the Foreign Office would prevail over the 'leathery' officials of the Treasury. Six months later Bevin blithely told Vice Chancellor Schaefer that the Austrians might as well look upon occupation costs as their share in the defence of the Western system. Developments in the international situation would shortly necessitate the conversion

64 Caccia to A.G. Gilchrist, 26 January 1951, FO 371/93595, CA1019/2
65 Wimmer to Gruber, 24 June 1950, AdR, BMAA, K2, Politische Berichte
66 Ibid.
of fifty per cent of Britain's economy to armament production. This would raise Britain's already enormous tax burden even more and he could guarantee that the Austrian question would become very unpopular in Britain if higher taxes had to be justified in part by Austria's unwillingness to pay her share. He thought it was far more useful to publicise prominently the fact that the greatest burden of the occupation stemmed from the activities of the Russians in their zone. Gruber was less than impressed by British and French insistence on continuing to collect "war taxes". He derived more comfort from the Soviet Foreign Minister's personal assurance to him that Soviet policy regarding Austria was merely concerned with maintaining the status quo rather than contemplating partition. To Gruber's question about the failure of treaty negotiations, Vishinsky replied that the settlement of all international questions was hampered by the fact that the United States was preparing for war with the Soviet Union. Indeed, Gruber later recalled a heated discussion he had with a Russian diplomat at that time, in which the Russian swore that he himself had seen Moscow's instructions to conclude the treaty, and that only Western rearmament had changed his government's mind.

As if to confirm Soviet anxieties, Washington instructed the new High Commissioner to provide "aggressive leadership" in the building-up of the Austrian army and to put "constant pressure on the Austrian Government to assure its co-operation". Instead of experiencing the supposed benefits of alleviations, Austria was thus condemned to suffer the effects of the mutual anxieties of her 'liberators'.

**Western economic interests**

Bevin's prediction of December, that British sympathy for Austrian demands would fade as the tax burden increased, was no mere threat - the Austrian Government was already sufficiently unpopular.

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68 Gruber, *Befreiung*, p.226
70 *Ibid.*, p.216
with the British Treasury. In November 1949 the Austrian Government had given way to Western demands for an assurance that Western economic interests—especially oil—would not suffer by the application of certain treaty provisions. While London intended to have this assurance embodied in an intergovernmental agreement, equal concern was felt over the Austrian Government's Nationalisation Law of 1946, which—although inoperative—was seen by the British oil companies as 'a Sword of Damocles which may descend and cut right across any arrangements that may have been made in the Treaty or elsewhere to protect their rights'. Cullis recommended that the Austrian Government be invited to suspend the application of the Law to Western oil interests indefinitely or, preferably, to exempt them altogether from it. 72 This was easier said than done. The Foreign Office, perhaps reluctant to attract more Austrian ill-will than absolutely necessary, urged the oil companies to approach the Austrian Government directly in order to secure a fair share of the Austrian oil industry. The oil companies, instead, preferred the British Government to deal with the recalcitrant Austrians. Prodded by the Ministry of Fuel and Power and bound by the need to concert all action regarding oil interests with the Americans, the Foreign Office cursed the Austrians for their 'inaction'. As Cullis complained in March:

If only some of the energy which the Austrians display in badgering us to make concessions in the Treaty could be harnessed to working out plans for the future participation of British and American companies in the oil industry, we might be somewhat nearer to a solution of this question. 73

But the Austrian Government, having been harried into giving the assurances, had no intention of making things easier for the Foreign Office by volunteering a text for a formal agreement. This situation applied equally to the Debts Article. The Austrian position was that they were angry with the Western Powers for holding up the treaty on the two articles dealing with Western economic interests (Articles 42 and 48). The Austrian Government wanted a treaty first and then, in the light of economic possibilities, come to an arrangement with the Western Powers to satisfy their interests. The

72 Memorandum by Cullis, 27 January 1950, FO 371/84897, C759
73 Minute by Cullis, 3 March 1950, FO 371/84899, C1602
Western Powers, in contrast, would not agree to abandon their version of the two articles until they had concrete guarantees from the Austrian Government that their interests would be satisfied.

Moreover, the Foreign Office had yet to convince the Treasury to accept the idea of assurances outside the treaty. This 'beastly problem', the Treasury pointed out, could not be solved by such expedients. In no circumstances must the Foreign Office give in to Austrian demands for acceptance of the Soviet texts for Articles 42 and 48. To do so would be regarded and loudly proclaimed as an 'unworthy political manoeuvre' by HMG. There was no point discussing the 'extremely hypothetical' question of securing assurances from the Austrian Government, because 'we ought to cling to our existing position like grim death'. At any rate, the Treasury could not see how the Foreign Office could even contemplate agreeing to a provision in the treaty and at the same time take steps to render it meaningless. As to the Austrians:

Their interest is undoubtedly to sell us and the bond holders down the river, and past experience entitles us to suspect that Gruber might seek to play us off against the Russians and to ensure that the Treaty justified a future default. I should pay little regard to Gruber's arguments: obviously it is in his interest to make our flesh creep and get what he can out of it.74

Cullis testily objected to the Treasury's raising of political arguments and concluded that this 'most unsatisfactory' attitude had to be challenged 'without delay',75 but the Austrian Chancellor did indeed magnify those very arguments that irked the Treasury so much. Stressing the vital importance the Austrian Government attached to the Western Powers modifying their stance on Articles 42 and 48 before the next Deputies meeting, he remarked upon the very embarrassing situation that would ensue if Soviet propaganda could plausibly maintain that the treaty was being held up by the onerous economic and financial claims of the West. In fact:

Unless the latter were prepared to modify their attitude, he did not see how it would be possible for the Austrian Government to refrain from associating themselves publicly

74 Playfair to Mallet, 11 March 1950, FO 371/84900, C1848
75 Minute by Cullis, 14 March 1950, ibid.
with the demands for adoption of the Soviet texts of the two articles.\(^{76}\)

On 18 April the Foreign Office finally persuaded representatives of the Treasury, Administration of Enemy Property Department and the Ministry of Fuel and Power that the Foreign Office view on Articles 42 and 48 must prevail. Although Edward Playfair of the Treasury flippantly suggested that Austria would not go Communist 'simply because she settled her debts', Kirkpatrick warned that a prolonged occupation could weaken the Austrians' will to resist Communist infiltration. This would be contrary to HMG's policy of keeping Austria out of the Soviet orbit, and any attempt to protect British interests in Austria had to be considered against this background. Thus, if necessary, the Soviet texts had to be accepted.\(^{77}\)

Despite this proclaimed attitude, a Deputies meeting on 26 April made no progress at all and Gruber continued to urge the British to settle all outstanding articles on the basis of the Soviet texts in order to deprive Soviet propaganda of its foundation. But London was still determined to extract the maximum possible guarantee from the Austrian Government and kept prodding the Austrians to be more forthcoming with concrete proposals.\(^{78}\)

Gruber's patience had reached its limit. When a Deputies meeting on 4 May passed once again without any of the issues being resolved, he instructed the Austrian Minister in London to bring 'immediately and emphatically' the following to the attention of the Western Deputies. The attitude of the Western Powers, he claimed, was utterly unsatisfactory. Week after week contradictory declarations were being issued, merely allowing the Soviet Union to continue blaming the West for delaying the treaty. The only thing of use to Austria, at this late stage, was the unconditional settlement of Articles 16, 27, 42 and 48 at the next meeting. Further delaying tactics by the Western Powers would force the Austrian Government to alter its attitude to assurances regarding Articles 42 and 48. Austria's interest in a bilateral settlement of these questions was governed by the need to remove certain stumbling-blocks to the conclusion of the treaty. If this was not achieved, there could be no

\(^{76}\) Cheetham to FO, 27 March 1950, FO 371/84900, C2204  
\(^{77}\) Minutes of Meeting, 18 April 1950, FO 371/84901, C2635  
\(^{78}\) Minute by Mallet, 3 May 1950, FO 371/84903, C3021
further talk of a bilateral settlement, particularly as the Austrian Government would not be prepared to defend such a settlement in the Austrian Parliament or in the face of public opinion. Furthermore, all four Powers would in future be blamed for any consequences arising from the current situation.79

In order to leave no doubt about how Western tactics were perceived by the Austrian population, Gruber appealed to the Western Foreign Ministers to reach 'concrete decisions on a consistent policy' regarding the Austrian question at their forthcoming tripartite conference in London. The Deputies were scheduled to meet on 22 May, immediately after the Foreign Ministers conference, and Austria would expect a favourable decision. Should the next meeting prove fruitless, the Austrian Government would find itself subjected to constant accusations about its one-sided attitude. Nothing but the treaty mattered to the Austrian population and no so-called alleviation - which would in any case not apply in the Soviet zone - could alter that fact, particularly as these 'alleviations' did not even include the payment of their own occupation costs by the Western Powers.80

As to the Western Deputies' argument that there was no point in settling the other articles until the Soviet Union had concluded its negotiations with the Austrian Government over the Pea-debt, Gruber pointed out that the Austrian Communists and the Soviet occupation government were claiming that, in the interest of safeguarding Austrian viability after the conclusion of the treaty, the Soviet Government could not settle its claims under Article 48-bis without knowing what demands Austria had to satisfy vis-a-vis the Western Powers. This claim could not help but cause confusion among the population and must make resistance to communism more difficult. Surely the unagreed articles represented less a concession to the Soviets than to the Austrians?81

Initial reaction by the Western Deputies to these two communications was not encouraging. Mallet sourly commented that in view of HMG's efforts to obtain a treaty Britain would not allow herself to be placed on a par with the Soviets, and to the Austrian threat over

79 Gruber to Wimmer, 5 May 1950, AdR, BMAA, K148, 120.041-123.603
80 Note Verbale, 8 May 1950, AdR, BMAA, K148, 120.041-123.742
81 Ibid.
Articles 42 and 48 he responded by asserting that the Western Powers were doing Austria a favour by considering bilateral settlements of these issues. Nor was the Foreign Office much impressed when once again reminded by Caccia that he and the American Minister in Vienna fully agreed with the Austrian viewpoint. There was 'nothing new' in the British Minister's arguments and 'therefore nothing new to say about them'. As to the Austrian effort at 'blackmail': 'All this talk about Parliament and Communist propaganda is just eyewash'. And Mallet thought that the Foreign Minister was 'becoming somewhat hysterical in his obsession about the treaty' and that the Austrian Note indicated 'a growing failure on Dr Gruber's part to differentiate between the Allies and the Soviet'. The Americans, too, did not take kindly to the Austrian representations. Wimmer reported that there were 'unmistakable indications of a very reserved reception' and his insistence on the validity of the Austrian arguments was becoming difficult in the face of the 'prevalent obvious resentment'.

But while the Austrian Minister countered the 'notorious ill humour' of the Foreign Office by bluntly pointing out that Austria felt equally resentful, a letter by Caccia helped to soften Foreign Office attitudes a little:

One cannot help being impressed by the way in which almost everyone living in the Vienna atmosphere appears to sympathise with the anxiety displayed by Dr Gruber and others. However tiresome and wrong-headed the Austrians may seem - and the latest Note certainly oversteps the limits of moderation - there can be little doubt that the accumulated sense of frustration in Austria, and the fact that they are after all in the front line of the cold war, is not conducive to a sense of proportion.

With a rare sense of insight for a Foreign Office official dealing with Austria, Cullis admitted that 'perhaps we for our part are apt to overlook the effect of our own attitude'.

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82 Wimmer to Gruber, 8 May 1950, AdR, BMAA, K148, 120.041-123.761
83 Caccia to FO, 9 May 1950; Minute by Cullis, 10 May 1950, FO 371/84903, C3126
84 Minute by Mallet, 13 May 1950, FO 371/84904, C3176
85 Wimmer to Gruber, 13 May 1950, AdR, BMAA, K148, 120.041-123.898
86 Wimmer to Gruber, 17 May 1950, AdR, BMAA, K148, 120.041-124.022
87 Minute by Cullis, 16 May 1950, FO 371/84904, C3246
88 Ibid.
If London for a brief moment appeared to share the British Minister's sentiments, they nonetheless sent Mallet to Vienna to sort the Austrians out. In discussions between Mallet, the British and French Ministers and the Austrian Foreign Minister, the difference in approach was telling. Gruber wished to discuss occupation costs, the state of treaty negotiations and the attitude of the British Government to Austrian assets in Britain, whereas Mallet's agenda was restricted to Articles 42 and 48. Neither occupation costs nor Austrian assets was discussed, and Mallet countered Gruber's proposal, that Austria appeal to the United Nations if no progress were made in the negotiations, with the observation that the United Nations had problems enough. Prompted by Mallet's insistence that discussion concentrate on Articles 42 and 48, Gruber elaborated on his government's attitude. Any agreement which placed an additional burden on Austria would have to be approved by the Austrian Parliament. This would make the matter public and raised the question of Soviet reaction to agreements between Austria and the Western Powers which were in direct contravention of treaty terms. The Russians might well re-open other articles - for which action they had already shown a propensity - or even propose new ones. Unless the Western Powers could guarantee that formal assurances regarding Articles 42 and 48 would result in the immediate conclusion of the treaty, Gruber could not see how Austria could subject herself to additional attacks by the Soviets. Mallet's threat that the British Government would be unable to conclude the treaty if British interests were not safeguarded left Gruber unmoved. It simply was not 'opportune' at the moment to give the required assurances. The Austrian Government did not, however, rule out 'the possibility of giving further examination to the question'.

A few days later, the Foreign Office prepared a text of the undertaking regarding Western interests in Austria which they wished the Austrian Government to give. But Gruber remained unreceptive and on 4 September Caccia reported that repeated representations had not elicited any reply of substance, but that he would, of course, 'go

89 Minute by Mallet, 19 June 1950, FO 371/84905, C4042; Minutes of Meeting, 14 June 1950, ADr, BMAA, K148, 120.041-124.861
on pressing the Austrian Government'.\(^{90}\) At the same time, prompted by 'one of the commonest reasons given by democratic statesmen for not doing what is urged on them by HM Representatives', namely, that there might be parliamentary or constitutional difficulties, Caccia despatched a memorandum on Austrian parliamentary procedure and the rights of the Opposition in matters concerning foreign affairs. According to this appreciation, Gruber's frequent citing of parliamentary difficulties was a ruse. Although in theory the Austrian Government did not have a 'blank cheque', in practice, as long as the OVP-SPO coalition was maintained and decisions had the general support of the two party executives, the Government had little to fear from the Opposition. The reason for this was that major questions - whether of foreign affairs or otherwise - were usually settled between party leaders before being taken to Parliament. If a question was too controversial for agreement in this manner, it was simply not introduced into the Assembly, and the opposition parties were unable to initiate a debate unpalatable to the Government. Although heated debates on fundamental issues did take place on occasion, the Government majority could always stifle them. In fact:

> almost the only cases where Parliament has failed to endorse in some form legislation presented to it by the Cabinet, have occurred when the Allied Council has 'invited' or 'requested' the Government to legislate on some unpopular matter. Here, then, the democratic machine offers the Government a useful method of publicly trying their best, and failing heroically to carry out a distasteful instruction.\(^{91}\)

The Austrian Government's argument regarding Parliament was dismissed as a stalling mechanism. Yet the Foreign Office was aware that outside agreements which contradicted the treaty would be open to objection on legal and political grounds. Nevertheless, some peculiar reasoning encouraged the idea that a 'spontaneous' declaration by the Austrian Government - such as the one prescribed by the Foreign Office in their draft of June - would somehow not be quite so objectionable to the Russians.\(^{92}\) Caccia was therefore instructed to keep on pressing the Austrian Government to come to the party. He was urged to remind Gruber of the imminence of another Deputies

\(^{90}\) Caccia to FO, 4 September 1950, FO 371/84908, C5649
\(^{91}\) Caccia to Bevin, 4 September 1950, FO 371/84958, C5771
\(^{92}\) Minute by Porter, 20 November 1950, FO 371/84910, C7524
meeting — which by this stage neither the Austrians nor the British believed would make any progress — and to threaten him with the creditor nations' public condemnation of 'the apparent unwillingness of the Austrian Government to meet their international obligations'. This, too, proved fruitless. The Austrian Government's response to the latest round of bullying was prompt and unequivocal: for considerations of financial policy it was 'out of the question' that the Austrian Government accede to British demands.

**Internal upheavals**

Given London's tenacity in defending British economic interests and considering the potential repercussions of the Austrian attitude on Western willingness to sign the treaty, why were the Austrians so obstinate in dealing with the Western claims? Part of the answer is to be found in the hardships experienced by the Austrian workers. Caccia's casual dismissal of the Austrian Government's responsibility to the people seems at best shortsighted, at worst culpable for helping to obscure the link between the continued occupation and the very real domestic difficulties facing the Austrian Government. In September and October 1950 these difficulties culminated in Communist-led disturbances.

The disturbances did not commence as mere Communist agitation. Between 1947 and 1949 three wage-price agreements had been concluded between the Government and the Austrian Federation of Trade Unions (OGB), requiring considerable sacrifices by the workers. The SPO and the trade unions had promised, however, that the 1949 Agreement would be the last one, that prices would remain stable henceforth and wages increase with rising productivity. But that had been wishful thinking on the part of the Government. A number of internal and external factors — among others, the agricultural sector's demand for more realistic prices for its products and the effect of the Korean war on world prices — made another wage-price pact imperative.

Selling the new pact to the workers proved infinitely more difficult than it had in the past. The reason for this was that the initiative had come from the farmers, that section of the population

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93 FO to Vienna, 4 December 1950, FO 371/84910, C7653
94 Caccia to FO, 8 December 1950, FO 371/84911, C7937
which had suffered least both during the war and since. Their agitation for higher prices evoked memories of the pre-war enmity between the rural sector and the industrial workers and, according to Helmer, accounted for the participation of many Socialist workers in the first wave of strikes. The Government and the occupation powers were unprepared for the sudden outbreak of strikes and riots which greeted the announcement of the new agreement on 26 September. Railway lines leading from Vienna to the Western zones were occupied by striking workers stopping all trains from entering or leaving the capital. All major industrial centres in the Soviet, American and British zones were hit by strikes. In Vienna itself the Federal Chancellery was besieged for several hours by some twelve thousand demonstrators, after trams leading into the city had been disabled and roads blocked. At one stage it looked as if the Government might fall to the rioters, whose vanguard had broken through the security cordon around the Government seat and injured twenty-three policemen. In a moment of panic Chancellor Figl appealed to the Allied Council for intervention by Allied troops. Helmer and Schaerf were mortified by Figl's action. Convinced that the strikes and riots were a concentrated effort by the Communists to undermine the authority of the Government, they had from the very beginning agreed that the occupation powers must be given no opportunity to intervene. Fortunately, the US High Commissioner, chairman of the Allied Council for the month of September, agreed with the Socialists' viewpoint and ignored the Chancellor's plea. The British and US High Commissioners did, however, protest vigorously in an Allied Council meeting on 29 September, accusing the Soviet authorities of 'deliberately, knowingly, and with intent to discredit and interfere with the Austrian Government, having taken overt steps to encourage minority elements in demonstrations and acts of violence'.

But the challenge to the Government was not over and on 30 September an 'all-Austrian conference of shop stewards', convened by Communists in Soviet-controlled factories, sent an ultimatum to the Government demanding, among other things, the withdrawal of the price-wage agreement and threatening a general strike if their

95 O.Helmer, 50 Jahre erlebte Geschichte (Vienna, 1957) pp.289-290
96 Ibid., p.293
97 Keesing's, 11-18 November 1950, p.11082
demands were not met by 3 October. At the same time, an intensive
rumour campaign spread fears that Czech troops were arrayed at the
Austrian border, ready to march in and lend material support to the
 strikers. 98 By now, however, the much-vaunted discipline of the So-
 cialist organisation asserted itself. Socialist leaders exhorted the
workers not to succumb to Communist propaganda and the Government
threatened all foreigners and stateless persons with 'immediate and
ruthless' expulsion if they took part in any action against the Gov-
ernment. When Communist cadres equipped with Soviet trucks started
their campaign on 4 October, the workers were ready for them. Al-
though the Communists managed initially to occupy some factories in
Vienna and to sabotage tram tracks, the Viennese population stood
solidly against them. The Soviet zone fared less well. Throughout
Lower Austria post offices, telephone exchanges, bridges and railway
stations were occupied by Communist detachments, and over two days
serious fighting broke out repeatedly between strikers and non-
strikers over possession of factories and buildings. As the Minister
of the Interior later recalled, no part of Lower Austria was spared,
some industrial centres suffering 'a wave of terror such as had not
been seen in Austria since the days of the Nazi invasion of 1938'. 99

By the end of the second day the strike movement had col-
lapsed. The Government sent protests to the Allied Council — where,
thanks to Caccia's chairmanship, they received much airing — and to
the Foreign Ministers of the occupying powers, alleging that Soviet
authorities had obstructed the Austrian police and had participated
in the disorders. A week later, in a parliamentary debate on the
disorders, Helmer affirmed that the recent events had shown a 're-
markable similarity' to methods used in the creation of 'people's
democracies' in neighbouring countries. Shortly afterwards, the Min-
istry of the Interior announced the suspension and impending trial
of a number of police officers from the Soviet sector of Vienna and
the Soviet zone, who had supported the Communists and had refused to
obey Government orders. The OGB dismissed its vice-president and
three secretaries for their attitude during the events and promised

98 Helmer, op.cit., p.296
99 Ibid., p.298
the expulsion of other Communist members in all local organisations.\footnote{100}

These incidents and their aftermath proved what the Austrians had maintained all along: as long as occupation troops remained in Austria, so-called alleviations of the burden of occupation were meaningless. Despite the Government's and the population's courage, the Russian menace was all-pervasive. On 24 October Helmer had to report that those police officers suspended by the Government had refused to leave their posts without Soviet approval. Indeed, the Soviet authorities informed the Government that the suspensions would have to be withdrawn and all trials halted. Several protests by the Government remained unheeded and on 10 November the Western High Commissioners formally accused the Soviet Element of 'illegal and unilateral violation of the Control Agreement by interfering with Austrian police in the execution of their duty during and after the strikes'.\footnote{101}

As if the worsening economic situation, the battle against the Soviet authorities and the fading hope of a treaty were not enough, on the last day of the year President Renner died of heart failure. Even the British, who had disliked Renner so intensely and fought him so determinedly in 1945, could appreciate the immense loss to Austria of one 'whose wise statesmanship and sound commonsense have been powerful factors both in the smooth working of the coalition and in the maintenance of Austrian morale since the end of the war'.\footnote{102}

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\footnote{100}{Keesing's, 11-18 November 1950, p.11083}
\footnote{101}{Ibid., p.11084}
\footnote{102}{Caccia to Bevin, 1 January 1951, FO 371/93591, CA1011/1}