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

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'A gesture of provocation': evacuation vs treaty

Internal affairs

Long before the beginning of the occupation the leaders of both OVP and SPO had recognised the essential requirement of Austria's survival: national unity. An Austria torn by factional strife would leave itself open to intervention by the occupying troops, possibly deferring independence indefinitely. In a climate of mounting conflict between the Western Powers and the Soviet Union, the result might even be incorporation into the respective power blocs - the Soviet Union absorbing Vienna and eastern Austria, the NATO powers the Provinces. Awareness of these dangers had guided Socialist and Conservative policy alike through almost six years of occupation and had helped the Coalition to weather such potentially disruptive events as the OVP-KPO machinations of 1947 and the acrimonious election campaign of 1949. Yet Renner's death on 31 December 1950 precipitated one of the most serious crises of the Coalition, by sparking disagreement over presidential candidates. Why did the Coalition partners allow a situation to develop which would result in a pronounced deterioration in relations between the two parties?

According to Gruber, the coalition pact of 1949 was based on the tacit understanding that Renner's successor would be an OVP man and that Socialist support would ensure his election by the Federal Assembly, a joint session of the Lower and Upper Houses of Parliament.¹ Both the choice of candidate and the method of election were, however, stumbling-blocks to unified action. To begin with, there was a dispute between the two parties about the method of election. Although the 1929 Constitution - re-adopted in 1945 - prescribed national popular elections for the presidency, the Socialist leadership sought to retain the bicameral system which had been used in 1945 for reasons of political expediency to elect Renner. The reason behind the Socialists' aim was that the popular-elections provision was a concession wrung from the Socialists in 1929 when they had been anxious to avoid the intensification of the sporadic strife between the Socialists and the Conservatives. Since then the example

¹ Gruber, Befreiung, p.250
of other countries whose popularly elected heads of state had misused their mandate had done nothing to reconcile the Socialists with this method. In 1948 Vice Chancellor Schaerf decided to introduce legislation which would restore the bicameral system permanently. Schaerf claims that the OVP initially agreed with his proposal, probably because they had an absolute majority in both Houses and were thus assured of success for their candidate. But in 1950 the Conservatives' confidence turned to greed. If a bourgeois candidate was to succeed in any event, why not enhance his political power by allowing him to claim a popular mandate? This could prove useful in the settling of differences between the Coalition partners in favour of the OVP. With this in mind, the OVP withdrew its support for Schaerf's bill and started a lively press campaign in favour of popular elections.

Against this background the Socialists were presented with the OVP's candidate for the presidency, Dr Heinrich Gleissner, the Provincial Governor of Upper Austria. Gleissner's past made it impossible for the SPO to acquiesce in his candidature. Through the SPO's Arbeiter-Zeitung Schaerf told the population why Gleissner was unacceptable as head of state. Gleissner had once before broken his oath on a democratic constitution. As a member of the Dollfuss Government and authoritarian governor of Upper Austria during that regime he was guilty of incarcerating tens of thousands of political opponents. His democratic conviction was 'like the lily of the valley' - it had not seen the light of day until the spring of 1945. What guarantee would there be for democracy in Austria if he became president?

Their inability to agree on a successor to Renner put a strain on relations between the Coalition partners long before Schaerf publicly denounced the OVP's candidate. As early as January 1951 Gruber intimated that the OVP might have to come to an 'understanding' with the right-wing VdU if the SPO persisted in their threat to run a candidate of their own rather than support Gleissner. When the Socialists made good their threat and chose as their official

2 Schaerf, Erneuerung, pp.265-266
3 Ibid.
4 Arbeiter-Zeitung, 20 May 1951; Schaerf, Erneuerung, p.271
5 Donnelly to Acheson, 9 January 1951, FRUS 1951 IV: Europe: Political and Economic Developments (Washington, 1985) p.1014
candidate the Mayor of Vienna, Theodor Koerner, the fight between OVP and SPO was joined. Although the election was not scheduled until 6 May, the British High Commissioner warned in February of the possible repercussions of 'this brew which is beginning to ferment far too soon'. Both the VdU and Communists had put up their own candidates, but this seemed to make no difference to the hostility with which the Coalition parties attacked each other. Koerner was portrayed as a 'living corpse' whose election would shortly have to be paid for with a state funeral, and the Arbeiter-Zeitung screamed of deals between the OVP and VdU and branded Gleissner an 'American stooge'.

The election results of 6 May intensified the problem for the Coalition partners. The OVP candidate had polled just over 40%, only 1% more than the Socialist candidate, thus failing to get an absolute majority. To the Socialists this was a significant sign that the electorate had viewed the contest as one between parties rather than personalities. Seen in this light, the OVP had for the first time since 1945 experienced an important loss of votes. Whereas Communist strength had remained much the same, the OVP had lost approximately 4% to the VdU. Because no candidate had achieved sufficient votes to ensure an absolute majority, a second election was scheduled for 27 May, in which the electorate would have to choose between the two candidates with the highest number of votes. Strictly speaking, there was no need for another election. The Constitution allowed for the parties to reach agreement on a candidate even after the first election. Although few in the SPO believed that Koerner could beat Gleissner in a second poll, they were not prepared to let Gleissner win uncontested. Negotiations behind the scenes to have the OVP substitute someone else for Gleissner failed and on 10 May the OVP declared that they would stand by their candidate. To make matters worse, the VdU leadership instructed their voters to support Gleissner.

To the Socialists' consternation, the Communist Party now issued an appeal to its voters to elect Koerner, an action which the

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6 Caccia to FO, 26 February 1951, FO 371/93593, CA1015/9
7 Schaerf, Erneuerung, p.269
8 Caccia to FO, 9 March 1951, FO 371/93592, CA1013/5
9 Schaerf, Erneuerung, p.269
10 Trost, Figl, p.253
US High Commissioner, Walter Donnelly, branded 'mischievous'. He did not doubt that the KPO's decision was 'based on a desire to undermine the coalition government'. Donnelly's comments caused considerable alarm in Washington. The Austrian Minister reported that the State Department viewed events in Austria since the poll of 6 May with the greatest apprehension and had voiced serious doubts about Austria's future. The State Department stressed that the collapse of the Coalition would make it almost impossible to persuade Congress to approve further US aid to Austria:

If Austria valued the continuance of American friendship, the continuance of the existing government coalition had to be assured at least until a treaty was secured or for as long as Austria expected help from the United States.

Washington's admonition had little effect on the conduct of the election campaign. As Schaerf remembered later, the SPO fought the campaign with 'vigour and enthusiasm', reminding the electorate of Gleissner's fascist past, while the OVP resurrected their favourite propaganda symbol, the 'Red Cat' of Marxist dictatorship, and harked back to Koerner's role as leader of the Republican Defence Corps in the days of the civil war. Koerner was likened to the Czech and Hungarian Socialist leaders who had surrendered their countries to the Communists, and the electorate was warned that 'a vote for Koerner is a vote for the Communists'. When the results of the second poll became apparent - Koerner 52%, Gleissner 48% - it was clear that the people were less concerned with the possibility of Austria going Communist than with the collective memory of authoritarian government.

The election results caused a bitter quarrel within the OVP. Faced with the possibility of a Socialist majority after the next general election, their recriminations knew no end. Chancellor Figl became the scapegoat for all the OVP's ills. By mid-June the OVP had done its purging, having moved to the right in the process. While Figl was too popular a chancellor to be removed without repercussions, the right wing of the Party insisted that government of

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11 Donnelly to Acheson, 15 May 1951, FRUS 1951 IV, p.1037
12 Kleinwaechter to Gruber, 17 May 1951, AdR, BMAA, K2, 135.183-135.505
13 Trost, Figl, p.253; Schaerf, Erneuerung, pp.270-271
Austria and leadership of the Party be separate in future, forcing Figl to relinquish his position as leader of the Party. Julius Raab, the 'strong man' of the OVP, of whom Figl's biographer claims that even his closest friends agreed he had a leading part in Figl's political 'crucifixion', was appointed acting party leader pending confirmation by the next Party congress.14

The impaired relations between the Coalition partners were further damaged by the 'Programme of the New Leaders' of the OVP. The concentration-camp mentality of Figl - which had hitherto been so decisive a factor in keeping the Coalition functioning - was to be abandoned. The respective Leagues of the OVP had to be brought to greater unity, leading to more determined resistance in the struggle against Socialism. The aim was to offer 'a resolute defence against the proletarianisation of the intellectual, industrial and manual bourgeoisie'.15 This 'call to arms' was not without effect. By the end of the year Caccia reported that the continuing internal turmoil of the OVP was damaging the Coalition. The separation of administrative and party-political responsibility made decisions and undertakings by OVP ministers - being as they were subject to possible revision by the Party caucus - unreliable. Shaken by the defection of right-wing elements within the Party, many OVP leaders sought to compensate by a show of intransigence in their official dealings with the Socialists, adding to the difficulties of the six-year old Coalition which was plagued enough by continuous economic hardships and 'the inevitable cramps of old age'.16

Occupation costs

Notwithstanding Bevin’s admonition of December 1950 that Austrians should view the payment of occupation costs as their share in the Western defence system, the Austrian Government refused to accept this view and, according to the British High Commissioner, the problem was assuming immense political importance in Austria and had become 'a symbol of foreign domination'.17 The Austrian attitude

14 Gruber, Befreiung, p.251; Trost, Figl, p.254; Schaerf, Erneuerung, p.274
15 Schaerf, Erneuerung, p.275
16 Caccia to Eden, 1 January 1952, FO 371/98038, CA1011/1
17 Ibid.
was, however, only one facet of this increasingly bothersome issue. Occupation costs also became a source of considerable friction between Britain and the United States. This poses the question why a seemingly trivial matter—in comparison with British and American preoccupation over European defence—could assume such importance between the two governments.

If the slow economic recovery added to the Coalition's difficulties both within the Government and in its relations with the people, the British Government, too, was encountering a similar problem, souring Britain's relations with America and Austria alike. In a sense, after the outbreak of the Korean war, both Austria and Britain became victims of the American holy war against the Kremlin. The British Government, at the behest of an American administration propelled by a raw anti-Communism, was forced to adopt an economically ruinous rearmament programme. The inevitable competition between the demands of domestic social services and those of a foreign policy influenced by the need to enlist US help in the defence of Europe led to serious dissension within the Labour Party and a determination on the part of the Labour Government to withstand US pressure on the few issues on which it was considered safe to do so. One of these was occupation costs in Austria. At the same time, the US Government's policy of keeping Austria firmly tied to Western strings was also threatened by the Economic Co-operation Administration's determination to cut funds for non-NATO Austria, making the State Department especially sensitive to persistent demands by the British to increase the amount which Austria was required to pay.

In mid-1950, when the alleviation of the burden of occupation had been a major issue between the Western Powers and Austria, the Austrian Government had failed in its attempt to persuade Britain to pay for her own costs. But Austria had a powerful ally in this respect. The State Department, thwarted by London in the attempt to gain a major propaganda advantage through the troop-withdrawal proposal, was determined to bring the British to heel on occupation.

18 For a detailed exposition of the problems within the Labour Party following MacArthur's adventurism in North Korea and American pressure to increase British defence spending see M. Foot, Aneurin Bevan 1945-1960 (London, 1975), particularly Chapter 8
costs. By December the US High Commissioner was instructed to employ passive resistance in the Allied Council to postpone a decision on the allocation of such costs. The State Department intended that, if occupation costs could not be abolished altogether, there should at least be progressive annual reductions. These would have the effect of helping the Austrian economy and depriving the Soviets of some of the revenues available to them in Austria. Although Deputy High Commissioner Dowling advised Washington that convincing the British of the need for sacrifices would not be easy and would require the 'greatest persuasion' from the State Department, Acheson was anxious that the full political implications be made clear to the British before the issue was discussed in the Allied Council on 12 January. US policy concerning Germany and Japan would soon demand that Britain pay at least partially her own occupation costs in those countries. It was unthinkable that Austria be left out of this arrangement. Not only would such a decision discourage pro-Western Austrians and unacceptably burden the Austrian economy, it would exacerbate disunity among the Western Powers and aid the Soviets.

Acheson's argument failed to prevail, however. After considerable wrangling in the Allied Council, in which the British pleaded for higher allocations for themselves and accused the Soviet Union of exacting tribute rather than actual occupation costs from Austria, the necessity to maintain quadripartite agreement outweighed all other considerations and occupation costs for 1949-1951 were levied at 7.27%, 4.67% and 4.15% of the total Austrian budget for these years. The Foreign Office, headed since March by Herbert Morrison, who had replaced the desperately ill Bevin as Foreign Secretary, admitted that Austria's 'delicately balanced' economy was suffering from this imposition of occupation costs, but justified the drain on the country's resources by pointing out that:

19 Acheson to Donnelly, 1 December 1950, FRUS 1950 IV, p.425
20 David Bruce to Acheson, 4 January 1951, FRUS 1951 IV, p.1012
21 Acheson to Donnelly, 10 January 1951, ibid., p.1015
22 Donnelly to Acheson, 13 January 1951, ibid., p.1016; Donnelly to Acheson, 30 January 1951, ibid., p.1018
23 Ernest Bevin died on 14 April 1951, five weeks after his resignation.
they are receiving military protection by the presence of the Western forces, and that when the treaty comes into effect their own defence budget may be quite as large.\textsuperscript{24}

With the Austrian economy once again burdened with occupation costs, the ECA simultaneously decided to reduce substantially the amount of US aid proposed for 1951/52. The US High Commissioner had prepared an estimate of Austria's needs which was based on his appreciation of Austria's growing unemployment and its potential for exposing the Government and population to 'Soviet-inspired Communist exploitation'. Thus Donnelly was appalled at the ECA's proposal to cut his suggested figure of $185 million in half.\textsuperscript{25} The ECA by no means discounted the validity of Donnelly's arguments. But, as Paul Porter, the Acting Administrator of the ECA, explained, ECA policy towards Austria was guided by the expectation that Congress would firmly oppose foreign aid requests in general and more so in the case of Austria since Austria could offer no material contribution to the Western defence programme. Donnelly's figure was deemed unrealistic, considering the ECA's assessment of total funds available. The most Austria could hope for was $145 million. The answer, ECA suggested, was to bully the Austrian Government into improving its 'unsatisfactory performance' in managing the Austrian economy.\textsuperscript{26}

The Office of Western European Affairs was not at all happy with what it termed the ECA's 'get tough' policy. US Government policy towards Austria was to provide sufficient aid to Austria to maintain political stability. There was 'a strong presumption' that this would prove impossible if substantial US aid was not maintained. This difference of opinion on the execution of US policy would need to be resolved at the highest level.\textsuperscript{27}

Amid this controversy, during which Washington missed no opportunity to harass the Austrian Government about its alleged shortcomings, the British High Commissioner informed Donnelly that he intended to reopen the question of occupation costs for 1951 in order to obtain additional funds from the Austrian Government.\textsuperscript{28}

\textsuperscript{24} Memorandum by FORD, 24 May 1951, FO 371/93603, CA1071/35
\textsuperscript{25} Donnelly to Acheson, 29 March 1951, \textit{FRUS} 1951 IV, p.1028
\textsuperscript{26} Paul Porter to Vienna, 3 August 1951, \textit{ibid.}, pp.1055-1058
\textsuperscript{27} Montgomery Colladay to Homer Byington, 13 July 1951, \textit{ibid.}, p.1047
\textsuperscript{28} Donnelly to Acheson, 17 July 1951, \textit{ibid.}, p.1049
was told 'in no uncertain terms' by Donnelly that the British would receive no sympathy from the State Department in their quest for higher allocations. The State Department's position was that a deterioration of the Austrian economy threatened to endanger her political stability. The country's economy was already in a precarious position owing to ECA cuts and other burdens imposed by US policy, not least of which was the enforced decrease in the export of strategic materials to the East, increasing Austria's trade deficit.29

Adding to the difficulty was yet another wage-price agreement. The agricultural sector had once again demanded an increase in prices, and on this occasion the OGB had insisted on full compensation for the inevitable rise in living cost, adding some $100 million to the Government's budget.30 The answer, as Washington saw it, was that both Britain and France should henceforth pay their own occupation costs.31 London remained unmoved. Attlee informed the Cabinet that HMG had no intention of acceding to American demands on this question.32 On the contrary, in a brief for Morrison's use at tripartite talks in Washington, the Foreign Office recommended that HMG should as a matter of principle insist that its occupation cost be met in full - 'by one means or another' - by the Austrian Government. American prodding should be countered with these arguments: HMG were under no legal obligation to pay their own costs; the occupation forces contributed to Austria's external defence and internal security; the 1951 allocations were a mere 4.5% of the Austrian budget and thus 'a very modest' contribution to Western Europe's defence; occupation costs had been reduced substantially and a further cut would be incompatible with efficiency; and HMG was spending enough on defence already without assuming additional burdens.33

The tripartite talks at Washington resolved nothing and the Foreign Ministers merely agreed that their High Commissioners should discuss the matter further. Acheson instructed Donnelly to warn the

29 State Department Position Paper WFM T-7/1a, 22 August 1951, *ibid.*, p.1069
30 Schaerf, *Erneuerung*, p.289
31 State Department Position Paper WFM T-7/1a, 22 August 1951, *FRUS* 1951 IV, p.1069
33 Undated FO memorandum, prepared for September tripartite talks, FO 371/93605, CA1071/76
British of the consequences of increasing the burden on Austria 'at a critical time', and to make them aware of the 'unfavourable US reaction to the indirect use of aid to pay occupation costs'. He did not, however, seriously expect the British to modify their demands and admitted that - in the interests of avoiding 'public tripartite rupture' - their demands might ultimately have to be accepted.34

The State Department's concern over ECA allocations were justified when both the Senate Foreign Relations Committee and the House Foreign Affairs Committee substantially reduced the Administration's foreign aid requests for the period 1951/52. At the same time, Congress passed a bill abolishing the ECA and replacing it with the Mutual Security Agency whose function emphasised rearmament rather than economic recovery.35 Still numbed by this disregard for the combined pleas of Acheson, Marshall and the chairman of the Joint Chiefs of Staff, the State Department was handed almost identical notes by the British and French, stating their demands for higher occupation costs for both 1951 and 1952, as well as an 'escalator clause' for 1952. The question had been placed on the Allied Council agenda for 26 October, 'presumably in an attempt to force US hand', and the British note stated that 'it would be most unfortunate if the British and French High Commissioners found themselves voting with the Soviet Representative against the US Representative'.36

Washington was furious. Donnelly was instructed to reason with the British. The Austrians were determined to air the issue in Parliament and would blame the occupation for the country's economic woes. A public debate would lead to an examination of the legal basis for occupation costs, and the ensuing embarrassment for Britain and France would increase the State Department's problems regarding the allocation of further funds for Austria. The US Senate was exceedingly suspicious of the British possibly receiving benefits from the occupation of Germany and Austria. The State Department simply could not afford more congressional criticism at a time when it was under intense domestic pressure from Senator Joseph McCarthy and his supporters. The British should also be told that it was in

34 Acheson to Donnelly, 26 September 1951, FRUS 1951 IV, p.1069
35 Keesing's, 10-17 November 1951, p.11834
36 Acheson to Vienna, 24 October 1951, FRUS 1951 IV, p.1072
their own best interests to preserve the stability in Austria which the US aid programme had produced. They were jeopardising this stability with their ever-increasing demands and were handing the Soviets a propaganda weapon which could do untold harm to relations between Austria and the Western Powers.37

The Austrian Government was equally put out by British claims. The Provincial Government of the British zone complained to the Foreign Ministry about British employment practices. The British were striving to mitigate the odium of the occupation by giving their Austrian employees better working conditions than they were entitled to under the Government's wage-price agreement. The better conditions were, of course, financed by the occupation costs levied on the Austrian Government.38 Thus, not only were the British burdening the Austrian budget in order to enhance British prestige, this practice was likely to cause resentment between the employees of the occupation forces and those of Austrian industry and the Government. Neither the Government nor the Western Powers could afford such a potentially divisive issue. Gruber reinforced this point when he pleaded with Acheson to persuade the British and French to change their attitude. Gruber emphasised that public opinion in Austria needed to be able to make a clear distinction between the 'protecting' forces of the West and the Russian occupation forces. This, he pointed out, was hardly possible while the British and French continued to exact occupation costs.39 Neither American reasoning nor Austrian complaints succeeded in swaying the British. Caccia, apprised of the contents of a proposed official note on the subject by the Austrian Government, became 'very incensed' and threatened to refuse such a note.10

The State Department and the US High Commissioner, concerned about congressional reductions in foreign aid in general, were

37 Webb to Vienna, 26 October 1951; Webb to Vienna, 13 November 1951, ibid., pp.1074-75; US Delegation at Tripartite Foreign Ministers Meeting in Paris to Webb, 20 November 1951, ibid., p.1078
38 Minute by Gordian Gudenus, 12 November 1951, AdR, BMAA, K173, 131.242-141.206
10 Minute by Gudenus, 14 November 1951, AdR, BMAA, K173, 131.242-140.884
mortified when the ECA reduced the anticipated ceiling of $145 million for Austria to $105 million. Francis Williamson - Deputy Director of Western European Affairs - declared that this amount was 'not sufficient to preserve US security interests in Austria'. Predicting the devastating effects on the Austrian economy which such a curtailment of aid would have, he recalled the Communist-inspired disturbances of 1950 and warned of the consequences for Austrian stability and the security of the Western forces in Austria if the 'explosive' situation in Austria were allowed to deteriorate. Austria was too important to US policy 'to test the economic theories and objectives of the ECA'. Although Austria was not a member of NATO, surely 'its very existence as a nation friendly to the West serves as a valuable shield to the NATO countries'. Not only might the Austrian Government be forced into closer trade relations with the Soviet bloc - with all that implied for the trade in strategic materials - but other Western European governments, particularly that of West Germany, would be watching closely how US policy affected 'middle-of-the-road' governments such as the Austrian Coalition. The issue appeared to be resolved only when drastic personnel changes in the ECA Mission in Austria caused the Mission and the Embassy to develop 'close working relations and a unified approach' to the situation in Austria.

In early December 1951 the State Department returned to the charge over occupation costs. Once again Donnelly was urged to exert 'maximum pressure' on the British and French. The British argument that Austria should bear her fair share of Western defence was absurd, Acting Secretary of State Webb exclaimed. Austria was already paying more than her share in the form of Soviet depredations. Moreover, the British threat to withdraw their forces was nonsense since it would cost the British Government more to maintain them at home than in Austria. At any rate, Webb argued, British security objectives in Europe would not be served by a withdrawal and the British should assume part of the cost to achieve these objectives. Invoking

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11 Williamson to James Bonbright, 29 November 1951; Memorandum 'Austrian Aid Program Fiscal Year 1951/52', 17 November 1951, FRUS 1951 IV, pp.1080-84
42 The four High Commissioners, hitherto of the rank of ministers, were elevated to the rank of ambassadors in mid-November
43 Dowling to Acheson, 6 December 1951, FRUS 1951 IV, pp.1085-86
American public opinion, he claimed that Washington could not be expected to foot the entire bill for keeping Austria out of Soviet hands. In the circumstances, the State Department would no longer spare British and French feelings on non-occupation or luxury expenditures. He felt that the Austrian Finance Minister would happily supply a list of 'dubious practices' by the British and French. Presumably thinking of its own public opinion, London remained firm. Caccia, who had just returned from consultations with Anthony Eden, who had resumed the post of Foreign Secretary following the Conservatives' recent election victory, explained Eden's attitude to Donnelly. While London attached great importance to tripartite agreement, they could not understand the logic of US policy which seemed to involve Britain in 'unacceptable' overseas expenditure. The message from London was, 'We cannot agree to bear any additional expenditure simply in order to help the Americans sweeten their internal political scene'. Indeed, the new Conservative Government was facing the same economic problems as its predecessor. Although much of the social legislation enacted under the Labour Government had drawn heavy criticism from the Conservative opposition, the Labour Government's last budget before the elections had been derided among Labour dissentients for winning 'warm approval' in Conservative quarters. The new administration, conscious of its slender majority and the strength of the British Labour movement, was thus not likely to burden the economy further by making life easier for the Austrians.

The problem seemed insurmountable. Gruber had informed the US High Commissioner that the Austrian Government was tempted to ask the British and French to leave Austria if they persisted in their demands, and Donnelly recommended that Britain and France be told that Washington would definitely not agree to allocations in excess of 1951 figures, even if this meant abandoning quadripartite agreement on occupation costs. Acheson considered such a move premature. The problem with an open rupture was that the US would permanently be shut out from the process of determining occupation costs.

44 Webb to Donnelly, 5 December 1951, ibid., pp.1084-85
45 Donnelly to Acheson, 28 December 1951, ibid., pp.1087-88
46 M.Foot, op.cit., p.328
47 Ibid.
and would thus expose the Austrian Government to even steeper demands. Although he agreed in principle with Donnelly's recommendation, Acheson suggested that as an interim measure the US should demand the introduction of a 'sound accounting system'. The Department did not doubt that British and French demands would sharply decline if they had to account for every item. It would also embarrass the British and French by making plain the relatively low cost of Soviet occupation. Together with the demand for an accounting system it should be explained to the British that their refusal to placate American public opinion by economising in Austria would harm Britain and France even more than the State Department. What the British failed to realise was that attacks on the Administration, such as a recent one by a prominent Senator who claimed that the American taxpayer was being 'milked' by Britain, France and the Soviet Union, were aimed primarily at Britain and France and that fresh ammunition in the shape of higher occupation costs would certainly add to the prevailing sentiment in some US quarters which called for curtailment of US aid to these two countries.48

It was all to no avail. When the four High Commissioners met on 4 January 1952, the Soviets demanded 219 million schillings (instead of reducing the 1951 figure of 151 million), the French 220 million, and the British 200 million with a clause for upward revision. When Donnelly expounded the idea of the accounting system, saying that Washington considered servants and house rents, for instance, as personal expenses of individual officers and thus not part of occupation costs, Caccia and Payart refrained from comment, while the Soviet High Commissioner pointed out virtuously that the Soviets did not employ servants. Both Caccia and Payart stated afterwards in tripartite discussions that acceptance of American terms would necessitate a reduction of their occupation forces. Thus the meetings ended deadlocked.49

Although Donnelly fancied that his firm attitude was succeeding in 'wearing down' the resistance of the British and French, he might not have been inclined to think so had he been aware of

48 Memorandum by Peter Rutter, 29 December 1951; Acheson to Donnelly, 2 January 1952, ibid., pp.1089-91
49 Donnelly to State Department, 4 January 1952, FRUS 1952-54 VII: Germany and Austria (Washington, 1986) pp.1718-21
Foreign Office sentiment expressed in a memorandum by the British Deputy to William Strang. Touching on the 'fairly serious' divergence of opinion between the US and Britain, he remarked that 'on this issue we can afford to gang up with the Russians and French against the Americans'.\(^{50}\) And when Eden met Acheson in Washington on 11 January to discuss the Austrian treaty, the Foreign Office advised him to let Acheson know that HMG was examining the idea of troop reductions with the War Office and that this matter would be taken to the Chiefs of Staff and, if need be, to General Eisenhower, the Supreme Commander of the Allied Forces in Europe.\(^{51}\) Before the British could make good their threat, General Irwin, Commander of the US forces in Austria, had already discussed the occupation costs problem with Eisenhower. Eisenhower's response was unequivocal: agreement between the Western Powers was paramount. He feared that continued disagreement over the issue might adversely affect military plans for Austria and thought that the State Department had failed to give adequate consideration to the financial difficulties experienced by Britain and France. The issue must be resolved forthwith at government level, so as not to endanger friendly relations among the Western High Commissioners.\(^{52}\) Faced with such determined opposition, the State Department divested itself of the problem by informing Donnelly that it would rely on his judgement at the forthcoming quadripartite discussions to seek agreement on a compromise figure.\(^{53}\)

When the four High Commissioners next met to discuss occupation costs, the Western Powers found that the Soviet Element and the Austrian Government had combined to defeat British and French demands. Chancellor Figl had addressed a note to the Allied Council, echoing the Finance Minister's earlier truculent speech on occupation costs, and the Soviet Deputy High Commissioner stunned Caccia and Payart by claiming that he was prepared to accept the amount of 151 million - the 1951 figure Donnelly had suggested - provided

\(^{50}\) Donnelly to State Department, 11 January 1952, \textit{ibid.}, p.1719; Harrison to Strang, 5 January 1952, FO 371/98061, CA1071/2
\(^{51}\) FO to Washington, 10 January 1952, FO 371/98061, CA1071/9
\(^{52}\) Donnelly to State Department, 16 January 1952, \textit{FRUS 1952-54 VII}, pp.1727-28
\(^{53}\) State Department to Donnelly, 19 January 1952, \textit{ibid.}, p.1728
quadripartite agreement was obtained. This was precisely what the Americans had feared: the Soviets appearing as champions of the Austrian Government. After a flurry of tripartite talks the British and French finally agreed on 14 February to accept the amount stipulated by Donnelly. How quickly British economic considerations and determination to face down the Americans dissolved in the face of the all-pervading necessity to deprive the Soviets of even the slightest propaganda advantage! The occupying powers found it easier to agree on the need to assert themselves vis-a-vis the Austrian government. Thus Figl’s note, which the British Embassy thought was truly 'overstepping the mark', elicited the curt reply that the occupying powers 'will require the Austrian Government to pay all bills in the same manner as in the past'.

Hazards of occupation

Although occupation costs tended to dominate public discussion, other hazards of occupation were no less irksome, as an appraisal by the Foreign Office Research Department found in May 1951. After six years of occupation and despite the Allied claim that Austria was a liberated country, every law and government ordinance still had to be submitted to the Allied Council; all mail was subject to quadripartite censorship; newspapers could be suspended if they displeased the Allied Council; Austrian radio disseminated propaganda on behalf of the occupying powers; and political life was in a state of 'animated suspension' owing to restrictions placed upon the formation of political parties. The control over even minute administrative matters had recently reached 'a new pitch of absurdity' when various committees of the Allied Council solemnly continued to consider a request by the Austrian Government to exhibit a remotely-controlled ship model long after the Vienna Spring Fair, at which it should have been displayed, had ended. Far more serious were the state of the Austrian police force and the impact of the Soviet occupation on the economy. Oil, shipping and

54 Donnelly to State Department, 21 January 1952, ibid., pp.1728-29
55 Donnelly to State Department, 21 January and 14 February 1952, ibid., pp.1729-30; Caccia to Eden, 29 February 1952, FO 371/98040, CA1015/7
56 Memorandum by FORD, 24 May 1951, FO 371/93603, CA1071/35
other so-called German assets in eastern Austria were administered on an extraterritorial basis by the Soviet authorities, depriving the Austrian Government not only of the products of these industries but also of customs duties and taxes. At the same time, large quantities of consumer goods were smuggled in from the Soviet bloc and sold at cut-prices at USIA shops, thus competing with private traders and the Government which held state monopolies in such items as spirits and tobacco.57

The Western Powers were even more concerned about the political effects of the Soviet administration. Not only did Soviet smuggling operations allow the transfer of strategic materials to the Soviet bloc, but the USIA establishments tended to have a relatively high percentage of Communist employees who could be used in strikes and demonstrations, as had indeed happened in October 1950 when they were transported by Soviet-owned lorries to strategic trouble-spots. Intimately connected with this was the problem of the Austrian police force. A constant question asked by the Western Powers, in particular by the US Government, was to what extent Austria was in danger of a Communist assumption of power. If the 1945 and 1949 elections had calmed US apprehensions, the events of October 1950 and the worsening economic situation brought the problem once more to the fore. By the end of 1950 the State Department confessed to being much more pessimistic than the Foreign Office about a serious Communist threat to Austria.58 Their greatest anxiety concerned the number of Communists in the police force and the Soviet attitude to the force as a whole. In 1945, before the Western Powers occupied their sectors in Vienna, the Soviets had been in sole charge of the city and, under a Communist Minister of the Interior, large numbers of Communists had been recruited into the police. Once the Socialist Oskar Helmer took over the Interior, he attempted to rid the force of Communists but found himself persistently obstructed by the Russian authorities. This obstruction was also apparent in quadripartite committees whenever proposals were introduced by the Austrian Government to build an efficient police force. The October riots brought the issue to a head when some of the police chiefs failed to carry out government orders and others, who attempted to do their

57 Ibid.
58 Burrows to Denis Allen, 3 January 1951, FO 371/93594, CA1016/1
duty, were deliberately hindered by Soviet authorities. Thus, although the Austrian Government would normally have had no problem containing the Austrian Communists - after all, they constituted a mere 5% of the voting population - Soviet interference with the executive, subsequent intervention in the courts to prevent the Government from taking disciplinary measures and, if all else failed, abduction of administrative officials made Helmer's task increasingly difficult.

US pressure on the Austrian Government was intensified when civil service trades union elections in March 1951 revealed that Helmer's attempts at ridding the police of Communists had been less successful than hoped. Sectored Vienna and British-occupied Graz - another major industrial centre - turned out to be Communist strongholds, with over 50% of the administrative branch of the police voting Communist.59 The US High Commissioner wasted no time impressing upon Figl and Gruber the serious view which Washington took of this situation. Although Helmer assured Donnelly that he would do all in his power to minimise Communist influence in the police force, he reminded him that the continued occupation made this a difficult task. As an indication of the sort of thing he had to contend with, he pointed out that while the Americans sent one man - a civilian - to berate him, the Soviets came eight-strong - army officers led by a general - to make their demands. Apart from the personal intimidation, Helmer was also legally on weak ground. No legislation existed enabling the Government to discharge police officers simply for pro-Communist sentiments. Helmer also warned Donnelly that the Russians might be organising their own police force in the Soviet zone. Disturbing signs pointed that way and he would have to tread lightly.60 Better working conditions and public education, Helmer thought, would be most effective in curbing the problem. Better wages and conditions depended on an improved economic situation which, in the absence of a treaty, depended on sustained US aid. On the other hand, Helmer himself provided the public education by weekly radio broadcasts, which earned him a reputation as a

59 John Galsworthy to Morrison, 16 March 1951, FO 371/93598, CA10114/1
60 Donnelly to Acheson, 20 March 1951; Donnelly to Acheson, 23 March 1951, FRUS 1951 IV, pp.1026-28
'Russian-baiter' and vilification in the Communist press and, eventually, threats of physical removal by the Soviets.61

Amid this concern over Communist influence in the police the Austrian Government were suddenly presented with the establishment of the World Federation of Trade Unions (WFTU) headquarters in Vienna. Consternation broke out among the Western Powers. The WFTU had transferred from Paris to Vienna without obtaining the Austrian Government's approval and the British Embassy reported the 'disturbing implications' of this move. Not only was it undermining the prestige of the Austrian Government but the Western High Commissioners feared that:

the WFTU might well form a focus of unrest which the Soviet Element would be happy to utilise to provoke dissension in the Austrian trade union movement, and to foment agitation against the Government.62

Indeed, the KPO claimed that the WFTU had come to Vienna 'at the invitation of the Austrian workers', a claim hotly denied by the president of the OGB, Johann Boehm. The OGB had in fact withdrawn from the WFTU in 1949 and affiliated to the International Confederation of Free Trade Unions, and Communist trade union leaders had been expelled from the OGB after the October riots.63 Washington was adamant that the WFTU should not be allowed to operate in Vienna. But the Austrian Government were once again hindered by the lack of appropriate legislation from dealing with such associations and the British thought it would take uncommon courage for the Ministry of the Interior to proceed against a body 'so patently under Soviet protection'.64 When General Sviridov, the Soviet High Commissioner, brought the matter up in Allied Council discussions on 25 May, supporting the WFTU's request for exemption from postal censorship, the Western Elements unanimously condemned both the fact and manner of the WFTU's entry into Austria. Caccia declared that any attempt to extend the WFTU's activities to the British zone would force the British authorities to help the Austrian Government apply Austrian law on illegal entry.65

61 Helmer, 50 Jahre erlebte Geschichte, pp.255-258
62 G.P.Labouchere to Morrison, 26 April 1951, FO 371/93648, CA2182/2
63 Keesing's, 4-11 August 1951, p.11631
64 Labouchere to Morrison, 26 April 1951, FO 371/93648, CA2182/2
65 Keesing's, 4-11 August 1951, p.11631
In June the repercussions of quadripartite occupation, coupled with US legislation related to the continuing conflict in Korea, threatened to deal a death-blow to the Austrian economy. In a report by the US National Security Council, trade between Austria and the Soviet bloc was examined with reference to the Third Supplemental Appropriation Act of 1951. Section 1302 of that Act stipulated that:

no economic or financial assistance shall be provided to any foreign country which ... exports or knowingly permits the export of certain named categories of commodities to the Soviet bloc during any period in which the Armed Forces of the United States are actively engaged in hostilities in carrying out a decision of the Security Council of the United Nations.66

Austria clearly fitted the bill. Substantial shipments of iron and steel and machinery were leaving Austria for Soviet bloc countries in early 1951. In addition, shipments designated as Soviet property from Soviet-operated oil fields and refineries and the USIA factories, over which the Government had no control, were thought to be equally substantial. In the circumstances, the NSC had to determine whether it was in the security interest of the United States to grant an exception in the case of Austria and allow US aid to continue. The discussion proceeded from the premise that 'it was in the interest of the United States that Austria be a free, independent and unified country with the maximum orientation possible to the Western world'. From an assessment of the nature of the Austrian economy it followed that the discontinuance of US aid would do intolerable harm to the Austrian state by leaving it vulnerable to Soviet pressure and internal subversion. For once it was recognised that bullying the Austrian Government to improve its performance - an old standby enthusiastically employed by those living outside Europe - was not the answer. As the Soviet Union was one of the occupying powers who had 'reserved to themselves the power to intervene and object to actions taken by the Austrian Government', it was manifestly impossible for the Austrian Government to exercise effective control over its trade with the Soviet bloc. In the light of this, the NSC decided that it would be detrimental to US security interests not to exempt Austria from the stipulations of Section

66 NSC Report, 14 June 1951, FRUS 1951 IV, p.1041
Appreciation of Austria's value to the security of the United States differed thus between the NSC and Congress which thought more in terms of 'material contribution' to the Western defence programme.

Part of the burden of the occupation undoubtedly lay in the perhaps inevitable difference between the Austrians' perception of themselves and that of the occupiers. Whereas the Americans tended to think of Austria mainly in terms of US security and the Austrian people and political system of something to be made over in their own image, the British periodically engaged in efforts to understand the people they ruled. In a 19-page summary of the combined thinking of the British Embassy staff, sent to Anthony Eden on his accession to the post of Foreign Secretary - 'for the benefit of those who are appointed to deal with Austria in London' - an attempt was made to unravel some of the 'mythology' of the Austrian people. Their past, the memorandum asserted, had endowed them with the concept of the 'Austrian Mission'. Twice during the Habsburgs' rule of the Holy Roman Empire besieged Vienna had been the only barrier shielding Christendom from the Turks. Although the last siege of Vienna ended in 1683, the concept of Austria as Europe's 'Eastern bastion' was still alive and well in 1951 thanks to the rise of Stalin's empire. A consciousness of Europe's 'debt of gratitude, respect and assistance' permeated Austrian diplomacy to which was added a new weapon since 1945: the image of 'poor little Austria' whose rescue should exercise all the energy and ingenuity of international statesmen. But Austrians also demanded a different sort of recognition; Vienna was, after all, the 'cradle of Social Democracy'. After 1860 the Emperor Francis Joseph had turned liberal and by 1914 Austria had universal suffrage and many other liberal institutions. After the first world war the Socialists had turned Vienna into a showcase of welfare and planning. Austrians preferred to recall this aspect of their history rather than the years after 1930 when Austria had turned fascist, ripe to fall into the hands of Hitler.

The events of 1938 were perhaps the most difficult for an Austrian to fit into his picture of the past. To ask an Austrian, particularly a Viennese, what his attitude to the Anschluss was

67 Ibid., pp.1041-44
68 See p.208 above
would be seen as an insult. Austria had submitted to Hitler only after being abandoned by Britain and France and, to judge by Austrian reaction to questions about 1938, Seyss-Inquart must have been the only Austrian Nazi. As to Austrian participation in the war, several variations were argued with equal plausibility: (a) Austrians never participated enthusiastically in Hitler's war; (b) they fought only under duress; (c) they only did their patriotic duty in defending the Fatherland. At any rate, the Germans were responsible 'for everything', the Austrians had always hated and despised the Germans, and Allied policy after 1943 magically turned 'Greater Germans' into 'Austrians' once more.

This 'chameleon-like' flexibility raised the question of whether there was, in a period accustomed to the concept of nation-states, such a thing as an 'Austrian'. Historically and in the view of foreigners and Austrians alike, the Viennese were the true Austrians. The Provinces were mere appendages, just as the Empire's other possessions had been in the past, while Vienna was the 'heart and soul' of Austria. What, then, was a Viennese made of and what of his nationalism? Racially the Viennese was basically 'Celtic, overlaid with barbarian' and regularly infused with half the races of Europe. For hundreds of years his only political loyalty was a romantic attachment to an international dynasty and his own city. Exciting national feeling in a Viennese was no easy task, only a foreigner rash enough to question the supremacy of Viennese musical tradition might succeed. This lack of national feeling was shared by the Provinces. Their inhabitants tended to think of themselves first as Styrian, Tyrolean, etc, second as German - in the ethnic sense - and only then, if necessary, as Austrian. Even amid the strictures of the occupation the Austrians had not abandoned the habit of showing more interest in the problems of Europe than in their own domestic ones. This lack of social cohesion between Vienna and the Provinces was best illustrated by the case of the Province of Lower Austria which, despite having its provincial headquarters in Vienna, still regarded the Viennese as 'foreign, irresponsible and irreligious'.

69 A sentiment which flourishes even today
Given this detachment, how did the Austrian state function? Apart from being extraordinarily addicted to bureaucracy, two principles seemed to inspire public administration: 'Something must be done!' and 'But what can one do?' The Austrians were masters in the art of 'muddling through', a quality which had an astonished Frederick the Great ask during Maria Theresa's reign: 'What resources does this inexhaustible Austria possess? For years its ministers have worked ceaselessly for its destruction and they still have not achieved their object.' Only foreigners were concerned about this state of affairs, though. The Viennese philosophy of life was expressed in the idea that 'life is theatre, and theatre is life'. Thus, what was the point in worrying? The situation might be hopeless but it was never serious. The Viennese were fatalists, full of 'despairing frivolity', and rejoiced in their lack of social responsibility:

In Germany, it is said, everything is forbidden that is not permitted; in Britain everything is permitted that is not forbidden; in Austria everything that is forbidden is permitted.

Austerity and self-discipline were alien to the Viennese temperament, these qualities being fit only for 'uncultured foreigners, particularly the puritan British':

Blueprints proving that Austria could be viable if she tightened her belt, worked harder, suspended comfortable restrictive practices and so forth are as unreal to the Austrians as the famous proposition: if your aunt wore trousers she would be your uncle.

Despite this bemused assessment, the Embassy conceded that the Viennese were 'a remarkable community and an ornament of Western civilisation'. Their very faults saved them from that worst trait of the German character - pursuit of an obsession to its 'remorselessly logical end'. And whatever damage the occupation was wreaking, the High Commissioner concluded:

We can discover no suicidal tendency in the Austrian character which impels them to seek their own absorption by some other state, any more than we could observe overriding political or economic forces which would inevitably work towards their destruction.
Helping the Austrians in their second attempt at building a nation was thus by no means a 'quixotic crusade'.

British assessment of Austrian fatalistic resignation was all very well, but three months later Caccia reported that present reality was decidedly grimmer. Marshall Aid had once again been cut dramatically with a consequent fall in the standard of living. The Communists were making inroads, as recent shop steward elections demonstrated, and the almost universal despair at the continuing occupation would demand 'uncommon guts to stick it out'. Allied Council meetings tended to be 'long and bitter' and the Soviets were ever more 'nervously hostile'. They were also making difficulties at the demarcation lines between the Soviet and Western zones which might yet result in the division of Austria. While he did not want to alarm the Foreign Office unduly, he warned that 'the ice is thin' and that his French and American colleagues shared his unease. At the end of February Caccia sent another warning about the effects of occupation. While the Government seemed bent on steering on a collision course in their attitude towards the Soviet Element, the population in the Soviet zone appeared to have become demoralised to an extent which might make the advantages of 'neutrality' - the central theme of Communist propaganda - very attractive to them if the occupation continued much longer. Not surprisingly, in April Austrian discontent erupted in a violent debate in a packed Lower House which after seven hours ended with a protest against the continued occupation. This was followed by nationwide protests led by the Provincial Diets.

The 'short' treaty

Having argued for years over every minute detail of the proposed Austrian treaty, Washington had reached the conclusion in 1950 that the occupation could not end until the Soviet threat to the American way of life had been contained sufficiently to allow Austria to exist as an independent Western outpost. It must be asked,

70 Caccia to Eden, 16 November 1951, FO 371/93597, CA10113/28
71 Caccia to Eden, 8 February 1952, FO 371/98042, CA1019/8
72 Caccia to Eden, 29 February 1952, FO 371/98040, CA1015/7
73 Labouchere to Eden, 4 April 1952, FO 371/98066, CA1071/104; Labouchere to Eden, 10 April 1952, FO 371/98066, CA1071/111
therefore, why did the United States in 1952, against strenuous opposition from Britain and France, propose to scrap the existing treaty draft and introduce a new draft stripped of all the controversial features of the old version?

In January 1951 the State Department reviewed its policy regarding the Austrian treaty. The four powers were to hold exploratory talks at Paris in March to see whether an agenda could be agreed for a Council of Foreign Ministers on the German question. It was expected that the Austrian treaty would form part of the agenda if the CFM met, and a review was necessary to determine the US attitude. One of the courses of action proposed was a four-power declaration in lieu of the treaty. The declaration would include a provision for the withdrawal of occupation troops within ninety days after ratification, the re-establishment of Austrian independence within the borders of January 1938, and the relinquishing of all German assets and war booty by the four powers. The State Department was not sure whether the British or French would agree to such a four-power declaration but thought there would be time enough to discuss this with them before any four-power meeting. The question became irrelevant, however, when seventy-four meetings between March and June failed to produce an agreed agenda.

Nor was the treaty discussed in any other forum. A proposed meeting of the Deputies in March had been deferred pending the outcome of the exploratory talks. Although Herbert Morrison assured Gruber in April that the Austrian treaty was high on HMG's list of priorities - 'as it was in Mr Bevin's time' - neither the British nor the Americans really wanted to hold more meetings in the near future. Reber questioned the value of a meeting which would merely 'underline our inability to make progress', and the Foreign Office were resolved that the Deputies should not meet for quite some time. They could not think of a more inopportune moment for such a meeting:

We are at present engaged on what promises to be a long drawn out negotiation with the Russians (by proxy) for a cease-fire in Korea. We are about to open a first-class

75 Morrison to Caccia, 24 April 1951, FO 371/93597, CA10113/3
76 John McCloy to Acheson, 23 July 1951, FRUS 1951 IV, p.1115
engagement with the Russians about the Japanese Peace Treaty. ... and we are urging both the Italians and the Yugoslavs to reach an agreement about Trieste which is in contradiction with the terms of the [Italian] treaty.\(^\text{77}\)

The Russians' penchant for linking the Austrian treaty question with the Western Powers' failure to fulfil the provisions of the Italian treaty would prove more embarrassing than ever. If the Austrians were really in such desperate need of encouragement, the diplomatic missions in London and Vienna could be upgraded to embassies instead.\(^\text{78}\) The Prime Minister, in a memorandum to Cabinet, reinforced this point. Morrison was about to hold talks in Washington with Acheson and Schuman and intended to recommend that no meeting should be held. If need be, 'a statement reaffirming the attitude of the Allies over Austria might be issued ... with the object of heartening Austrian public opinion'.\(^\text{79}\)

But Gruber wanted public opinion 'heartened' by a Deputies meeting and the conclusion of the treaty. He especially insisted that a meeting take place in September or October, so that the November session of the United Nations General Assembly could be used for an appeal over the heads of the occupying powers if again no progress were made.\(^\text{80}\) Meanwhile, the State Department, in anticipation of the tripartite Foreign Ministers meetings, resurrected its idea of a four-power declaration, or 'abbreviated treaty', ostensibly as a means of breaking the deadlock in the treaty negotiations. The proposed abbreviated treaty contained eight articles instead of the current fifty-nine, seven of which had already been agreed upon by the four powers. The only new article was the one dealing with German assets and war booty. As proposed in January, Article 6 provided that all Allied and Associated Powers 'relinquish to Austria all property ... held or claimed by them as German assets or as war booty in Austria'.\(^\text{81}\)

The Austrian treaty was discussed on 13 September and Acheson made it clear that his government proposed to call a meeting of the

\(\text{77}\) Minutes by Roberts, Strang and Younger, 21-23 August 1951, FO 371/93604, CA1071/70
\(\text{78}\) Ibid.
\(\text{79}\) Memorandum by Attlee, 30 August 1951, CAB 129/47, CP(51)239
\(\text{80}\) Caccia to FO, 30 August 1951, FO 371/93604, CA1071/66
\(\text{81}\) Position Paper WFM T-7b, 7 September 1951, FRUS 1951 IV, pp.1123-27
Deputies at which the abbreviated draft treaty should be presented to the Soviets. Morrison and Schuman were non-committal and a communique issued by the three Foreign Ministers stated merely that the Western Powers had decided to make a 'new and resolute effort ... to fulfil the long overdue pledge to the Austrian people', a phrase which the new British Deputy, Geoffrey Harrison, admitted to the Austrian Minister in London was basically meaningless. London was less than enthusiastic about the American proposal. Trying to fathom State Department motives for the new move, Bernard Burrows of the British Embassy in Washington could not offer much enlightenment after discussion with the 'notoriously woolly' staff of the Austrian section. He thought that two factors seemed to be at play. One was the 'characteristic American tendency to feel that they must "do something"', the other was that the Americans were sick of the old-fashioned post-war treaties and wanted to bless Austria with a 'new look' Japanese-style treaty. Burrows could not see more than 'a rather dubious propaganda advantage' resulting from the American proposal. He doubted whether the State Department knew what they were about:

They certainly claim that their proposal is a constructive move and not a mere propaganda stunt and I think they have persuaded themselves that this is so, but in their rather woolly state of mind it is not a far cry from one to the other.

The Austrian Minister at Washington, too, wondered at the new draft. The State Department's explanation to him was that the old draft was no longer in harmony with Austria's status as a liberated country and that the omission of the controversial articles made the treaty's conclusion more likely. The Americans also claimed that the Soviets would not dare to put themselves so blatantly in the wrong with world opinion by refusing to sign the short draft. The Austrian

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83 Wimmer to Gruber, 18 September 1951, AdR, BMAA, K184, 126/pol/51; Minute by Harrison, 18 September 1951, FO 371/93605, CA1071/84

84 Burrows to Allen, 1 October 1951, FO 371/93605, CA1071/91
Minister suggested that the Soviet Government could hardly be expec-
ted to acquiesce in the explicit negation of its claims over German
assets, the size of the future Austrian army, arms limitation, de-
nazification and other such hitherto fundamental aspects of its re-
lations with Austria. The State Department merely replied that all
matters not dealt with in the short treaty would still have to be
resolved by way of bilateral agreements between Austria and the oc-
cupation powers. Kleinwaechter was astounded:

It is remarkable that the US Government is retreating from
its hitherto rigid standpoint, according to which the US
has to interpose itself between Austria and the Soviet
Union in order to protect Austria from herself, and seems
now prepared to leave the settlement of our relations with
the Soviet Union to us.  

Barely two weeks later, the British Ambassador at Washington re-
ported his growing misgivings. He thought the State Department's
attitude 'most disturbing'. They were moving towards an extreme
position. Contrary to the British understanding, which had been that
the 'short' treaty would only be offered as a last resort after all
efforts to reach agreement on the existing draft treaty had failed,
the State Department were now saying that they would 'quite defi-
nitely' not negotiate on the basis of the existing draft unless
forced to do so. Franks suspected that the Americans:

were now receding from the position to which we pushed them
with so much difficulty two years ago. Whereas previously
they have agreed with us that broadly speaking any treaty
would be better than none, their present position seems to
come very close to believing that it is better not to have a
treaty at all than one on the lines of the present draft.  

British consternation over the short draft was matched by
French opposition to it. Martin Herz of the US Embassy in Paris re-
ported that trying to sell the short treaty to the French had left
him feeling 'rather sick'. The French Foreign Ministry turned out to
be an 'exceedingly hostile jury' on whom all his skills were lost.
There was little hope of convincing them of the wisdom of the Ameri-
can proposal: 'I know these birds by now and I can recognise it when

85 Kleinwaechter to Gruber, 24 September 1951, AdR, BMAA, K187,
114/pol/51
86 Franks to FO, 4 October 1951, FO 371/93606, CA1071/92
that hard gleam gets in their eyes'. The French insisted that 'no amount of propaganda would prevent the impression in many French and British circles that we [the Americans] sabotaged the treaty negotiations by withdrawing our previous approval'. In order to leave no doubt about the French position, Paris followed this up with an aide-memoire stating that the American proposal would amount to 'a gesture of provocation' in the eyes of the public and that it was most unlikely that the Soviets would agree to resume negotiations on the basis of the abbreviated draft.

Gruber could see some merit in the US proposal, provided a Deputies meeting were called and a serious effort made to conclude the treaty on the basis of the old text. Only if this effort failed should the West table the abbreviated draft accompanied by a strong Austrian propaganda campaign to pave the way for a subsequent appeal to the United Nations. Although the Austrians desperately wanted international recognition of their sovereignty in the form of a treaty, six years of occupation made them eager to grasp at any straw to get the occupation troops out of Austria. Gruber thought the short draft might be useful as an 'evacuation instrument', if not a treaty. Washington was astonished at this interpretation. This was not at all what they had had in mind. Acheson warned that Gruber's proposals were not feasible, because without agreement on the new Article 6 the German assets question would remain unresolved and there might not be enough time to establish adequate security forces in Austria before evacuation. Moreover, Gruber's 'fantastic idea' was making it difficult to get tripartite agreement on the short treaty. 'No one but a German could have dreamed this up', Williamson exclaimed in exasperation. A treaty was needed as much to pacify Congress as to gain time to complete security arrangements for Austria:

In the present state of Congressional opinion it will be impossible to secure ratification of the old treaty.

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87 Martin Herz to Williamson, 10 October 1951, FRUS 1951 IV, pp.1151-53
88 Aide-Memoire handed to US Embassy/Paris, 23 October 1951, ibid., pp.1159-62
89 Donnelly to State Department, 2 October 1951, FRUS 1951 IV, pp.1139-41; Donnelly to Acheson, 11 October 1951, ibid., pp.1153-54
90 Acheson to Donnelly, 13 October 1951, ibid., p.1155
particularly if it were concluded by concessions to the Russians on the five articles. To come up at this point with some fantastic scheme about an instrument of evacuation would throw us back for years to come in Washington.91

State Department endeavours to secure tripartite agreement on the presentation of the abbreviated draft made no progress during 1951. Mutual double-talk, however, convinced the British and the Americans that they had succeeded in softening each other's attitude and they agreed to call a Deputies meeting for 21 January 1952. Churchill and Eden were to pay a visit to Washington in early January, and perhaps the State Department thought that the change in Government in Britain would smooth the way to agreement. If so, Harrison's report to Strang was not encouraging. Harrison was incensed at what he saw as the 'consistently unhelpful attitude' of the Austrian desk at the State Department. He felt that the British Government had been tricked into agreeing to a Deputies meeting on the basis of a 'horse trade' proposal which would have the US Government concede the unagreed articles of the old draft to the Russians in return for British support for the short treaty, should the Russians fail to sign the treaty even on their own terms. This compromise had been worked out between the US Deputy, the US High Commissioner and the Foreign Office and it was on that basis that the Foreign Office had agreed to a Deputies meeting. It now turned out that the State Department had 'completely disowned' Reber and Donnelly and was as adamant as ever not to proceed on the basis of the old draft.92

The Acheson-Eden talks on 10 January did not improve matters. British interpretation of Acheson's words differed from that of the State Department, and the British Embassy had to alert London to the fact that in State Department language 'going a long way to meet the Russians' did not mean that the Western Powers would make 'a general offer of concessions to the Soviets', as both the British and the Austrians had hoped.93 Although Williamson would have had the British believe that the misunderstanding was based on 'understandable differences in rhetoric and emphasis', Burrows, in a subsequent

91 Williamson to Reber, 20 October 1951, ibid., pp.1157-58
92 Harrison to Strang, 5 January 1952, FO 371/98061, CA1071/2
93 Memorandum of Conversation between Williamson and Kenneth Jamieson, 12 January 1952, FRUS 1952-54 VII, pp.1722-23
discussion with Williamson, pointed out that it was much more than that. The differences of interpretation indicated, in fact, a 'fundamental' disagreement between the British and American attitudes to the Austrian treaty. HMG believed the existing long draft should be conceded to the Soviets if it meant that the treaty could be concluded. The abbreviated draft would not be accepted by British opinion unless 'all' steps had first been taken to conclude the treaty on the basis of the existing draft. One useful thing to emerge from the discussion, Burrows wrote, was 'the first really clear exposition' of the logic behind the abbreviated treaty. The State Department realised that there was no chance of the Soviets accepting the short draft at the present time. At the same time, they believed that the Soviets had no intentions of concluding any treaty until a general settlement of the European question could be reached, at which time the contents of the treaty would be 'comparatively unimportant' to the Russians. Therefore, the State Department argued, the Western Powers might as well abandon now the 'embarrassment of the punitive and outmoded draft'.

While the British and Americans continued to argue over tactics, the Soviet Deputy declined to attend the scheduled meeting on 21 January. In a note to the Western Deputies he reiterated Soviet allegations that Britain and the US were infringing the provisions of the Italian Peace Treaty by turning Trieste into a military base and that they were remilitarising the Western zones of Austria. That being the case, he could see no guarantee that the provisions of an Austrian treaty would be fulfilled.

A Soviet refusal even to attend a meeting of the Deputies was something no one had reckoned with. The Austrian Government were indignant and Gruber's reaction was that the abbreviated treaty might now have to be offered to the Russians. Gruber's position worried London in case it led to a revival of the Austrian idea of an appeal to the United Nations. Washington adopted an attitude of 'we told you so' and was convinced that tripartite agreement on the short

94 Memorandum of Conversation between Burrows, Williamson and George Perkins, 14 January 1952, ibid., pp.1724-25
95 Burrows to Allen, 12 January 1952, FO 371/98061, CA1071/18
96 Keesing's, 19-26 April 1952, p.12153
97 Caccia to FO, 25 January 1952; Minute by Harrison, 30 January 1952, FO 371/98062, CA1071/32
draft was appreciably nearer now that the British had been 'rocked on their heels'. Indeed, after discussions in the Foreign Office between the British and French it was conceded that although neither party was enthusiastic, they would in the last resort go along with the Americans.

Eden and Acheson were shortly to meet at Lisbon and the issue could hardly be avoided. In a brief prepared by Harrison for Eden's talks with Acheson, several courses of action were examined. The British could support the Austrians in an appeal to the United Nations, but this was thought 'certainly ineffective and possibly dangerous'. The Western Powers could suggest a general revision of the existing draft treaty. This would 'maintain continuity' and defuse Soviet charges of 'sabotage', but would incur American opposition. The best thing, of course, was 'to let sleeping dogs lie and avoid publicising our impotence'. The Americans were not likely to agree to this and would argue that something must be done to sustain Austrian morale. Thus, taking into account that the French were not likely to stand up indefinitely to American demands, given Austrian support for the abbreviated treaty, and in view of the well-publicised Soviet refusal to negotiate on the basis of the long draft, the Foreign Office recommended that Eden agree 'in principle' to present the short treaty as a basis for negotiations. Eden's only comment was to underline emphatically the 'sleeping dogs' passage.

Despite Eden's sentiment, the three Foreign Ministers reached agreement at Lisbon and on 13 March the abbreviated draft treaty was transmitted to the Soviet Government for consideration. To Caccia's question about further steps to be taken should the Russians fail to reply, Patrick Hancock, Assistant Head of the German Department, drily remarked: 'Personally I cannot see any need for hurrying. We need not manifest any further interest for at least a month or two'. If London's response seems cynical, it merely reflected Washington's attitude. Asked by the French Foreign Minister what the

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98 Williamson to Bonbright, 25 January 1952, FRUS 1952-54 VII, p.1734
99 Minute by H.J.Downing, 12 February 1952, FO 371/98063, CA1071/45
100 FO Brief, 13 February 1952, FO 371/98064, CA1071/55
101 Minute by Patrick Hancock, 31 March 1952, FO 371/98045, CA1011/2
advantages of the abbreviated treaty were, Acheson replied that it had 'the advantage of being a new proposal ... designed for its ef­fect in Austria'. When Schuman countered that it was not likely to promote agreement with Moscow, Acheson blandly agreed without pur­suing the subject further.\textsuperscript{102} Predictably, the Soviets replied by rejecting the abbreviated draft and proclaiming their willingness to resume negotiations for an Austrian treaty on the basis of the long draft.\textsuperscript{103} Washington and London immediately engaged in another long argument as to whether a reply should be given to the Soviet offer and if so, what the reply should be. The State Department felt that the Western Powers were now in a 'strong propaganda position' and should therefore let the Soviets stew, whereas the Foreign Office wished to convey to the Russians that all past offers remained open. When the Americans did offer a draft reply it was 'unnecessarily argumentative and contradictory' and implied that the long draft was no longer acceptable to the Western Powers.\textsuperscript{104} Caccia summed up British irritation with American methods: 'Better a good reply than no reply, but better no reply than a bad one such as proposed by the Americans'.\textsuperscript{105}

American insistence that support for the costly German assets article could no longer be sustained prompted London to ask the British High Commissioner for his assessment of the political risks of that article. Caccia's reply was unequivocal. He had made a care­ful study of the question in 1950 and had then thought the burden of Article 35 an acceptable risk. Two years on, he and his advisers were convinced that the dangers inherent in the long treaty were even fewer. As long as Austria received adequate financial and eco­nomic support from the West, both during and after the occupation, she would be safe politically. This was particularly so in the light of the balance of power in Europe which had turned in favour of the West since 1949.\textsuperscript{106} Caccia's optimistic assessment decided the case against the abbreviated treaty. American attempts to throw out the

\textsuperscript{103} CAB 128/25, CC(52)82, 30 September 1952
\textsuperscript{104} Minute by Allen, 18 October 1952, FO 371/98074, CA1071/258
\textsuperscript{105} Caccia to Allen, 23 October 1952, FO 371/98074, CA1071/259
\textsuperscript{106} Caccia to Harrison, 28 November 1952, FO 371/98075, CA1071/276
original draft would have to be resisted. Only the future would tell whether Article 35 could be modified or even withdrawn. In the meantime, it was impossible to foresee what conditions would prevail when the Russians were finally ready to sign. At any rate, Harrison remarked, 'perhaps by then the oil will anyhow have run out!' Caccia, relieved to find that London agreed with his conclusions, felt compelled to add a reminder: 'We are to a great extent playing this game of poker with Austrian chips and need to keep that continually in mind'.

The sentiment expressed in Caccia's admonition had become the key to the difference between British and American attitudes towards Austria. Whereas London, although frequently overwhelmed by American cajoling and blustering, tended to remember that a sovereign Austria, willingly aligned with the West, would best serve British policy in Europe, Washington cared little for Austrian sensitivities. Confident that American financial and military support was indispensable to the Continent, Washington disregarded its own insights into the causes and consequences of disaffection among Europeans. The short treaty was as much a cynical exercise as the troop-withdrawal proposal of 1950 had been - an attempt to reinforce the American allegation that it was the Kremlin which was preventing Austria's deliverance.

Appeal to the United Nations

The sterile treaty negotiations of 1950, followed by the cessation of Deputies meetings after December 1950, caused the Austrian Foreign Minister to consider seriously an appeal to the United Nations in order to draw world attention to his country's plight. As Gruber later recalled, the occupying powers were not exactly overwhelmed by 'unmitigated enthusiasm' at his proposal. The Foreign Office vaguely thought that such a course might be 'dangerous' and Eden told the Austrian Chancellor that he doubted whether an appeal would achieve anything.

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107 Minute by Harrison, 3 December 1952, ibid.
108 Caccia to Harrison, 17 December 1952, FO 371/98075, CA1071/282
109 Gruber, Befreiung, p.278
110 Minute by Hancock, 31 March 1952, FO 371/98045, CA1011/2; Eden to P.G.Adams, 8 May 1952, FO 371/98045, CA1011/5
By July 1952, when the Americans became aware that Gruber, regardless of what the four powers thought, was busily preparing to enlist sponsors for an appeal, the State Department decided it had better examine its implications. By August the gist of the resolution which Gruber was seeking to have sponsored electrified Washington. Gruber argued strenuously that the conclusion of a treaty was not necessary to bring about the withdrawal of occupation forces. If Gruber should succeed in eliciting such a resolution from the UN, the US Government would find itself in great difficulties. Washington could not possibly agree to an unconditional withdrawal from Austria before the creation of Austrian security forces was completed. This would put the US Government at odds with the Austrian Government and would put the US in a terrible propaganda position. Another source of embarrassment would be an effort by UN members to mediate between the United States and the Soviet Union. This would only serve Soviet interests, certainly not American ones. The US Government should therefore begin immediately to work behind the scenes to forestall any embarrassing proposals:

The maximum result we should seek to obtain should be a simple resolution by the General Assembly recognising the Austrian problem, pointing out that the abbreviated treaty offers a fair and equitable basis for settlement, and recommending that the Deputies begin negotiations immediately on the abbreviated treaty to secure a settlement and terminate the occupation.111

The problem soon took on ominous proportions in Washington's view. Even if Gruber could be persuaded not to ask for evacuation, other states in sympathy with Austria's objectives, or even Egypt - with an eye to the British troops in Suez - might take up the cause and would find considerable support for it. Worse still, the Soviet Union might be untrustworthy enough to propose such a resolution themselves. There was no doubt that the Austrians would like that.112 The Defence Department, informed by State of the looming threat, was adamant that the US could not support a vote for unconditional withdrawal 'even if the Soviet Union, Austria, France and the United Kingdom join in supporting it'.113 Not that there was

111 Bonbright to John Hickerson, 6 August 1952, FRUS 1952-54 VII, pp.1774-76
112 Durward Sandifer to Bonbright, 29 August 1952, ibid., pp.1777-79
113 Perkins to Philip Jessup, 27 October 1952, ibid., p.1804
much danger of the British supporting such a resolution. An evacu-
ation without treaty and without Austrian security forces would
neither serve British policy nor ensure Austria's independence.
Harrison therefore advocated that the UK Delegation at the United
Nations be furnished with sufficient ammunition 'for strangling any
such resolution' before it was tabled. But London remained troubled.
Gruber's contention that the continued occupation was illegal was
supported by Foreign Office legal experts and, although Gruber had
intimated that he would not insist on raising this point, London was
not at all sure that Gruber could be trusted to resist temptation
when the time came and that another delegation might not raise this
point independently.114

In the end, to the Western Powers' infinite relief, Gruber's
speech to the General Assembly contained nothing that could be 'rea-
sonably objected to' and a resolution proposed by Brazil, Lebanon,
Mexico and the Netherlands and adopted by a vote of 48-0-2 merely
called upon the occupying powers to make a renewed and vigorous ef-
fort to reach agreement on the Austrian treaty.115 Gruber was well
pleased with this outcome. The Western Powers' fears had been of
their own making. Austria wanted and needed the safeguard of a
treaty. His aim had been to deliver a jolt to the occupying powers
and to mobilise world public opinion. Gruber was convinced that the
keen interest shown in Austria's case - over thirty delegates parti-
cipated in the debate - surprised the Soviets and would cause them
to take greater care in future how they presented the 'Vienna show-
case' to the world. But it was also a timely message to the incoming
United States Administration. Neither President Eisenhower nor the
Secretary of State, John Foster Dulles, should be under any illusion
that Austria was resigned to her fate as an occupied country. The
effect on the Austrian population was equally important. For the
first time in years a feeling abounded that Austria had not been
forgotten by the world.116

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114 Minutes by Harrison and Hancock, 5 November 1952, FO 371/98074,
CA1071/265
115 J.E.Jackson to D.L.Benest, 6 December 1952, FO 371/98075,
CA1071/279; Csaky, op.cit., Doc.No.113
116 Gruber, Befreiung, pp.279-296