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

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NOTE

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Chapter 9

'Rocking the Boat': elections and neutrality

Coalition crises

The constraints imposed on Austria by the continued occupation, which prevented the Government from dealing effectively with the country's domestic problems, led to increasing dissatisfaction among the various factions within the two major parties and, in turn, contributed to the alienation between the coalition partners. These factors facilitated the emergence of two key politicians - Julius Raab and Bruno Kreisky - both of whom, although ranged on opposite ends of the political spectrum, believed that Austria's salvation lay in accommodation with the Russians. Specifically, this meant adopting a neutral stance in East-West affairs and thus reassuring Moscow that after the ending of the occupation Soviet Russia would not have to contend with an Austria allied militarily to the West. Thus what might have been in different circumstances a purely domestic power struggle, developed into a turning away from reliance on Anglo-American efforts to attain a treaty, consequently affecting British attitudes to Austria's role in Europe and bringing Austria and Britain into direct conflict with US aims.

The upheaval and consequent hardening of attitude in the OVP leadership following the unexpected win of the Socialist candidate in the presidential election of May 1951 found an echo in October 1952 in a crisis over the budget and the subsequent resignation of the Government. Alerted by the British High Commissioner to a possible political crisis, London promptly blamed the Americans. The Coalition's problems were attributed to American insistence on a balanced budget and the Foreign Office darkly prophesied 'trouble' for the Americans if their interference forced the Government's resignation.¹ Two days later, reporting on the crisis, Caccia still failed to understand the significance of what had happened and thought the Government's resignation 'true to Austrian form ... an unexpected and unnecessary muddle'.²

¹ Minutes by Allen and Harrison, 22 October 1952, FO 371/98079, CAll11/14
² Caccia to FO, 24 October 1952, FO 371/98043, CA1019/35
According to Vice Chancellor Schaerf, however, the crisis was no mere muddle. It had its origin in the right-turn of the OVP leadership in Spring 1952 when Finance Minister Reinhard Kamitz of the OVP prepared a budget which Schaerf called 'a declaration of war on the SPO'. The budget was designed to lower wages, increase unemployment and ultimately redistribute national wealth to the detriment of wage and salary earners. Only long and determined negotiations between the Coalition partners promised to lessen the impact of Kamitz's programme. But just when the negotiations appeared to be leading to a satisfactory resolution, Kamitz and the power behind him, Raab, created new obstacles. Schaerf did not doubt that this was a plot by Raab 'to drive the Socialists into a corner'. Both he and Chancellor Figl were out of the country, Schaerf having made the decision to attend the Socialist International Congress at Milan only after being assured that the budget was all but agreed. Hastily summoned by his Socialist colleagues, Schaerf arrived back in Vienna on 22 October, the last day, according to the Austrian Constitution, before the budget had to be submitted to Parliament. The relatively small amount in dispute, some 2% of the projected budget, and the attendant circumstances made it abundantly clear that this was not some petty dispute over funds. Despite repeated admonitions by the President, the negotiating parties refused to budge and on the following morning, on Schaerf's insistence, the Government tendered its resignation to the President.3

On the surface, the crisis appeared to end on 28 October when Koerner finally accepted the Government's resignation, after having stalled for five days, and appointed a caretaker government of identical composition until elections could be held in February. The question of the budget was temporarily resolved by an agreement to ask Parliament for authority to apply the 1952 budget for the first few months of 1953. The Foreign Office thought this 'rather a tame end to the crisis'.4 But the deeper problem had yet to be faced: would the Coalition survive? The Western Powers had throughout the occupation maintained that the political stability provided by a coalition of the two major political parties was an essential

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3 Schaerf, Erneuerung, pp.315-21
4 Caccia to FO, and Minute by D.L.Benest, 28 October 1952, FO 371/98043, CA1019/36
ingredient in preventing the country's partition. The State Department, perceiving itself as 'virtually the third member of the co-
alition', was anxious to ensure that the US Government would not inadvertantly precipitate the collapse of this arrangement.\(^5\) Washington had badgered the Austrian Government for some time to reform some of its economic practices, mostly without success. To keep the vital interests of both government parties from erupting into open conflict, the US Government – albeit unwillingly – had made up deficits in the Austrian budget 'in return for political stability and resistance to the Soviets'. The recent crisis convinced them that increasing economic difficulties, if exacerbated by American demands for reform, would threaten the Coalition. It was therefore recommended that US aid for Austria be increased substantially and that Washington desist, at least during the pre-election period, from demanding improvements in the Government's economic performance.\(^6\)

The British High Commissioner's interpretation of the budget crisis differed from the American view. He saw it more in terms of a political manoeuvre rather than a genuine threat to the maintenance of the Coalition. The secret, Caccia thought, lay in the nature of the floating vote in Austria. Instead of the two major parties worrying about losing votes to each other, they spent most of their time 'looking over their own shoulders at their own tails'. The parties' mutually hostile stance was designed to prevent disillusioned OVP and SPO supporters from deserting their parties. As Caccia put it: '... it is only by rocking it that the Parties can keep the coalition boat on an even keel'.\(^7\)

This was a sound assessment. The OVP's greatest concern was indeed its own radical wing which seemed to be attracted to the right-wing VdU in almost equal proportion as the OVP leadership showed signs of liberalism. By the same token, the SPO, constrained to compromise on many economic issues, was constantly in danger of losing its radical faction to the Communists. The party leaders' intransigence during the budget negotiations was therefore not necessarily a sign that they were ready to break up the Coalition. As

\(^5\) Ridgway Knight to George Perkins, 10 November 1952, FRUS 1952-54 VII, p.1807
\(^6\) Ibid., pp.1806-1808
\(^7\) Caccia to Eden, 28 November 1952, FO 371/98043, CA1019/42
long as the occupation lasted, neither party could live without the other. The SPO's position was particularly difficult. The Party was flanked both on its right and left by established enemies and could not hope to form a majority by itself. Owing to the political climate in Europe, the Socialists could ill afford to ally themselves with the KPO, an alliance which would, at any rate, still not allow them to form a majority government. To leave the Government and go into opposition held its own dangers. Not only would the SPO find itself vying with the Communists for its radical followers, but the almost certain consequent move to the left might once again provoke the rabid anti-Socialism of the 1930s.

The OVP faced different problems. Although the VdU was not necessarily hostile to the OVP and could be seen as a logical coalition partner, there were two major obstacles preventing the OVP from considering such an alliance. First, neither the Soviets nor the Western Powers might be prepared to accept an Austrian Government with a VdU component. The VdU was generally seen as a far-right, partly neo-Nazi organisation and this, in view of Moscow's constant harping on the denazification issue, could form a pretext for Soviet intervention. The other consideration was the stability of the OVP itself. The OVP consisted of three components - the Peasants League (Chancellor Figl's base of support), Raab's Economic League, and the Workers and Employees League. The OVP's support thus rested on a rather disparate social basis and the Party was handicapped by the inherent difficulties of meshing the different interests of the three Leagues into one popular programme. While the OVP had in the past rallied its various components on a simple platform of anti-Marxism, the result of the 1951 presidential elections demonstrated that 'the red communist cat jumping out of the Socialist bag' - one of the OVP's favourite propaganda weapons - had lost much of its persuasiveness. On the other hand, many of the OVP's poorer supporters were opposed to the SPO on religious rather than on economic grounds and had a vested interest in the Coalition Government's welfare policies. A move to the right, inevitable if an OVP-VdU alliance were to govern, would alienate these sections of the community and drive them into the Socialist camp. Thus, unless the OVP could win an absolute majority in the February elections, it was
as much in their interest as in the SPO's to keep the Coalition in being.

As the elections drew near, the new US High Commissioner, Llewellyn Thompson, became a little doubtful about the Coalition's prospects. Vienna teemed with rumours of a VdU-OVP coalition or at least some VdU participation in the government and there was even talk of both Figl and Schaerf being replaced with their more radical counterparts. Whatever the outcome of the elections, Thompson feared that negotiations over the formation of the new government would be long and bitter.8 This prophecy turned out to be correct. The election results brought a stunning improvement in the SPO's position. Polling 42% to the OVP's 41%, the SPO gained six seats, the OVP, VdU and KPO losing respectively three, two and one seats. Although the peculiarities of mandate distribution in Austrian electoral law deprived the SPO of the full benefit of their victory - they obtained 73 seats to the OVP's 74 - the Socialists went into the coalition negotiations with the conviction that their new status as the largest political party should be reflected in the number and importance of government posts. They were confronted with the OVP's attempt to bring the VdU into the government to counteract Socialist demand for more power. Gruber's justification to Thompson was that 'this would make it easier for the Socialists to agree to a sensible economic programme and to control their extremists'. Reminded by Thompson that VdU participation in the government would have 'unfortunate' international effects, Gruber admitted that he and the Chancellor were not fully convinced of the wisdom of their Party's move. Nevertheless, the leadership of the Party was determined to thwart Socialist ambition for a greater say in the government, and his and Figl's attitude would not count for much because their record of co-operation with the Socialists had weakened their position in the Party. Indeed, Gruber thought that their days were numbered.9 Notwithstanding his contrite demeanour in Thompson's presence, a few months later Gruber spitefully claimed that the OVP had had 'their hands full' in preventing the Allies from formally intervening in Austrian affairs. He implicitly blamed the British for interfering.

8 Thompson to State Department, 13 February 1953, *FRUS 1952-54 VII*, p.1835
9 Thompson to State Department, 2 March 1953, *ibid.*, pp.1842-13
referring to the 'typical' meddling of those powers who had been so instrumental in the creation of the VdU in 1949.10

While Gruber blamed the occupation powers for the OVP's failure to bring the VdU into the government, the truth was that President Koerner refused from the very beginning to entertain the idea. He repeatedly rebuked Raab, pointing out that the election results and the strong voter turn-out (93%) clearly indicated the people's preference for a continuation of the Coalition.11 Koerner was also worried about the aggressively pan-German election speeches of some VdU candidates and was not prepared to give the Russians 'a handle' by inviting the VdU to join the government.12 On 18 March, nearly four weeks after the elections, the new Parliament met, but a new government had not been formed. A week later, Raab emerged as the new chancellor-designate, having completed the process begun after the presidential election, that of ridding the OVP of the man whose accommodating 'concentration-camp mentality' had allowed the Coalition to function through eight years of occupation. Figl was officially blamed for the failure to form a three-party coalition and the new 'tough' man proposed to bring the Socialists to their senses.

VdU participation in the Government was thus nipped in the bud by the President's opposition and the parties resumed negotiations. Agreement on the composition of the new government was reached on 31 March. Raab, who had adamantly insisted that the relative strength of the two parties remain the same despite the Socialists' electoral gains, at last conceded two secretary-of-state positions: one in the Ministry of Trade and Reconstruction, the other - to which Schaerf appointed Bruno Kreisky - in the Foreign Ministry. Kreisky remembers that while the OVP was grimly determined to 'starve out' the newly appointed SPO watchdog in the Trade Ministry, they attached little importance to himself.13 What they did not know was that the seemingly insignificant Kreisky14 - in his capacity as the President's

10 Gruber, Befreiung, p.298
12 Caccia to FO, 3 March 1953, FO 371/103742, CA1016/16
13 Kreisky, Zwischen den Zeiten, p.432
14 He later became Foreign Minister in the OVP-SPO coalition governments of 1959-1966 and Chancellor in the Socialist governments of 1970-1983
political adviser - had been the first to warn Koerner of the international repercussions of allowing the VdU into government. The other Cabinet posts remained largely unaltered and the new government was sworn in on 2 April. Figl, who the Americans thought 'had served Austria well', was 'declared dead' by the new OVP leadership. Raab, a man of few words who deep down loathed the Social-democrats, afforded a glimpse of his strategy when he muttered in Kreisky's presence: 'I prefer the Reds in Government rather than on the streets'. Thus, while the OVP and SPO seemed agreed that they could not live without each other, Raab had tried to render the Socialists impotent by introducing the VdU as a counterweight.

Gruber was another thorn in Raab's eye. Not only was Gruber 'liberal' - worse, he was an ex-Socialdemocrat - but he proved time and again immune to Party and Government control and acted as if he personally, independent of all restraints, created Austrian foreign policy. Such independence was not something Raab could suffer gladly. Raab preferred a rather more autocratic mode of government. About one of his more talented younger colleagues, for instance, Raab fretted that: 'He tells people too much, it sets them thinking'. At Party caucus meetings he would refuse to put items to the vote if he encountered criticism and would simply declare them 'unanimously adopted'. It was common knowledge in the Coalition that Raab's ambition was to close Cabinet meetings the moment they opened. Nevertheless, Gruber had made a name for himself, and the Americans, in particular, appeared to approve of his viewpoint in foreign affairs and had lauded him in the past. Perhaps, too, Raab felt that dismissing both the Chancellor and the Foreign Minister at the same time smacked too much of a palace revolution. Raab must have been delighted when Gruber furnished a pretext in November 1953 by publishing excerpts of his newest book Zwischen Befreiung und Freiheit in the daily press. One can only wonder whether Gruber had a political death-wish. Caccia, given a confidential preview of the book by the publishers, thought it should be sub-titled 'The Gentle

15 Kreisky, Zwischen den Zeiten, p.431
16 Thompson to State Department, 20 March 1953, FRUS 1952-54 VII, p.1846
17 Schaerf, Erneuerung, p.336
18 Kreisky, Zwischen den Zeiten, p.437
19 Ibid., pp.437-38
Art of Making Enemies'. The book dealt with the period 1945 to 1953 and, Caccia reported:

The first object of the book is to prove to the Chancellor, and if he will not listen, to show the Austrian people how much they owe to Gruber for his efforts since the war. Acting on the principle that no one else will blow your trumpet for you, Gruber's book is a blast for himself to the exclusion of all his colleagues in the Austrian Government.20

Caccia was especially annoyed about Gruber's attitude towards the Western Powers. The British and French were treated 'cavalierly' throughout. If they were mentioned at all, their aims and motives were 'usually misrepresented'. Gruber had 'the hide of an elephant', he was 'affecting a belief in perfide Albion' and holding up the United States as a shining example of forthright policies.21 London shared Caccia's pique. On being shown Caccia's 'blistering' letter, Eden commented that had he known before how low a view Caccia took of Gruber, it would have saved him some trouble being polite to him.22

The second instalment of Gruber's book, appearing in Die Presse on 3 November, signalled the end of his career as Foreign Minister. This excerpt resurrected the controversial events of 1947 — dubbed the 'Figl-Fischerei'23 — which had created such a furore when Figl and Raab had negotiated with the KPO supposedly to form an OVP-KPO coalition and rid the Austrian Government of both Gruber and the Socialists.24 Kreisky's biographer claims that it was not so much the substance of this excerpt — there had been a very public scandal at the time — but the timing of its appearance which constituted Gruber's 'political suicide'.25 The reason for this lay in the changes at the Foreign Ministry and the ambitions of the new Chancellor. Since the inauguration of the new government in April Gruber had effectively two co-players in his conduct of foreign affairs: his Socialist 'watch-dog', Secretary of State Kreisky, and,  

20 Caccia to Harrison, 21 October 1953, FO 371/103750, CA1022/2  
21 Ibid.  
22 Handwritten comment by Eden, ibid.  
23 "Figl's fishing expedition", a play on the names of the Chancellor and his negotiating partner, Communist leader Ernst Fischer  
24 See Chapter 4  
more importantly, Chancellor Raab himself. Both Kreisky and Raab, although in opposite political camps, abhorred Gruber's strident pro-American stance. Both believed that Austria's salvation lay in neutrality. Raab sensed an opportunity following Stalin's death in March 1953. He adopted a much more conciliatory demeanour towards the Russians and sent Gruber to sound out the Indian Prime Minister, whose government was pursuing a neutral policy in the East-West conflict, to discover whether the Soviets would be willing to sign the Austrian treaty in exchange for Austrian neutrality. Apart from the consternation this caused among the Western Powers, it also led to increasing tension between Gruber and Raab. Thus when Gruber's account of the OVP-KPO episode of 1947 appeared with an admonition to remember that 'stupid men always repeat their mistakes', the OVP felt it could no longer afford Gruber's indiscretions.

Finding a successor to Gruber was not easy for the OVP. Eventually the task was entrusted to Raab. To the astonishment of the SPO and the anger of the OVP caucus, whose members had strongly advised Raab not to choose Figl, Raab did just that. While Figl had made a good chancellor - someone whom most sections of the population could trust - he was in no sense competent to take over foreign affairs. His lack of foreign languages and diplomatic polish provided the foundation for much humorous comment in Vienna and, while he had been the perfect spokesman for 'poor little Austria', he was not thought to possess the intellectual vision to comprehend the complications of international diplomacy. Figl was, however, the perfect front-man for Raab. He was well liked by the occupation powers and was still a powerful figure in the Peasants League. Not only would Figl's recall to Government obliterate Raab's machinations of March, Figl's very incompetence would allow Raab to control the strings of Austria's foreign policy. The effects of these changes were soon felt. Although Caccia's theory had partly been proved by the Coalition surviving the rocking of the boat, by January Thompson had to report that the trust which had made the post-liberation leaders such a successful team had disappeared.

26 Ibid.
27 Gruber, Befreiung, p.174
28 Reimann, op.cit., p.156; Trost, Figl, pp.279-80
29 Thompson to State Department, 21 January 1954, FRUS 1952-54 VII, p.1944
The changes in the Austrian Government coincided with Stalin's death. The effects of these two events combined to bring about the reorientation in the Austrian Government's dealings with the occupying powers. Not long after Stalin's death the Soviet Government startled Austria and the Western Powers by taking measures to alleviate the burden of occupation. Chief among these measures were the appointment of a civilian high commissioner, with the attendant elevation to ambassadorial status of the diplomatic missions in Vienna and Moscow, and the announcement that the Soviet Government would pay its own occupation costs from August 1953. The Austrian Government, encouraged by the Russian moves, pressed the Western Powers for substantial reductions of their troops. Defending the Government's demand against Caccia's argument that the British contingent was already very small compared with the Soviet, Raab agreed but pointed out that the number of British troops were still in excess of what was needed for strictly occupational purposes without being large enough to defend Austria should war break out.

The Austrian demand for a reduction of troops was, in fact, not unwelcome to London. The original obligation to maintain large numbers of troops, arising from the provisions of the 1946 control agreement, was largely obsolete by 1953. Demilitarisation and disarmament of pro-Nazi elements was no longer an issue. The Allied forces - despite the Austrians' frequent disgust with their behaviour - had little to fear from the population, and the Austrians made sure not to give the occupation forces an excuse to 'restore law and order'. The Foreign Office had warned Caccia as early as February that for financial reasons two of the remaining three British battalions might have to be withdrawn from Austria, leaving one battalion for 'purely representational and prestige purposes'. A survey of British overseas commitments was being undertaken in conjunction with the Ministry of Defence and the Chiefs of Staff, and, notwithstanding Caccia's arguments against reductions in Austria, it was a matter of trying to establish what cuts were likely.

30 Caccia to FO, 10 July 1953, FO 371/103764, CA1071/177
to do the least damage.\textsuperscript{31} The Soviet announcement at the end of July that they would henceforth meet their own occupation costs made the financial argument compelling. The British Government could not continue to exact occupation costs from Austria without placing itself in an untenable propaganda position. Although agreeing with the Chancellor’s assessment of the inadequacy of the British forces in the event of war, the Foreign Office communicated to the French and US Governments London’s decision to withdraw two of its three battalions.\textsuperscript{32}

US reaction followed swiftly. The US Minister in London registered his government’s protest, saying that the State Department were ‘quite irked’ about not having been consulted in advance and would soon have more to say on the matter.\textsuperscript{33} The Americans had for some time been suspicious of the Soviet ‘peace offensive’ and its supposedly demoralising effect on European defence preparations. American apprehension stemmed from their assessment of the motives behind recent Soviet actions in Austria. They saw the new ‘soft’ policy as a plot to alienate the Austrians from their Western protectors. Soviet actions were undoubtedly designed to embarrass the British and French, and the Soviets might well introduce the idea of ‘neutralisation’\textsuperscript{34} into East-West discussions of Austria. They might even propose the withdrawal of all occupation troops without signing a treaty. Recent signs of disagreements between the Coalition partners over foreign policy and ‘a new show of Austrian independence from Western tutelage’ could only further Soviet aims of playing the Western Powers off against each other and causing trouble in US-Austrian relations.\textsuperscript{35}

\textsuperscript{31} Harrison to Caccia, 26 February 1953, FO 371/103776, CA1203/1; Minutes by Hancock & Harrison, 14 July 1953, FO 371/103764, CA1071/177

\textsuperscript{32} FO to British Embassy/Paris, 3 September 1953, FO 371/103776, CA1203/4

\textsuperscript{33} Minute by Harrison, 5 September 1953, FO 371/103776, CA1203/9

\textsuperscript{34} A tactic the Americans had themselves used at the beginning of the Korean war when they positioned the US Seventh Fleet between Formosa and the Chinese mainland

While the State Department was still trying to assess the damage which the proposed reduction of British troops would cause, the French revealed that they were thinking of following the British lead. They suggested that the Western Powers adopt a unified approach, reducing all Western troops and pressing the Soviets to follow suit. Thompson was appalled at this idea. He thought it the 'worst possible' course to adopt. It would seriously weaken the defence position of the West by relieving Austrian pressure for the state treaty and enabling the Soviets to keep the essentials of their power in Austria while partially withdrawing a few miles to Hungary. He urged that the State Department's full diplomatic power be employed immediately to stop the British and French from proceeding with their proposal. This should be followed by extensive consultations through diplomatic and military channels. Washington had counted without British determination, however. That American remonstrances would come to nothing was clear from Foreign Office comments on the State Department's fulminations. Commenting on London's failure to inform the US Government in advance of the proposed move, Harrison explained:

We deliberately did not do so because (a) no question of principle is involved ... and (b) we intended to make the reduction (as part of the radical review) whatever the French and Americans might say or do ..."\37

Caccia's response to Thompson's reproaches offered little comfort. Pointing out that the proposed reduction would not make 'all that much operational difference in the event of World War III', he reminded Thompson of Washington's part in the British decision:

In as non-controversial way as possible I felt bound to add that his government's effort to cut down occupation costs ... had scarcely eased our problems, even assuming that reinforcements were available, which was not the case. We here had never understood the American policy of cutting down occupation costs and simultaneously urging the French and ourselves to reinforce our garrisons in Austria.\38

36 Thompson to State Department, 5 September 1953, FRUS 1952-54 VII, p.1897
37 Minute by Harrison, 7 September 1953, FO 371/103776, CA1203/15
38 Caccia to Hancock, 10 September 1953, FO 371/103776, CA1203/14
Caccia was confident that 'at least the personal relations' between himself and the US High Commissioner would survive the controversy, but London thought that 'neither the Americans nor SACEUR will be mollified about this. Only time can heal the wound'.

The wound appeared even greater once the American military establishment had voiced its opinion of British and French troop reductions. In a memorandum by the chairman of the Joint Chiefs of Staff, transmitted to the Secretary of State and to the President, the JCS roundly condemned the British proposal for the 'serious and adverse' effects on the US military position in Austria and on NATO and US strategic planning. The troop withdrawal would endanger US forces in Austria if the Soviets suddenly attacked, and the military vacuum created would leave the Allied Forces in Europe exposed to attack on their flanks. The Yugoslavs would feel themselves abandoned and might weaken in their plans for a determined defence in the north. This, in turn, would expose Italy to attack from the east and northeast. British and American forces in Trieste would be endangered and their position possibly rendered untenable. The United States would also be placed in a difficult position politically by being the only Western Power to retain its troops in Austria. Austria would be exposed to 'Soviet-inspired civil war, insurrection, subversion or direct Satellite aggression', and a 'distinct adverse psychological reaction' would permeate Europe, caused by the belief that the Western Powers were 'abandoning the defence of small nations for reasons of domestic economy'. The whole NATO concept would suffer:

[British troop withdrawal] would presumably establish the precedent of sanctioning unilateral withdrawal of troops previously earmarked for NATO, confidence would be undermined, and other nations already more or less affected by neutralist leanings could be expected to seize upon this action as an excuse to reduce their own commitments and efforts.

The JCS urged, therefore, that the US Government without delay secure a reversal of the British and French decisions and obtain

39 Minute by F.A.Warner, 18 September 1953, ibid.
assurances that there would be no repetition of such 'unilateral, unco-ordinated decisions on vital NATO matters'.

Before the State Department could take up the issue with London, the French informed HM Ambassador in Paris that they would definitely follow the British lead and substantially reduce their forces in Austria. And, to add to the State Department's inkling that the British might not easily be persuaded to change their mind, Thompson warned that the Austrians would continue to press for further troop reductions regardless of American prophecies of great dangers. The US military, in the meantime, hit upon a desperate solution to the problem. They proposed that US troops be moved from Trieste to the British zone in Austria. Even Thompson could see nothing but trouble in this proposal. He reminded the State Department that the British and French decisions were seen in Austria as responses to the Government's plea and that the troop reductions were heartily welcome throughout the country. He was convinced that a move of US troops into the British zone would encounter bitter opposition from the Austrian Government and might tempt the Soviets to abrogate the control agreement. The State Department, too, was left with an 'uncomfortable feeling' about these plans and informed the Defence Department that there were 'serious political difficulties' involved and that they preferred that discussions of such a proposal be postponed for fear of giving the Soviets a valuable propaganda weapon.

On 3 December Dulles informed the Secretary of Defence of British and French reactions to American efforts to bring them into line through their military establishments:

You will note that, while both the British and French are willing to discuss the military consequences of the withdrawals, both Governments have taken the position that the decisions to withdraw are firm and not subject to review.

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40 Arthur Radford to C.E. Wilson, 11 September 1953; Wilson to Eisenhower and Dulles, 16 September 1953, FRUS 1952-54 VII, pp.1898-1901
41 Oliver Harvey to FO, 18 September 1953, FO 371/103776, CA1203/16
42 Dulles to Wilson, 3 October 1953; Thompson to State Department, 8 October 1953, FRUS 1952-54 VII, pp.1904-1909
43 Thompson to State Department, 21 October 1953, ibid., p.1923
44 James Bonbright to Merchant, 22 October 1953; Dulles to Thompson, 27 October 1953, ibid., pp.1924-26
45 Dulles to Wilson, 3 December 1953, ibid., pp.1930-31
Although the State Department had been less vociferous than the US military on this matter, there remained a 'general uneasiness' in Washington about London's attitude towards Austria, as Harrison noted afterwards. The difficulty lay with the differing beliefs of Austria's strategic role. Although the British and US Governments were entirely agreed on the importance to Europe of an independent, Western-oriented Austria, HMG did not agree with the American idea of including Austria in the defence of Europe:

Empire-building American generals worked on grandiose plans for the defence of Austria, which would have involved heavy reinforcements of Allied forces in Austria and the commitment of the Austrian Government. This was regarded by our Chiefs of Staff as unsound strategically and impracticable from the point of view of manpower. Politically, we thought it was dangerous.\(^46\)

The issue of neutrality

Just as closely tied to the issue of Western defence was the question of Austrian neutrality. In December 1952, in a Cabinet meeting attended by the Prime Ministers and some senior Cabinet ministers of the Commonwealth countries, Anthony Eden claimed that there was little prospect of an Austrian treaty because the Soviets would not leave Austria as long as the Western Powers remained in Germany.\(^47\) Yet the Austrian Government's appeal to the United Nations had created a great deal of sympathy for Austria, and the Western Powers felt compelled to respond to the UN call for a 'renewed and vigorous effort' by issuing an invitation for a meeting of the Deputies on 30 January. The Soviet Government responded by making its Deputy's attendance conditional on the withdrawal of the short treaty draft. Following a renewed invitation stating that no prior conditions could be imposed on Deputies meetings, the Deputies met on 6 and 9 February. After much wrangling over 'conditional' or 'unconditional' withdrawal of the abbreviated draft, the meetings ended in failure. The Austrian press angrily and appropriately labelled the proceedings 'farcical nonsense'.\(^48\)

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46 Memorandum by Harrison, 2 January 1954, FO 371/109356, CA1071/11
47 CAB 128/25, CC(52)102, 4 December 1952
48 Report by UK Deputy Geoffrey Harrison, 11 February 1953, FO 371/103760, CA1071/51; Caccia to FO, 13 February 1953, FO 371/103759, CA1071/42
In February and March, while the Austrians were temporarily preoccupied with the elections and the ensuing coalition negotiations, the British voiced their concern about the effect on Austrian public opinion of the Western Powers' refusal to withdraw the short draft. It was not that London thought the long draft a good treaty. On the contrary, Foreign Office legal advisers pointed to many objectionable features in the draft and the Foreign Office concluded that in order to get a treaty consistent with Austria's status as a liberated country 'the further away we can get from the existing long draft, the better our purposes would be served'. Nevertheless, as on so many occasions since 1949, the British High Commission in Austria insisted that Austria could cope with the economic burdens imposed by the provisions of Article 35 (German assets) and that the political and economic benefits of having the treaty by far outweighed the disadvantages. The problem, once again, was the American attitude. Austria would continue to need US subvention - 'it would still be a case of America feeding the cow and Russia milking it' - and Congress might therefore refuse to ratify a treaty based on the long draft.

Once the coalition negotiations were completed and the new government sworn in, the Austrians returned to the charge. Summoning the Western ambassadors, Gruber and Kreisky expounded the Government's considered views. The short draft must be withdrawn, the long draft was acceptable as it stood as long as it got the Russians out of Austria. Gruber also warned about meddling with the long draft. He could see more danger than advantage in the Western Powers' proposal to ask for a thoroughgoing revision. Two could play at that game, and the Soviets might come forth with some nasty surprises. At the request of the US High Commissioner, the Austrian Government followed this up with a written statement of the Austrian position. The Austrian Government considered it essential to use the relaxation of international tension since Stalin's death to resume treaty negotiations and achieve the withdrawal of the occupation forces.

49 Minute by Allen, 4 March 1953, FO 371/103760, CA1071/69
50 Minute by Hancock, 23 March 1953, FO 371/103760, CA1071/68
51 Caccia to FO, 10 April 1953, FO 371/103760, CA1071/74-75
52 Caccia to FO, 22 April 1953, FO 371/103761, CA1071/91
Gruber and Kreisky had good reason to be so insistent. While the Americans wasted everyone's time but their own with propaganda gestures, the message from Moscow - both before and after Stalin's death - was that Austria's freedom could be achieved by an assurance that the country would not become a NATO outpost once Soviet troops left. In his assessment of Soviet attitudes, the Austrian Minister at Moscow, Norbert Bischoff, had long sought to instil some common-sense, pragmatic considerations into the East-West debate. He was convinced that the continued occupation merely furthered American designs. To assume that Moscow harboured notions of turning Austria into a people's democracy was absurd. Not only were the Austrian people conspicuously anti-Communist, an Austrian people's democracy would work against Moscow's supposed design by strengthening Titoist tendencies in Central Europe. The Soviet Union, whose vital interests were concerned with security rather than expansion, only stood to gain by having a neutral Austria interposed between it and the NATO powers. Bischoff's assessment was echoed by other Austrian experts on Soviet Russia. What Moscow needed and wanted most was to safeguard the Soviet Union from attack. To this end, Moscow would insist on Austria's neutrality for two reasons - to preclude Austria's participation in NATO and to forestall another Anschluss with Germany.

Persistent demands by the Austrians that another Deputies meeting be convened forced Dulles to take the matter before the Senate Foreign Affairs Committee. Considering Austrian determination to 'buy' the treaty on the terms of the long draft rather than see the occupation continue, and in view of British and French support for this position, Dulles warned that the US would find itself isolated if it refused to sign the long draft. Questioned by the Committee about Soviet withdrawal from Hungary and Rumania if the treaty were signed, Dulles could make no promises. The Soviets might well think of another excuse to keep their troops there. Nor could he promise that Austria could pay the $150 million ransom herself. He admitted that he thought it unwise for the US Government to oppose the combined will of the Austrians, British and French.

53 Norbert Bischoff to Gruber, 15 January 1953, Schilcher, op.cit., Doc.No.65
54 Carl Wildmann to Gruber, 24 April 1953, ibid., Doc.No.67
Afterwards, Dulles felt that the Committee would 'not seriously object' if the State Department went along with the long draft.55

Dulles had next to convince the National Security Council of the wisdom of his assessment. General Vandenberg, for the Joint Chiefs of Staff, summarised the military attitude. The JCS feared that Austria's oil installations would fall into Soviet hands and that a lack of adequate Austrian security forces would allow the Soviets to gain control of Austria after the Western troops had left. Dulles accused the Defence Department of preferring to see Austria 'divided and occupied by both Western and Soviet troops rather than unified and unoccupied'. He reminded the Council of the President's recent speech,56 in which Eisenhower had called upon the new leaders of the Soviet Union to negotiate a political settlement of the East-West conflict and, in particular, to conclude a treaty for Austria. Irreparable damage would be inflicted on the Administration's standing if America now refused to negotiate on the basis of the long draft. Disgusted by what he termed 'one of the strait-jackets which we have inherited from the past Administration', Eisenhower nonetheless supported Dulles' contention and the NSC finally agreed that the State Department should, if necessary, negotiate on the basis of the long draft.57

Despite this decision, the State Department perversely entered tripartite talks on tactics for a proposed meeting on 27 May without letting the British and French know of their authority to sign the long draft. Only if the Soviets should make it 'unmistakably clear' that they would break off negotiations could the US Deputy proceed to negotiate on the basis of the long draft 'with a view to obtaining what you can on the unagreed articles'. Even if the Soviets moved to an immediate conclusion of the treaty, the Department preferred to be consulted first 'if time available'.58 The Soviets could hardly have made their refusal to negotiate on anything other than the long draft more unmistakably clear than they already had. Not aware of Dulles' efforts concerning the long draft, the Soviet

55 Douglas MacArthur II to Walter Bedell Smith; Dulles to Eisenhower, 29 April 1953, FRUS 1952-54 VII, pp.1854-56
56 Keesing's, 25 April to 2 May 1953, p.12885 f.
57 142nd Meeting of the NSC, 30 April 1953, FRUS 1952-54 VII, pp.1856-60
58 Smith to Walter Dowling, 16 May 1953, ibid., pp.1864-65
Deputy declined to participate in another Deputies meeting. The Soviet Government justified their refusal by stating that they had no reason to believe that another meeting would prove any more useful than the last two and that the Austrian treaty should henceforth be discussed through diplomatic channels.59

In June Gruber alarmed the Western Powers by 'slipping away to Switzerland without telling anybody' to meet the Indian Prime Minister, Jawaharlal Nehru, in order to discuss Austro-Soviet relations. Ensuing rumours that India's Ambassador to Moscow had asked Molotov whether the neutralisation of Austria would be an acceptable condition for a treaty caused great consternation in London and Washington. The British and American High Commissioners found Gruber evasive on his return and Caccia reported that on the subject of neutrality Gruber 'had to be pushed to admit that if the Russians raised the issue with the Austrian Government, he would at once consult us before committing himself to anything'.60 Rumours of secret deals between Austria and the Soviet Union continued to circulate and instructions to the British and American High Commissioners were almost identical. They were to go over Gruber's head directly to the Chancellor and Vice Chancellor and point out that whatever the Austrian Government was up to, it was undercutting Western efforts on Austria's behalf and was extremely damaging to Western and Austrian dealings with the Soviet Government.61 When 'forcefully' presented with London's and Washington's objections, Raab declared that Gruber had acted on his own initiative and that in future 'not one word' would be exchanged with the Russians without prior consultation. Gruber, the Foreign Office was relieved to note, had received 'a timely rap over the knuckles'.62 Their relief would have been short-lived had they known that Raab himself had authorised Gruber to ask Nehru to mediate between Moscow and Vienna.63

59 Editorial Note, ibid., p.1865
60 Dowling to State Department, 25 June 1953, ibid., pp.1867-68; Caccia to FO, 25 June 1953, FO 371/103763, CA1071/164
61 Dulles to Thompson, 7 July 1953, FRUS 1952-54 VII, pp.1869-70; FO to Caccia, 7 July 1953, FO 371/103763, CA1071/166
62 Thompson to State Department, 9 July 1953, FRUS 1952-54 VII, pp.1871-72; Caccia to FO, 9 July 1953; FO Minute, 10 July 1953, FO 371/103763, CA1071/173
63 Kreisky, Zwischen den Zeiten, p.459
British and American remonstrances had only temporarily curbed the Austrians' enthusiasm for acting on their own behalf, and there emerged a determination to take a direct part in the quest for a treaty. The Austrians were disappointed with the West's lack of success over eight years and felt that they themselves might have a better chance of progress, particularly since the Russians had suggested negotiations through diplomatic channels. Thompson reported that the continued witch-hunt for 'fellow travellers' in the United States and the Administration's cold response to every Soviet peace overture had shaken Austrian confidence in US leadership and had created some concern in the Austrian Government lest US attitudes cause a reversal of Soviet policy. Thus when the Austrian Government insisted that as a first step to renewed treaty discussions the short draft be withdrawn 'formally, unambiguously and unequivocally', Caccia warned that failure to comply with this request might cause the Austrian Government to 'openly side' with the Russians. Thompson, too, reported that his efforts to persuade the Austrians to accept the Western position had failed. The Austrians were determined to force the issue and Gruber had threatened that the Government would have to 'make its position clear'. Thompson, accordingly, urged the State Department strongly to reconsider its position.

On 17 August the Western Powers, in a note to the Soviet Government proposing a Deputies meeting for the end of August, finally withdrew the short draft. The Soviets, unfortunately, had lost all interest in discussing the Austrian treaty in isolation from the German problem. In mid-July the Western Powers had proposed a four-power meeting to discuss a settlement of the German question and Churchill was not surprised at the Soviet refusal to attend a Deputies meeting: 'If I were in the Kremlin, and even if I were well-'
intentioned, I would not think that a settlement with Austria would be a good prelude to German negotiations'.

The withdrawal of the short draft treaty removed one cause of friction between Austria and the West, but the issue of neutrality became ever more important. While London and Washington waited for a Soviet reply to their invitation, the Austrian Foreign Minister once again talked of the possibility of a neutral Austria. Caccia was not sure what to make of Gruber's statements. Although he had no evidence that Gruber was acting as a Soviet mouthpiece, he had noticed that Gruber was having 'long conversations' with members of the Soviet Embassy in Vienna. Then again, perhaps Gruber's utterances were not as sinister as they appeared:

Gruber is apt to say with a directness that is almost disarming that what the Austrian Government say before the conclusion of a treaty and what they do after the ratification and execution can be two very different things. My US colleague and I have done our best to warn him of the dangers inherent in such thinking, particularly if it is thinking aloud, but I cannot claim that we have made any deep impression.

The British, accustomed to the voluble Gruber and misled by Raab's earlier assurances, let the matter rest there. Washington, on the other hand, perturbed at what was seen as certain indications that the Soviet Union might propose the neutralisation of Austria as part of a European settlement, was conducting a review of its Austrian policy. The US High Commissioner, having been asked for his views on the subject of neutrality, thought that the Soviet Union might demand Austria's neutralisation as the price for the treaty. If so, this would present the US Government with a very difficult situation. From the point of view of US policy and Austrian sovereignty it was obvious that the US Government should strenuously oppose any attempt to impose a neutral status on Austria. However, the intense Austrian desire for a treaty might well force the Austrian Government to accept some measure of neutrality. In this case it would be
next to impossible for the US to reject such a proposal and yet keep Austro-American relations friendly.  

Thompson's assessment found an echo in the new statement of policy issued by the National Security Council on 14 October. According to this paper, Austria had lost none of its importance to the US Government:

Austria derives its strategic importance from its pivotal position controlling important approaches to Western Europe and the Danubian gateway to the satellites. It has worldwide psychological importance as a symbol of resistance to Soviet subversion. In view of extensive Western support of Austria in this struggle, its capitulation to the Soviets would be a dangerous defeat for the free world.

The most immediate danger to US objectives was the Austrian Government's inclination to offer the Soviets concessions in return for a treaty. Whereas in the past there had existed real fears that the Soviets would divide Austria and incorporate the eastern half into the Soviet bloc, it was now thought conceivable that the Soviet Government might propose the neutralisation of Austria. Regardless of the Austrian Government's orientation towards the West, they would probably be prepared to accept 'military neutrality' if it meant the ending of the occupation. It was thought unlikely that the British and French would support US efforts to resist limited neutrality.

The objectives of the US Government were: (a) to encourage Austria's continued orientation towards the West and to sustain her resistance to communism, (b) to obtain a treaty which established full political and economic independence, and (c) to win 'Austrian co-operation with the West against aggression by the Soviet bloc'. To achieve these objectives the Austrian Government must be discouraged from engaging in such bilateral negotiations with the Soviets as might have a bearing on the treaty or on Austria's relations with the West. Equally, the neutralisation of Austria must be 'vigorously resisted' as being contrary to US interest. If combined pressure by the Austrians, British and French should make some US concessions towards limited neutrality necessary in order to avoid the onus of

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70 Thompson to State Department, 26 August 1953, FRUS 1952-54 VII, pp.1894-96
71 "US Objectives and Policies with respect to Austria", NSC 164/1, 14 October 1953, ibid., pp.1914-22
unilaterally blocking the treaty, the US should nevertheless refuse to sign a treaty which would bar Austria from association with Western Europe's economic community, endanger internal order or restrict Western assistance in the establishment of Austria's internal security forces.\textsuperscript{72}

The Joint Chiefs of Staff were not happy with the NSC suggestion that the US Government might have to accept limited neutralisation of Austria:

\begin{quote}
Regardless of the provisions of any Austrian peace treaty which the Soviets might sign, the ultimate Soviet objective in Austria will continue to be the incorporation of Austria into the Soviet bloc.
\end{quote}

If the Soviet version of the long draft treaty were coupled with the neutralisation of Austria, the Soviets would eventually succeed in their aim. The consequent loss of Austria would present a serious military threat to NATO's central and southern defence sectors. The JCS were, however, prepared to let the NSC provision on neutralisation stand, provided it was recognised as a 'broad statement of United States policy ... intended to permit a considerable latitude in its application'. That meant that if the US were obliged to accept some neutralisation of Austria, it was important that the degree of neutralisation allowed Austria the means of internal protection against Soviet subversion and provided 'a reasonable capability for retarding a Communist invasion of Austrian territory'. It was understood, of course, that Austria would need US assistance to maintain such forces as would satisfy the above provision.\textsuperscript{73} At a subsequent meeting of the NSC, Eisenhower and Dulles reassured the JCS that what the State Department had in mind was that, if absolutely necessary, Austria would merely renounce membership in NATO or military alliances with the West. Dulles hoped it would not come to this and would certainly do all in his power to prevent it.\textsuperscript{74}

The Western Powers were soon to get an opportunity to put this determination to the test. There was some hope by early October that four-power discussions would take place at Lugano. Although that hope was disappointed, Moscow subsequently agreed to a conference

\begin{footnotes}
\item[72] Ibid.
\item[73] Radford to Wilson, 9 December 1953, \textit{ibid.}, pp.1932-34
\item[74] 180th Meeting of the NSC, 14 January 1954, \textit{ibid.}, pp.1934-36
\end{footnotes}
at Berlin beginning on 25 January 1954. A tripartite working group agreed on the following position with regard to the treatment of the Austrian question. The Western Powers should seek a revision of Article 35, resist proposals for the neutralisation of Austria, and not let the negotiations break down 'solely on refusal to accept Soviet version of unagreed articles'. The British Government's position was that if the issue of neutrality were to prove the only obstacle to the conclusion of the treaty, a formal declaration by the Austrians - defining their neutrality as leaving them free to enter into associations 'compatible with the principles and purposes of the United Nations' - should 'not necessarily' be opposed. The addition of a new article imposing neutrality should, however, in no circumstances be accepted. Regarding the reopening of Article 35, Eden was relieved to report to Cabinet that the Foreign Office had succeeded in persuading the Americans to leave well enough alone. The Americans had insisted, though, that the Austrian Government be 'encouraged' to ask for alleviation of the economic burdens imposed by this article.

As the opening of the Conference drew nearer, the Americans proceeded to ensure that the new Austrian Foreign Minister, former Chancellor Leopold Figl, who was to participate in the conference discussions on Austria, clearly understood the US position on neutrality and would act accordingly. American anxiety on the matter was not relieved when Chancellor Raab in a public speech explored Austria's options should the Berlin Conference fail to result in a treaty. Although he did not mention neutrality, he stated that he would ask both the United States and the Soviet Union to reduce their troops to token forces. Thompson was ordered to 'discuss the whole matter frankly', which he translated into thinly-veiled threats of the wholesale abandonment of Austria by the United States. But if the Americans had found Gruber malleable, they could not bully Raab. He deftly parried Thompson's admonitions by asserting that it was precisely Austria's position as an 'outpost in defence of European civilisation' that demanded flexibility in foreign

76 Undated FO Brief prepared for Berlin Conference, FO 371/109357, CA1071/45
77 CAB 129/64, C(53)316, 13 November 1953
78 Caccia to FO, 4 January 1954, FO 371/109356, CA1071/4
affairs. The US Government would do well to show more confidence in the Austrian Government whose foreign policy was known for its opposition to Communism and was agreed by both Coalition partners. The real weakness of Europe, Raab asserted, was France.79

The State Department was not so easily deflected from its purpose. The four-power discussions on Germany were going badly and Dulles summed up the first week of proceedings thus:

See no prospect of any substantial agreement on German problem, but slight theoretical possibility of an agreement on Austria if Molotov concludes this is price worth paying to demonstrate four-power meetings can achieve some successes and are worth continuing, thereby perhaps enabling him to keep his fingers in Western Europe pie and still work against EDC, NATO and bases.80

Such slender hopes of an Austrian treaty made the Americans even more determined to keep the Austrians from surrendering their sovereignty and Europe's defence willy-nilly to Soviet-inspired neutrality. Discussion of the Austrian item was to commence on 12 February and the British, French and American delegations met to consider Figl's role at the conference table. They agreed that the Austrian delegation should be present at most meetings and that Figl should be allowed to speak 'at appropriate times'. The Austrians had in fact prepared an opening speech and the three Foreign Ministers were greatly concerned over some of its passages, particularly one on the subject of neutrality which referred to Austria's readiness to abstain from all military alliances. Figl could not understand the objections to his proposed statement. Surely, repeated public pronouncements by the Chancellor, Vice Chancellor and the Austrian Parliament to the effect that Austria did not intend to join military alliances were well known. Figl thought it best to lay his cards on the table at the very beginning and make it perfectly clear to the Soviet Government that it had nothing to fear from Austria. But Figl's stout defence of the Austrian Government's reasoning could not prevail in the face of combined resistance from Eden, Dulles and

79 Thompson to State Department, 18 January 1954, FRUS 1952-54 VII, pp.1936-37
80 Dulles to Eisenhower, 1 February 1954, ibid., pp.916-918
Bidault. After consulting with Raab, Figl agreed on the following day to strike the offending passage from his speech.81

If the Western Powers had been apprehensive over the possible neutralisation of Austria, neither they nor the Austrians were prepared for the magnitude of the blow delivered by Molotov on the first day of the proceedings. Molotov proposed, in the first instance, that the long draft treaty serve as basis for an Austrian treaty to be completed within three months. The treaty, as envisioned by Molotov, would contain an additional article imposing permanent neutrality on Austria, and the four occupation powers would serve as guarantors of that provision. Although the Western Governments had dreaded this, it came not unexpected. The sting lay in the second part of the Soviet proposal:

In order to prevent any attempt at a new Anschluss, to postpone, pending the conclusion of a peace treaty with Germany, the withdrawal of the troops of the Four Powers stationed in the territory of the respective zones of Austria, [and] to withdraw from the city of Vienna all foreign troops simultaneously with the abolition of the Allied Commission.

The legal status of the remaining troops was to be determined by a new four-power agreement which would come into force simultaneously with the treaty.82 The Austrians were horrified. A realisation of the Soviet proposal would mean nothing less than indefinite occupation. Furthermore, the withdrawal of troops from Vienna would mean that the capital would be 'isolated in a sea of Russian soldiers'. This would amount to the de facto partition of Austria. The special four-power agreement on the remaining troops would be nothing but a new control agreement, 'probably worse' than the existing one. Given the intractable nature of the East-West conflict over Germany, what Austria would end up with, in fact, was the legalisation of a permanent occupation. The Austrian delegation declared that the Austrian Parliament 'would never accept this'.83 Dulles concurred with the Austrian assessment:

81 Memorandum of Conversation, 10 February 1954, ibid., pp.:012-16; Editorial Note, ibid., p.1036
82 Proposal of Soviet Delegation, FPM(54)55, 12 February 1954, ibid., pp.1193-94
83 Memorandum of Conversation between Austrian, British, French and US Delegations, 12 February 1954, ibid., pp.1069-71
The Soviet proposal turned the clock back on Austria and cut the heart out of the proposed treaty by providing for indefinite Soviet occupation, so that the treaty would not be a treaty of liberation but one of servitude.84

In the general shock over the prospect of indefinite occupation the absurdity of the Anschluss clause was quite lost. If the Austrians liked to portray the 1938 Anschluss as an aberration, leading Germans were equally contemptuous. Only a few months before the Berlin Conference Kreisky had received a taste of the German Chancellor's dislike for anything Austrian. Amid 'very difficult' negotiations over Austrian assets in Germany Konrad Adenauer had exclaimed: 'You know, Mr Kreisky, if I knew where to find Hitler's remains, I would gladly return them as Austrian assets'.85 On the question of neutrality the Austrian delegation was less firm. On 14 February Eden, speaking on behalf of the three Western Foreign Ministers, told Figl and Kreisky that the Western delegations would try to save what they could by accepting the Soviet text of all outstanding articles of the existing draft. The Western Powers were not prepared, however, to accept the new neutrality article. Figl made it clear that he had no authority to reject the Soviet offer. If Molotov should offer to withdraw his proposal for indefinite occupation in return for the neutralisation article, the Austrian Government would find itself in a very difficult position.86 Despite this warning, Figl, when called upon to respond to the Soviet proposal, adopted the position that his instructions merely allowed him to sign the existing long draft treaty and that he had no authority to discuss the neutralisation and occupation proposals. Yet he bravely added that 'nothing which did not free Austria of foreign troops would do'. Eden was gratified: 'Austrian Foreign Minister was admirable ...'87 Two days later Eden was able to report that the Austrian Government fully supported Figl's position and that Austrian public opinion applauded the Austrian delegation's stand. Figl believed that this latest disappointment would strengthen the

84 Dulles to Eisenhower, 13 February 1954, ibid., p.1076
85 Kreisky, Zwischen den Zeiten, p.449
86 Eden to FO, 14 February 1954, FO 371/109358, CA1071/86
87 Eden to FO, 14 February 1954, FO 371/109358, CA1071/88
Austrian people in their resolve to resist the Communists and that the Government would be even more stubborn with the Soviets.88

As the Conference was about to end, there was one last moment of panic for the Americans when Figl informed Dulles that the Austrian delegation felt compelled to make a counter-offer in order to avoid further Communist attacks on the 'sterile' attitude of the Austrian delegation. Although Dulles tried hard to talk Figl out of such a move,89 Raab was already informing the Western High Commissioners of the Austrian Government's new instructions to Figl. These were that the Austrian Government would accept the continued-occupation proposal, provided zoning arrangements remained unaltered and an 'absolute and final' date in 1955 were set for the withdrawal of all troops.90 On 18 February, at the last meeting of the Conference, Figl 'reluctantly and with misgivings' made his counter proposal. All that Molotov would concede was that the indefinite troop withdrawal be 'reconsidered some time 1955'. Thereupon Eden, Dulles and Bidault formally withdrew their acceptance of the Soviet texts of the unagreed articles and Molotov called for the efforts to conclude an Austrian treaty to be continued through diplomatic channels in Vienna.91 While the Western Powers were relieved at having avoided Austria's neutralisation, the Austrians expressed their mixed feelings by broadcasting defiant speeches and publishing black-edged newspapers.92