

President's Secretary's File
Diplomatic Correspondence
Austria: 1933-Apr 1944
Box 23

Vienna, November 27, 1933.

The President,
The White House,
Washington, D. C., U.S.A.

My dear Mr. President:

Following your instructions, I have called on the American Ambassador in Berlin, and the American Ministers to Prague and Buda Pesth.

I have also just completed a journey through the nine Austrian provinces in which I interviewed the Governors, Commanding Generals and Chambers of Commerce. Chancellor Dollfuss has talked frankly to me many times, as did President Masaryk when I was in Prague and I have utilized every opportunity possible to learn the sentiments of politicians and business men in Austria, Germany, Hungary and Czecho Slovakia.

The last four years have been bad ones for prophets, but since your orders were to send you my impressions, I am doing so.

Economically, Central Europe is barely holding her own. The people to a man in these countries, are watching

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your progress in America, feeling that if a turn for the better is to come it must originate in America.

In Austria, the economic situation is slightly better. If only trade relations with other countries could be but slightly improved, Austria would be on the road to much better things and the Dollfuss Government firmly established. If foreign trade does not improve, the Dollfuss Government will fall.

In Germany, there is a slight improvement in business since June, but conditions are much worse than a year ago. Her shipping and foreign trade have suffered tremendously due to the Jewish boycott.

Politically the whole situation in Europe centers on Hitler. In my opinion, he is a paranoiac, with a gift of eloquence of a kind about half way between Bryan and Billy Sunday. He is opportunist enough to capitalize the German reaction against the Versailles Treaty, magnify the Communist threat and stir up the latent racial antipathy of the Germans to the Jews, a thing easy to do since the Jews still have a little left, in contrast to the utter impoverishment of the Germans.

He has made the militaristic spirit today in Germany the most intense in her history.

What a paranoiac will do when he feels his power waning, and whether Germany is adequately armed, are questions I can not answer.

Hitler is an Austrian and more than anything he wants Austria as part of the German Reich. The crude

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tactics he has used to break the Austrian resistance, has resulted in the growth of a real Austrian Nationalism, that never existed before. In the past, the Austrian children were taught that the history and traditions of Austria were inseparably linked with the Hapsburgs. With the fall of the Hapsburgs, the Austrians were bewildered and hopeless and ready to become a province of Germany. Now, thanks to Hitler's methods, only the Nazis want the Anschluss.

Of one thing I am sure. Hitler has surrounded Germany with a ring of enemies bound together by a great fear of the ruthless military efficiency of the Prussian.

The Hitler virus injected into the German veins is well exemplified by the German Minister Rieth here.

He takes the most insolent attitude toward the Austrian Government, ignoring the invitations of the President and Chancellor to their receptions, saying that the Austrian Government is purely a makeshift affair and will end at any moment.

When he returned my call, he asked me if I would frankly tell him my impressions of my trip through Austria.

I then told him I had found the Nazi sentiment had decreased.

Rieth became very angry, said that he had agents in every class and occupation in Austria, that Austria was 50% Nazi, that a Nazi putsch would sweep Dollfuss out at any moment and then would come a pogrom such as Europe had never

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seen, that every Jew of every nationality would lose their property and be lucky to escape from Austria with their lives.

There are several hundred American Jewish doctors, students and their families here that I feel personally responsible for.

If this putsch comes, as most of the foreign diplomats and newspaper men believe it will, I am afraid there would be little I could do or say to help them in the hysteria of that time.

For this reason in telling the press about the beauties and resources of Austria that I saw in my trip, I injected the statement that we Americans were purely observers and what Austria did internally was her business and not ours, but that since 90% of Americans were descended from people who had come there to escape racial or religious persecution, that the sympathy of the American people would not likely remain with a nation that indulged in such persecution.

The Austrian is like a college freshman who desires popularity above all else and members of the foreign office have told me my statement would have great influence, and Dollfuss said that it had not only not embarrassed him but had helped him in dealing with this issue.

I understand there has been criticism of my statement in America.

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Please believe me, Mr. President, that I regret more than I can say if sentiments of humanity on my part and a desire to protect American citizens have caused me to commit a diplomatic blunder and embarrass you in any way. I assure you I shall be very careful of what I say in the future.

In summarizing the situation, I believe the peace of Europe depends upon the independence of Austria and that Austrian independence depends entirely on her economic welfare.

Before I left America, I talked with prominent business men, publicists and bankers.

All were willing to do everything in their power to promote trade with Austria. Dollfuss is enthusiastic about such a plan and wants me to go back with a business representative of the Austrian Government in January to discuss the matter and get action if possible.

In the last three years America has lost millions of dollars of exports to Austria in meats, automobiles, etc., which could be replaced if we would take her wines, cheese, etc.

In closing, may I quote the words of Sir Walford Selby, British Minister to Austria:

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"If the Nazis come to power and attempt the Anschluss,
some army will march!"

Respectfully and loyally yours,

George H. Earle III

1944, volume 3, pp. 860-864, 866-867

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Ans

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THE WHITE HOUSE
WASHINGTON

April 15, 1944.

MEMORANDUM FOR:

THE SECRETARY OF STATE.

I approve your letter of April 12th in regards to the Archduke Otto. I think the policy should be brought, by you or somebody in the State Department, to his attention.

F. D. R.

Transmitting carbon of memorandum which the President received from the Secretary of State under date of 4/12/44, in re the Archduke Otto of Austria.

PSF: Justice

DEPARTMENT OF STATE
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

April 12, 1944

With reference to the letter of April 4 addressed to the President by the Archduke Otto, and the President's covering memorandum of April 7 requesting comment on the Archduke's proposals:

Action by this Government along the lines suggested by the Archduke would require consideration of several matters of major importance, to wit:

1. The plans outlined by the Archduke Otto in Annexes II and III to his letter amount in substance to a proposal that the direction of the resistance movement within Hungary, and the operations leading to the restoration of the Crown of Hungary to the Archduke, be conducted from the United States, with the active participation of agencies, military and civilian, of this Government;
2. The support required for the proposed Hungarian Council of Resistance which would be established in Washington, would involve even more than the "recognition" the Archduke is willing to forego, in that the detail of liaison officers, the use of American communications services, the authorization of publicity and propaganda agencies, and the allocation of blocked funds (Annex III), would place the Hungarian Council directly under the auspices of this Government;
3. The proposal contemplates an exclusively American sponsorship for the conduct of the Hungarian resistance movement, whereas this Government has agreed that our dealings with Hungary, as with the other enemy states in Europe, will be in full consultation with the British and Soviet Governments.

The implications of these considerations suggest that neither from the point of view of public opinion in this country nor in view of our political and military engagements for acting jointly with other governments in the conduct of the war in Europe, would it be to our national

interest

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interest for this Government to agree to the proposals advanced by the Archduke.

It should be observed that steps have already been taken to achieve some of the aims set forth in the Archduke's proposals. Immediately after the German occupation of Hungary the Department authorized our representatives in the neutral capitals informally to assist in enabling the various Hungarian diplomatic missions and underground agents to coordinate their plans for building up the resistance forces within Hungary. These were provisional and emergency steps, but they served their purpose in enabling the Hungarians abroad to survey their prospects for contributing to Germany's defeat. The British are informed of what these Hungarian representatives are planning, and the Russians are probably now coming into the picture as well. The British, in fact, have now notified the Department of their views as to a more definite policy, and hope that Washington and Moscow will express their general agreement and thus make it a joint policy. In summary the British proposal discourages the recognition of a free Hungarian movement, but favors steps to build up the Hungarian officials who have repudiated the present regime, with emphasis on strengthening the resistance elements within the country, leaving Hungary's future to be worked out by the people at home if they unite in active resistance to the Germans.

The Department has not yet replied to the British suggestion, but would recommend it to the President as being in substantial accord with the Department's views, and preferable to a unilateral support, on our part, of any particular Hungarian group. It would be appreciated if the President would indicate whether he approves. Moreover, the advantages of a joint policy, with its additional value as an example of cooperation of the principal Allies in European questions, are apparent.

Enclosures:

Letter from the
Archduke Otto with
its enclosures.



Washington D.C., April 4th 1944

Dear Mr. President,

First of all, let me thank you most warmly for your kindness for having acted rapidly on my requests in these last days. I am the more grateful as I know that you have not been feeling well and that therefore my letters and notes meant an added strain on you.

For this reason also it is only reluctantly that I send you this letter and the vital Annexes to it. I would have certainly waited if I was not forced to act because of the situation in Europe. But without endangering the whole future I can no longer let the Hungarian diplomats and the Underground wait for instruction and for guidance.

I join to this letter three Annexes, which cover the problems :

- 1.) A short historic review of the events leading to my present letter to you;
- 2.) The plan of the Hungarian Council for Resistance.
- 3.) A short outline of measures that would be necessary and for which we would ask your kind assistance in order to help the Hungarian Council for Resistance.

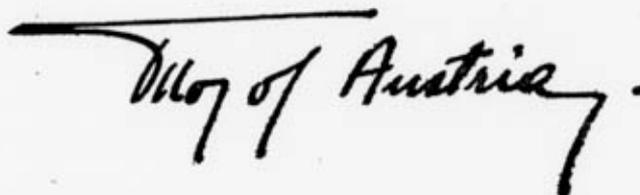
I would be most grateful if you could let me know as soon as possible, for the aforementioned reasons, your views, your advice and your decisions on all these matters.

Needless to say that, as in the past, you can be assured of my absolute discretion on this

. entire subject.

With my best wishes for a prompt and complete recovery of your health and with my renewed thanks for your kindness and respectful regards I remain, dear Mr. President,

Yours very sincerely

A handwritten signature in cursive script, reading "Otto of Austria". The signature is written in black ink and is positioned below the typed name. It features a long horizontal stroke at the beginning, followed by the letters "Otto of Austria" in a fluid, connected hand.

Annex I.

Historic review of the diplomatic and military events leading

to the present letter.

N.B. This is a compilation from Hungarian official documents
and official telegrams from Lisbon.

1.) Evolution of the situation since January :
Hitler refuses to General Szombathely, Chief of Staff of the Royal Hungarian Army, the return of the remainders of the eight Hungarian divisions, which are scattered behind the Russian front. He demands new action against the Jews, the sending of Hungarian workers to Germany, more supplies and more raw-materials. He demands the extradition of the interned American and British pilots. All these demands are rejected. Hitler declares early in February that he expects that the Hungarian army shall fight on the Hungarian border against the Russians. In the same time Hitler conspires with Hungarian Nazis.

2.) On March 14th Hitler demands in a stiff note the shipping of 25.000 Jews per week to Germany. Reason : In Hungary live in freedom more than a million Jews, more than in the whole remainder of Europe; this becomes intolerable with the approach of the Soviets. - The Hungarian Cabinet rejects this demand unanimously and notifies the Germans on March 15th.

3.) On March 16th Hitler invites Horthy urgently for a visit at his headquarters in Germany on the matter of the Hungarian troops in Russia. - Horthy sends a telegram to the Hungarian ministers in neutral countries ordering them that, in case of German invasion, they should immediately seek contact with their American and British colleagues and should put themselves at my disposal. He furthermore sends a document for me as the legitimate King of Hungary, containing full powers. This document is deposited with my brother Charles Louis in Lisbon. Horthy orders the army to resist in case of invasion. Only then does he leave for Hitler's headquarters.

4.) A Hungarian Underground is organized and its arming had also been started. It is put under my orders through an intermediary agent in a neutral country.

5.) At Horthy's arrival Hitler demands from him the complete mobilization of Hungary against Russia, the extradition of all Jews, refugees and prisoners of war to Germany, the shipping of 250.000 workers to Germany, the handing over of the Hungarian food and raw-material reserves ; Horthy refuses these requests. Since that time nobody has seen him and the place of his present residence is unknown.

6.) While these conversations take place, the Germans attack by surprise Hungary with extensive use of parachutists. The Hungarian troops offer scattered resistance.

7.) The Kallay-Government refuses to resign and the Germans, not Horthy, appoint a new Government in Hungary, which at once suppresses the Hungarian Constitution.

8.) Only the Hungarian Minister in Ankara follows the orders of the Quisling-Government. The other heads of diplomatic Missions follow Horthy's orders to keep the Legations for the legal Government, subject to my instructions. This is done in Lisbon, Madrid, Bern, Helsinki and Stockholm. There is good outlook that the neutral countries will continue to recognize these diplomats as the representatives of the legal Government of Hungary.

9.) The just mentioned five Ministers report to me on March 29th, they ask for further instructions, suggesting that, in conformity with their instructions and the powers deposited by Horthy, I at once appoint a new Hungarian Government.

Annex II.

Plan of the Hungarian Council for Resistance.

Although the legal basis obviously exists. I do not intend, - for the time being - to create a Hungarian Government in exile. On the other hand, it has become urgent and indispensable that some competent Hungarian Authority be created for guidance and coordination of all Hungarian efforts for the fight against Hitler.

It is therefore planned to organize a Hungarian Council for Resistance, composed now of the five loyal Hungarian Ministers, namely the Ministers in Lisbon, Stockholm, Madrid, Bern and Helsinki. - As soon as this Council is organized, it shall elect as its Chairman Mr. John Pelényi, former Hungarian Minister in Washington D.C., and at this time professor in Dartmouth College. The members of the Council retain their present diplomatic posts. Membership of the Council is limited to active diplomatic representatives of Hungary, whose number might still increase. Besides electing Mr. Pelényi as its President, the Council may designate also other Hungarian personalities for specific tasks or missions. Neither myself nor Mr. Eckhardt are included in the Council.

The Council is not a Government. It constitutes nevertheless the only existing organ of the legal Hungarian Government deprived at present of its liberty of action. By the formation of this Council, the continuity of Hungarian constitutional life is maintained. The Council shall cease to exist when constitutional order on Hungarian soil is restored.

The Council offers its services to the Allies.

The Council's aims are :

- 1.) To unite, organize and direct the Underground Forces in Hungary as well as Hungarian factors abroad for political resistance and for armed fight against Hitler.
- 2.) To save patriots, Jews and refugees in Hungary from extermination by the Nazis.

The Council has no other aim. But by its existence and by its actions Hungarian Statehood survives and the participation of Hungary in the fight against Hitler is assured.

I believe it to be my duty to proceed to the formation of this Hungarian Council for Resistance as soon as your acceptance of this plan has been won.

Annex III.

Requests :

Leadership of the contemplated action and the Central Office of the Council for Resistance, is planned to be located in Washington D.C., as I desire to keep all activities of the Council in full harmony with the U.S.A. views and policies. Should I be fortunate to receive your consent, the following assistance seems indispensable for the efficient and orderly functioning of the Council :

A.) In general :

1.) Authorization for the publication of the organization and the aims of the Council, with the moral backing of the U.S.A. Government.

2.) As the main activity of the Council for Resistance would be carried on along Underground lines, some form of stable military collaboration, also by appointment of a military liaison Officer with the Council. Designation of an Officer of liaison also by other interested Government agencies would improve efficient collaboration in every respect.

3.) Authorization of rapid and secure means of communication between the Central Office in Washington D.C. and each member of the Council in neutral countries.

4.) Authorization for the use of an adequate news-and propaganda service directed towards Hungary for the information and guidance of the Hungarian people.

5.) If necessary: the unfreezing of some Hungarian assets in order to cover the costs of the Washington Central Office and eventually also of member-legations in neutral countries which do not possess adequate financial means.

Should you, Mr. President, approve of these measures, I beg to ask you to give the necessary orders to the interested Government agencies.

B.) Specific instructions : seem further needed in order to secure urgently harmony amongst the widely scattered Hungarian forces of resistance in Europe :

1.) An order to General Bissell to grant me the possibility to wire to my brother through General Bissells channels (as in the past week). Also authorization to my brother Charles

Louis to send me wires through the same channel.

2.) Authorization for Archduke Charles Louis to travel by the Military Transport Plane from Lisbon or from the Azores to the United States and back to Lisbon. - Also instruction to grant to him the U.S. Visa in Lisbon as well as an immediate Exit-Permit from the United States for his return to Lisbon. - The reasons for his trip are :

a) Charles Louis has received valuable secret information which he should report personally to you and to myself.

b) Charles Louis is seriously ill and has to go to a hospital, probably for an operation, which should be performed here and not in Portugal. But he cannot leave Lisbon before he is adequately replaced by his brother Rudolf.

3.) Authorization that my brother Archduke Rudolf be granted the use of the Military Transport Plane to the Azores or to Lisbon, in order to replace urgently Charles Louis, especially in maintaining contacts with the Underground.

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THE WHITE HOUSE
WASHINGTON

April 7, 1944.

MEMORANDUM FOR

HON. JAMES C. DUNN

Will you be good enough
to let me have your views on the
enclosed from Archduke Otto?

F. D. R.