

## “Easterkuo” Comes Into Being

By GORDON FAN

AUSTRIA'S German name is Oesterreich, that is, the country (*Reich*) toward the east (*Osten*). Since the time of its emergence from the old Eastmark in the twelfth century until three hundred years ago it constituted for Mediaeval Europe the border against the “East”, last bulwark against “Asia”. Upon the walls of Vienna and provincial ramparts broke successive waves of invaders: the Avars, who have disappeared; the Magyars, who settled in the Danube Basin and formed Hungary; the Turks, who twice attempted and failed to take Vienna by storm. Only last year Austria's capital celebrated the 300th anniversary of its second siege when it was valiantly defended by a Prince von Starhemberg. . . .

Peopled by Germanic settlers who absorbed the Alpine tribes, Austria under the rule of the Hapsburg dynasty extended its sway over neighboring, non-German territories and eventually became the dual-monarchy, Austria-Hungary. The phenomenal expansion in the 16th and 17th century was characterized by a historian with the remark: *Belli gerant alii; tu, Felix Austria, nube!* (“Others may make wars; you, Happy Austria, marry!”) Because since the end of the 13th century the Hapsburgs held, until 1806, also the crown of the Holy Roman Empire, Austria (but not Hungary) was part of the *Reich*, which broke up formally under the impact of the armies of Napoléon I. In that year even the nominal rule which the Emperor of Austria had exercised over the German princes ceased. In 1870, marking Prussia's final hegemony, the constitution of the new (the second) imperial Germany left the Hapsburg domains definitely out.

The end of the war in 1918 witnessed the disruption of the monarchy, the end of the Hapsburgs, and the reduction of Austria to six small provinces inhabited by six million German-speaking people. The new Austria was about as large as the old Eastmark but, in the modern world, too small to live, too big to die. It would have been natural, and economically advisable, to join the new German Republic. The Weimar Constitution of 1919 provided seats for two Austrian delegates—but they never came. The victors would not have it.

In 1930, Austria (which had meanwhile been kept alive by international loans) and Germany announced a customs union. At once France threatened, Czechoslovakia rattled the sabre, Great Britain frowned, Mussolini “held manoeuvres” in southern Tyrol. The matter was referred to the Hague: eight representatives of the former Allies voted against, seven neutrals and former friends of the Central Powers for, the union. With a majority of one vote it was declared a contravention of existing treaties.

Meanwhile, the Wall Street boom had collapsed. Like an irresistible epidemic, the great depression spread and undermined the economic structure of the West. The Austrian Credit-Anstalt failed, precipitating a general collapse of currencies and credit; the pound went off gold, the franc slipped, the American dollar was devalued. Billions in credit were frozen in Germany.

The crisis became worse.

Then Hitler became *Der Fuehrer*.

Hitler is Austria-born and educated (only in 1929 did he become a German citizen). For the first time since 1806 an Austrian ruled again the Reich, but this time not as a distant impotent emperor but as dictator with an all-powerful party.

Hitler's first coup aimed at bringing Austria into the German fold. Nazi propaganda and terrorism flooded the country, culminating in the *putsch* in Vienna in the summer of 1934 and the assassination of the chancellor, Dollfuss. It failed. Why? Because Mussolini marched two divisions to the Brenner Pass, at the border of Tyrol, and proclaimed himself guarantor of Austrian independence. The Rome Protocols followed, making Austria—and Hungary—allies, virtual dependencies, of Italy.

During the two following years Austria and Germany were hardly on speaking terms. But Hitler compensated himself—temporarily—elsewhere. The invasion of Manchuria had revealed the impotence and disunity of the democracies. The Treaty of Versailles, already badly damaged, was torn to shreds: reparations were officially stopped, armaments undertaken on a large scale, the demilitarized Rhineland Zone occupied by German troops.

There was no resistance from France or Great Britain; and Mussolini had no objection to German aggressiveness away from the Italian borders. He had other plans for which he needed German support.

Early in 1936 Mussolini undertook the conquest of Ethiopia. The British fleet was concentrated in the Mediterranean while the League of Nations invoked sanctions. But Germany was not in it—over the Brenner rumbled train after train of German materials.

Did Hitler support Mussolini just out of affection? Hardly. Their first meeting in Venice in 1933 had been a failure—no showman likes a rival on the stage. But Italy was after an empire and challenging the one-time Mistress of the Sea. It needed backing which only renascent, belligerent Germany could give. The Rome-Berlin axis was forged.

“Natural affinity” between two totalitarian states would not have sufficed to accomplish this result. A price, I am certain, was agreed to by Italy then, to be paid later.

It has been paid now. Austria, which in the meanwhile led a fairly sheltered, hence improving but basically insecure existence, saw on March 12 German armed forces crossing the border and arriving in Vienna. Her government resigned and was replaced by Austrian Nazi officials. On March 13 Hitler made a triumphant entry into Linz, capital of the province of Upper Austria.

Austria is no more.

And what is the foreign reaction this time? Great Britain accepts, France is thrown into consternation, Czechoslovakia has an attack of the jitters. The protests of London and Paris, mere matters of form, are rejected

# NEWS OF THE WEEK

## FOREIGN EXCHANGE RESTRICTIONS

The following Mandate and procedure were announced on March 13 by the Ministry of Finance concerning foreign exchange:

"With the outbreak of the hostilities at Shanghai last August, a Gentleman's Agreement was made amongst bankers at the instance of the Government with the object that foreign exchange should be furnished only for legitimate purposes.

Operation of the Agreement has made it possible for trade to be carried on despite all difficulties and for confidence in the currency to be steadily maintained.

Miklas was requested to resign "because his functions are incompatible with the present situation in Austria."

From Hitler's letter to Mussolini: "My action in Austria is only to be regarded as an act of legitimate national defense. . . ."

The German Ambassador in London: "I could not suffer that 6,500,000 men of an ancient and great civilized people be submitted in practice by the nature of their government to a colonial regime. . . ."

General Goering: "German troops entered Austria not as conquerors but as liberators. Who has the right to interfere when Germans meet Germans?"

Hitler in Linz: "I have believed in this mission, I have lived and fought for it, and now I have fulfilled it."

And so forth, *ad infinitum*.

Do not these utterances sound strangely familiar? Have we not heard them before? Have we not read about such "agreements"? Certainly. All we have to do is to change the proper names: for the Austrian words we substitute Manchuria, Hopei, China, Nanking, Chiang Kai-shek, the Chinese people; for the speakers' names Matsumoro, Sugiyama, Hirota, Matsui; for Berchtesgaden the Ho-Umetzu Agreement and the parallel to 1931, 1935, 1937 is complete. Germany has copied the copyists.

Two more observations; of secondary importance but closely related to the above parallel:

(1) Austria contains the largest open-face iron mine in Europe; her gold and foreign exchange holdings amount to 250,000,000 Schilling or 100,000,000 Reichsmark (those of the Reichsbank total barely 80,000,000). Liberating is not such a bad business.

(2) Vienna is once again "Europe's most eastern bulwark." Could this phrase by any chance be interpreted to mean, "Germany's most eastern springboard"?

by Berlin as "twenty years too late." Mussolini, however, is silent. "He had been advised one day in advance."

The union has been inevitable, I think, since 1919. But Hitler was not. He was made possible by the failure of the democracies to make room for the inevitable. It had to be forced down their throats.

We are living in an era of conquests, of warring states. This is nothing new. What is new is that the world has become so small that almost any move in one place upsets the balance in another place. Europe's colonial wars in the 19th century hardly affected the Powers; they were conducted, as it were, "on the side." In the 20th century this is no longer possible—there are no more "primitive people" as easy prey. Abyssinia was the last one in this category, and even there the Italian conquest trespassed on the interests of another Power.

On the other hand, as it has become fashionable to speak of aggression and oppression in terms of defense and "the people", all coups, intrigues, invasions—in short, the gamut of international brigandage—are now carried out under the heading of benevolence. The vocabulary is practically identical, as if the speeches were all ready-made, like a business man's suit to be put on for the occasion. Here are some examples of the latest hold-up.

From Hitler's Manifesto, read by Dr. Gcebbels: "The suffering of the Austrian people during the last few years was followed with profound sympathy by the Germans in the Reich . . . Their regime, disapproved by the overwhelming majority of the Austrian people, tried to maintain itself by the use of the most brutal methods. The German nation was thus compelled to watch the spectacle of 6,500,000 people of the same race being virtually oppressed by a small minority. . . ."

"The Fuehrer had several times warned the Austrian Government of the risks involved by its policy. . . ."

"No nation in the world would in the long run tolerate such conditions at its frontiers. . . ."

"The procedure suggested for the plebiscite was a violation of all principles of democratic elections. . . ." (This plebiscite was to be held *before* the arrival of the German troops.)

"Since this morning the German defense(!) forces are marching across the Austrian frontier . . . These troops will be the guarantors that the Austrian nation will be able . . . to decide its future destiny by means of a really fair plebiscite."

Dr. Schuschnigg was charged with "infringing the spirit of the Berchtesgaden Agreement" (of which nothing except meaningless generalities about "complete understanding" etc. were published. Actually, the Chancellor was put through the third degree, a new law in international manners). President

"Recent organization by Japanese militarists, through the puppet regime in Peiping of the so-called Federated Reserve Bank issuing bank notes which are not convertible into free foreign exchange, is a nefarious effort to undermine the National currency and obtain the foreign exchange funds of the country.

"In conformity with the spirit of the Gentlemen's Agreement and to enable the country to meet the new situation created in North China, the Government has decided on the following revised procedure:—

"1. As from tomorrow, March 14, sales of foreign exchange shall be centralized through the Central Bank of China at the seat of the Government. For convenience the Central Bank of China may establish a forwarding office in Hongkong.

"2 Banks desiring to purchase foreign exchange for legitimate requirements shall apply to the head office of the Central Bank of China or through its forwarding office in Hongkong in accordance with the procedure separately announced.

"3. After consideration of applications the Central Bank of China shall furnish foreign exchange at the existing level of rates."

The following is the procedure announced for obtaining foreign exchange:—

"1. Banks desiring to cover any legitimate demand of foreign exchange for their customers in excess of amounts obtained from purchase of bills of exchange, inward remittances, and other ordinary market operations, etc., may apply to the head office of the Central Bank of China or through its forwarding office in Hongkong.

"2. Such banks shall lodge their applications with the head office of the Central Bank of China or its forwarding office in Hongkong in the form prescribed by the Ministry of Finance.

"3. Applications shall be made before 10 o'clock every Thursday morning. After consideration of applications a reply shall be communicated to each applicant by 10 o'clock the following morning. On holidays application and/or replies will be made on the next business day.

"4. Foreign currencies provided in response to applications will be delivered on the day on which the reply is communicated.

"5. Banks to which foreign exchange has been provided by the Central Bank of China may be requested by the latter to furnish a statement of the disposition of such exchange.

"6. This procedure shall come into effect upon its announcement by the Ministry of Finance."