I. London Conference of Deputies:
8 February to 10 May 1949

After a lull of eight months the new Soviet peace offensive carried to the Western capitals by Vienna created a stir but was subjected to pessimistic speculations. Though the Stalin-Tito rift was confirmed, it was open to serious doubts whether the Big Four genuinely cherished the desire to disengage themselves from the area. As a result when the deputies of the foreign ministers met at London on 9 February 1949, the Western Powers reiterated their stand of not making concessions in basic matters and the Soviet Deputy referred to the earlier Soviet concessions and expressed the hope of an early conclusion of the State Treaty. (1)

Starting negotiations on the boundaries of Austria, Zarubin pressed for hearing Yugoslavia once more and encountered Western opposition. The arrival of the Yugoslav

* Asymmetry refers to differences among the conflicting parties, either preexisting or deliberately induced, which is used by them to create a divergence within the negotiating framework to stultify meaningful negotiations. Refer to Footnote 12 below.

Deputy Foreign Minister, Aloe Bebler at London made it clear that Zarubin might pursue his point further. A heated discussion ultimately resulted in the decision to allow Yugoslavia to represent her case. A similar request by Austria was also granted. This time Bebler's contacts with the Western deputies communicating Yugoslavia's willingness to renounce her territorial claims against a statute in the treaty creating an autonomous region in Carinthia were indicative of the changed attitudes of the Soviet Union and Yugoslavia. Official Austrian sources, however, denounced a compliance with any such demand, and planned to include in the Austrian delegation to London a number of representatives from Carinthia to strengthen the Austrian case. (2) The Yugoslav exposition, however, was eagerly awaited as this was expected to be a decisive factor in concluding an agreement on an important Article of the treaty.

Presenting the Yugoslav case, Bebler asserted the Yugoslav right to Carinthia, but also declared his preparedness to make concessions in view of the rigid attitude of the Western Powers. His main suggestions were;

(2) Wiener Zeitung (Vienna), 10, 11, 15, 17 and 18 February 1949. Also see Theodore E. Kyriak, The Minutes of the Allied Commission for Austria (Microfilm, Maryland, 1958); these minutes are referred to as ALCO for the Allied Council minutes and EXCO for its Executive Committee minutes. EXCO (131) 1698, 18 February 1949. The contd...
first, rectification of the present boundary lines; second, political, economic and cultural autonomy for Slovene Carinthia on the basis of a "real self-government" within the Austrian Republic; third, Austria should make substantial reparation payments to Yugoslavia; and fourth, Austria should guarantee minority rights to every Croat and Sloven even outside the autonomous province in Carinthia. Reber Berthlot and Marjoribank asked for several clarifications from Bebler, who concentrated more on delineating the methods whereby the Yugoslav claims could be fulfilled, rather than on justifying the bases of the actual claims. Despite the Soviet-Yugoslav rift, it was clear that there was no definite denunciation of the Yugoslav claims by the Soviet Union. The successful handling of this situation, however, did not ensure the signing of the treaty, as the main negotiating partner was the Soviet Union and not Yugoslavia.

representatives for this conference were, Reber for the United States, Berthlot for France, Marjoribank for Britain and Zabin for the Soviet Union.

The Austrian Foreign Minister, Gruber, declined to accept the Yugoslav compromise proposals which, he thought, were just a suggestion to divide Austria for political gains. Quoting the census of 1934, Gruber said that there were only 174,000 non-German speaking Austrians in the whole of Austria out of which only 17 per cent lived in Carinthia and it would be discriminating to create an autonomous province for them when the constitution provides for minority safeguards in general. Moreover, Gruber referred to the practical technical difficulty in creating the suggested autonomous province as there was no such region in Carinthia which recorded absolute Slovene majority. Emphasizing the necessity of an independent Austria for peace and tranquility of Europe, Gruber further stressed that the acceptance of the Yugoslav reparation claims would hinder this objective. Nonetheless, he was prepared to explore plans of economic cooperation between the two countries. Bebler, however, foresaw no friendly cooperation at any level till the Austro-Yugoslav border was rectified. Zarubin supported Yugoslav claims "in principle". Reber and Marjoribank were basically opposed to these. Berthlot, as was characteristic of the French contribution to the negotiation proceedings, suggested evolving a compromise solution by way of including a general clause in the treaty guaranteeing safeguards to all minorities in Austria. It
was decided to ascertain the views of the Austrian and the Yugoslav delegations again in the light of this compromise suggestion which was supported by the British and the Americans. (4) However, hopes of achieving any practical steps towards progress pointed to the need for Yugoslavia to make some concessions.

In a supplementary memorandum, Bebler suggested that Austria should demilitarize 20 kilometers area along the present Austro-Yugoslav border, should renounce all property claims against Yugoslavia and should undertake to repay all pre-war Yugoslav debts. Besides this, the memorandum also asked Austria to undertake the responsibility to forbid all pan-German propaganda and the propaganda against the United Nations to repatriate the refugees and the displaced persons within three months of the signing of the treaty. The noteworthy point about this memorandum was that it no longer demanded cash payment for the reparation claims but asked for goods and services instead. Zarubin suggested the establishment of

(4) Wiener Zeitung, 1, 2 and 4 March 1949. Yugoslav claims to lower Styria and most of Carinthia including the major towns of German speaking majority - Marburg, .Klagenfurt and Villach - date back to days of Paris Peace Conference of 1919. For further details see Ivo J. Lederer, Yugoslavia at the Paris Peace Conference : A Study in Frontier Making (London, 1963), pp. 100, 219-27, 310.
a special committee to study the whole question. The Western
Powers suggested that the committee should handle the
question of reparations keeping in view the Potsdam Agree-
ment of exacting no reparations from Austria, but this
was unacceptable to Zarubin. Hence, no committee was
formed. (5)

Austria and Yugoslavia were heard once more by the
deputies. Yugoslavia again demanded rectification of the
boundaries whereas Austria emphasized that she would
accept the treaty only if its 1938 boundaries were assured.
It was clear that the progress of negotiations depended
on Soviet consent which was still not obtained.
Marjoribank's plan for extensive safeguards for all
minorities in Austria did not satisfy Zarubin. Further
meetings recorded a tendency to avoid the issue rather
than solve it. (6) None of the deputies, however, seemed
inclined to leave London which indicated their intention
to undertake further attempts at a settlement.


(6) For a detailed discussion by the four deputies,
Ibid., 15, 17, 18, 19, 22 and 23 March 1949.
Cary Travers Grayson, Jr., Austria's International
Position 1938-1953 : The Re-establishment of
Independent Austria (Geneva, 1953), p. 146.
Article 16 concerning the refugees and displaced persons in Austria was another point of dispute. The British representative Marjoribank was of the view that the entire Article should be dropped from the treaty. Zarubin complained that since the Austrian authorities were obstructing the return of the displaced persons of Soviet origin, he was unable to accept the British suggestion. In a further meeting, however, Zarubin suggested dropping the word "refugees" from the Article. Marjoribank opposed the idea and clarified that "refugees" referred to the persons of erstwhile German nationality while "displaced persons" were those who were nationals of one of the United Nations. Reber also emphasized that the Article should contain both the words or none. The French delegate, Berthlot, suggested that the refugees and the displaced persons should be repatriated to their homelands according to their will. The Soviet delegate withheld his consent and no positive achievement was possible. (7) In the military clauses, Zarubin opposed the idea of Austrian civil or military air force and army being manned by foreign experts while the Western Powers considered such a clause a limitation on Austrian sovereignty. It is interesting to note that the technical
differences apart, the draft of this Article 26 remained unagreed in a further meeting because the deputies failed to render an exact translation of the word "war material" in the Russian language. (8)

The question of German assets was taken up with renewed vigour with Western Powers seeking to settle the problem with reference to concrete situations and Zarubin insisting that there should be an agreement in principle first on all issues; oil, DDSD (Danube Shipping Company) and the lumpsum payment. Marjoribank demanded concrete data about oil production in 1947 so that percentage could be easily decided upon. Reber suggested forming a subcommittee to solve the differences but Zarubin insisted on agreement in principle first. In one of the earlier discussions also, the dispute was left unsettled, as Zarubin had insisted at that time that Austria should be forbidden to nationalize the former German assets in the Soviet zone without Soviet consent. (9)


(9) Wiener Zeitung, 6 and 7 April 1949. For an earlier discussion Ibid., 16, 18 and 23 February 1949.
As regards the lumpsum payment the Western offer was 100 million dollars in currency and/or kind and Austrian external assets in Bulgaria, Hungary and Roumania. Zarubin was adamant on 150 million dollars demanded earlier. He was not ready to extend the frist either to more than six years. Western Powers were ready to concede to the Soviet demand on certain precond1t1ons. First, on the manner in which the oil and DDSS assets would be settled; second, on the method of payment of the sum; third, on the proof that Austria was in a position to pay that amount; and fourth, on the conditions under which those former German assets would be placed under Austrian authority. In short they pleaded for a guarantee of Austria's economic independence. Zal'ub1D expressed his inability to reduce the Soviet demands.

When the matter was again taken up, the U.S. representative put forth his government's offer to increase the lumpsum payment to be paid to the Soviet Union again subject to four conditions: 1. that the Austrian government be permitted to pay it in convertible currency, in kind or in both; 2. that Austria's former assets in Bulgaria, Hungary and Roumania be taken into account; 3. that there be "adequate" settlement concerning Austrian claims for repayment of relief costs; and 4. that there be a "clear cut" agreement concerning the Austrian
industries to which the Soviet Union would relinquish its claims in return for the lumpsum payment. The remaining points to be settled in this connexion were the time limit for each instalment and the question of further action if Austria was unable to conform to these fixed terms. Zarubin asked about Western claims. All the three representatives clarified their governments' stand of returning those assets without any kind of payment in lieu thereof. (10)

Discussions on Articles 42 and 43 relating to the security of property of the U.N. and their nationals yielded no agreement. Article 36 dealing with the return of the treasures of art and culture of the United Nations found in Austria and Article 38 asking Austria to renounce the claims to Austrian property in Germany also remained disputed. The administrative committee of the Conference was asked to submit a final report on Article 44 on the property rights and interests of minority groups in Austria, but no date was fixed for the submission of the report. (11) An interesting point discussed during the early meetings of the session was the repayment to be

(10) Ibid., 16, 18 and 19 February and 9 April 1949.
(11) Ibid., 18, 19 and 23 February 1949.
made by Austria for relief supplies rendered to her by the
liberating armies from 8 May 1945 and would be rendered to
her till the signing of the State Treaty. The Western
Powers were ready to renounce their claims in this
connexion as well but not the Soviet Union. At this
stage, the question of these "Relief Debts" or "Stalin
Gift" or the "dried Peas debt" as they were variously
called, were not thought to be of much importance, but
they were later developed into significant "asymmetry"
which blocked the final conclusion of the treaty. (12)

In view of the near stagnation in the conference,
Reber proposed an interval of fourteen days and it was
immediately accepted by all. He utilized the interval
for an on-the-spot observation of the situation in
Carinthia and Styria. In the boundary district of
Bleiburg he was given a memorandum on behalf of the
municipal corporations of Bleiburg, Loibach, Moos and

(12) Ibid., 24 February 1949. F.G. Brook-Shepherd,
For an analysis of how the basic political
context is structured during a crisis so as
to capitalize on various asymmetrical aspects
of the relationship for bargaining purposes
see O.R. Young, Politics of Force: Bargaining
During International Crises (Princeton, 1968),
pp. 362-3. Such a tactic, however, evokes a
response in the form of efforts to redress the
asymmetrical advantages. Ibid., p. 366. These
processes are also visible while negotiating on
conflict situations.
Feistritz. The memorandum asserted the German character of the districts and expressed the desire of the population to remain with the Republic of Austria. (13) This favourably impressed Reber so that he proceeded to oppose any proposals regarding boundary alterations.

The French deputy Berthlot explaining his government’s stand to the Viennese journalists emphasized the need for securing unlimited sovereignty for Austria in the interest of peace and stability in Europe. The Western powers, he explained, tried to withdraw all obstacles but they needed response from their Soviet partner which was not forthcoming. At the same time he warned that the Austrian problem was closely connected with the other international problems and hence could not be isolated from the currents of movement and change that were taking place in the world arena. (14) Although these visits did not produce any result at the conference table they did help to generate a climate of optimism amongst the Austrians.

The negotiations were resumed on 25 April with a discussion on Reber’s memorandum on German assets, but no change was witnessed. Zarubin did not go to Moscow to

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(14) Ibid., 22 April 1949.
receive fresh instructions during the pause, hence, no progress was expected. Gruber, however, emphasized the fact that though Austria was eagerly awaiting the treaty at the earliest possible moment, he would not agree to have a bankrupt Austria established under the treaty. (15)

The question of the repayment of interests on government securities between the period of Anschluss and the beginning of the war was discussed next. A difference of opinion was recorded between France on the one hand and the United States, Britain and the Soviet Union, on the other. After a short discussion a general agreement was reached to the effect that these claims should be directed against Germany and not against Austria, but the question remained short of complete agreement due to differences on points of detail. (16) Discussions on Articles 36, 38 and 42 yielded no results. The subcommittee formed to evaluate Austrian property in Yugoslavia also

(15) Ibid., 26 April 1949. The strictness of instructions within which the Soviet negotiators operate leading to exhausting "tug of wills" are dealt with by Mosley, n. 8, pp. 297-300.

(16) Details of the discussion Wiener Zeitung, 5 and 6 May 1949. After two years it was decided that these were external debts of the German Reich and should be paid by the Federal Republic of Germany; "Communique on settlement of German external debts, 24 May 1951", DÖSF, 4 June 1951, pp. 901-6. Also see "Terms of Settlement of German Obligations for Austrian Debts, London, 27 February 1953", Ibid., 23 March 1953, pp. 439-40.
reported a failure. Reber, therefore, suggested breaking off the negotiations till the Paris Session of the Council of Foreign Ministers was over. Accordingly the deputies agreed on an interval till 26 June 1949. (17)

Thus ended the Deputies Conference at London which had assembled on 9 February 1949 in response to a desperate appeal from the Austrian government. The Stalin-Tito rift had aroused the hope that the Soviet Union would now cease to back the Yugoslav claims, and some withering of Soviet support had indeed been witnessed during the proceedings of the Deputies Conference. But this was nothing like the definite withdrawal that had been expected. Thus, the position remained the same as it was when the deputies adjourned sine die a year ago in May 1948.

Meanwhile, the Western Powers had organized themselves for collective security and defence under the banner of NATO on 4 April 1949 and the statute of the Council of Europe was signed by the representatives of ten European countries outside the Soviet bloc on 5 May 1949. Both these

(17) Wiener Zeitung, 28 April and 11 May 1949. Article 36 dealt with the problem of returning to Austria her property found in the United Nations territories. Article 38 concerned Austrian property in Germany and renunciation of Austrian claims against Germany. Article 42 related to the safeguard of property interests of United Nations and their nationals in Austria.
were interpreted by the Soviet Union to be the instruments of offense directed against the entire Soviet bloc and hence received hostile Soviet response. Although the Soviets initiated the lifting of the Berlin blockade on 12 May 1949, the situation did not normalize. In accordance with the "Basic Law" the Federal Republic of Germany came into existence on 23 May 1949 uniting the three Western zones of Germany which was severely opposed by the Soviet Union. Turkey, Palestine and China continued to be areas of tension. It was but natural, therefore, that the fortunes of Austria should be swept into the prevailing currents and cross currents of international conflict and tension. (18)

II. Paris Session of the Council of Foreign Ministers - 23 May to 20 June 1949
Basic Agreements Reached

The Austrian question was included in the agenda of the Paris session of the Council of Foreign Ministers without any difficulty. The special representatives who attempted to resolve the differences regarding the treaty at London were to submit the report on their negotiations to the foreign ministers by 1 June 1949. There was no agreement on a common report. The three Western Powers submitted a common text to the conference secretariat and Zarubin submitted his report personally to Vyshinsky. Being aware of the fact that negotiations in a "gold fish bowl" were unproductive of an agreement, the four Foreign Ministers, Acheson, Schumann, Vyshinsky and Bevin resorted to secret sessions at Paris during the middle of June. The Austrian question was also discussed. This evolved an agreement on the Austro-Yugoslav border and on some substantive issues regarding the German assets in Austria. (19)

The last day of the Conference of Foreign Ministers was again marked by a number of meetings - open and secret - which continued till late night. During these meetings it

negotiations is referred to by John T. Dunlop and James J. Healy, Collective Bargaining, Principles and Cases (Illinois, 1955), pp. 65-66. The necessity of secrecy in international negotiations has always been recognized. Even President Wilson, the advocate of "open covenants openly arrived at" and of diplomacy proceeding "frankly and in public view" made clear that by these dictums he had not meant "negotiations" but the "results of negotiations", quoted by H. Nicolson, The Evolution of Diplomatic Method (London, 1954), p. 76. He also quotes M. Jules Cambon, the great diplomatist, as saying "the day secrecy is abolished, negotiation of any kind will become impossible", Ibid., p. 85.


was finally decided to reestablish Austria within the
frontiers of 1 January 1938. Austria was to guarantee
rights of the Slovene and Croat minorities within the state.
Further, she was not to pay any reparations, but Yugoslavia
was allowed to seize, retain or liquidate Austrian property,
rights and interests within Yugoslav territory. At the same
time Soviet demand for 60 per cent oil concession rights
in Austria for extraction and exploration was conceded.
The former German assets in DDSG in eastern Austria were
also granted to the Soviet Union, besides the company's
external assets. Both these, however, were subject to
precise definition of what these involved. Soviet demand
of 150 million dollars in freely convertible currency to
be paid in six years was also accepted. In return Soviet
Union was to relinquish to Austria everything claimed by
her as "other German assets" and "war booty" except the
oil and DDSG assets. The term "war booty" was also subject
to more exact definition. The significant clause stated,
"the Deputies shall resume their work promptly for the
purpose of reaching agreement not later than 1 September
1949 on the draft as a whole." (20)

(20) Text of the communique in H.M.S.O., Command Paper 2729, n. 19, pp. 19-22. Also P.E. Mosley, "The
The establishment of Austria within the frontiers of 1 January 1938 was the noteworthy feature of the agreement. The Soviet Union no longer stood for Yugoslav claims. After the open break with Tito, Moscow took one complete year for public withdrawal of her support to Yugoslav claims. Though, Moscow's decision was not evidently influenced by the justice of the cause, it definitely increased the number of agreed articles of the Austrian treaty. (21) Some welcomed it as creating a new and

(21) Zarubin later explained that the Soviet support to Yugoslav was withdrawn because of Yugoslav backstage negotiations with British statesmen like Noel Baker and McNair. Pravda, 30 June 1949. For an exchange of notes between Yugoslavia and the Soviet Union in this connexion see Documentation Francaise (Paris), no. 1271, 7 February 1960, pp. 5-21, quoted by Grayson, n. 6. Also see Yugoslav Ministry of Foreign Affairs, Documents on the Carinthian Question (Belgrade, 1945).

hopeful phase in East-West relations, while others interpreted it just as a declaration of ceasefire in the cold war and were bold enough to ask "which year of September 1 are the deputies expected to complete their work". (22)

Gruber was also sceptical about an early settlement of the entire problem as the final agreement on German assets involved some technical issues to be resolved. He drew attention to Vyshinsky's supplement in the last meeting of the foreign ministers at Paris in which he asked that a clause be added to the communique granting the Soviets right to export the profits and other income derived from the industries which she was to retain in Austria under the Paris Agreement. The question whether this export was to be in kind or in currency and if so in which currency, was to be referred to the deputies for clarification. Gruber saw some dark clouds lurking in this last minute demand of the Soviet deputy. The British held that the agreement did not foresee actual settlement and Acheson also admitted that the principal problems which had been preventing the writing of a treaty were not completely solved, but the avenue toward solution was found. The deputies were to resume work on 30 June

(22) Wiener Zeitung, 21 June 1949.
but the Soviet Union requested postponement of the Conference. This postponement read with the Soviet last minute supplement at the Council of Foreign Ministers confirmed the doubts about the possibility of an early conclusion of the treaty. (23)

III. The Deputies Conference at London - 1 July to 31 August 1949

The deputies could resume their work on 1 July 1949. The question of Austrian boundaries was taken as resolved and the deputies turned to Article 2 concerning the guarantee of Austrian independence and of its territorial integrity. The Soviet Deputy agreed to the Article but suggested a specific reference to the Big Powers' obligation to respect it. Reber, Berthlot and Mallet considered it superfluous as it was already accepted in the preamble and held that it would be rendered insignificant


After the Paris Agreement on Austria only a few minor points of dispute were to be resolved. These were Article 48; the settlement of Austrian debts contracted before the Anschluss; Article 16; the future of displaced persons; Article 27; the employment of foreign experts in Austrian civil and military aviation; Article 48 bis; relief debts; and Article 42; United Nations property in Austria.
the moment Austria became a member of the United Nations. In a further meeting, however, final agreement was reached on this Article. (24)

Article 7 of the treaty concerning the guarantee of human rights to minorities, brought forth the first difficulty as the Paris Agreement envisaged a special clause on Slovene and Croat minorities to be added to the text. Berthlot suggested inserting a special Article for this. Heber proposed that the words of the Paris Communique should be accepted while Zarubin considered these just a basis to formulate the clause. He put forth a draft proposal which was unacceptable to the West. (25) Reber reminded the Conference that Bevin had submitted a memorandum in this connexion, at one of the secret sessions in Paris, which had been agreed upon, but Zarubin referred to a Soviet proposal counter to this memorandum at the secret session, which envisaged a specific clause on minority safeguards in the treaty itself. Reber replied that if the Soviet delegate stuck to his interpretation of

(24) *Wiener Zeitung*, 3 July 1949. The British representative Marjoribank was replaced by Mallet.

the Paris Communique it would necessitate a new resolution of the foreign ministers to proceed further. Coming to Article 45, Mallet suggested including a clause to the effect that no reparations should be exacted from Austria on account of the condition of war that existed in Europe from 1 September 1939. Other deputies agreed to study it. Article 16 concerning the displaced persons was also retracted as Reber expected to receive new instructions on the Article from Washington. Article 27 denying Austria technical advisers and experts from foreign countries for its civil and military air force also recorded disagreement. To their utter dismay the Western deputies also discovered that the Soviet Union had not finally accepted the Austrian boundaries as of 1938. Zarubin explained that as the question of reparations was still unsettled the co-related question of boundaries could not be taken as finally accepted by his government. (26)

Meanwhile Zarubin had submitted a memorandum to the conference secretariat giving a detailed list of the oil fields in the eastern zone claimed by the Soviet Union. Maps were attached to specify exact locations.

(26) Shepherd, n. 12, p. 249. Wiener Zeitung, 2, 5, 6 and 7 July 1949.
Claims to DDSG assets were also put forth along with it. To work out the details on the basis of these Soviet proposals to subcommittees, one on oil and the other on DDSG assets, were established which were to report to the deputies within 14 days. (27)

The deputies then tried to clarify the meaning of movable property which was claimed by the Soviet Union as war booty and also the terms of instalments of the 160 million dollars to be paid to the Soviet Union. About cash payment Zarubin suggested quarterly instalments of equal value to begin at least at the end of 31 days of coming into force of the State Treaty. This was vehemently opposed by the Western Deputies on the ground that yearly instalments were agreed upon at Paris. On Heber's coaxing Zarubin clarified the categories of movable and immovable properties which could be classified

(27) Text of the Soviet Memorandum in Wiener Zeitung 6 July 1949. The memorandum also specified the German assets to be relinquished to Austria against the payment of 160 million dollars over a period of six years and declined Austria's right of alienation without previous Soviet consent.

The use of subcommittees for clarifying or resolving highly technical or complex issues as a fruitful technique of conference organization while negotiating industrial conflicts has been elucidated by Neil W. Chamberlain and James W. Kuhn, Collective Bargaining (New York, 1965), pp. 71-72. Boulding holds that though there are differences between industrial and international conflicts, there do exist certain basic common elements in the phenomenon of conflict in all its manifestations contd...
as war booty. He also specified that the 500 locomotives demanded by Austria might be returned to her but he reserved his final commitment. Berthlot drew attention to Vyshinsky's agreement at Paris concerning general movable and immovable property and suggested formulating an exact definition of the term. This, however, could not be done as Mallet brought forward the question of the fields used by nazis for military exercises which had been taken over by Austria at the time of liberation, but were later confiscated by the Soviet Union. Zarubin did not agree to the return of war booty till the Soviet Union received specific guarantee of the regular payment of the instalments of the lumpsum. Mallet proposed to extend the required guarantee to the Soviet Union on the condition that the actual payment should be started by Austria only after the concerned war booty was returned to her. Zarubin declined this and also refused to accept spoken guarantees. He suggested instead that the Austrian National Bank should hand over to the Soviet State Bank promisory notes for 150 million dollars. The French delegate agreed to the arrangement but not the British and the American. Zarubin insisted on the guarantees,

but was ready for a compromise in which return of the objects would coincide with the payment of instalments. Keber's suggestion of quarterly instalments during the first year and yearly afterwards did not convince Zarubin and a possibility of half yearly instalments was also ruled out by him. Zarubin also disagreed with the suggestion that the amount of 160 million dollars should be estimated according to the value of gold parity as on 1 September 1949. The provision of exchange covering, however, was agreed upon on the condition that it would remain non-transferable and free of interest. (28)

Reverting back to the definition of war booty, Zarubin specified that the rolling material being movable property could not be included in the category of war booty to be returned to Austria. This practically sealed off the fate of the 500 locomotives. Regarding industries and industrial establishments, he clarified that those which remained in Austria at the time of coming into force of the State Treaty were to be handed over to Austria, while the rest would be the property of the Soviet Union. Reber recalled the Vyshinsky-

Acheson Agreement at the secret session at Paris on 19 June 1949 in which it was agreed to return all industrial establishments and the locomotives to Austria. Zarubin did not admit of any such agreement and categorically refused to return either the locomotives or the industrial establishments already removed from Austria. He also refused to discuss the British supplement to Article 35 aimed at eliminating all German influence from Austria in the economic field. (29)

Paragraph 9 of Article 35 had also recorded disagreement. It referred to the settlement of differences between Austria and any other occupying power in case these arose in the fulfilment of treaty obligations under this Article. Reber suggested a court of arbitration consisting of a national of the state concerned, an Austrian national and a chairman appointed by Secretary General of the United Nations in case the disagreement between the two parties about the choice of the person continued for more than a month. Zarubin objected to UN intervention in Austro-Soviet affairs and no agreement could be reached. (30)


(30) Soviet Union had accepted a similar provision in the five peace treaties of 1947 but was opposing it in the case of Austria. Mosley, n. 20, p. 233.
Article 36 asking Austria to return the treasures of art plundered by Nazis during the war also recorded disagreement. Zarubin demanded that when such a treasure was not exactly identified, Austria should return to the nation concerned a piece of art of equal worth. Heber supported by Mallet and Berthlot declined to agree to such a clause. Articles 41 and 42 determining German claims against Austria, and the elimination of German ownership and control rights within 18 months of the coming into force of the State Treaty respectively, remained short of an agreement as Zarubin considered both these Articles superfluous. Article 48 concerning the relief debts, was also discussed and differences confirmed. (31)

Negotiations so far were not all a record of disagreements. In one of the early meetings the deputies had reached final agreement on Article 34 on the basis of the British proposal exempting "Austria" from any reparation payments. They had agreed also on Article 45, on the basis of the Soviet text consenting to return of Austrian property found on the territories of the Allied and Associated Powers, with the exception of Yugoslavia which was allowed to retain or liquidate it. A further agreement

(31) Details of discussions on these Articles, Ibid., 20, 22 and 23 July 1949.
was reached on paragraph 7 of Article 35 defining the kind and manner of export of profits and other revenues to the Soviet Union. Article 38 referring to the return of Austrian property transported to Germany during the period of Anschluss was also agreed upon. Discussion on Article 44 also led to an agreement restoring the property rights and safeguarding the business interests of minority groups which were discriminated against during the Anschluss on religious, racial or such other grounds. Article 43 placing the United Nations nationals on par with Austrian citizens under the Austrian law for matters of their property rights in the land was also accepted in principle. Final acceptance was subjected to an agreement on Article 35. (32) These, however, were minor agreements in view of the points still in dispute.

The course of London negotiations indicated that the Paris Agreements were, in fact, a diplomatic "cease-fire" nothing more, but nothing less. Except for lifting the Berlin blockade it did not bring any other fundamental change in the international context. It was nonetheless,  

significant as it helped in subsiding some vulnerable spots of conflict from eruption.

Beginning the third reading of the treaty draft, Zarubin suggested a new Article to be included in the treaty which would oblige Austria to safeguard and respect the war graves and war memorials of Allied soldiers and prisoners of war. Heber did not consider it necessary as this was a matter to be settled by way of bilateral negotiations between Austria and the State concerned. (33)

The expert committee on oil submitted its report to the conference on 26 July 1949. There were two types of estimates, one Soviet and the other Western, each dealing with four aspects of the problem viz., oil production, utilization of the oil, exploration rights and financial questions. Differences existed on each one of these. The Western delegates immediately pointed out the divergence between Soviet estimate of oil production in the new Soviet report which was 925,000 tons and in the one given by her previously, which was 913,500 tons. Zarubin's explanation that the new report gave exact figures as it also included oil from terrains excluded in the previous production estimates, did not satisfy the Western delegates. (34)

(33) Ibid., 26 July 1949.
(34) Ibid., 27 July 1949.
The discussion on the list of the oil fields also recorded difficulties as Zarubin took the Soviet text as the basis while the Western Powers took the British text as the basis. Under the oil assets, the Soviet Union claimed the transfer of the entire machinery and other establishments connected with the oil fields including even the telephone lines. This was unacceptable to Reber. Mallet and Berthlot, however, wanted to examine the legal implications of any such transfer. Further differences concerned the list of the oil fields claimed by the Soviet Union. Mallet explained that the oil fields should be so divided that there should not be much divergence between the production of the 60 per cent oil fields going to the Soviet Union and the remaining 40 per cent to be retained by Austria. The Soviet Union objected to it in the beginning. After a month, however, Zarubin withdrew the Soviet claim to a small oil field declaring his preparedness to renounce claims to all such oil fields which, according to Western opinion, transferred to the Soviet Union more than the agreed 60 per cent of the oil production. Further concession relating to drilling material was also made by the Soviet Union. (35)

(35) Ibid., 28 July 1949. These haggling activities reveal the procedure of "gain-maximising policies" and "loss-minimising calculations" in competitive cooperative bargaining. For theoretical elaboration contd....
The oil refineries were another obstacle. The Western Powers held that the Soviet claim gave her refineries of the yearly capacity of 420,000 tons of oil which was much more than the agreed quantity while Zarubin complained that the refineries given to the Soviet Union according to the Western plan were of the yearly capacity of 250,000 tons much less than the agreed quantity. A small step forward was an agreement on the question of Austrian oil distribution companies to be transferred to the Soviet Union. (36)

The problem of DDSG assets was also short of an agreement. Mallet suggested that this should be determined on three bases; first, the areas in which DDSG property was found, the rights concerning these, and the method of transfer of these rights. The Western delegates had their list of the concerned areas prepared on the basis of the Austrian land register which was unacceptable to the Soviet Union. The report of the expert committee on DDSG was also at hand. The only agreement reached was to accept both the land register and the balance report as the bases for determining the dockyards to be transferred to the

of these concepts see Young, n. 12, pp. 28-33. The concept of maximising "expected value" has been developed in game theory. See for example Duncan Luce and Howard Raiffa, Games and Decisions (New York, 1957).

Soviet Union. Zarubin claimed the property and the establishments of the subsidiary companies also, to which the Western delegates did not agree. Reber offered to put forth a new text for the clause and the matter was set aside for the time being. An agreement, however, was reached according to which the Soviet Union was to get 36 out of the 37 ships of DDSG claimed by her and the dockyard of Korneuburg along with all its establishments. No decision was possible on the Vienna dockyard and its establishment. (37)

A broad agreement was also reached on the method of payment of 150 million dollars in six years. A quarterly instalment of 6,250,000 dollars was accepted. It was to begin within two months of the coming into force of the treaty. Further instalments were to be paid on the first day of the due month and the last on the last day of the sixth year. Later discussions revealed the differences still existing concerning the exact day of payment of the first instalment. A compromise was, however, evolved in a further meeting that the first instalment of the lumpsum be paid on the first day of the second month of the coming into force of the treaty and each subsequent instalment on the first day

(37) Ibid., 3 and 4 August 1949.
of every third month thereafter. Earlier Zarubin had clarified that this sum would be interest free and the Soviet State Bank had no intentions of putting the exchange in circulation so long as Austrian National Bank conscientiously complied with its obligations. France considered this declaration adequate, while Britain and the U.S.A. asked for a still clearer statement. It had also been decided that as a security, the Austrian National Bank was to deliver to the Soviet State Bank 24 interest free non-transferable promissory notes within two weeks of the coming into force of the treaty. Reber volunteered to formulate its text. Mallet's suggestion that the "Austrian Government" as one of the treaty partners, should be mentioned somewhere in this connexion, was unacceptable to Zarubin. (38)

The question of the rights of minorities also received a renewed consideration. Western delegates proposed a general statement of Austrian obligation to safeguard minorities while Zarubin insisted on enumerating particular rights. A continued discussion, however, evolved a working basis to the effect that the Slovene

(38) Ibid., 6, 11, 24 and 26 August 1949.
and the Croat minorities would have equal rights similar to the other Austrian nationals. (39) Articles 16, 26, 27, 36, 41, 42 and 51 still fell short of agreement though new texts were put forth by the delegates on some of these. Similar was the fate of the two memoranda obliging Austria to safeguard Allied war memorials and determining a procedure of accession of Austria to the State Treaty. (40)

In a vigorous attempt to utilize the last chance for an agreement the deputies held two sessions each on 29 and 30 August 1949. These were marked with new formulations of the disagreed clauses and an attempt by all to somehow arrive at complete agreement within the prescribed limit. As a result an agreement was reached on paragraph 7 of Article 36 forbidding any discrimination by the Austrian Government against the property under Soviet control that would be returned to Austria. There was no difficulty in agreeing to paragraph 10 declaring the renunciation by Western Powers of all German assets and of war booty without any financial compensation in lieu thereof. A list of the oil fields

(39) For details, Ibid., 5, 17, 18 and 24 August 1949.
(40) Ibid., 6, 9 and 10 August 1949.
in working order, to be transferred to the Soviet Union was also agreed upon. A supplementary note was added to the list assuring the Soviet rights to lease the exploitation of these oil fields which could not be terminated without the Soviet consent earlier than the concession frist of 30 years. (41)

The main obstacle was list No. 2 distributing the prospective oil rich areas between Austria and the Soviet Union for exploration purposes. The Western and the Soviet lists were identical so far as the enumeration of these areas was concerned but differed in their distribution. Western powers held that the terrains taken over by the Soviet Union transferred to her not only 60 per cent but 100 per cent oil because the remaining terrains given to Austria had the least prospect of oil. Zarubin was not ready to change the distribution List No. 5 enumerating the DD&G assets also recorded disagreement and a reference to 500 locomotives irritated Zarubin, who refused to discuss them. The question of displaced persons and refugees was again taken up but to no avail and a last attempt was made for an agreement on Article 35 which again recorded a failure for the deputies. (42)

(41) Ibid., 31 August 1949.
(42) Ibid., 1 September 1949.
Zarubin wanted to continue the negotiations for one week more but Reber suggested an interval of three weeks so that the deputies might contact their governments and reassemble on 22 September at New York where they would have the advantage of the presence of their foreign ministers attending the session of the General Assembly of the United Nations. Zarubin agreed to refer the United States proposal to Moscow. The next place of meeting, he considered, should be determined by the foreign ministers to whom the deputies should submit an agreed report. The Western delegates, however, favoured personal reports to be submitted by each deputy to his foreign minister. (43)

Thus, the deputies could not agree on the treaty draft as a whole by 1 September 1949 as prescribed by the Paris Communique. Nonetheless, this London session did make a significant advance towards agreement. The deputies had before them 18 unagreed Articles when they resumed discussions at London after the Paris Conference of the Foreign Ministers. Three new Articles were added during the course of the London session. Within two months the deputies agreed on eight out of these and withdrew four which left nine Articles on which difference

(43) Ibid., 2 September 1949. DOSB, 12 September 1949, p. 399.
of opinion still existed. Austria on her part was ready to purchase the treaty at a high price by way of accepting the Soviet demands. The Western concessions, however, came a bit too late and led to a search for further asymmetries which could be induced into the negotiating framework. (44)

The widened rift between Tito and Stalin secured on the one hand Soviet renunciation of her support to Yugoslav claims and on the other put an obstacle in the final conclusion of the treaty, as the Soviet Union became more firm in her policy of maintaining troops in Hungary and in Bulgaria at the juncture. Occupation of Austria was a necessary precondition for this which increased the importance of this outpost for both the Allies and though they had come to the conference table with the declared intention to solve the Austrian problem a real desire to disengage from the area was still lacking. The Soviet Union explaining the cause of the


The concepts of "natural asymmetries" and "induced asymmetries" to cause divergence within the framework of a particular bargaining situation are discussed by Young, n. 12, pp. 33-34.
failure blamed the Western Powers for hindering the conclusion of the treaty by digressing from the Paris Agreements. (45) Acheson, Bevin and Schumann issued a declaration from Washington reaffirming their desire to fulfil the obligations assumed in the Moscow Declaration of 1943. They expressed their willingness to proceed further with the negotiations through their deputies at New York and hoped to get positive response from the Soviet government. (46)

The Soviet concessions so far were at the cost of Yugoslavia which was no longer a friend of Soviet Union and it was doubtful whether the Soviet Union would extend these in case of her personal claims particularly on the issue of the German assets. This aroused a doubt in the minds of the Western delegates as to the extent to which they should respond to the Soviet concession. (47) It was, however, significant that the draft treaty received a clearer formulation after the London Conference of the Deputies.

(45) Tass, 7 September 1949.
(46) Doss, 26 September 1949, p. 468.
(47) Stourzh, n. 3, p. 310.
After a prolonged silence, Moscow conveyed Soviet acceptance of resuming Austrian negotiations by the deputies at New York on 22 September 1949 and assured that the Soviet deputy would participate in it. At the same time Soviet Union charged the Western Powers with delaying the State Treaty in order to form an economic union of western zones of Austria to be developed as an appendage to the United German trizone. (48)

IV. Consultations of the Foreign Ministers and the following Deputies Conference at New York, 26 September to 14 December 1949

Before the Deputies resumed their work, which was postponed due to Berthlot's absence, the foreign ministers who had assembled at New York for the UN General Assembly session held unofficial talks trying to formulate a common basis for the still unagreed clauses of the treaty. After their prolonged consultations they decided to instruct the deputies to resume their work and submit a report within fourteen days. Vyshinsky made it clear

(48) Text of the Soviet note handed over to the Western ambassadors at Moscow, DOPA, 3 October 1949, p. 509. Various delaying tactics deployed by Communist negotiators, thereby exhausting Western patience are discussed with reference to Korean armistice negotiations by Admiral Joy, n. 28, pp. 39-61.
that there would be no difficulties, if the question of German assets was resolved to the satisfaction of the Soviet Union. (49)

The deputies resumed work with a discussion on Article 35. Each delegation had an oil expert with it and they were striving for an agreement on the problem. The different lists concerning oil were discussed again and the British delegate suggested accepting the Soviet distribution of the prospective oil rich areas except the region of Grossenzerdorf which was surrounded by areas to be under Austrian control. An attempt was made to arrive at an agreement on the management of the Zisterdorf-Lobau oil concern in which the Soviet Union agreed to a share of other Austrian oil concerns but declined including any such clause in the treaty. List no. 1 yielded positive results when agreement was reached on already accessible oil fields to be transferred to the Soviet Union. After a month's haggling an agreement was within sight on the Soviet claims to the prospective oil rich areas also, as the Western Powers seemed to concede to Soviet demands. List no. 5 enumerating the DDSG assets to be transferred to the Soviet Union was also agreed upon.

which was quite surprising in view of the earlier discussion on the list. At this stage the Soviet representative adopted the "technique of loosening commitment" when he repeated Vyshinsky's stand that there would be no further difficulties in the conclusion of the treaty as soon as the entire problem of German assets was resolved to the satisfaction of the Soviet Union. The Soviet willingness to evacuate Austria was considered to be influenced by a desire to consolidate her gains and guided by "military thinking based on defense in depth" to which an Austrian buffer state would have been an added benefit. (50) The Western economic concessions at New York seemed to have been influenced by their eagerness to secure the withdrawal of Soviet troops from Austria which superseded all other considerations, because the previous argument of Austrian incapability to bear these economic burdens still held good as there was no decisive change in her economic position during the time. To an extent this

might also have been guided by the Western recognition of the genuine Soviet economic needs for her reconstruction. (51)

Curiously enough, further meetings led to the recounting of differences on various Articles and a deadlock seemed to have developed concerning Articles 48 and 48 Bis when the "Red Herring" thrust earlier by the Soviet Union was vigorously renewed. The Soviet representative insisted on the settlement of relief debts before a final agreement could be reached. Reber objected to giving a blank cheque to the Soviet Union.

(51) The Department of State Publication, 6437, The Austrian State Treaty (Washington, 1957), p. 17. The Soviet insistence on maximum possible quantity of Austrian oil was related to her great need of that commodity for her industrial development. This is revealed by statements in Soviet News, 5 March 1948, 31 March 1949 and 23 May 1950. For an experimental analysis of the notion of trust based on interest as a possible basis of conflict resolution see Hermhardt Liberman, "I-Trust : a Notion of Trust in Three Person Games and International Affairs", Journal of Conflict Resolution (Michigan), vol. VIII, pp. 271-80. An analogous concept can be traced in the theory of cooperative games where parties to the conflict are considered to be planning their bargaining positions on the basis of mutual expectations to act "rationally" i.e., each trusts that the adversary would act by maximizing its "expected utilities". See John C. Harsanyi, "On the Rationality Postulates underlying the Theory of Cooperative Games", Ibid., vol. V, pp. 179-96.
in this connection and asked for its previous settlement with the consent of Austria. Austro-Soviet bilateral negotiations were going on for this at Vienna, but no information regarding its progress was available. A second round of discussion on the remaining unagreed clauses yielded no results. On the other hand the new Soviet demand of relief debts became the "icing on the cake" creating serious doubts as to the Soviet sincerity for concluding the treaty. (52)

The Austro-Soviet bilateral talks at Vienna on "relief-debts" had reached a deadlock point. Soviet Union was demanding 4 million dollars for the goods and services delivered to Austria in the first month of occupation in addition to 50 to 100 million Austrian Schillings for the rest of the period. This was unacceptable to Austria as it was clarified that in fact, the Soviet Union had not delivered any Soviet goods under the "Stalin Gift",

(52) Wiener Zeitung, 24 November 1949. Richard Hiscocks, The Rebirth of Austria (London, 1953), p. 196. Dunlop and Healy have used the phrase "icing on the cake" for referring to the nuisance value of some minor demands when the principal points have been concluded, Dunlop and Healy, n. 19, p. 55. Also see Vernon V. Aspaturian, "Diletties and Duplicity in Soviet Diplomacy", Journal of International Affairs (Columbia), vol. XVII, pp. 42-60.
but only those which were requisitioned by the Soviet troops from Austrian military depots when they marched into Austria. Later these goods were offered as gifts for May Day 1945 for which a public meeting of thanksgiving was held in front of the Town Hall. Nonetheless, Austrian government specified its preparedness for a "reasonable settlement", but its proposals submitted in September 1949 remained unanswered till December. Chancellor Figl's attempt for an agreement in a discussion with the Soviet High Commissioner, General Sviridov, also proved fruitless and Zarubin specified that further progress at New York depended on the success of negotiations at Vienna. He also informed that the Austrian proposal of September 1949 was unacceptable to the Soviet Union. The Vienna and the New York negotiations thus formed a grotesque merry-go-round which returned to the starting point after a number of speedy rounds. Mallet, therefore, suggested a postponement of the next meeting till the middle of January 1950 to be resumed at London again. This was characterized as a Christmas pause and not an interruption of the New York negotiations. Perhaps the Big Four deputies were not prepared to record a renewed failure. The United States, however, made it clear that the negotiations were discontinued in the absence of the
slightest hint towards progress. Thus, 243 meetings of the deputies concluded with the decision to meet again on 9 January 1950 at London. (53)

V. The Interlude of General Elections in Austria

The unexpected defeat of the Communist Party in the national elections of 9 October 1949 revealed to the Soviet Union the ineffectiveness of that instrument to constitutionally control the Austrian scene. The seats of the Communist Party in the Federal Parliament though increased by one, did not substantially improve the position of the party over what it was after the general

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(53) *Wiener Zeitung*, 7, 8 and 16 December 1949. *New York Times*, 16 December 1949. Shepherd n. 12, p. 250. The Soviet Army had requisitioned mostly peas from the 'Wehrmacht' stores which were turned over as "Stalin Gift". The relief debts, therefore, were termed by Austrians as "Erbsen Schulden" (dried peas debts). The services rendered were the rebuilding of some bridges also celebrated at the time as "Gifts of the Soviet Army to the people of Austria". K.R.C., "The Situation in Austria", *World Today*, vol. VI, pp. 441-2.
elections of 1945. (54) The results of the elections in Trade Union Works Councils had raised the hopes of the Communist Party for a similar outcome at the political level which were not fulfilled. Even at the economic level its influence lacked concrete support when it was put to practical test for political purposes during the general strikes called on 26 and 27 September and later on 4 and 5 October 1950, which were characterized by Minister Helmer as the last desperate attempt by the Communists to seize power. (55) The Communist Party had taken resort to the


The Communist attempt to transform the trade union movement, controlled mainly by the Socialist Party into an instrument of the class struggle did not succeed and by the middle of 1950 other possible instruments to control political power were being thought of. A detailed account of Austrian Trade Union Movement is given by Austrian Trade Union Federation, Tätigkeitsbericht des Österreicherischen Gewerkschaftsbundes, 1945-1947 (Vienna, 1949). Also Fritz Klenner, Die Österreichischen Gewerkschaften (Vienna, 1951, 1953), 2 vols.

contd....
strikes having learnt the futility of its strength in the national elections of 1949. It also took advantage of the split between the coalition partners - the People's Party and the Socialist Party - on the maintenance of the price wage line. (56) The failure of the strikes only

The attempt of the Communist Party to control the Trade Unions has been discussed in detail by W.B. Bader, Austria Between East and West 1945-1955 (California, 1966), pp. 132-54. For the communist attempt to capture influence in internal administration through the Federal Police, see Wilhelm Stadler, Die Kommunisten in der Wiener Polizei: Die Technik der Kommunistischen Machtsgreifung, Seminararbeit der Institut fuer Zeitgeschichte, Universitaet Wien, SE 350, 1966.

(56) Bader has described how the Communist Party waited for an opportunity for a massive attempt at capturing power, the clear dissociation of the Socialist Party from that attempt after an initial phase and the resulting failure of the strikes. W.B. Bader, A Communist Failure: Occupied Austria 1945-1950 (Thesis, Ph. D., Princeton University, 1964), pp. 265-306. He has also discussed how an earlier attempt of the Austrian Communist Party to capture control of the internal security apparatus had failed due to the determined opposition of the Minister of Interior, Hemler, Ibid., pp. 138-90. Bader holds that in all these attempts the Communist Party of Austria was actively supported by the Soviet occupation authority and its failure was a definite setback to Soviet power in Austria.

Other valuable sources describing the situation during the September-October strikes and their background are Fritz Kleiner, Erschversuch Oder Nicht? (Vienna, 1965). Oskar Helmer, 50 Jahre erlebte Geschichte (Vienna, 1957), pp. 287-301. Alfred Migisch, Anschlag auf Oesterreich (Vienna, contd....
confirmed the impotence of the Communist Party of Austria and the willingness of the Austrians to defend their independence. At the same time the general elections of 1949 also proved that despite critical party differences between the coalition partners, their leaders were firm that in the then emergency it is only the "limping two party system" of the two big parties in Austria that can offer the best solution. (57) Thus the internal situation which developed during the fall of 1950 had started reflecting itself in the State Treaty negotiations an year earlier since the national election of October 1949. It was about the same time that the Soviet Union had almost stopped negotiating on the treaty, making any further continuation of the discussions dependent on the Austro-Soviet bilateral talks concerning "relief debts". A day before the resumption of the talks at London, N. Sidorov declared that the Western Powers were determined to stay on in Austria at any price and were


blaming the Soviet Union for hindering the preparation of the treaty. (58)

VI. The Delegates Conference at London -
9 January to 15 December 1950

When the deputies reassembled at London on 9 January 1950 the Soviet representative seemed to have come without any instructions which would have enabled him to proceed further. The bilateral talks at Vienna were reported inconclusive and the meeting adjourned till 13 January. (59)

When the deputies for the Austrian State Treaty met at London on 13 January, they spent two hours deciding who was to be blamed for the stalemate in the conference and again adjourned for a week. Meanwhile the ambassadors of the three Western Powers at Moscow, Sir David Kelly of

(58) N. Sidorov, "Who is hindering the Preparation of the Austrian Treaty", New Times (London), 8 January 1950, pp. 12-16. Western Powers, however, held that they had made a number of concessions without a corresponding Soviet response, Times (London), 11 January 1950.

(59) In the bilateral negotiations, Austria put forth counter claims of 240 million Austrian Schillings against the Soviet Union for the Civil Occupation Costs as against the 165 million Austrian Schillings demanded by the Soviet Union for "relief debts". The Civil Occupation Costs included claims for the use of buildings, grounds and labour supplied by Austria to the Soviet forces. Wiener Zeitung, 12 January 1950. Mosley, n. 20, p. 225.
Britain, Allan Kirk of the United States and Ivan Chataigneau of France met the Soviet Deputy Foreign Minister, Gromyko, on 18 January 1960 to enquire as to when the Austro-Soviet bilateral negotiations could possibly be concluded. Gromyko could give no assurance. As a result the meeting of the deputies scheduled for 20 January was further postponed for four days after which they met to adjourn it again till 15 February. On 15 February the deputies again met to argue about the responsibility for their failure and adjourned for a fortnight. The Western Powers unconditionally withdrew Article 35 B when the special representatives met on 1 March but a further attempt to establish an editing committee to finalize the already agreed Articles of the treaty was unsuccessful and the deputies again decided to adjourn the conference till 26 April. This activity of putting each other in the wrong before the bar of world public opinion created grave doubts as to their sincerity behind the actual act of negotiating. The meetings served more or less as propaganda forums in which each tried to appear good by engaging in good activity. (60)

(60) Wiener Zeitung, 14 and 25 January and 2 March 1960. DOEB, 30 January 1960, p. 162. The Big Power tactic of negotiating for propaganda purposes has been discussed by Ikle, n. 19, pp. 52-55. Analysing the disarmament negotiations till the beginning of the
At this stage the Austrian government came forward in an attempt to channelize the negotiations. It specified at the outset that no treaty would be signed without Soviet participation. An invitation was extended for summit meeting of Stalin, Truman, Attlee and Bidault to be held at Vienna for conferring over their differences. Further, a twenty-three point memorandum was submitted to the occupying powers asking for alleviation of occupation burdens and liberalization of their regime by way of certain concessions. The foremost among these was a demand for the reduction of occupation troops by all. (61) This was considered all the more essential in view of Acheson's Berkley speech emphasizing the United States refusal to accept a settlement that would make Germany, Japan or liberated Austria satellites of the Soviet Union. The Department of State, however, assured a sympathetic consideration of Austrian request for


(61) Text of the Austrian Memorandum dated 7 March 1950, Wiener Zeitung, 12 March 1950. Some of the other significant concessions asked for were abolition of zonal frontiers of military courts and of censorship and release of requisitioned Austrian property.
concessions. Britain also promised to place their relations with the Austrian government so far as possible on a normal footing. The French, however, foresaw no possibility of reducing the troops though they agreed to economies on civilian side. There was no Soviet reply. (62)

A survey of the then international situation revealed that the war time Allied coalition was completely broken and the Allies were unable to agree on peace time cooperation with the result that each partner was busy organizing its power in its own sphere of influence. Under the circumstances it was doubtful if Austria was serious about the unilateral reduction of western forces in view of the Soviet installation of troops numbering nearly double the quantity of western troops taken together. It


The first great concession of the three Western Powers was the appointment of Civilian High Commissioners in place of the former dual representation through Political Ministers and Military High Commissioners. The announcement to the effect was made at London on 19 May 1950. Text in DOSB, 29 May 1950, p. 828.
was clear to Austrians that none of the Four Powers was seriously negotiating for restoring their sovereignty.

Soviet intentions were very obvious by their charges against Austria and the French High Commissioner General Bithauart made no secret about the Western view when he said:

If we leave Austria, it will create a military vacuum which in one way or another the Russians are sure to fill before long. Our departure would thoroughly compromise our occupation of Germany, both strategically and morally, the Germans would soon regard the evacuation of Austria as a precedent. (63)

Tension was rising all over the world and a satisfactory solution of any international problem in such an atmosphere was a vain hope. Besides the Korean confrontation, the question of Trieste was put first in the order of priorities. A Soviet note of 20 April 1960 to the Western Powers charged the three governments with violating the Italian Peace Treaty by the continued

presence of foreign troops on the free territory. It demanded fulfilment of the agreement regarding Trieste which should have been accomplished when the Peace Treaty with Italy entered into force on 16 September 1947. (64)

This had its impact on Austrian State Treaty negotiations. When the deputies met at London on 26 April as scheduled, Zarubin accused the Western Allies of helping the Austrian government in its efforts at remilitarization. He further charged the Austrian government of building up munition depots in the western zones and an army with motorized regiments under the leadership of erstwhile Nazis in violation of the quadripartite agreements on denazification and demilitarization. His delegation, therefore, deemed it necessary to add a supplement to Article 9 of the treaty to the effect "Austria takes upon itself to suppress on its territory all Fascist type organizations - political, military, paramilitary and others - engaged in unfriendly activity aimed at any of the United Nations or endeavouring to deprive the people of their democratic rights." (65) Western Powers

(64) Text of the Soviet note, DOSA, 16 May 1950, p. 701. Also see in this connexion President Truman's address at Missouri on 11 June 1950 in S.S. Jodas, Documents on Russian American Relations: Washington to Eisenhower (Washington, 1965), p. 183.

were against any alteration of the already agreed Articles.

Quite unexpectedly the Soviet deputy called a meeting on 4 May although the next meeting was scheduled for 22 May. But all that Zarubin did was to repeat his demand for denazification and demilitarization and asked for a Western reply to the Soviet note on Trieste. The Soviet Government made it clear that the Western Powers could not be relied upon not to turn a post-treaty Austria into an Anglo-American military base as they had done in case of Trieste. It, therefore, considered the Western withdrawal from Trieste as a criterion for signing the State Treaty with Austria. (66) The United States acting Secretary of State, James Webb, characterized this Soviet manoeuvre as still another roadblock for holding on to Austria. The earlier ones he enumerated as German assets, relief debts and lack of demilitarization and denazification. The Austrian government on her part made it clear that in contrast to the Soviet charge of lack of democratization and of demilitarization it had convincingly

proved the democratic character and political maturity of the Austrian state and it was the tense international situation which, in fact, was hindering the conclusion of the treaty. It also proclaimed its goal of strengthening the foundations of justice and democracy. (67) The three Western foreign ministers in their meeting at London also issued a declaration on Austria in which they reaffirmed their policy of restoring free and independent Austria and stated that they were ready at any time to "settle without delay all outstanding issues of the treaty....If, however, the unwillingness of the Soviet government to settle all outstanding issues continues to prevent the conclusion of the treaty, the occupation will have to be maintained for the present." Nevertheless, it was emphasized that they would take measures to strengthen "the authority of the Austrian government and to lighten the burden of occupation on Austria." At the same time they also reiterated their policy of "earliest possible completion of an Austrian treaty" and "the withdrawal of the forces of occupation." (68)

(67) Text of the Austrian proclamation, Bundesministerium fuer Unterricht, Freiheit fuer Oesterreich : Dokumente (Wien, 1966), pp. 63-65. Also see Ibid., pp. 115-24, 139-41.

An attempt to discuss the text of the treaty in the meeting of 22 May again recorded a failure and differences arose as to the exact duration of further adjournment. Ultimately, the deputies agreed to meet on 26 May and this meeting adjourned immediately with an announcement by the Western deputies that they would present themselves in London on 10 July to resume treaty negotiations. The Soviet deputy did not commit himself. (69)

The Western reply to the Soviet note on Trieste refuted the Soviet allegation of Western violation of the Treaty of Peace with Italy with respect to Trieste. It blamed the Soviet Union for their inability to implement those provisions. The nature of this reply and the prevailing tension generated by the Korean crisis made it doubtful whether Zarubin would at all turn up for the meeting of 10 July. Surprisingly enough, he came to the meeting, but on 8 July the Soviet government had sent

(69) DOST, 22 May 1950, pp. 921-2. George Kennan had already made it clear that the Americans would find the Russians difficult to deal with for a foreseeable future because of their "secretiveness, the lack of frankness, duplicity, war suspiciousness and the basic unfriendliness of purpose", though these might be pushed into background at certain stages as tactical manoeuvres, George F. Kennan, American Diplomacy 1890-1950 (London, 1962), pp. 113-24.
a second note on Trieste repeating its previous allegations and insisting on an immediate implementation of the Italian Peace Treaty provisions concerning Trieste. This "induced asymmetry" created grave doubts about Soviet intentions concerning Austria. (70)

On 10 July when the deputies met for the discussion of the treaty, the U.S. delegate proposed acceptance of the draft of Article 48 Bis as was earlier put forth by Zarubin, but Zarubin himself now refused to agree and instead of discussing the treaty, read a prepared statement on Trieste. As a result the deputies adjourned with the Western deputies agreeing to meet again on 7 September. Zarubin stated that he needed Moscow's previous permission to attend the meeting. (71)

On 2 September Zarubin informed that he had received the required permission and the deputies met on

(70) The similarly worded Western reply to the Soviet note on Trieste was dated 16 June 1950. Text in DO&SA, 26 June 1950, p. 1054. Text of the second Soviet note on Trieste, Ibid., 24 July 1950, p. 131. For Korean crisis see Ibid., 10 July 1950, pp. 3-14 and Ibid., 17 July 1950, pp. 43-50. For the concept of "induced asymmetry" see Young, n. 12, p. 33.

(71) DO&SA, 24 July 1950, p. 131.
7 September to repeat the episode of adjournment till the middle of December. An attempt to discuss the unagreed Articles of the treaty was foiled by Zarubin declining to discuss anything unless his government received an answer to the second Soviet note on Trieste. As regards the date of the next meeting, Zarubin repeated his earlier reply that he needed the prior consent of his government. (72)

These episodes of meeting and adjourning the same day for long durations throughout the year 1950 made it clear that the parties indulged in these just to maintain contacts devoid of any real desire for fruitful negotiation. In case of Austria, had they acted according to their proclaimed keeness to solve the dispute, the treaty could have been signed immediately. (73)


(73) Maintaining contact as one of the important side effects sought by the parties while negotiating has been dealt with by Ikle, n. 19, pp. 43-45.
Austrian Federal Chancellor, Figl and Vice Chancellor Schärf vehemently protested against handling Austria as a pawn in the Big Power game in which each used it as an object to be exchanged to reap better advantages elsewhere in the world. They declared that Austria did not want to be a playground for foreign interests nor a field for experiment of different political ideologies whose real worth could be seriously doubted. (74) Foreign Minister Gruber met the four foreign ministers at New York in an attempt to discuss the possibility of an early agreement on the Austrian treaty. Although, he was assured of a continued Big Four interest in the early conclusion of the treaty, Bevin specified that there could be no further concessions on the Austrian treaty by the Western governments, "because every step we take is encountered by another demand which makes a settlement of the treaty impossible?" (75) Nevertheless, in response to a Soviet suggestion to meet, the deputies for the Austrian treaty met on 15 December to decide over the adjournment once more this time till March 1951.


The Soviet reluctance at this stage was understandable to an extent in view of the U.S. determination "to oppose strength with strength" to safeguard the free world. Since the beginning of the year 1950 the U.S.-British attitude of "negotiating from strength" was becoming more and more explicit. It was based on the notion to make the West strong enough to induce "the Russians to negotiate sensibly". It was obvious that the stalemate involved the Big Four priority to the question of prestige rather than peace. (76) It was, nonetheless, clarified that the Austrian liberation from the liberators did not depend merely on their self-chosen neutrality between the hostile blocs but needed a substantial change in the world political situation. The foremost task before the Austrian government, therefore, was to force the Big Four to take the treaty draft out of the "cold storage" where it had been lying for more than

one year. The task seemed immensely difficult in view of the dominant issue of the armaments race among the Big Power in the post war years. By the end of September 1949, it was confirmed that the Soviet Union had broken the U.S. monopoly of atomic weapons which gave a more dangerous turn to the problem of armaments. The main efforts of the Big Powers were henceforward diverted towards disarmament which required the cultivation of mutual confidence among them as its prime necessity. The absence of this mutual confidence led to the pursuit of armaments on a vigorous scale which again bred mutual distrust and this vicious circle lay at the root of the failure to reach agreement on prevailing problems in different parts of the world. (77)

(77) For disarmament efforts of the Big Powers during this period see US Government Printing Office, Disarmament and Security : A Collection of Documents (Washington, 1956), pp. 82-86, 170-87, 227-9 and 274-86. The UN General Assembly debates during 4, 5 and 6 sessions also reveal the Big Power obsession with the new weapons.

An impact of maintaining and breaking faith and trust on negotiations has been dealt with by Monsieur De Callieres, On the Manner of Negotiating with Princes, A.F. Whyte, trans. (New York, 1963), pp. 31-32. Also see in this connexion Morton Deutsch, "Trust and suspicion", Journal of Conflict Resolution, vol. 11, pp. 265-7. The near breakdown of negotiations on Austria at this stage can be accounted for to an extent on the basis of Arthur Lall's proposition that when one of the parties is imbued with a sense of growing power this militates it against resort to negotiation to settle disputes. Arthur Lall, Modern International Negotiations : Principles and Practice (New York, 1966), pp. 132-40.
Calculations of security and strategy started weighing more heavily while negotiating over any international conflict. Austria located at a most vulnerable point in Europe, thus, formed at the same time a most valuable strategic outpost for the West as also the East. It was natural that both the power blocs were reluctant to relinquish their hold over Austria unless they could secure some advantageous position over the adversary. This had become all the more important with the establishment of a communist government on the mainland of China which tremendously increased the orbit of communism in the world.

Austrian Federal Chancellor, Renner, appeared quite realistic when he declared that the occupation and the problems connected with it were no longer an Austrian problem, but a European and a world problem. So far as it concerned Austria, he specified that it was resolved long back. "The Treaty," he said, "is a treaty between the Big Powers, which one day would be intimated to us as Austrian State Treaty." (78) However, a remarkable

(78) Karl Renner's New Year message to the Austrian people, Dokumente, n. 67, pp. 20-23. With reference to escalation in the Second World War, Sallagar, has analyzed as to how force of events lead to disastrous chain reaction uncontrolled even by most powerful actors. See F.M. Sallagar, The Road to Total War : Escalation in World War II (California, 1969), A Rand Corporation Report. While negotiating, the optimum point to which force of events could lead is the breakdown of the process and it was reached in the Austrian State Treaty negotiations.
factor about Austria's internal situation during this period was that the coalition of the People's Party and the Socialists was as firm as ever, if only because Austria's very survival was at stake and pushing out the Socialists might have removed the only barrier to communist infiltration and revolutionary action. Simultaneously, great caution was invited for guarding against the radical youth element within the People's Party which otherwise might turn back "to the disastrous policies of a Dollfuss or a Schuschnigg." (79)

Besides the continuation of the coalition, Austrian political life did exhibit a tremendous degree of democratic stability in dealing with the "Communist Putsch" of September-October 1960. But the economic situation of the country became very precarious during this period. The onerous repercussions of the Korean war on the sensitive economy of Austria led to the highest rise in the cost of living in the country in comparison with the rest of the states in Europe. The continued Soviet control of Austrian industries and her markets through the USIA was already proving highly detrimental.

and a large number of unsettled Austrian claims against her eastern neighbours was further hampering her economic progress. This had inspired the Viennese remark: "We have been annexed to the Balkans". (80) To relieve Austria of this annexation, a corporate effort of the Big Powers was necessary as was previously undertaken to annul its annexation by Germany.

Despite near agreement on the Austrian Treaty in the beginning of this phase, the Soviets successfully exploited the technique of emphasizing "natural asymmetries" and creating "induced" ones in causing a divergence within the bargaining framework of the negotiations. Contacts were, however, maintained throughout, though no agreement was reached and the meetings were misused just to blame one another for the stalemate. No doubt this activity was merely propagandist, aiming at projecting the image of the Four Powers in their role as peace-makers. Earlier, however, the patient day to day plodding had brought near consensus on the treaty through sheer attrition. Although, an exhausting technique, it revealed that achievements were

possible even if swift and spectacular results might seem unobtainable. The delaying tactics at a later stage of this phase should be viewed in the fundamentally altered "setting" of the negotiations. The "atomic setting" accentuated by the Soviet Union breaking the United States monopoly of atomic weapons made both the negotiating sides more cautious in their approach. (81) Perhaps the Big Four wanted to wait and watch the extent of actual deployment of military power in international relations before finalizing a decision to alter the status quo at any point of conflict.


During the period a most significant change had occurred. The Soviet-Yugoslav rift carried with it a chance that a breakthrough in the deadlock over the Austrian question would occur as the ideological and political bonds between the Soviet Union and one of its closest allies were replaced by relations which evolved in terms of a syndrome of cross pressures. It is doubtful, however, that the heterogeneity between the Soviet and Yugoslav positions was in itself sufficient to produce anything like a striving for detente and a new order in relation to Austria.

The distinctive trend of Austria's own creative role was directly related to the development of rational criteria of Austrian Independence. Where the Soviet demands were in fact an arbitrary challenge to Austrian territorial integrity or were euphemistic expressions for recognizing Soviet economic control, the Austrians were determined to hold to their position. Where, however, Soviet delegate's recommendations involved proposals to avoid commitments leading to permanent identification with the three Western Powers, the favourable response of the Austrians prompted fruitful negotiations.

The reverse effects on the Austrian negotiations of the Korean crisis could hardly have been surprising. In
fact the confrontation in the east made the political
and security perspectives of the Austrian treaty
untenable. A modus vivendi could not be achieved
even with the most extended effort at this stage.