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JOHANN SCHÖBER'S SOLUTIONS FOR AUSTRIA'S
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JOHANN SCHOBER'S SOLUTIONS FOR AUSTRIA'S DOMESTIC PROBLEMS
(September 26, 1929 - September 25, 1930)

by

GLORIA C. BILES

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IN PARTIAL FULFILLMENT OF THE
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ABSTRACT

JOHANN SCHOBER'S SOLUTIONS FOR AUSTRIA'S DOMESTIC PROBLEMS (September 26, 1929 - September 25, 1930)

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The first decade of the First Republic of Austria was marked by a polarization of political parties, by instability in the economy, and by a significant numerical growth and rise in the martial strength of two opposing paramilitary organizations—the Heimwehr and the Schutzbund. By late in the summer of 1929 the political parties in Parliament were at an impasse and calling for constitutional reform, the economy was further endangered by widespread withdrawals of money from the country, and civil war involving the paramilitary organizations was a real possibility.

At this critical moment the nation focused its attention on Johann Schober, president of the Viennese police and ex-chancellor, who was seen as the one man who could solve the country's problems. This confidence was not misplaced. Employing charisma, negotiating talent, diplomatic skills, and a positive reputation abroad, Schober solved, temporarily at least, several of Austria's most pressing domestic problems. In one year he was able to restore Austria's credibility, both at home and abroad.

This study investigates that remarkable achievement. Specifically, it concerns the problems of the Boden-Credit-Anstalt, the reform of the constitution, the securing of an
international investment loan, and the enactment of the Anti-
terror and the Disarmament Laws. Detailed examination is also
made of the problem which caused Schober and his cabinet to
be dismissed—the Strafella Affair.

Of Schober's solutions to Austria's domestic problems,
the reform of the constitution and the securing of the inter-
national investment loan proved to be the most important.
The reforms made in 1929 not only reflected the change in
the political climate in Austria during the Republic's first
decade, but also laid the foundation for the authoritarian
government which materialized in 1933. The loan and Schober's
activities attendant to its realization reflected the fact
that Austria was restored to equal status in the family of
nations.
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Special recognition goes to Dr. Isabella Ackerl of the Allgemeines Verwaltungsarchiv in Vienna and Mrs. Marianne Rowe, doctoral candidate in the German Department of Rice University. Dr. Ackerl's able assistance in my search for documents while I was in Vienna in the fall of 1976, as well as her expeditious responses to my requests for additional documents since that time, have helped to strengthen the text of this work. Marianne's proficient and extensive first aid in the translating of my research material made possible an earlier completion date.

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CHAPTER I
THE SUMMER OF 1929

On September 26, 1929 Johann Schober, the president of the Viennese police, again became the chancellor of Austria. The Social Democrats, the Christian Social Party, the small bourgeois parties (the Pan-Germans and the Agrarian League), the leaders of the Heimwehr, industrialists and bankers, as well as the populace offered Schober this second opportunity¹ to serve his country. To understand why these diverse groups wanted this man in the Ballhausplatz it is necessary first to review the domestic situation in Austria before the spring of 1929, and then to review the government of Ernst von Streeruwitz and the events which took place from mid-July until late in September 1929.

Economic and political conditions during the first decade of the republic caused both Austrians and foreigners to wonder if the nation could survive. The economic situation alone made doubtful the viability of the country's future. The burden of reparations, recurrent periods of inflation, increasing unemployment, shortages of capital, exhorbitant interest rates that made investment almost impossible, a

¹Some historians maintain Schober served as chancellor three times. This discrepancy developed as a result of the fact that during his first term, from June, 1921 to May, 1922, there was a change of cabinets in January, 1922. See Hellmut Andics, 50 Jahre unseres Lebens (Vienna: Fritz Molden, 1968), pp. 675 and 677; Eduard Heinz, Über ein halbes Jahrhundert: Zeit und Wirtschaft (Vienna: Braumüller, 1948), p. 234; and Karl Renner, Österreich von der ersten zur zweiten Republik (3 vols., Vienna: Wiener Volksbuchhandlung, 1952), Vol. II, p. 84.
series of bank scandals and failures, and increased dependence on the Allies for financial assistance justified such doubts. Even so, in 1927, Austria's economic position had begun to improve as a result of the successful completion in 1926 of Chancellor Monsignor Ignaz Seipel's financial reform program\(^2\) and more favorable world trade conditions. Nevertheless, the improvement was so slow, so belated, and so imperceptible that nothing could dispel the prevalent impression that the nation's economy was gripped by a permanent crisis.\(^3\)

Politically, Austria reached an impasse early in the decade. The Social Democrats, who for two years after the end of World War I were the stronger partner in a coalition government, enacted extensive welfare and labor legislation, pushed through a democratic constitution, and successfully defended the country against putsch attempts by radical elements. However, on the party chairman Otto Bauer's insistence, the socialists withdrew from the government in 1920\(^4\) and from this time forward "assumed a posture of opposition in national

\(^2\)Seipel was chancellor from May, 1922 until November, 1924, and again from October, 1926 until April, 1929. See Andics, 50 Jahre unseres Lebens, pp. 675-677. This financial reform program was known as Sanierung and was included in the Geneva Protocols of 1922. Karl R. Stadler, Austria (New York: Fraeger, 1971), pp. 122-123. See also post, p. 85, n. 3.


\(^4\)Stadler states that the parliamentary opponents of the
politics." The Christian Socialists then replaced the socialists in the government and took over the chancellery. At the suggestion of Seipel, their chairman, the party formed an anti-socialist bourgeois alliance with the Pan-Germans and the Agrarian League to break the power of the socialists and to effectuate changes in the constitution. Although the anti-socialist coalition represented a formidable force in parliament, the Christian Social Party was frequently frustrated in its attempts to enact essential legislation, to revise existing laws, or to reform the constitution because the socialists held enough seats in the National Assembly to prevent changes without their consent.

Within this maelstrom of economic distress and politi-

socialists combined forces and brought down Karl Renner's coalition government. See Stadler, Austria, p. 113.


The Christian Social Party supplied the country's chancellors from July, 1920 until almost the end of the 1920's, except for June 21, 1921 through May 24, 1922, when Schober was in office. See Andics, 50 Jahre unseres Lebens, pp. 675-677.


For more details, see Stadler, Austria, pp. 115-116; and
cal polarization, two important paramilitary organizations developed: the Heimwehr and the Schutzbund. The Heimwehr, consisting of local defense corps, was formed in the aftermath of World War I to protect private property and to prevent aggression against Austrian territory in the absence of regular armed forces. Workers' guards, the predecessors of the Schutzbund, protected factories and arsenals. Both sides armed themselves with matériel which had belonged to the imperial army, and both managed to circumvent Allied requests to surrender these arms. When the Social Democratic Party, in 1923, converted the workers' guards into a disciplined paramilitary organization (the Schutzbund) controlled by it, the various Heimwehren united in a federation (the Heimwehr), but without a central authority or leadership. The Heimwehr received money from Germany and from Austrian bankers and industrialists, and either money and/or arms from Hungary and Italy. The Schutzbund was supported and equipped from the treasury of the socialist party.

Before 1927 there were only minor skirmishes between

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10Stadler, Austria, pp. 128-129. For more details, see
the Heimwehr and the Schutzbund. The Heimwehr was considered a bulwark against communism, and not a serious political force.\textsuperscript{11} However, in late 1926, the organization became more antagonistic toward the socialists in response to what their leaders believed was a sign for more aggressive action on the part of the socialists. They interpreted Bauer's statements that November at the Social Democratic Party Congress in Linz to mean that the Socialists would use force to establish a dictatorship of the proletariat.\textsuperscript{12} The Heimwehr immediately offered its services to the bourgeois parties to defend the state against a possible socialist putsch.\textsuperscript{13}

The bourgeois parties at first hesitated to accept the Heimwehr's offer. Nevertheless, the Schattendorf incident in January, 1927,\textsuperscript{14} the Innsbruck phenomenon,\textsuperscript{15} and especially the gains made by the socialists in the elections of April,

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\textsuperscript{11}Klemperer, \emph{Ignaz Seipel}, p. 277.

\textsuperscript{12}For Bauer's statements, see Gulick, \emph{Austria from Habsburg to Hitler}, Vol. II, pp. 1,389-1,390.


\textsuperscript{14}A boy and a worker were killed as a result of a clash between Schutzbund members and the local Heimwehr forces. This incident is discussed in detail in Hans Leo Mikoletzky, \emph{Österreichische Zeitgeschichte} (Vienna: Österreichischer Bundesverlag, 1962), pp. 111-113.

\textsuperscript{15}For the first time since the republic was founded, the socialists cancelled a demonstration because of Heimwehr
1927\textsuperscript{16} caused the anti-socialist coalition to think seriously about the Heimwehr's suggestion. The July 15 workers' riots in Vienna and the inability of the socialist leaders and the Schutzbund to control the situation, as well as the Heimwehr's success in defeating the general strike called by the socialists in retaliation for alleged police brutality employed in suppressing the riots,\textsuperscript{17} persuaded the bourgeois parties--especially Seipel and his Christian Social Party--to accept the Heimwehr as their protector.\textsuperscript{18} From this moment, the movement began to play an important part in Austrian politics.\textsuperscript{19} As the organization's political activities increased in 1928 and 1929, so did the number of clashes between the Heimwehr and the Schutzbund, and so also did the threats. Gulick, \textit{Austria from Habsburg to Hitler}, Vol. I, p. 754.

\textsuperscript{16} Although the socialists gained only two seats, Seipel's coalition government was endangered. On this occasion he invited the Agrarian League to join his government. See \textit{ibid.}, p. 713; and also Leopold Kunschak, \textit{Österreich, 1918-1934} (Vienna: Typographische Anstalt, 1934), pp. 84-86.

\textsuperscript{17} The rioting led to the burning of the Palace of Justice and the death of eighty-nine persons. For the most comprehensive account of the events connected with July 15, 1927, see Gulick, \textit{Austria from Habsburg to Hitler}, Vol. I, pp. 730-750. See also Goldinger, \textit{Geschichte der Republik Österreich}, pp. 129-141, Klemperer, \textit{Ignaz Seipel}, pp. 262-265 and Mikoletzky, \textit{Österreichische Zeitgeschichte}, pp. 114-121.


threat of a Heimwehr putsch or civil war.\textsuperscript{20}

When Seipel resigned as chancellor on April 3, 1929, a new government formed by Streeruwitz had to deal with this chaotic internal situation. The prelate's unexpected resignation, precipitated by no particular political crisis, affected the government, his Christian Social Party, and the Heimwehr.\textsuperscript{21} Perhaps, as Klemens von Klemperer states in his biography of Seipel, the Monsignor, who then was not in good health, felt that "another government, under a chancellor less controversial than he, might succeed where he had failed."\textsuperscript{22}

However, reaching agreement on a new chancellor proved

\begin{itemize}
\item \textsuperscript{20}For a review of these years, see Kondert, "The Rise and Early History of the Austrian Heimwehr," pp. 107-118.
\item \textsuperscript{21}Less than two weeks before his resignation, Seipel had promised to work closely with the Heimwehr, now the paramilitary arm of his party. Therefore, the Heimwehr leaders did not know what to do when their major supporter resigned from the highest office in the government. Walter Pfister agitated for a march on Vienna; instead, Richard Steidle and Waldemar Pabst left for the capital to attempt to install a government favorable to their cause. See ibid., pp. 119-120.
\item \textsuperscript{22}Klemperer, Ignaz Seipel, pp. 347 and 349; the Neue Freie Presse, April 4, 1929 (Morgenblatt), p. 3. Funder claims that Seipel also feared that socialist agitation against himself would cause the Catholic Church embarrassment. Friedrich Funder, Als Österreich den Sturm bestand (Vienna: Herold Verlag, 1957), p. 24. Gulick contends that Seipel resigned in order to allow his successor to cooperate with the socialists to get reformed rent control laws passed; he then would return as chancellor to destroy democracy in Austria. Gulick, Austria from Habsburg to Hitler, Vol. II, pp. 815-816. Germain believes that "difficulties connected with the Boden-Credit-Anstalt" led to Seipel's resignation. See Victor W. Germain, Austria of Today (London: Macmillan and Company, 1932), p. 177.
\end{itemize}
to be a problem. Almost four weeks of negotiations passed before the selection was made. Every potential candidate had to accept, in addition to the mandates of his own party, a number of directives from the Agrarian League and the Pan-Germans, and to declare that he would work to satisfy their various wishes.\textsuperscript{23} Interference on the part of Seipel, who wanted no successor amenable to a coalition with the Social Democrats,\textsuperscript{24} plus the demand by the Heimwehr leaders, Richard Steidle and Walter Pfrimer that the new chancellor must continue Seipel's policies, did not ease the trauma of decision.\textsuperscript{25} Leopold Kunschak, Otto Ender and Johann Mittelberger were asked to lead the new government. Kunschak and Ender refused, and Mittelberger was unacceptable to the Agrarian League.\textsuperscript{26}

Streeruwitz, a former general staff officer and a representative of industry in the National Assembly, had already accepted the post of minister of finance after Seipel


\textsuperscript{24}Johann Auer, "Seipels Verhältnis zu Demokratie und autoritärer Staatsführung" (unpublished doctoral dissertation, University of Vienna, 1963), p. 110.

\textsuperscript{25}To reinforce their position, the Heimwehr leaders threatened to march on Vienna, and both Steidle and Pfrimer demanded changes in the constitution. Edmondson, "The Heimwehr and Austrian Politics, 1918-1934," pp. 102-103.

and his cabinet resigned. Nevertheless, toward the end of April, the Christian Social Party leader Karl Buresch, after a consultation with Seipel, asked Streeruwitz to consider accepting the position of chancellor.27 The leaders of the Pan-Germans and the Agrarian League, however, did not approve this decision until they had first discussed with the chancellor-designate their parties' expectations. Because the worker's party adjudged Streeruwitz to be the least offensive candidate for the position of chancellor, its leaders were not opposed to his appointment.28

After the members of the Christian Social Party Club accepted his appointment as chancellor, Streeruwitz made an attempt to form a coalition government through his cabinet designations. The ministries of trade and justice went to the Pan-Germans; the vice-chancellorship to Vinzenz Schumy of the Agrarian League.29 However, all other positions were filled with members of the Christian Social Party. The only problem was deciding who would be the minister of the army. Streeruwitz himself wanted to take over the post to avoid having to reappoint Karl Vaugoin, as well as to placate within his own party factions that were willing to try for an accommodation with the Social Democrats. Seipel, however, bluntly


29Streeruwitz, Springflut Über Österreich, p. 394.
informed him: "Take Vaugoin or the one he recommends." 30

Therefore, Vaugoin, a friend of the Heimwehr and an avowed
enemy of the Social Democrats, 31 was retained as minister of
the army. The Arbeiter Zeitung assessed Vaugoin's appoint-
ment as "a Parthian arrow which the ex-chancellor sent off
as a parting shot against the government and parliament." 32

On May 7, 1929, the National Assembly formally approved
the new government. In his acceptance speech, Streeruwitz
outlined his programs for agriculture and industry. He ex-
pressed his views on democracy as follows:

In a genuine democracy, it is one of the most im-
portant and inalienable rights of every citizen
to be protected against unlawful interventions of
any kind or against hindrance in exercising the
political and civil rights guaranteed by the con-
stitution.... It is in accordance with the demo-
cratic principle, to which the government will
never become unfaithful, that the settlement of
pending differences must be left to those who
have been elected by the people. 33

Karl Renner, in the absence of the socialist party's
general secretary Robert Danneberg, responded to Streeru-

witz's inaugural address. Though generously defending the
negotiations which preceded the selection of the new chan-

30 Ibid.

31 Vaugoin, with Steidle's help, had transformed the Volks-
wehr from a red army (socialist dominated) into a black one
(rightist dominated) during Seipel's first term. No longer
were socialists welcome among the troops, much less in the
officer corps. See Viktor Reimann, Zu gross für Österreich

32 Arbeiter Zeitung, May 1, 1929, p. 4.

33 See the Nationalrat, Stenographische Protokolle (here-
after cited as Stenographische Protokolle), May 7, 1929,
cellor, Renner reminded the delegates that "Seipel was still ignoring an opposition [the Socialists] representing two-fifths of the nation, flouting the will of parliament, ... sapping confidence in democratic institutions, and encouraging the fascist Heimwehr."\(^{34}\) He warned against the Heimwehr and its threats of civil war and reemphasized the Social Democrats' distrust for Vaugoin.\(^{35}\) In his closing remarks, Renner specifically advised Streuerwitz that unless he, as chancellor, brought about an end to the system of exclusion of the Social Democrats and the neglect of their wishes, the workers would always withhold their vote of confidence.\(^{36}\) The Christian Social Buresch, as well as the representatives of the Agrarian League and the Pan-Germans, spoke optimistically about the future of the new government.\(^{37}\)

Some form of reconciliation did take place. For more than two months the stormy sessions of parliament seemingly endemic to Seipel's era almost ceased. Austrian democracy did seem to demonstrate its ability to settle contentious


political and economic problems peacefully. A number of important laws were passed by the legislature, including a controversial reform of the rent controls and a program of federal assistance for private housing construction. When he dismissed parliament on July 18 for recess, the president, the Christian Social Alfred Gurtler, was prompted by these halcyon days to describe "the past months as an honorable page in the history of the Austrian parliament" and to admonish the assembly to continue its diligent work in the next session.

However, all was not calm in Austrian waters. Disappointed and frustrated over Seipel's resignation, the Heimwehr was impatient to show its contempt for the new chancellor. Streeruwitz describes their behavior thusly: "While I was still delivering my program [in the National Assembly], I was called upon via a page torn from a dirty notebook by a Heimwehr leader who was on the ground floor of the parliament building to come immediately to give my approval to certain strong measures." Not until after the conclusion of his speech did Streeruwitz meet with the Heimwehr leaders. He

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39 For the details of these measures, see Gulick, *Austria from Habsburg to Hitler*, Vol. I, pp. 490-503.


then learned that their most pressing demand was the over-
ruuling of Mayor Karl Seitz's prohibition of a parade which
the Heimwehr had planned to stage in Vienna on May 12.\textsuperscript{42} The
chancellor politely told them he would have to study the
matter since he was not responsible for the prohibition and
felt that he must also follow constitutional guidelines.\textsuperscript{43}

One day later on May 8, while traveling on a train to
Innsbruck, Steidle remarked to a stranger: "I tell you that
the present government will last only three months; then
Seipel will return, ...for if this chancellor who can do
nothing to curb inflation is in office longer, I will take
all my money to Switzerland."\textsuperscript{44} The Heimwehr accepted
Streuruwitz but only because they felt that he was Seipel's
instrument.\textsuperscript{45} Streuruwitz, in his memoirs, states that he
knew that Seipel resigned to allow someone else "to pass the

\textsuperscript{42}Edmondson, "The Heimwehr and Austrian Politics, 1918-

\textsuperscript{43}Streuruwitz, \textit{Springflut über Österreich}, pp. 397-398.
Kerekos believes that Streuruwitz was cautious because he saw
in the Heimwehr a potential threat to the state and that
dissolution of the organization or its complete control by
the government were the only possible solutions. See Lajos
Kerekos, \textit{Abenddämmerung einer Demokratie} (Vienna: Europa
Verlag, 1966), p. 35.

\textsuperscript{44}Arbeiter Zeitung, May 28, 1929, p. 3; and Streeru-

\textsuperscript{45}At a later date Seipel made a statement which lends
credence to this idea: "Although one has not been involved in
the game of politics for some time, it is possible for one's
political concept, once begun, to be completed through the
efforts of others." Jacques Hannak, \textit{Im Sturm eines Jahr-
hunderts} (Vienna: Wiener Volksbuchhandlung, 1952), p. 358;
and the \textit{Neue Freie Presse}, June 22, 1929 (Morgenblatt), p. 5.
rent law."  

Because the government never could be certain as to what steps the Heimwehr might take or how the Socialist Schutz-
bund might respond to them, it took definite measures to avoid possible violence during the summer. Already in effect was a ban on marches in Vienna. On May 23 Governor Buresch of Lower Austria forbade all marches in that province through September 15. On a national level, Vice-Chancellor Schumy prohibited not only the carrying of military arms in demon-
strations but also anything likely to be used as a weapon (spades or pickaxes).  

Within a very short time the Heimwehr managed to circumvent the regulations concerning marches and to continue their demonstrations under the guise of flag dedications blessed by attendant dignitaries of the Roman Catholic Church.  

47 The Heimwehr usually counted upon 25,000 to 30,000 men for a fighting force; the Schutzbund, about 30,000. A clash of such numbers could provoke a civil war. C. A. Macartney, "The Armed Formations in Austria," *The Royal Institute of International Affairs*, Vol. VIII, No. 6 (November, 1929), p. 627.  
mentary government and calling for either its overthrow or constitutional revision, as well as speeches decrying cooperation with the Social Democrats, were routine. The Schutz-bund, worried that the "rank and file" might think it had disappeared, resumed its marches in full accoutrement late in June.

After the Arbeiter Zeitung published a series of documented articles disclosing Heimwehr preparations for civil war and the organization's connections with government and industry, the reluctance of all levels of government to "face-up" to the dangers presented by the Heimwehr was revealed. The central government responded by requesting local governors to investigate the reports concerning the stores of arms, but most of them rejected the request. Although Streuerwitz was encouraged to "act and to act vigorously" against the Heimwehr, only once did he warn in a public speech that any resort to violence against the government would be resisted. The policy he ultimately followed was

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51Neue Freie Presse, June 24, 1929 (Abendblatt), p. 3.

52Arbeiter Zeitung, June 16, 1929, pp. 1-2; June 18, p. 1; June 19, pp. 1-2; June 20, pp. 1-2; June 21, p. 1; and June 23, pp. 1-2.

53With few exceptions, the governors were members of the Christian Social Party and should have supported the government. Only one, Anton Rintelen, was a "testend friend" of the Heimwehr and could be expected to do otherwise. See Gulick, Austria from Habsburg to Hitler, Vol. II, pp. 781-782.

54Ibid., p. 829. Streuerwitz claims that he was never
that of "sticking his head in the sand."\textsuperscript{55}

Tensions were increasing when Seipel once again stepped to the forefront.\textsuperscript{56} Apparently the man whom he had chosen to get the rent laws passed and who he also hoped would take steps to change the constitution to a more authoritarian document had failed him.\textsuperscript{57} Therefore, he now began his own campaign against the government. The first shot was fired on July 16, 1929, at the University of Tübingen, where he introduced himself to the students "as only an academician, unable to solicit their votes."\textsuperscript{58} He not only sharply criticized democracy as practiced in Austria, but also designated party rule as the root of all evils. Continuing, he declared:

Even where, ...as it is in Austria, pure parliam-
entarianism appears secured by the letter of
the constitution, it is not the parliament but
the parties that rule.... It is possible...that
such parties are led by men who have not been
elected.... It has been attempted...to make
those who are accountable to parliament under the
terms of the constitution dependent upon party
organizations.... Nothing in the institutions

\textsuperscript{55}Jahrbuch der Österreichischen Arbeiterbewegung, 1929, p. 117.

\textsuperscript{56}Seipel, after his resignation, was on vacation and then resting in his monastery. See Klemperer, Ignaz Seipel, p. 352; and Kerekes, Abenddämmerung einer Demokratie, p. 57.

\textsuperscript{57}Streeruwitz, Springflut über Österreich, pp. 397 and 413; and Auer, "Seipels Verhältnis zu Demokratie und autoritärer Staatsführung," p. 112.

\textsuperscript{58}Ignaz Seipel, Der Kampf um die Österreichische Ver-
fasstung (Vienna: Braumüller, 1930), p. 177.
of democracy is holy to some party leaders, not even the courts.\textsuperscript{59}

But how could democratic government be improved? He did not expect substantial improvement from a corporative parliament, because the professional estates might degenerate into parties. Economic councils seemed to provide a better solution.\textsuperscript{60} Proceeding then to defend the Heimwehr, he asserted:

In Austria, there is now a strong popular movement which wants to free democracy from party rule. This popular movement is represented by the Heimwehr.... However, in Austria today, where all the other parties share doubts concerning the correctness and legality of the ruling system, only the Social Democrats refuse to listen to criticism and make their shield actually what is wrong in our democracy. For that reason the Heimwehr is fighting Austrian Social Democracy. It has nothing to do with the class struggle.... Up to now, the world has heard different judgments of the Heimwehr; a false picture has been deliberately presented. True, the Austrian Heimwehr does demand military discipline from its members; not for the sake of any militarism but for the sake of discipline to defend itself against the terrorism of the Social Democrats.... From time to time the Heimwehr has disagreed with government agencies or functionaries of the majority parties, but only when they showed themselves subject to the influences of undemocratic party rule. This is the truth.\textsuperscript{61}

In reporting on the Tübingen "Critique of Democracy," the Arbeiter Zeitung described Seipel as "the priest of love" who is Austrian democracy's most dangerous enemy.\textsuperscript{62}

In speech after speech during the remainder of the month,

\textsuperscript{59}Ibid., pp. 181-182.

\textsuperscript{60}Ibid., pp. 184-185.

\textsuperscript{61}Ibid., p. 188.

\textsuperscript{62}Arbeiter Zeitung, July 18, 1929, pp. 1-2.
Seipel decried the shortcomings of Austrian democracy. In Kirchberg am Wechsel he demanded that the political parties be placed under the authority of the constitution.\textsuperscript{63} Before a meeting of the World Student Union in Krems he declared that he "himself has always worked for a multi-party majority and has now stopped representing the interests of his own party."\textsuperscript{64} On each occasion he described the Heimwehr as a national people's movement. Obviously, Seipel wanted to enhance the Heimwehr's image, both at home and abroad, and simultaneously to exert pressure upon Streeruwitz to make constitutional changes.\textsuperscript{65}

Encouraged by Seipel's support, the Heimwehr leaders intensified their efforts to force the government to change the constitution. Their speeches and demonstrations exceeded in polemics and number those in the earlier weeks of the Streeruwitz government. The constant clamor was like the noise of a stuck horn button, annoying but harmless. However, when on July 24, Steidle and Pfrimer announced marches to be held on September 29 in four towns on three sides of Vienna, with the "east left open for the flight of those who came from the east,"\textsuperscript{66} the foreign press expressed concern over the

\begin{footnotes}
\textsuperscript{63}Neue Freie Presse, July 30, 1929 (Morgenblatt), p. 2.

\textsuperscript{64}Ibid., July 31, 1929 (Abendblatt), p. 5.

\textsuperscript{65}In his memoirs, Streeruwitz indicates that he knew that Seipel wanted constitutional changes, by force if necessary, but he refused to act illegally against the constitution. Streeruwitz, Springflut Über Österreich, p. 145.

\textsuperscript{66}Neue Freie Presse, July 25, 1929 (Abendblatt), p. 2.
\end{footnotes}
possibility of civil war in Austria.\footnote{67}{Hannak states that Seipel ordered the September 29 marches. See Hannak, \textit{Im Sturm eines Jahrhunderts}, p. 359.}

No one, not even Seipel,\footnote{68}{Gulick, \textit{Austria from Habsburg to Hitler}, Vol. II, p. 836.} could have predicted the extent of or would have sanctioned the tragic encounter between the Heimwehr and the Schutzbund at St. Lorenzen on Sunday, August 18. About two thousand Heimwehr men deliberately forced a fight with socialists who met to hear Kolloman Wallisch speak on the tenth anniversary of the local Social Democratic organization. At first, the Heimwehr planned a counter meeting for the same day, but then decided on August 15 to move to a nearby town. For reasons unknown, the Heimwehr men went to St. Lorenzen instead, even to the same wine garden where the socialists were scheduled to assemble. Wallisch decided to speak at the church square rather than risk a clash with the Heimwehr. However, the local authorities were persuaded that this change on the part of the Schutzbund was a technical violation of the registered plans and banned the meeting. Wallisch refused to obey the order and the mini-civil war broke out. What began with fence slats and rocks as weapons gave way to revolvers, rifles, and then machine guns. When the smoke cleared, almost

\footnote{67}{According to the Roman Catholic Spectator Noricus, Seipel had two thoughts in mind relative to the Heimwehr: to prevent them from breaking away from the Christian Social Party to form their own party and to divert their ideas away from putsches to an interest in legal constitutional reform. See Spectator Noricus, "Von Seipel zu Schober," p. 247; and
two hundred men were wounded, more than half were Heimwehr
men; four others were killed, three of them socialists. It
was never adequately determined who started the violence. 69
The conflict was a harbinger for many more. 70

After the Heimwehr-Schutzbund encounter at St. Lorenzen,
the Heimwehr leaders—Pfrimer, Steidle, and Rintelen—met in
Vienna on August 20 to demand the dissolution of the Schutzbund 71
and the resignation of Streeruwitz. 72 They told
Police President Schober that a putsch was inescapable, but
he persuaded them to drop such plans by pointing out to them
"the stupidity of their intentions and that cooperation from
the army, police, and gendarmes was unthinkable." 73 On that
same day a Heimwehr man was found stabbed to death in a
suburb of Vienna, 74 and the Social Democrats threatened a

69 Edmondson, "The Heimwehr and Austrian Politics, 1918-
1934," pp. 110-112; Gulick, Austria from Habsburg to Hitler,
Vol. II, pp. 836-838. For further details, see the Neue
Freie Presse, August 18, 1929 (Abendblatt), pp. 1-4; and the
Arbeiter Zeitung, August 19, 1929, pp. 1-3.

70 Kondert states that Franz Winkler, Vinzenz Schumy,
Eduard Ludwig and Lajos Kerekes accept this premise. See

71 Franz Winkler, Die Diktatur in Österreich (Zurich:


73 Johann Perger, "Österreichische Schicksalsfragen,"
Die Gegenwart, No. 1 (1931), p. 4; Gilbert In Der Maur,

74 Gulick, Austria from Habsburg to Hitler, Vol. II,
p. 838.
general strike and warned that they might be forced to use the Schutzbund to prevent any attempt at its dissolution.\textsuperscript{75}

A few days later a high-ranking Heimwehr leader stated in an interview that, beginning on September 1, more rallies were scheduled for the fall, and that violence would be used, if necessary, to achieve constitutional changes. Then he compared the Streeruwitz government to the pre-fascist, weak, caretaker Facta regime in Italy.\textsuperscript{76} The foreign press again made dire predictions of civil war for Austria and advised the Austrian government to take precautionary steps.\textsuperscript{77} Consequently, the cabinet asked security officials to ban "all simultaneous counter-demonstrations and rigidly to enforce the prohibition of weapons at public assemblies."\textsuperscript{78} Knowing that Streeruwitz and Schumy were adamantly opposed to a putsch attempt,\textsuperscript{79} and that Schober had declared that "any putsch attempt, no matter what its origin, will be stopped at its source,"\textsuperscript{80} the Heimwehr was compelled to realize that

\textsuperscript{75}\textit{Arbeiter Zeitung}, August 20, 1929, p. 1; and \textit{Jahrbuch der Österreichischen Arbeiterbewegung}, 1922, pp. 18–19.

\textsuperscript{76}\textit{Neue Freie Presse}, August 24, 1929 (Abendblatt), p. 2; Reimann, \textit{Zu gross für Österreich}, p. 143. Klemperer indicates that Streeruwitz was described as "the Austrian Facta" in early May. See Klemperer, \textit{Ignaz Seipel}, p. 352.


\textsuperscript{78}\textit{Neue Freie Presse}, August 21, 1929 (Abendblatt), pp. 1–2.

\textsuperscript{79}\textit{Streeruwitz, Springflut Über Österreich}, p. 412.

\textsuperscript{80}\textit{Arbeiter Zeitung}, September 7, 1929, p. 1.
it would have no support from the state's forces for violence, and accepted the temporary restraint.

While the Heimwehr had been noisily demanding changes in the constitution, a few Social Democrats were quietly accepting the fact that some revision was inevitable, and even desirable, particularly in regard to the power of the president and his relationship to the cabinet.\textsuperscript{81} The Heimwehr long ago had raised a hue and cry for the establishment of a corporative state. Now, on August 25, they received the unforeseen help of the Agrarian League, whose leaders, Vice-Chancellor Schumy and Franz Winkler, announced that they favored a revision of the constitution along corporative lines.\textsuperscript{82} The creation of a stronger presidency and a change in the procedure for amending the constitution from the required two-thirds vote to a simple majority vote were also proposed by the peasant organization.\textsuperscript{83} Surprisingly, they hinted that the use of "illegal" means might be tolerated to effect these changes, if legal methods were unsuccessful.\textsuperscript{84}

Then, early in September, the Christian Social Party, the Pan-Germans and the Lower Austrian Peasant League also de-

\textsuperscript{81}Mikoletzky, \textit{Österreichische Zeitgeschichte}, pp. 134-136.

\textsuperscript{82}\textit{Neue Freie Presse}, August 26, 1929 (Abendblatt), p. 3.

\textsuperscript{83}According to the Constitution of 1920, a two-thirds vote in the National Assembly was required for amending the document. This meant that the Social Democrats had to give their approval.

\textsuperscript{84}Gulick, \textit{Austria from Habsburg to Hitler}, Vol. II, pp. 842-843.
clared themselves in favor of a revised constitution. 85

During this same week Seipel was interviewed by George E. R. Gedye of the London Daily Telegraph. 86 He told the correspondent that "there was no reason to fear civil war and bloodshed in Austria if the government accepted Heimwehr demands for thorough constitutional reforms.... The constitution was the disease to be cured, and the armed formations of the Right and Left merely symptoms." 87 He called the Heimwehr "an irresistible force," admitted to the existence of Heimwehr stores of arms in Styria, and stated that the "Vienna Heimwehr have no arms in their possession," for the arms are "all in the hands of the Vienna police." 88 Just why did Seipel give this interview at this time? Charles Gulick decided that, because he wanted to be the next chancellor, Seipel was trying to block diplomatic relations which had been resumed between the two Social Democratic leaders, Danneberg and Mayor Seitz, and Schober, and was also attempting to discourage the growing friendship between the Heimwehr and the police president. 89

The indications of growing unrest in Austria caused

85 Ibid., p. 844; and Kerekes, Abenddämmerung einer Demokratie, pp. 47-48.


87 Klemperer, Ignaz Seipel, p. 355.

88 As quoted in Gulick, Austria from Habsburg to Hitler, Vol. II, p. 841. Schober immediately denied that the Viennese police were holding stores of Heimwehr arms. Ibid.

89 Ibid.
Europe to become increasingly alarmed during the first half of September. As a result, the economy was adversely affected. Bank withdrawals increased; loans were defaulted and/or cancelled; capital left the country; even the schilling seemed endangered. Streuerwitz did not know what to do. Abandoned by his own party, advised by old acquaintances to cooperate with the Heimwehr in a coup against the government, or told by others to present a new constitution, he responded simply "with public reassurances at home and abroad that everything was well." At this time even police president Schober was also making reassuring statements to Europe and his countrymen.

While Streuerwitz was in Geneva during the middle of September, the Heimwehr published what sounded like an ultimatum in the Neue Freie Presse. In an article entitled "The Last Warning," the Heimwehr demanded either "total reforms and a total solution" or resignation of the present government. A strong government could then be elected where "the strongest group in the political game of power--the

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93 Goldinger, "Die Krise der parlamentarische Demo-
Heimwehr," would have the influence it deserved. In closing, the article warned that the marches ordered for September 29 were arranged with "a deeper meaning in mind."\textsuperscript{94} Actually, in Streeruwitz's office work was already in progress on constitutional bills and other laws which reflected the demands of the Heimwehr.\textsuperscript{95}

By September, the critical domestic situation caused an increase in the demands for Schober to become chancellor. Daily, men who were influential in the economy, bank directors, industrialists and chamber of commerce presidents reminded him of his responsibility to his country.\textsuperscript{96} In a series of meetings in Vienna, the socialist leaders, with the exception of Otto Bauer,\textsuperscript{97} effectuated a reconciliation with the police president.\textsuperscript{98} The Agrarian League conferred with him about

\textsuperscript{94}Neue Freie Presse, September 18, 1929 (Morgenblatt), p. 5.

\textsuperscript{95}Jahrbuch der Österreichischen Arbeiterbewegung, 1929, p. 117; Goldinger, "Die Krise der parlamentarischen Demokratie," p. 164; Streeruwitz, \textit{Springflut über Österreich}, p. 419; and Spectator Noricus, "Von Seipel zu Schober," p. 249.

\textsuperscript{96}Perger, "Österreichische Schicksalsfragen," p. 4.

\textsuperscript{97}Bauer labelled Schober "the murderer of the workers" because of the police brutality during the riots in Vienna on July 15, 1927. See Kunschak, Österreich, 1918-1934, p. 113; Richard Schmitz, "Die zweite Aera Schober," \textit{Volkswohl}, Vol. XXII, No. 6 (March, 1932), p. 162; and Aem Schöpfer, "Regierungswechsel in Österreich. Ein Kabinett der starken Hand," \textit{Das Neue Reich}, Vol. XII, No. 1 (October 5, 1929), p. 4.

\textsuperscript{98}Spectator Noricus, "Von Seipel zu Schober," p. 249.
the domestic political situation, and the Heimwehr on such political matters as their relationship to the new chancellor "in case the legal execution of constitutional reforms were to fail because of Social Democratic resistance." 99 The Pan-Germans also consulted with Schober relative to their demands. 100

Although the call for a "strong man" to create order in Austria 101 was almost deafening when Streeruwitz returned from Geneva on September 24, he still planned to take his constitutional reform bill before the National Assembly when the next session began. However, he was immediately advised by the leaders of the Agrarian League that they could not share responsibility for any reform bill without more preliminary negotiations. 102 When Streeruwitz informed Party Chief Seipel of this new turn of events, he was told that "he had no choice other than to resign." 103

Thus, on the afternoon of September 25, despite support of Streeruwitz by the parliamentary club of the Christian

99 Ibid., p. 248.


103 Streeruwitz, Springflut über Österreich, pp. 418-419. According to Edmondson, "Seipel, the president of the National Bank, and a conference of governors had already decided that a change was necessary," See Edmondson, "The
Social Party, the Agrarian League successfully initiated the overthrow of the chancellor by its instructing Vice-Chancellor Schumy to "participate in the total dismissal of the cabinet." Simultaneously, the Heimwehr chief of staff, Waldemar Pabst, announced to journalists in the lobby of the parliament building that "the present government will be overthrown before the day ends." Seipel, called from his monastery, told "Streeruwitz to resign and advised him to name Schober as his successor." Kunschak, the leader of the moderate wing of the Christian Social Party, was chosen to lead the delegation to ask Schober to become chancellor.

Although all of the protagonists agreed that Schober should be appointed chancellor, their reasons for accepting him differed. The Heimwehr considered him "their man," trusting that he would implement far-reaching reforms in the constitution. The Social Democrats preferred Schober


104 Spectator Noricus, "Von Seipel zu Schober," p. 249.

105 Neue Freie Presse, September 26, 1929 (Morgenblatt), p. 3; and Streeruwitz, Springflut über Österreich, p. 419.


107 For more details of this meeting, see Kunschak, Österreich, 1918-1934, pp. 113-115.


109 Winkler, Die Diktatur in Österreich, p. 8; Kunschak, Österreich, 1918-1934, pp. 112-113.
because they believed in his adherence to legality and his liberal tendencies, that is, his favorable inclination toward socialist endeavors.\footnote{Franz Brandl, "Schober und die neue Gedankenwelt," \textit{Der Weg}, No. 10 (December, 1933), p. 23; Reimann, \textit{Zu gross für Österreich}, p. 144; Josef Hofmann, \textit{Der Pfrimer-Putsch} (Vienna: Stiasny Verlag, 1965), p. 19.} The Christian Socials, realizing that Seipel was unacceptable to a growing number of their membership,\footnote{Many members held Seipel responsible for the growing threat of civil war. See Hannak, \textit{Im Sturm eines Jahrhunderts}, p. 359. Others did not like the way Streeruwitz's dismissal was effectuated. See Kunschak, \textit{Österreich, 1918-1934}, p. 113.} accepted Schober as being closer to them in ideology than to the others.\footnote{Schmitz, "Die zweite Aera Schober," p. 161.} The Agrarian League and the Pan-Germans turned to Schober because they had grown tired of Christian Social domination, which in reality meant the sole domination of Seipel.\footnote{Otto Leichter, \textit{Glanz und Ende der Ersten Republik} (Vienna: Europa Verlag, 1964), p. 86.} Industrialists and bankers were satisfied that Schober had the confidence of economic circles and that he was respected abroad.\footnote{Spectator Noricus, "Von Seipel zu Schober," p. 250.} Finally, the citizen who wanted to safeguard his property saw in Schober the ability to maintain peace and order.\footnote{Hannak, \textit{Karl Renner und seine Zeit}, p. 516.}

Based on these conceptions, police president Johann Schober, the man of law and order, became chancellor of Austria for the second time.\footnote{Renner, \textit{Österreich von der ersten zur zweiten Repub-}
bureaucrat" during his first term of office from June 21, 1921 to May 24, 1922, had settled with Hungary the issue concerning Austria's annexation of the Burgenland, had succeeded in improving Austria's political and economic relationship with Czechoslovakia through the Treaty of Liana, and had also laid the foundation in Genoa for Austria to receive foreign loans in October, 1922. This time Schober was expected to forestall civil war, to reform the Constitution of 1920, and to improve the economy. The question was: Could he solve his country's domestic problems, and at the same time satisfy the demands of the diverse groups that supported him?

117 Brandl, "Schober und die neue Gedankenwelt," p. 23. See also Leichter, Glanz und Ende der Ersten Republik, p. 86.

CHAPTER II
INTERMEZZO: THE COLLAPSE OF
THE BODEN-CREDIT-ANSTALT

Confident that he could solve Austria's problems, and reasonably assured of the support of the divergent political groups, Schober made his inaugural speech to the National Assembly on September 27. His well-chosen opening statements evidenced an attempt to placate the Heimwehr. He declared:

From broad levels of the population rises the call for sweeping reforms in constitutional and administrative areas. It would be unwise to overlook the fact that a strong popular movement has become the proponent of these concepts. Especially in a democratic state such a movement cannot and may not be ignored by the government, even though no representatives of this movement participate in the present government.... Therefore, may I make a public statement regarding the Heimwehr? The rise of this popular movement dates from the events of mid-July, 1927. Irreproachable men from all levels of our population, recognizing the need for changes in our public institutions, belong to the Heimwehr.... It is incorrect to represent the movement as aiming at putsch and civil war.... However, we must maintain contact with this movement to guide it toward the fulfillment of its demands in a legal manner.... Moreover, I assure this esteemed House, in full consciousness of my responsibility and with exact knowledge of the situation, that the state's forces... are strong, adequate, totally reliable, and equal to any dangers of this sort.1

He then proposed reforms in the constitution:

In order to eliminate more delays, the government will examine the draft for a constitutional reform bill as proposed by the previous government.... To guarantee the life of our state and the economy, the decision to strengthen the executive power is of first importance.... The federal president's power must be expanded, especially regarding his rights to dissolve the National Assembly, to issue emergency decrees to amend laws

1Kleinschmied, Schober, pp. 211-212.
in order to avert extensive and irreparable dam-
age to the public welfare, and to command the
army.... The executive power must also have the
needed security means at its disposal, ...which
necessitates the restoration of the federal po-
lice to the control of the central agency respons-
ible for the maintenance of public security....
The federal government hopes to initiate the de-
политicizing of the state's institutions, partic-
ularly the public law courts.... The status of
Vienna must also be revised.... The question is
often asked as to how the professional estates
will be able to influence legislation. The govern-
ment will deal intensively with this significant
problem.2

Danneberg, the general secretary of the Social Demo-
ocratic Party, in responding to this speech, reminded Schober
that "another popular movement" representing two-fifths of
the population was not represented in the government. Then,
after listing the projected reforms that his party considered
totally unacceptable, he implied that the Social Democratic
leaders would be willing to discuss the others, but not
"under the threats of a putsch or a coup d'etat."3 Kunschak
and other non-socialist party leaders pledged their support
to Schober.4

Within a week, Schober managed to form a cabinet de-
scribed by Kurt von Schuschnigg as "a non-political cabinet
of personalities,"5 and by Walter Goldinger as "half an

2Ibid., pp. 212-213. For the complete text of the
speech, see Stenographische Protokolle, September 27, 1929,

3Stenographische Protokolle, September 27, 1929,

4Ibid., pp. 2,807-2,820; Jahrbuch der österreichischen
Arbeiterbewegung, 1929, p. 118.

5Kurt von Schuschnigg, Dreimal Österreich (Vienna:
official and half a party ministry." Three ministers are particularly noteworthy for their non-partisan political stance: Michael Hainisch, the former federal president, as minister of trade; Heinrich Srbik, Austria's most famous historian, as minister of education; and Theodor Innitzer, a leading theologian and later Cardinal-Archbishop of Vienna, as minister of welfare. Schober paid some of his political debts by keeping Franz Slama (a Pan-German) as minister of justice, by placing Schumy of the Agrarian League in the interior ministry, and by promoting Vaugoin (a Christian Social Party member and a Heimwehr friend) to vice-chancellor, as well as retaining him as minister of the army. The Social Democrats seemed undisturbed by the fact that they were offered no cabinet posts, possibly because they trusted Schober to work within the framework of the existing political institutions.

Although the new government offered the country the hope of stability, the question of the four Heimwehr marches scheduled for September 29 was still unresolved. Fortunately,

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Thomas Verlag, 1937), p. 130.


7Reimann, Zu gross für Österreich, p. 144.

8For the entire cabinet, see Mikoletzky, Österreichische Zeitgeschichte, p. 137.

9Edmondson, "The Heimwehr and Austrian Politics, 1918-1934," p. 119. According to Gedye, throughout the second chancellorship the Social Democrats simultaneously expressed their distrust of Schober while cooperating with him in his
the extra security precautions taken by the government successfully prevented clashes between the Heimwehr and the Schutzbund as the two groups marched and counter-marched at Mödling, Stockerau, Pöchlarn and Zwettl. However, as Lajos Kerekes indicates, it is much more likely that Steidle and Schober, in conferences held after Schober's nomination, agreed that any demonstrations planned for the near future should "as far as possible follow a strictly legal course." The Neue Freie Presse, in commenting on the usual bombast of the speeches, probably made an accurate assessment when it wrote that the Heimwehr leaders generally "showed no intent to depart from the legal path."

The nation breathed a sigh of relief when September 29 passed with no immoderate confrontations. Schober, no longer faced with immediate domestic violence, could give his undivided attention to the solution of what he considered to be the country's most pressing problem, i. e., the reform of the constitution. However, his efforts to do so were delayed by the fact that he was now faced with the more compelling attempts to save parliamentary democracy. On the other hand, the Heimwehr vocally supported him while plotting his downfall after December, 1929. See Gedye, "Seipel Intrigues in Austria," p. 26.


11 Kerekes, Abenddämmerung einer Demokratie, p. 51. The future behavior of the Heimwehr would be determined by the socialists' lack of obstruction relative to the reform of the constitution. Ibid.

12 Neue Freie Presse, September 30, 1929 (Abendblatt), pp. 1-3.
problem of saving the Austrian economy.

On Thursday, October 4, Richard Reisch, the president of the Nationalbank, informed the chancellor that his institution could no longer grant credit to the Boden-Credit-Anstalt (hereafter referred to as the Boden), and therefore the doors of the Boden would remain closed on Monday unless the required capital was placed at its disposal. Reisch suggested that "either the state could act as guarantor or the Boden could merge with other banks, or the institution would collapse along with its creditors, investors and shareholders." The situation was critical, and a decision had to be made no later than Sunday, October 6.

The news fell "like a bolt of lightning out of a blue sky when, on October 5, Schober advised the parties represented in the National Assembly of the impending collapse of this institution." Although it was widely-known that the Boden was the creditor and/or shareholder of approximately one hundred and fifty of the nation's industrial concerns, only a few people knew that the Heimwehr threat of a civil war had caused deposits of 44,700,000 schillings ($6,300,000)

\[\text{\textsuperscript{13}}\text{Ferger, "Österreichische Schicksalsfragen," p. 5.}\]

\[\text{\textsuperscript{14}}\text{Ibid. See also Karl Ausch, \textit{Als die Banken fielen} (Vienna: Europa Verlag, 1968), p. 307; and Leichter, \textit{Glanz und Ende der Ersten Republik}, p. 88.}\]

\[\text{\textsuperscript{15}}\text{Kunschak, \textit{Österreich, 1918-1934}, p. 117.}\]

\[\text{\textsuperscript{16}}\text{Gulick, \textit{Austria from Habsburg to Hitler}, Vol. II, p. 857; Ausch, \textit{Als die Banken fielen}, p. 314; and Klemperer, \textit{Ignaz Seipel}, p. 361.}\]
to be withdrawn from banks and savings associations in 
September\textsuperscript{17} and that almost half of these withdrawals 
($3,150,000) were from the Boden.\textsuperscript{18} Already overextended in 
credit to its industrial combines and now overwhelmed by its 
depositors' withdrawals, the Boden simply collapsed.

Why was the Boden, the financial fortress of the mon-
archy and one of the most respected of European financial 
enterprises\textsuperscript{19} now bankrupt? The answer is found in circum-
stances surrounding the end of the Habsburg monarchy, in 
errors on the part of Rudolph Sieghardt, the governor (presi-
dent) of the Boden, and in the run on the bank as a result 
of political and other unusual pressures which made the bank's 
continued existence virtually impossible.\textsuperscript{20}

The Boden, founded in 1863, administered the private 
wealth of the emperor, the archdukes, and the high clergy. 
Its governor was appointed by the emperor and entitled to be 
addressed as "excellency." Max Tausig, a gifted banker and 
its long-time governor, was responsible for successfully 
financing the transformation of the great private factories 
into corporations and numerous other businesses when the Habs-
burg monarchy began the process of industrialization. The 
bank's industrial combines were found in all areas of the 

\textsuperscript{17}Gulick, Austria from Habsburg to Hitler, Vol. II, 
p. 856.

\textsuperscript{18}Ausch, Als die Banken fielen, p. 322.

\textsuperscript{19}Funder, Als Österreich den Sturm bestand, p. 42.

\textsuperscript{20}Walter Federn, "Das Ende der Boden-Credit-Anstalt,"
monarchy; its mortgage business was based on security bonds inside and outside Austria. Half of its share capital belonged to foreign, especially French, Belgian and English, shareholders.

The chain of unfavorable events set off by the end of the monarchy affected the Boden much more than and in many different ways from the other large banks. The Boden owed nearly fifty million francs to France, and dividends from French shares in the bank were to a great extent held in France against this debt. A large concentration of the bank's industrial combines were located in Czechoslovakia and, because no affiliate banks were there to which a transfer of control could be made, the Boden's business and influence vanished from that state. The largest of the Boden's enterprises, the State Railway Company, also lost a great part of its assets when the territorial divisions were made after World War I. Another major concern, the Steyr Werke, was interested in converting from weapons to automobile production after the war, but the transfer proved more difficult and costly than had been anticipated. "Lack of capital in the entire country increased reliance on this bank, whose area

Der österreichische Volkswirt, Vol. XXII, No. 2 (October 12, 1929), p. 41.

All Viennese banks founded or participated in industrial combines. They obtained shares in these corporations, granted them credit, and advised them on financial matters of every type. See Ausch, Als die Banken fielen, p. 313.

Ibid., pp. 309-310. For further details, see the Neue Freie Presse, October 7, 1929 (Abendblatt), p. 3.
of activity was chiefly within the new republic." As the need for credit grew at an ever-increasing rate for businesses, so did the bank's risk factor. Such a situation demanded an astute and experienced management.

Sieghardt was appointed president of the Boden in 1919, not because of any ability as a banker but because he had friends in high places. Where the former president, Tausig, had practiced retrenchment from time to time, Sieghardt expanded without simultaneously securing adequate capital to support the credit needed for his policies. Under his direction, the Boden not only invested in new industries but also bought up newspapers and dying banks. The purchase of the banks was particularly risky, for these banks brought with them their own industrial combines, thereby creating incredible new demands on the capital capacity of the bank. Sieghardt refused to limit the amount of credit granted to some Boden enterprises, such as the Steyr Werke and the Fanto Werke, both of which were losing money through mismanagement.

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23 Federn, "Das Ende der Boden-Credit-Anstalt," p. 41.
24 Ibid. Also Ausch, Als die Banken fielen, pp. 313-314.
26 Sieghardt expected to exert political influence through the Neue Wiener Tagblatt, the Die Grosse, the Kleine Volkszeitung, and the Sport Tagblatt. See Ausch, Als die Banken fielen, p. 311.
27 Federn, "Das Ende der Boden-Credit-Anstalt," p. 41.
28 Ibid., p. 42; Ausch, Als die Banken fielen, pp. 314-
When Sieghardt dismissed Alexander Weiner, a respected banker and the Boden's general director, because of disagreements over Sieghardt's business methods and his ideas about bank management, confidence in the bank was jeopardized.\footnote{29} Sieghardt then took over every facet of management, and ultimately his policies became the Boden's policies.\footnote{30} Values of the bank's stocks were routinely reevaluated upward and larger than usual, unearned dividends---15% as opposed to 7% or 8% for other banks---were paid out to its own enterprises. This procedure made possible greater credit from abroad and also increased profits from the issuing of new shares. However, the high dividends were not paid out of real profits but from bank capital, thereby reducing the bank's assets. This practice caused the bank management to be accused of falsifying the balance sheets in order to show non-existent profits upon which to base high-dividend payments.\footnote{31} This risky financial program led to a dangerous increase in the

\footnote{29} Alexander Weiner was dismissed in 1923 with severance pay of 14,000,000 schillings and a life-long pension totaling 3,600,000 schillings. See Ausch, \textit{Als die Banken fielen}, p. 318 and 318, n. 12.

\footnote{30} Sieghardt also dominated the twenty-eight-man Board of Directors. See Federn, "Das Ende der Boden-Credit-Anstalt," p. 42.

\footnote{31} Heinrich Allina, the secretary of the Union of Bank
Boden's indebtedness to Reisch's Nationalbank, where its paper was discounted.\footnote{32}

The president of the Boden "was not a banker by trade, not even an industrial director, but merely a politician."\footnote{33} Therefore, it was not unusual that he placed the newspaper combine which he controlled at Seipel's disposal for the prelate's attacks upon Austrian social democracy. Because Sieghardt supported the Christian Social Party and its government's economic program,\footnote{34} the Boden received special privileges in the reorganization and absorption of the Christian Social provincial banks. Sieghardt was one of the first and most generous donors to the Heimwehr, the organization dedicated to the destruction of social democracy and its adherents. It is not surprising that the Social Demo-

Officials, reported to the National Assembly that the Boden's balance sheets were "obviously falsified." See Stenografische Protokolle, October 18, 1929, Vol. III, 101 Sitzung, p. 2,\footnote{36} When the old balance sheets of the Boden were examined after the collapse of the Credit Anstalt in 1932, it was found that they were "not only incorrect but possibly falsified." See Ausch, \textit{Als die Banken fielen}, p. 330.

\footnote{32} For more details of Sieghardt's policies, see Ausch, \textit{Als die Banken fielen}, pp. 315-318; and Federn, "Das Ende der Boden-Credit-Anstalt," pp. 42-43.

\footnote{33} Federn, "Das Ende der Boden-Credit-Anstalt," p. 43.

\footnote{34} Leichter, \textit{Glanz und Ende der Ersten Republik}, p. 88. When he was chancellor, Seipel accepted the Geneva Protocols in October, 1922. Accordingly, Austria agreed to a program of financial reforms known as Sanierung, and to accept control by a Commissioner-General of the League of Nations. The Social Democrats disliked this approach to the solving of Austria's financial problems. See Stadler, Austria, pp. 122-123; and MacDonald, \textit{The Republic of Austria, 1918-1934}, p. 6.
critic press became an avowed enemy of the Boden and that its constant attacks upon the bank increased the institution's distress as its need for credit grew and its credit record was impaired. Domestic and foreign supporters of the bank came to distrust this organization, which for so long had involved itself in a political power struggle.

Even under these adverse circumstances—the collapse of the monarchy, the errors of the bank's management, and the unusual financial pressures resulting from its political involvement—the Boden managed to sustain itself longer than was financially practical because of its special relationship with the Nationalbank. Reisch, its president, had once been a director of the Boden. Although no longer officially connected with that bank, he and Sieghardt remained close friends. Reisch received an annual pension from the Boden and also retained influential positions in some of the combined operations of the bank. Such practices were highly improper because the Nationalbank was the Austrian bankers' bank and Reisch supervised all the banks.

The bills presented to the Nationalbank by Austrian banks

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35The Social Democrats' newspaper, the Arbeiter Zeitung, stopped printing the name of the Boden, or its activities, for at least four months before the crash. See Ausch, Als die Banken fielen, p. 322, n. 20.

36Ibid. See also Federn, "Das Ende der Boden-Credit-Anstalt," p. 43.

37Ausch, Als die Banken fielen, p. 323, n. 21.

38Ibid., p. 323.
were either trade or mobilization bills. A trade bill is a short-term note which assured the National bank that its money would be returned within three months at the latest. As far back as the stock market and bank crisis of 1924 and 1925, the National bank could not or did not adhere strictly to its own statute which forbade the granting of a bill with a term longer than three months. In addition to extending credit on the basis of unrestricted trade bills, credit was also granted to the banks on the basis of mobilization or finance bills. Such bills were given to the National bank to cover medium or long-term industrial or investment credit. The National bank was frequently criticized for accepting too many mobilization bills, which, in effect, encouraged speculation and the financing of questionable businesses. Consequently, the National bank tried to restrict their issuing of such bills to the Boden, but with little success. 39

Beginning in 1928, the Boden increased its mobilization bills more than the other banks. This was undoubtedly necessary because it had taken over two banks in 1927. By the third quarter of 1928 the National bank found that in the Boden's accounts there was a considerable disparity between trade and mobilization bills. Although the management of the Boden was advised of this situation, Sieghardt still continued to send these bills to the National bank. In April, 1929, Reisch and Viktor Brauneis, the general director of the Nation-

39 Ibid., p. 325.
albank, warned the Boden that the reserves set aside for emergencies were exhausted, and that the bank would find itself in an embarrassing situation if the slightest money crisis were to arise. Despite the fact that the management of the Boden promised to reduce its debts, the bill obligation grew to two billion schillings, or approximately $281,000,000 by the end of May.  

As the Heimwehr threats of a civil war increased during the summer, so did withdrawals from the Boden. By the end of September almost one hundred million schillings (about $14,000,000) were paid out to domestic and foreign depositors. The Nationalbank again attempted to rescue the bank by issuing seven hundred million schillings in mobilization bills. However, the monetary needs of the Boden became insatiable, and the Boden would have closed its doors immediately had the Nationalbank not issued bills for another 120,000,000 schillings on September 28.  

Reisch, who apparently "could not forget his former connection with the Boden," even then wanted to continue to grant credit to the stricken institution. Brauneis threatened to resign if this foolhardy policy were not stopped immediately. As a consequence, the Nationalbank decided to discontinue its aid, and Sieghardt and his di-

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40 Ibid., pp. 325-326.
41 Ibid., p. 326.
42 Ibid., p. 323.
43 Ibid. See also Ulrike Wetz, "Dr. Johann Schober. Ver-
rectors opted to begin merger negotiations under Reisch's leadership with the Viennese Bankverein. 44 This bank, before making a decision, asked for a fourteen-day delay to consult with its foreign investors. 45 Because of the requested delay, and also because some action had to be taken before October 7, Reisch went to Schober to apprise him of the Boden's desperate financial situation and to seek the chancellor's help.

Schober acted immediately. He felt, as did the directors of the Boden, that on such short notice help could come only from the Credit Anstalt, the largest of the few remaining banks. 46 Its directors were called in and negotiations began on Saturday, October 5. Agreement on the conditions of the merger soon reached a stalemate because "the directors of the Credit Anstalt were not in a position to assume the responsibility for these transactions." 47 For this reason, the chancellor sent for the only man who could solve the problems involved in this merger, Baron Ludwig Rothschild,

44Ausch, Als die Banken fielen, p. 326. Ausch states that Sieghardt and his directors discussed the possibility of a merger during the summer, "but without the convictions of the necessity for such a transaction," Ibid., p. 327.

45See the minutes of the cabinet meeting of October 8, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerrats-protokolle, 1929, Carton CXXV, No. 587, p. 2. See also Perger, "Österreichische Schicksalsfragen," p. 5.

46Ausch, Als die Banken fielen, p. 307.

47Otto Bauer made this statement to the National Assembly
the president and owner of the Credit Anstalt.

Rothschild, who was on a hunting trip in Lower Austria, was found by mobilizing the local gendarmes. He was asked to return immediately to Vienna for the purpose of attending a conference with Chancellor Schober and all the bank presidents. The baron sent word to Minister of Finance Otto Juch that he would be at this meeting by 7 P. M. on Sunday.\(^4^8\) Jacques Hannak maintains that "Rothschild agreed to the merger, without any investigation of the Boden's assets and liabilities, within five minutes after his arrival at the conference."\(^4^9\) Karl Ausch believes that some kind of examination was made concerning the financial status of the bank. However, he contends that a thorough assessment could not have been made in two days and nights, as Ludwig Neurath, a member of the general council of the Nationalbank, claimed that he and his department had done.\(^5^0\) According to the minutes of the cabinet meeting of October 8, Juch reported

\(^4^8\) See the minutes of the cabinet meeting of October 8, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXV, No. 587, p. 2.

\(^4^9\) Hannak also suggests that the Credit Anstalt itself was financially unsound and thus should not have affiliated itself with the Boden. Hannak, \textit{Im Sturm eines Jahrhundert}, p. 360. Andics also believes that the Credit Anstalt was "on wobbly legs, because of its credit extensions to industries." See Andics, \textit{Der Staat, den keine wollte}, p. 253.

\(^5^0\) Ausch, \textit{Als die Banken fielen}, p. 331. The minutes of the cabinet meeting of October 8 indicate that only a cursory examination was made of the Boden's status. See the minutes
that Rothschild did not agree to the consolidation until after one and a half hours of discussion.51 Schober alleg-
edly said that the merger negotiations were successfully concluded when "not a revolver, but a machine gun was placed at his [Rothschild's] chest."52 The New York Times reported that Schober threatened to resign if the baron should refuse to unite the two banks.53

Because the Credit Anstalt was to absorb one of the largest banks in Austria, Rothschild's desire to obtain the most favorable conditions from the government for the merger was certainly justified. He asked for and received the following: the expansion of the capital and credit bases necessary for the newly-acquired enormous combines, an exemption from taxes relative to the merger, increased reserve limits in the Nationalbank to correspond to the Credit Anstalt's expanded business, and a delay in the payment for the financing of the exchange of the Boden.54 The Credit

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51See the minutes of the cabinet meeting of October 8, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXV, No. 587, p. 4.

52Gulick, Austria from Habsburg to Hitler, Vol. II, p. 858; Kunschak, Österreich, 1918-1934, p. 117; and Ausch, Als die Banken fielen, p. 308.

53The New York Times, October 9, 1929, p. 44.

54Federn, "Das Ende der Boden-Credit-Anstalt," pp. 43-44. For further details concerning these conditions, see the minutes of the cabinet meeting of October 8, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXV, No. 587, pp. 6-9.
Anstalt actually took over the Boden and all of its obligations "without any material support or liability on the part of the government," even though Rothschild's request for a guarantee of security for his bank by the government was rejected by Schober. The formal announcement of the union of the Boden with the Credit Anstalt was published on Monday, October 7. The transfer to the Credit Anstalt of all the special rights granted to the Boden in 1864 was recorded in the minutes of the cabinet meeting of October 11.

On October 16, Juch spoke before the National Assembly relative to the possible repercussions if the collapse of the Boden had not been prevented. He explained:

Had the Boden-Credit-Anstalt not been aided by the Credit Anstalt, it could no longer have transferred to its conglomerate of industries the monies necessary for the continued payment of wages. The industries could not have secured new credit and would have been forced also to issue credit cancellations. A whole series of industries would then have been forced to shut down and to dismiss their employees. Because tens of thousands of employees would have been affected, untold misery would have resulted and had serious ramifications in all areas. A crisis of confidence of such considerable dimensions would have erupted within Austria and abroad that all the Austrian credit institutions would undoubtedly have been affected.

55 Federn, "Das Ende der Boden-Credit-Anstalt," p. 44.
56 See the minutes of the cabinet meeting of October 8, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXV, No. 587, pp. 3-5 and 9; and Ferger, "Österreichische Schicksalsfragen," p. 5.
57 See the minutes of the cabinet meeting of October 11, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXV, No. 588, Appendix K, pp. 1-2.
58 See the Stenographische Protokolle, October 16, 1929,
After two days of discussion, the National Assembly approved the merger on October 18, 1929.\(^{59}\)

On Monday morning, October 7, the Boden conducted business in the usual manner, except for one important difference. The bank was now funded by the Credit Anstalt and an international consortium led by Rothschild, with the assistance of J. P. Morgan and Company, the English house of Schroeder, and the Solvay group in Brussels.\(^{60}\) Creditors and depositors were guaranteed full payment, but the shareholders were required to sacrifice four Boden shares for one Credit Anstalt share.\(^{61}\) The loss to the shareholders represented 135,000,000 schillings (almost $19,000,000).\(^{62}\) Although nearly half the share capital was in foreign hands and was carried by the foreign market, the immediate result for the Austrian economy was disastrous, for the trust of foreign investors in Austria was shattered.\(^{63}\) The federal treasury, also a shareholder in the Boden through the Post Office Savings Bank, lost 340,000,000 schillings (close to $47,000,000) on the depreciated shares.\(^{64}\)

\(^{59}\)The Times (London), October 19, 1929, p. 19; and Kunschak, Österreich, 1918–1934, p. 117.

\(^{60}\)Neue Freie Presse, October 7, 1929 (Abendblatt), p. 1; and The New York Times, October 8, 1929, p. 43.

\(^{61}\)Ausch, Als die Banken fielen, p. 329.


\(^{63}\)Ausch, Als die Banken fielen, p. 330.

\(^{64}\)Ibid. In the opinion of The New York Times, the Aus-
Unfortunately, three hundred of the eight hundred Boden employees were not absorbed into the new bank. Sieghardt, his directors and their associates were dismissed. By a decree of the National Assembly, they were forced "to surrender any claims [to salaries and/or pensions] which they might possess under their lifelong contracts with the bank." There is a certain measure of irony in the fact that Sieghardt, the benefactor of the Heimwehr, lost control of the Boden because of Heimwehr activities.

Schober was both praised and criticized for his quick solution of this financial problem. The most frequently-heard criticism was that it set the stage for the collapse of the Credit Anstalt in May, 1931. However, the chancellor had no alternatives. The Austrian economy, hampered by a lack of capital and restricted in its financial activity by the League of Nations, could not have survived the total loss of the Boden. Of equal importance was the fact that he also needed to avoid an economic scandal which could have delayed the reform of the constitution.

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65 The Times (London), October 8, 1929, p. 23.


67 See post, pp. 85-86 and 88.
CHAPTER III
THE CONSTITUTIONAL REFORM OF 1929

Parliamentary democracy had been established in Austria by the Constitution of 1920.¹ The legislative powers of the federal government were concentrated in a bicameral parliament. Members of the National Assembly (Nationalrat) were elected through a system of proportional representation; members of the Federal Council (Bundesrat) were selected by the provincial legislatures. Parliament had direct or indirect control over the executive and judicial branches of the government. The federal president, elected by the Parliament, was little more than a figurehead. More important was the fact that provincial separatism was accentuated because this document gave "federal authorities neither fiscal nor administrative control over most aspects of provincial life."² Such defects caused some modifications to be made in 1925, but "the basic parliamentary character of the Austrian Republic was not altered."³ Nevertheless, continued dissatisfaction with and/or criticism of the Constitution of 1920 was prevalent.

However, in June, 1928, when the Heimwehr leader Steidle


³Malbone W. Graham, Jr., The Constitutional Crisis in Austria (Baltimore, Maryland: University of Maryland Press,
publicly demanded that "the so-called bourgeois parties change the semi-Bolshevist constitution" so that they "as a new political organization could participate in the formation of the state," the movement for another, more far-reaching constitutional revision started. 4 Within a few weeks, the bourgeois parties who formed the majority in parliament—and thus always appointed the government—stopped blaming the failure of parliamentary democracy on the obstructionism of the Social Democrats. They began instead to censure the Constitution of 1920 "for inadequate governmental initiative and the subsequent lack of economic progress and unsolved social problems."5 As early as September, the Pan-German Party appointed a committee to study constitutional revisions aimed at changing the franchise, expanding presidential powers, making possible use of plebiscites and referendums, and diminishing parliamentary power. 6 On November 8, 1928, the Agrarian League stepped forward with such definite proposals as the direct election of the president, the right of the president to call new elections upon his dissolution of the National Assembly, and the transformation of the Federal


6Ibid., pp. 24-25.
Council into a corporate body.  

On November 12, at a cabinet reception, the then chancellor Seipel suggested that the time was propitious for constitutional reforms. A day later, at a meeting of Christian Social Party leaders, he recommended the broadening of the presidential powers "according to the example of the German constitution." Immediately, the Reichspost, the Christian Social Party newspaper, came out in support of the suggestion that "the election of the federal president be transferred to the federal peoples..., [and] that the federal president be given more power in regard to the appointment of the federal government and the dissolution of the National Assembly." Obviously, the Christian Social Party had accepted the idea of constitutional reform.

The Social Democrats were now forced to take a stand. Although they saw themselves as the defenders of the bastion of Austrian democracy, i. e., the Constitution of 1920, they were not opposed to some constitutional revisions, including expanded powers for the president, if social democracy were not endangered. They, too, supported changes in the laws

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7 Neue Freie Presse, November 9, 1928 (Morgenblatt), p. 5.
8 Klemperer, Ignaz Seipel, p. 284.
9 Seipel, Der Kampf um die Österreichische Verfassung, p. 121. Seipel's concern relative to the forthcoming presidential election in December prompted these remarks at this time. See Klemperer, Ignaz Seipel, pp. 284-285.
10 Reichspost, November 14, 1928, p. 2.
11 Arbeiter Zeitung, November 14, 1928, p. 2.
on plebiscites and referendums.\textsuperscript{12} To outdo the opposition, the Social Democrats introduced in the National Assembly on January 18, 1929, the so-called \textit{Lex Sever}, a law which would allow one-third of the members of parliament to initiate a referendum on any legislation.\textsuperscript{13}

As 1929 progressed the demand for a directly elected president, with increased powers \textit{vis-à-vis} parliament, continued to grow. Added to the requests for transformation of the Federal Council into a corporative chamber and laws concerning plebiscites and referendums was the call for reform of the courts and juries. Another contribution to the problem of constitutional reform came from Schumy in May, 1929, when he suggested that any reforms should include a change in the status of Vienna. The Heimwehr also clarified its position: "Amending the constitution in order to establish a state composed of estates and having a purely fascist character," and the use of force if the Social Democrats would not go along with this idea.\textsuperscript{14}

Nevertheless, by August, only the Agrarian League had presented a reform program to Chancellor Streeruwitz. Its proposals included the direct election of the president and an increase in his powers, the transformation of the Federal Council into a corporative body, a redistribution of the

\textsuperscript{12}\textit{Neue Freie Presse}, November 8, 1928 (Morgenblatt), p. 5.

\textsuperscript{13}\textit{Arbeiter Zeitung}, January 18, 1929, p. 3.

\textsuperscript{14}\textit{Agnezy, "Die Verfassungsreform 1929,"} pp. 35-42.
powers of the provinces, an end to the dual status of Vienna, a revision of the franchise, and the depoliticization of the courts, the army, and the federal security organizations. The Christian Social Party, the Heimwehr, and the Pan-Germans endorsed these suggestions. By mid-September the Social Democrats, who now definitely opposed any increase in the powers of the president, included electoral reforms, regulation of the powers of the provinces in matters of education, changes in the referendum process, and also more federal control over the provinces in such areas as treasury audits, among their reform demands. Subsequently, they added a demand for mutual internal disarmament.

Streeruwitz resigned on September 25, before he could complete a draft for a general reform bill. Schober, in his inaugural address to the National Assembly two days later, not only declared his intent to support constitutional reforms, but he also outlined those reforms which he considered essential.

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15Arbeiter Zeitung, August 31, 1929, p. 3.


17Arbeiter Zeitung, September 15, 1929, p. 2; and September 17, 1929, pp. 1-2.

18Ibid., October 9, 1929, p. 5.

19See ante, pp. 16-27 for the problems encountered by the Streeruwitz government during the summer of 1929. See also Graham, "The Constitutional Crisis in Austria," p. 154 for some reforms Streeruwitz did make in the judiciary.

20See ante, pp. 30-31.
On September 30, Steidle and Pfrimer presented to Schober the Heimwehr's reform proposals, which included an increase in the powers of the president, the abolition of Vienna as an independent province, changes in the franchise, and other alterations which would turn Austria into a fascist state. The chancellor sent these suggestions to a committee composed of Vaugoin, Slama, and Schumy, with instructions to them to take into consideration the incorporation of the Heimwehr suggestions into his reform bill draft.\footnote{Kerekes, Abenddämmerung einer Demokratie, p. 53; Kon- dert, "The Rise and Early History of the Austrian Heimwehr," pp. 141-142. Gullick claims that the Heimwehr also wanted the adoption of a "'provisional constitution'" to be used while the Constitution of 1920 was being revised. See Gullick, Austria from Habsburg to Hitler, Vol. II, pp. 847-848.}

Concerned because Heimwehr members were not included in the new government and afraid that Schober might consider negotiating with the Social Democrats on constitutional reforms, Steidle and Pabst met with the chancellor on October 11 to discuss their frustrations in this regard.\footnote{Kerekes, Abenddämmerung einer Demokratie, pp. 54-55.} On this occasion, Schober could easily have been pressured into agreeing to a minimal Heimwehr program.\footnote{Ibid., p. 55.} In the light of this possibility, Schober's report to his cabinet on October 14 on this Heimwehr conference becomes more interesting. He stated:

The Heimwehr leaders are dissatisfied with my deci- sion to delay until a future date reform legisla- tion relative to the organization procedures for
the new upper house [Council of States and Occupational Estates]. I suggested they bring me a version which would correspond to their wishes. Today I received no suitable suggestions but a solemn declaration which contains a relatively negative judgment on the entire constitutional reform work. They further contend that the reforms now under committee discussion will only suppress the Social Democrats, not destroy them... At this same conference [October 11], I told them that I had listened to enough of their tirades... [and] that this draft placed such demands on the Social Democrats that all persons would agree that nothing like it existed previously. If they were not satisfied, perhaps the present government, elected by three parties, should decide whether it should or should not stick with the Heimwehr.... I also told them that I know of their intrigues against the government... and that they must remember the government was appointed in time of emergency and will remain in its post as long as it considers it its duty, but it does not want to be at the Heimwehr's mercy.... Steidle then retreated totally and made all sorts of promises.

After a few comments designed to assure his ministers that Vaugoin supported him in his rejection of the Heimwehr demands, the chancellor continued:

Today's declaration [October 14] of the Heimwehr is wrong and I will explain to them that I have lost patience with their expectations and that I am tempted to declare to the cabinet that my mission is ended.  

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24 See the minutes of the cabinet meeting of October 14, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXV, No. 587, pp. 16-18.

25 Ibid., p. 18. According to Rainer Hubert, the Heimwehr leaders discussed the October 11 encounter with Schober at a meeting in Leoben in December, 1929. They decided that, although the Schober draft was a disappointment, they had no other choice but to accept it. Steidle expressed it thusly: "What had previously been a marriage of love with the Schober government now is only one of reason." Rainer Hubert, "Johannes Schober und seine Bedeutung für die Österreichischen Politik in den Jahren 1929 und 1930" (unpublished doctoral dissertation, University of Vienna, 1974), pp. 112-114.
Ultimately it was not pressure from the Heimwehr, but the collapse of the Boden-Credit-Anstalt and its subsequent merger with the Credit Anstalt which temporarily delayed the presentation of a reform bill. Fortunately, because the new government could draw on the previous efforts of the Streeruwitz constitutional committee and because Schober's own committee worked diligently, the chancellor was able to present three reform bills to the National Assembly on October 18, 1929. With these bills he hoped to satisfy the interests of the Heimwehr, the Christian Socials, the Pan-Germans, the Agrarian League and eventually the Social Democrats—and to bring political peace to his country.

The reform proposals contained all of the demands for constitutional changes made by the non-Socialist parties. Direct election and a seven-year term of office were recommended for the federal president. In regard to the president's competency, Schober stated that "the president should be placed next to parliament...and so that he can be seen as a factor constituting a balance in the division of state functions, his power must be expanded." The presidential

26See the Stenographische Protokolle, October 18, 1929, Vol. IV (1929-1930), Appendices Nos. 382, pp. 1-15; 383, pp. 1-5; and 384, pp. 1-4; Neue Freie Presse, October 19, 1929 (Morgenblatt), pp. 2-5.

27MacDonald, The Republic of Austria, 1918-1934, pp. 49-50. Political peace was a necessary prelude to the economic reconstruction of Austria. The Allied Powers had included internal disarmament in the Treaty of St. Germain.

28Seipel, Der Kampf um die Österreichischen Verfassung, p. 294.
powers, thus, should include the convocation and proroguing of parliament, the appointment of the government, the command of the army and the right to govern by emergency decree.\textsuperscript{29}

As the power of the president was expanded, those of Parliament were decreased. Even in the matter of the budget, if Parliament delayed a decision on a new one, the government was to continue collecting taxes and making expenditures based on the budget of the previous year. In this manner, the government and the majority party in Parliament could "destroy" the most ancient privilege of a representative body. In addition, the Federal Council was to be re-organized into a Council of Provinces and Occupational Estates with a reduced membership.\textsuperscript{30}

The proportional form of representation in the provincial governments as provided for in state constitutions was to be abolished, and city council representation was to be based on the majority principle. The voting age and the age of eligibility for election would be raised. Trial by jury would be abolished and the present method of appointing personnel to the Administrative and Constitutional Courts changed to eliminate further political influence.\textsuperscript{31}

\textsuperscript{29}See the \textit{Stenographische Protokolle}, October 18, 1929, Vol. IV (1929-1930), Appendix No. 382, pp. 4, and 7-8; Jacques Hannak, Johannes Schober--Mittelweg in die Katastrophe (Vienna: Europa Verlag, 1966), pp. 124-126.

\textsuperscript{30}Gulick, \textit{Austria from Habsburg to Hitler}, Vol. II, pp. 862-863.

\textsuperscript{31}\textit{Ibid.}, pp. 863 and 865.
Vienna was to be deprived of its status as a separate province and to become simply a "capital." \(^{32}\) All of its former independent functions, such as the power to tax, to have its own police, and to control its educational system, were to be transferred to the federal government. According to Seipel, "the only status it would then have would be that befitting a country's capital." \(^{33}\)

Schober's bills would make considerable alterations to the institutions of plebiscite and referendum. A bill proposed by a plebiscite must be passed unchanged by the National Assembly within one year after its introduction or it would be subjected to referendum. A simple majority, not a two-thirds vote, in the National Assembly could call for a referendum. Then only a simple parliamentary majority was necessary to make the bill into law. \(^{34}\)

To ensure more centralization in the area of public security, Schober advocated the placing of the provincial security forces under federal administration. The federal police and federal gendarmes were to be strengthened by re-organizing command structure and expanding their powers. Suggested for the security forces was a type of emergency decree right which empowered them, in the event of threatened un-

\(^{32}\)See the *Stenographische Protokolle*, October 18, 1929, Vol. IV (1929-1930), Appendix No. 382, pp. 9-10. See also *The New York Times*, October 19, 1929, p. 22.

\(^{33}\)Seipel, *Der Kampf um die Österreichischen Verfassung*, p. 300.

\(^{34}\)See the *Stenographische Protokolle*, October 18, 1929,
rest, to take any measures required to protect persons and property and to maintain peace. The proposed amendment prohibited the formation of vigilante groups within the jurisdiction of federal police authorities and stipulated the government's right to dissolve such organizations.\(^{35}\)

According to Kerekes, the total implementation of these bills would have altered the Constitution of 1920 to such an extent that "the democratic republic would thus have been transformed into a centralized estate-state based essentially on authoritarian principles."\(^{36}\) A political writer for the Volkswirt commented that the bills could pave the way for a personal dictatorship, decimate the rights of Austrian labor, and "tear out democracy by the roots."\(^{37}\) Schober had no intention of destroying Austrian democracy, for he knew when he presented the bills that the Social Democrats, holding more than forty-two percent of the vote, would never accept them.\(^{38}\)

The Christian Social Party publicly complimented the

Vol. IV (1929-1930), Appendix No. 382, pp. 4-5.

\(^{35}\)Ibid., Appendix No. 383, pp. 1-4. Schober's ideas relative to a centralized police organization were expressed in a speech given sometime in 1929. See his speech on "Bundespolizei und Bundesgendarmerie," 1929, Bundespolizeidirektion Archiv (Vienna), Schober Archiv--Manuskripte von Reden, Carton LIII, p. 2.

\(^{36}\)Kerekes, Abenddämmerung einer Demokratie, p. 56.


\(^{38}\)Kerekes, Abenddämmerung einer Demokratie, p. 56; and Hannak, Im Sturm eines Jahrhunderts, p. 260.
chancellor on his bills, declaring their support "'with all means available so that the bill will become law as soon as possible.'" 39 The Heimwehr, publicly ignoring the fact that Schober had left the door open for disarmament through his police reform suggestions, 40 praised the government's efforts and then stated that "there will be no stipulating, no bargaining—only bending or breaking,...for Schober's proposals will become law." 41 It is not surprising that the Pan-Germans and the Agrarian League also lauded the reforms, since these two parties had accepted Schober as chancellor because he promised constitutional reform. Otto Bauer bluntly declared that the introduction of such bills suggested to the socialists that a coup was contemplated. 42 Danneberg explained to the socialists that the bills were designed to prohibit membership in and loyalty to social democracy, and that "any violation of this prohibition would be punished by the loss of their political rights." Simultaneously, the Arbeiter Zeitung headlined: "First defeat us, then you might dictate; this will never become law." 43

40 Agnezy states that the Heimwehr was already concerned that Schober might make a compromise with the Social Democrats at their expense. Ibid., p. 71. At Innsbruck, in mid-October, Steidle stated: "Disarmament, but only after victory." Quoted from Gottfried Duval, "Die Wiener Tagespresse, 1929" (2 vols., unpublished doctoral dissertation, University of Vienna, 1954), Vol. I, p. 82.
41 Neue Freie Presse, October 20, 1929 (Morgenblatt), p. 10.
42 Arbeiter Zeitung, October 20, 1929, p. 3.
43 Ibid., October 19, 1929, p. 1; and October 20, 1929,
The attitude of the majority parties and the Heimwehr as to how to effectuate constitutional revision worried the Social Democrats. Even before the National Assembly debate began on October 22, the socialist leaders accepted the possibility that force might be used by the Heimwehr to attain its goals and in that regard discussed what the Schutzbund's response to such a move should be. Measures for preparedness went beyond those of the September crisis. Where previously the Heimwehr leaders had acted or reacted to the government and the majority parties, they now responded to the Social Democrats. Since the Heimwehr advocated radical constitutional reforms initiated by force and the Social Democrats were interested in negotiated revisions, civil war was a possibility. However, Schober confidently told Danenberg on October 21 that "there will be no civil war." On the same day, the Social Democrats, to prove their willingness to negotiate, contacted the Viennese Christian Social Party to suggest some improvement in the city's administration. 44

Although the non-Socialist parties had seen the bills before they were introduced, the debate on the first reading in the National Assembly on October 22 and 23 gave the Social Democrats their first opportunity to confront the majority parties with their ideas about the Schober reform bills.

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p. 1. See also Germains, Austria of Today, p. 178.

Renner, in a two-hour speech, criticized the bills. He wondered "whether anyone present really expected a single socialist to vote for such a thing." He advised the delegates that, although the Social Democrats were ready to negotiate on the draft, "they could not accept it in its present form under any circumstances." He warned that "his party would fight to the last ditch against this constitution both in and out of the National Assembly." In concluding, Renner declared that Austria's real problem was not constitutional reform but internal disarmament.

The next day, the mayor of Vienna, Seitz, addressed the Assembly. He, too, denounced the draft, particularly those articles which, as a Viennese, he considered detrimental to the best interests of the capital. After declaring that Vienna "will neither be conquered nor oppressed by anyone," he added: "We hope we shall find common ground to work out some sort of proposals which we may submit to the house," but he insisted that under no conditions was the position of Vienna to be touched.

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45 See the Stenographische Protokolle, October 22, 1929, Vol. III, 102 Sitzung, pp. 2,875-2,891; Neue Freie Presse, October 23, 1929 (Morgenblatt), pp. 1 and 4-5.

46 The Times (London), October 23, 1929, p. 15.

47 Neue Freie Presse, October 23, 1929 (Morgenblatt), p. 5.


49 Neue Freie Presse, October 24, 1929 (Morgenblatt), p. 5; Arbeiter Zeitung, October 24, 1929, pp. 1-2.
Richard Schmitz, speaking for the Christian Social Party, explained that the reforms were to be implemented in a legal, parliamentary manner. However, he pointed out that if parliament failed to act, "there is the possibility that the electorate would decide in their own way to effectuate the changes they desired." The Pan-German representative urged the adoption of the proposed reforms by a "simple majority of parliament and a referendum." The Agrarian League delegate, although in favor of the reforms, closed his remarks belligerently: "If this constitution fails," he warned, "then I believe that without this reform there will be no elections."

When the debates ended the amendments for the revisions of the Constitution of 1920, which constitution Adolf Merkl described as "'the freest on earth,'" were referred for negotiation to a Constitutional Committee chaired by the moderate Christian Social Party leader Buresch, with Kurt von Schuschnigg as protocolist. At the first meeting Bauer asked the representatives of the majority parties to agree

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51 Ibid., p. 2,912.
52 Ibid., p. 2,937.
53 Quoted from Gulick, Austria from Habsburg to Hitler, Vol. II, p. 869. Merkl was one of Austria's most prominent constitutional scholars.
54 Agnezy, "Die Verfassungsreform 1929," p. 79. See also Kerekes, Abenddämmerung einer Demokratie, p. 56; and Schuschnigg, Dreimal Österreich, p. 135.
to use only legal methods to implement changes in the constitution. The Christian Socials and the Agrarians remained non-committal, but the Pan-Germans acquiesced. On this same occasion, after much discussion, a sub-committee, consisting of five majority party members and three socialists, was appointed to conduct detailed negotiations on the reforms. The Neue Freie Presse saw this procedure as indicative of a sign of a relaxation of tensions, and its further observation that Schober would not deviate from legality was aimed at calming the populace. The Arbeiter Zeitung expressed the opinion that any progress made by the Constitutional Committee could be attributed to the desire of the socialists finally to agree to participate in definite consultations on the reforms.

By holding a demonstration in Vienna on October 27, the Heimwehr leaders, always impatient, showed their displeasure over the chancellor's intention to negotiate with the Social Democrats, and over his promise to follow legal procedures to achieve the reforms. At the Heldenplatz in Vienna, Steidle ranted at 12,800 uniformed Heimwehr men about the "necessity for a basic revision of the 'red constitution.'"
Emil Fey, the leader of the Viennese Heimwehr, declared that "the Heimwehr would have the last word, that armed action would be taken if the constitutional draft is watered down."60

Such rhetoric on the part of the Heimwehr leaders did nothing to allay the suspicions of the Social Democrats that a coup or putsch was being planned to force revisions in the constitution. Anton Hueber, the leader of the socialist workers' unions, warned that the workers would fight to defend the present constitution.61 To lend credence to this statement, the "Schutzbund was kept on the alert and meetings were held throughout the country to explain the situation and to urge discipline and self-restraint on the workers."62 The New York Times reported that the representatives of the socialist armed organizations in Germany, Lithuania, Finland, and Czechoslovakia offered the Austrian socialists their help, if it were needed.63


61 Arbeiter Zeitung, October 27, 1929, p. 2.


63 The New York Times, October 27, 1929, p. 1. The Second International considered Vienna a showplace. At birth, a child was given a free layette (wrapped in red paper), lived and played in a building and playground constructed by the socialists and went to schools built and staffed by socialists. When he grew up, he belonged to a socialist trade union and military organization, participated in socialist recreational societies and finally, a socialist cremation society known as "The Flame" cremated and buried him. Ibid., p. 3.
Rumors and threats were rampant. One of them alleged that a government led by Vaugoin and Steidle was to replace Schober and carry out a coup d'état. When moderate Christian Social Party members such as Kunschak, the leader of the Christian labor organizations, urged accommodation with the socialists, they were ridiculed and upbraided by the Heimwehr leaders, who continued to threaten to use force in the political arena.

Unfortunately, the unstable political climate in Austria continued to adversely affect the economy—money was still flowing out of the country. Both foreign and domestic investors hesitated to risk their money in a country where the possibility of a civil war was imminent. Therefore, it is not surprising that toward the end of October representatives of the Nationalbank and private banks asked Schober to withdraw the controversial constitutional drafts in the interest of the economy. What is surprising is that Schober denied their request, for at that moment the government was involved in delicate negotiations with the House of Morgan.

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65 Neue Freie Presse, October 31, 1929 (Morgenblatt), p. 7.

66 This information was revealed by Schober in the Neue Freie Presse, October 5, 1930 (Morgenblatt), p. 4. Apparently these same bankers were generous contributors to Heimwehr coffers. See Ausch, Als die Banken fielen, p. 333. Winkler also believes that these banks continued to provide money, paid through Schober, for Heimwehr activities in the winter of 1929-1930. See Winkler, Die Diktatur in Österreich, p. 28.
about the possibility of obtaining a loan. However, to reassure the country, the government did issue a statement promising that constitutional reform would be implemented only through legal means and that any attempts at force could be suppressed.

The volatile political environment was of concern not only to Austria but also to the international community. England's Minister of Foreign Affairs, Arthur Henderson, in an address to the House of Commons on November 4, declared:

Britain is prepared to take steps to safeguard the interests of British investors, by watching the Austrian situation.... The breakdown of the present parliamentary negotiations, if followed by any attempt to deal with the problem by other means, would naturally cause His Majesty's government grave concern as constituting a serious menace to international stability.

Two days later the House of Commons reminded the Austrians that they had neither complied with the disarmament stipulations of the Treaty of St. Germain nor honored their promise to England "to disarm and dissolve her [Austria's] illegal armed bodies." Support for Henderson's statements, as


69 *The Times* (London), November 5, 1929, p. 8; *The New York Times*, November 6, 1929, p. 10. A letter from the German Foreign Office to Schober on November 8, 1929 indicates that Henderson had been watching the Austrian scenario since October 8. See letter from the German Foreign Office to Schober, November 8, 1929, Haus-, Hof- und Staatsarchiv (Vienna) (hereafter cited as "Staatsarchiv" [Vienna]), Neues Politische Archiv, Carton CCLXXVI, No. 24, 626, Fos. 246-247.

70 *The New York Times*, November 10, 1929, p. 3.
well as a request for internal disarmament, were immediately issued by the Quai d'Orsay.\textsuperscript{71} The socialists were pleased with the British stance, but the government and the Heimwehr were indignant.\textsuperscript{72}

While the Heimwehr publicly protested the protracted negotiations of the sub-committee, Seipel decided to offer his reform ideas to the populace in a series of anonymously written articles for the \textit{Reichspost}.\textsuperscript{73} In these articles, the prelate set forth his proposals for the corporative chamber, the election of the president, the symbols of state, the budgetary powers, emergency legislation and a change in the status of Vienna. Simultaneously, he criticized Schober's measures, especially his leaving "to a future law" the re-organization of the upper house into a corporative chamber,\textsuperscript{74} and the procedures for the direct election of the president.\textsuperscript{75} Klemperer concluded that the general tone of these articles


\textsuperscript{72}\textit{The New York Times}, November 6, 1929, p. 10; and November 10, 1929, p. 3. Heinrich Benedikt, the editor of the \textit{Neue Freie Presse}, suggested that "Henderson failed to realize that the threats of illegal action were really expressions of loyalty to the state." See the \textit{Neue Freie Presse}, November 5, 1929 (Morgenblatt), p. 1.

\textsuperscript{73}\textit{Reichspost}, October 20, 1929, pp. 1-3; October 22, 1929, pp. 1-2; October 24, 1929, pp. 1-2; October 25, 1929, pp. 1-3; October 29, 1929, pp. 1-2; November 1, 1929, pp. 1-2; and November 6, 1929, pp. 1-3.

\textsuperscript{74}\textit{Ibid.}, October 20, 1929, pp. 1-2.

\textsuperscript{75}\textit{Ibid.}, October 24, 1929, p. 1.
was not constructive but indicated that "Seipel had decided to torpedo his rival's policy of normalization." Kerekes states that Seipel, Steidle, Rintelen and Vaugoin were decidedly against Schober's negotiating policies and wanted an immediate crackdown on the socialists.

In order to counter the growing impatience of the Heimwehr and to avoid further economic deterioration, Schober conferred with the Heimwehr leaders during the first week in November. After asking them to be patient, he informed them that the Social Democrats "were ready to accept the constitutional reforms if he [Schober] would dissolve the armed self-defense units." He thought he should accept their offer in the best interests of the economy. Therefore, the chancellor promised that, if he implemented disarmament, he would return the Heimwehr weapons immediately should an emergency arise. In response Steidle declared: "The Heimwehr will resist every attempt made to disarm it." Undoubtedly the Heimwehr was so recalcitrant because of the rumor that the socialists had suggested to Schober that they would accept the government's bill in two weeks if internal disarmament were accomplished.

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76 Klemperer, Ignaz Seipel, p. 367. Agnezy thought that Seipel's newspaper propaganda had little influence on the public or on the sub-committee. See Agnezy, "Die Verfassungsreform 1929," p. 77.

77 Kerekes, Abendfüllung einer Demokratie, pp. 57-58. The Heimwehr leaders frequently visited Seipel to get his opinions on their decisions. Ibid., p. 57.

78 Ibid., p. 58.

79 Neue Freie Presse, October 22, 1929 (Morgenblatt), p. 5.
Although the sub-committee was confronted between October 28 and November 8 with the resolution of such minor issues as the restoration of titles of nobility, the cremation of the dead, the censorship of printed matter, "as well as a host of other statutory disabilities which applied to the members of the Socialist Party alone," important problems were resolved. It was agreed that the president was to be directly elected and that his powers, as suggested in the original draft should be increased; however, no agreement was reached on his right to issue emergency decrees. The problem of the independent interposition of the security authorities was solved by limiting such activity to natural catastrophes. New federal procedures were established for the auditing of the cities of more than 20,000 residents. No agreement was reached in regard to the abolishing of the jury system or the structuring of the Council of Provinces and Occupational Estates (the upper house). The committee members deadlocked on the question of the status of Vienna. A new way had to be found to solve such contentious issues if the government and the political parties were to reach a negotiated solution.  

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\[80\]Graham, "The Constitutional Crisis in Austria," p. 151, n. 19.

\[81\]Hubert, "Johannes Schober und seine Bedeutung für die österreichischen Politik in den Jahren 1929 und 1930," pp. 123-125. Steidle and Pfriemer summoned the representatives of the pro-government parties to a meeting to discuss the domestic political situation. Pfriemer harangued them about delays, repeated Heimwehr desires, and sent them away thoroughly chastened and promising obedience. See The New York Times, November 10, 1929, p. 3. The Neue Freie Presse stated that the parties listened attentively but remained non-
Schober found a new way—direct negotiations with Danneberg. He justified this decision by using the pressure put on him by the banks and the necessity for legality as an excuse.\textsuperscript{82} The \textit{Arbeiter Zeitung} announced on November 12 that "Chancellor Schober has invited Robert Danneberg to consult on the constitutional reform bills...and that the discussions will cover the entire spectrum of the constitutional drafts."\textsuperscript{83} Actually, the consultations started three days before this printed revelation.

Danneberg, as he later told his colleagues, was particularly interested in "bearable solutions achieved without machine guns and flame throwers."\textsuperscript{84} Therefore, in order to begin the discussions on a positive note, he promptly agreed to the transfer of certain powers, such as the administration of the voters' lists,\textsuperscript{85} from the cities to the police.\textsuperscript{86} In sessions lasting through November 13, the socialist representative agreed to other changes, but with qualifications. Danneberg accepted the direct election of a president for a

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\textsuperscript{82}Hannak, \textit{Karl Renner und seine Zeit}, p. 521; Hannak, Johannes Schober, p. 134.
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\textsuperscript{83}Arbeiter Zeitung, November 12, 1929, p. 3.
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\textsuperscript{84}Ibid., November 25, 1929, p. 1.
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\textsuperscript{85}See the minutes of the cabinet meeting of November 18, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Minister-
ratssprotokolle, 1929, Carton CXXVI, No. 599, p. 4.
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\textsuperscript{86}Leichter, \textit{Glanz und Ende der Ersten Republik}, p. 92.
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term of five years, but also with a direct vote by the people in the second election process. He also approved the right of the president to issue emergency decrees if favored by the central committee of the Parliament and if these decrees were restricted to laws other than those related to constitutional changes, long-term financial obligations and taxation. Referendum adjustments were conceded if a shorter time period was allowed for the collection of signatures. No objections were raised concerning presidential convocation of parliament, presidential appointment and dismissal of the government, changes in the voting ages, or compulsory voting. Many hours of discussion failed to achieve agreement on the juries, the courts, or changes in the status of Vienna. Interestingly enough, Danneberg made no formal demand for the dissolution of the Heimwehr.

The success of the Schober-Danneberg conferences only

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87 Schober had suggested a seven-year term in his original bill. See ante, p. 56.

88 In a presidential election, if no person received a majority on the first ballot, then a second ballot was required. In the Constitution of 1920, the members of Parliament continued to vote until an absolute majority was obtained for one person. See the United States Foreign Economic Administration, Enemy Branch, The Constitutions of Austria from 1920-1934 (no publisher, 1945), p. 19. No problem developed in regard to the second election process because direct vote by the people coincided with the wishes of the Christian Social Party. See the minutes of the cabinet meeting of November 18, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXVI, No. 599, p. 4.

89 For more details, see the minutes of the cabinet meeting of November 18, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXVI,
irritated the Heimwehr leaders. They could see their plans for a fascist state being dashed to the ground as a result of the chancellor's compromises. Frustrated and disappointed, they discussed the possibility of a putsch. Fortunately, the socialists accidentally learned of a confidential directive from Vaugoin on cooperation between the army and the Heimwehr in the event of a domestic conflict. They sent the information to Vienna, and consequently, this "rumored" putsch scheduled for November 19 never took place.\textsuperscript{90} Schober, with Vaugoin's full support,\textsuperscript{91} ordered Steidle, Pfrimer, Pabst and other Heimwehr leaders to the chancellery. Although they "acknowledged that a general alert had been ordered and denied that a putsch was intended," the chancellor was so angry about their intentions that he warned them that Pabst, a German counter-revolutionary, might be expelled from Austria.\textsuperscript{92} Nevertheless, Schober did not move against the Heimwehr because he needed the pressure of this organization to make the Social Democrats more amenable to constitutional revision.\textsuperscript{93}

\textsuperscript{90}Kerekos, \textit{Abenddämmerung einer Demokratie}, p. 63; and Edmondson, "The Heimwehr and Austrian Politics, 1918-1934," p. 132.

\textsuperscript{91}Vaugoin, who publicly always tried to support the chancellor's plans, was particularly embarrassed by this situation. For example, see \textit{ante}, p. 55.

\textsuperscript{92}By the middle of November, Schober had already decided to exile Pabst from Austria at the first opportunity. Hofmann, \textit{Die Pfrimer Putsch}, p. 2.

\textsuperscript{93}Edmondson, "The Heimwehr and Austrian Politics, 1918-
However, the likelihood that a putsch was planned cannot be discounted. The premise is supported by Schuschnigg, who recalled that near the middle of November a retired military officer visited him late one night to inform him that "several hundred men, all ex-soldiers and now members of the Heimwehr movement, were ready to occupy at any moment the House of Parliament, eliminate the political parties, and thereby bring about a change of the constitution by force." Another account also added credence to the rumor: Louis Rothschild, the banker, assured Steidle on November 18 that if a "planned takeover of power by the Heimwehr should be conducted quickly, and with a minimum of bloodshed, the stability of the Austrian schilling and the economy could be guaranteed." Under these circumstances the government could not completely ignore the probability of a putsch. As a security measure large contingents of police were detached to occupy all the government buildings; the socialists also alerted the Schutzbund. On the other hand, Gulick stated that no definite proof exists for a putsch scheduled for

1934," pp. 123-124. In a meeting on December 20, 1929, the cabinet decided that, although the Heimwehr was a recalcitrant organization, "to kill off the movement would only be dangerous for the government." See the minutes of the cabinet meeting of December 20, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Car- ton CXXVII, No. 606, p. 3.

94 Schuschnigg, Dreimal Österreich, p. 138.
95 Kerekes, Abenddämmerung einer Demokratie, p. 59.
November 19. 97

Meanwhile, the sub-committee resumed its deliberations upon the conclusion of the Schober-Danneberg discussions. So much progress was then made in the resolution of disputed problems relative to the increased competence of the president—especially his right to issue emergency decrees 98—, the direct election of the president, and the changes in the procedures of referendum and plebiscite that Danneberg reported favorably on the negotiations to the socialist conference on November 24. The general secretary knew how to make it clear to his party that a moderate constitutional revision under Schober was always preferable to a radical-right Heimwehr government. 99 Thus, the delegates accepted his report and authorized the socialist members of both houses of Parliament to vote for the constitutional proposals if they did not exceed the limits outlined in the report and the conference debate. At the same time Danneberg was admonished to work toward retaining Vienna's position as an independent state. 100

The negotiations, however, were not yet completed, and the compromise was not yet an accomplished fact. Schober had


98 According to The New York Times, this right was so restricted that "abuse of power will be made impossible." The New York Times, November 24, 1929, p. 9.

99 Andics, Der Staat, den keiner wollte, p. 255.

100 Arbeiter Zeitung, November 25, 1929, pp. 1-4; Jahrbuch der Österreichischen Arbeiterbewegung, 1929, pp. 68-69.
not cleared his concessions with the non-socialist parties. The Heimwehr and the Christian Social Party leaders were particularly distressed when Danneberg's report was published. Among the questions still at issue were the Lex Sever, the charter of Vienna, the new electoral laws and the rights of the socialists in the schools.\textsuperscript{101} As a result of more hard bargaining, the sub-committee was able to implement the subordination of Vienna to the federal auditing court, to avoid the adoption of the Lex Sever, and to safeguard the rights of the socialists in the schools by outlining a specific program for a federally controlled school system.\textsuperscript{102} Those disputes which could not be settled became the responsibility of Parliament.

Finally, after almost eight weeks of negotiating and much bitter strife, Schober presented a compromise reform bill to the combined houses. On December 7 and 10, the provisions were debated and rejected or approved. The most important and extensive changes affected the executive branch of the government.\textsuperscript{103} The president, directly elected by the

\textsuperscript{101}\textit{The Times} (London), November 28, 1929, p. 13.

\textsuperscript{102}See the minutes of the cabinet meeting of December 6, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXVII, No. 606, pp. 13-20.

\textsuperscript{103}Graham, "The Constitutional Crisis in Austria," p. 152. See also MacDonald, The Republic of Austria, 1918-1934, pp. 53-54; Hannak, Johannes Schober, p. 124. A justification for the president's right of emergency decree is enclosed in a letter from Srbik to Schober. See enclosure written by University Professor Dr. Hold-Ferneck in a letter from Srbik to Schober, dated November 26, 1929, in Allgemeines
people for a term of six years, could name and dismiss ministers, convolve the legislative bodies twice yearly and dissolve them on occasion, but only once for the same cause, command the army and issue emergency decrees. However, these decrees could be issued only when Parliament was not in session, and were subject to ratification by a permanent parliamentary committee created for this purpose. Moreover, constitutional laws, tax laws, or labor and social legislation were excluded.  

Although its powers and prerogatives, such as parliamentary immunity, were markedly curtailed by the reforms, the legislature did retain some control over the budget and could also restrict the president's use of emergency decrees. The Federal Council was to be replaced by a Council of Provinces and Occupational Estates, but its effec-tuation would depend upon the future enactment of separate laws.

The method of selecting personnel for the Administrative and Constitutional Courts was changed. Under Schober's reform, participation by the legislative branch in this process was decreased in degree. For example, in the Supreme

Verwaltungsarchiv (Vienna), Korrespondenzen, 1929, Carton L, No. 10,086, pp. 1-6.


105 MacDonald, The Republic of Austria, 1918-1934, pp. 54-55.

106 Graham, The Constitutional Crisis in Austria, p. 3.
Constitutional Courts the president now appointed the members who were nominated by his cabinet. The process of appeal from the lower courts was simplified.\textsuperscript{107} In spite of the fact that libel suits against newspapers and magazines would now be tried before a single judge instead of by a jury, trial by jury was not abolished.\textsuperscript{108}

The position of Vienna, that of an independent state as well as a municipality, was the most contested issue in the discussions on the constitutional reforms. Adolf Merkl, a constitutional scholar, contends that the non-socialist parties wished to change the status of Vienna not only to destroy the socialist enclave but also to rectify the mistake they had made when the Constitution of 1920 was drafted. He vows that, while attending those constitutional committee meetings, he heard the Christian Social Party insist upon establishing Vienna as an independent state, whereas the socialists were actually not demanding this. At that time, Seipel and his supporters could not have imagined that this decision would return to haunt them.\textsuperscript{109}

Vienna's "legal status was somewhat narrowed."\textsuperscript{110} The

\textsuperscript{107}Graham, "The Constitutional Crisis in Austria," p. 154.

\textsuperscript{108}The new press restrictions not only increased fines for libel, but also made the confiscation of newspapers easier. Gulick, Austria from Habsburg to Hitler, Vol. II, pp. 876-876.


\textsuperscript{110}Jahrbuch für österreichischen Arbeiterbewegung,
city was no longer exempted from federal audit control. The police were placed under federal regulation to avoid a future conflict of authority between the municipal security officers and the national gendarmerie. Building and tax matters were delegated to special boards whose composition and appointment were determined by the chancellor and members of the cabinet.\footnote{112}{112}

Compulsory voting was introduced, and the voting age and the age of eligibility for election, that is, the active and passive franchises, were raised from twenty to twenty-one and from twenty-four to twenty-nine years respectively. Federal fiscal and administrative control over the provinces was somewhat strengthened, but generally the independence of the provincial diets was left intact. The entire educational system was placed under the central government's supervision.\footnote{113}{113} The General Security Police were placed under federal regulation and federal control over local police activities was reaffirmed.\footnote{114}{114}

A proposal designed to allow constitutional changes to be made by plebiscite was defeated; the two-thirds vote of

\footnote{1929}{1929, p. 143.}

\footnote{111}{Graham, "The Constitutional Crisis in Austria," p. 155.}

\footnote{112}{United States Foreign Economic Administration, Enemy Branch, The Constitutions of Austria from 1920-1934, pp. 28-29.}

\footnote{113}{Graham, "The Constitutional Crisis in Austria," pp. 153-156. See also MacDonald, The Republic of Austria, 1918-1934, pp. 57-62.}

\footnote{114}{Graham, The Constitutional Crisis in Austria, p. 3.}
the Parliament was still required to amend the constitution. The martial law clause, that is, the power of the police to take any measures they deemed necessary in emergencies, was dropped. Efforts directed toward the restoration of titles of nobility and the revival of official censorship of theaters and movies were defeated.

Opinions differ as to the import and impact of this reform bill. Friedrich Walter and Eduard Ludwig believe that it changed Austria from a parliamentary into a presidential republic. Gulick states that "the concessions made were not such as to impair dangerously the democratic character of the republic or the further development of labor."

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116 The Times (London), December 7, 1929, p. 11.


119 Gulick, Austria from Habsburg to Hitler, Vol. II, p. 878. Bauer referred to this phase of Austrian politics as the "Marne Battle" of Austrian fascism. Arbeiter Zeitung,
Although Viktor Reimann agrees that the bill represented a victory for the Social Democrats, it was also "a victory for Schober's loyalty to the letter of the law." 120 Malbone Graham, an English constitutional scholar, wrote that in these reforms Schober "found for the Danubian republic a new basis of constitutional equilibrium intermediate between the extreme federalist position of 1920 and the demands for a future unitary fascist or socialist commonwealth." 121 Klemperer, Seipel's biographer, claims that the "unanimous acceptance of the bill constituted after all a singular vindication of parliamentary procedure and especially Schober's statesmanship." 122

In an extremely critical analysis of the reform bill, Friedrich Austerlitz commented that "no revision or reform was accomplished, just a readjustment...and that what did take place simply proved to the Heimwehr that the bourgeois parties were willing to cooperate with the Social Democrats without the use of force by the Heimwehr." 123

December 12, 1929, pp. 1-2; Leichter, Glanz und Ende der Ersten Republik, p. 95.

120Reimann, Zu gross für Österreich, p. 149.


122In Der Maur wrote that only eighty percent of the bill was approved. In Der Maur, "Schobers Vermächtnis," p. 13.

123Klemperer, Ignaz Seipel, pp. 367-368.

an exponent of the left intellectuals and "'father'" of the Constitution of 1920, viewed the bill as an "'attempt to make radical changes in the constitution,'" while Merkl, a member of the bourgeois camp, saw both "'positive and negative points.'"\textsuperscript{125} Merkl also felt that the acceptance of these reforms brought closer legislation which would "incorporate our state into the state structure of the United German Republic [i. e., Anschluß]."\textsuperscript{126} The anonymous writer of an article in the \textit{Volkswirt} of September, 1929, would have disagreed with Merkl, for that columnist believed that "no real constitutional reform could be achieved until Austria had a constitution based on the Prussian model: a centralized state with decentralized governing bodies, and provincial diets and presidents subordinate to the central government and named by it."\textsuperscript{127}

Of the main features of the reform bill, only the strengthening of the federal presidency was acceptable to the Heimwehr. The leaders of the movement were especially disappointed because Schober had not transformed the Federal Council into a corporative body—an important step toward a

\textsuperscript{125} As quoted from Agnezy, "Die Verfassungsreform 1929," p. 78. Merkl stated the positive points were the depoliticization of the courts and the direct election of the president. The negative points were the increased competence of the president and the police authorities. \textit{Ibid.}

\textsuperscript{126} Merkl, "Epilog zum Verfassungsreform," p. 297.

fascist state.\textsuperscript{128} As a consequence, they not only turned angrily away from the chancellor, but began to plot his overthrow.\textsuperscript{129} The term "traitor" was frequently heard at Heimwehr meetings in reference to Schober.\textsuperscript{130} In a final attempt to influence the vote on the reforms, Pabst sent several leaders of the radical groups of the Viennese Heimwehr to the parliament building to intimidate the representatives.\textsuperscript{131} When this failed, the organization made it clear that "the things achieved were considered to be only a beginning."\textsuperscript{132} The Heimwehr's stance was not an exception, for even before the negotiating had ended, all the parties, including the Social Democrats, "saw these reforms as a first stage to be followed as soon as possible by another."\textsuperscript{133}

On September 27, Schober promised the nation constitutional revisions. On October 18, he set forth his proposals for the changes which he thought the nation wanted. In the weeks that followed he learned that not all of the people wished to transform a democratic government into an authori-

\textsuperscript{128}Kerekes, Abenddämmerung einer Demokratie, pp. 63-64.

\textsuperscript{129}\textit{Ibid.}, p. 64; Klemperer, \textit{Ignaz Seipel}, pp. 368-369. The Schober-Heimwehr relationship is discussed in post, pp. 147-177.

\textsuperscript{130}Perger, "Österreichische Schicksalsfragen," p. 5.


\textsuperscript{132}Kerekes, Abenddämmerung einer Demokratie, p. 65.

tarian state. The reform bill which emerged on December 10 was a compromise. It represented success for the chancellor in that it gave something to each of the contending factions—the non-socialist parties, the Heimwehr, and the Social Democrats. The fact that Schober achieved this without civil war enhanced his image at home and abroad\textsuperscript{134} and improved his chances for success in the resolution of Austria's economic problems through the securing of an international loan.

\textsuperscript{134}According to Hannak, Schober would have accepted any kind of constitution implemented in a legal way. As a man of "law and order," he could never have deviated from legality. "His concept of duty...was a blessing and contributed to sustaining the life of the republic and to at least postponing civil war." See Hannak, Johannes Schober, p. 133. Schöpfer suggests that the foreign community's attitude toward Austria changed from one of retribution to sympathy as a result of the struggle surrounding the reforms. "The foreign states were made aware of the incredible difficulties in achieving reforms..., of the powerful Heimwehr movement...and of the critical state of Austria itself." See Schöpfer, "Nach der Österreichischen Verfassungsreform," p. 251.
CHAPTER IV

THE INTERNATIONAL INVESTMENT LOAN

During the years following the end of World War I the financial reconstruction of Austria proved to be more of a problem for the country than her politics. To a great extent this situation developed as a result of the unrealistic financial, economic, and reparations demands placed upon the tiny country by the Treaty of St. Germain.\(^1\) Since in accord with the terms of this treaty all of the Austrian government's assets were in pawn to the Reparations Commission, the victorious powers, not wishing to see Austria go bankrupt, frequently found themselves attempting to relieve Austria's financial plight.

Among the nations providing relief credits as well as monetary loans to the beleaguered state were France, Great Britain, Italy, Japan, and even Czechoslovakia.\(^2\) In 1922, they agreed, through their acceptance of the Geneva Protocols,\(^3\) to surrender the liens which they had taken as security against earlier loans, in order to make possible a plan

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\(^1\)For the text of the Treaty of St. Germain relative to reparations, finances and economics, see *International Law Documents: The Treaties of Peace with Austria and Hungary* (Washington: U. S. Printing Office, 1922), pp. 73-146.

\(^2\)For a complete discussion of this international self-interest on the part of nations "who were concerned to avert a catastrophe which could not profit them and would certainly expose them to serious political danger," see Arnold J. Toynbee, *Survey of International Affairs, 1920-1923* (27 vols., London: Oxford University Press, 1925), Vol. 1920-1923, pp. 316-319.

\(^3\)The Geneva Protocols placed Austria's finances, not her economy, under the direct supervision of a resident Commis-
for the financial reconstruction of Austria. At the London Conference of 1928, the Relief Agreement signed by the major powers obligated Austria to primarily balance out the payment of her relief debts up to 1968, and meanwhile to pay none of the reparations demanded of her.\textsuperscript{4} Although sympathetic toward Austria, the major powers made no move to end the repressive financial burden initiated by the Treaty of St. Germain.

When Schober became chancellor in September, 1929, Austria's loan plans were still subject to the approval of the League of Nations and her revenue and properties were still mortgaged. He could do nothing positive toward solving important economic problems until there was a permanent resolution for the problem of reparations payments and until there was a possibility of obtaining an investment loan. During the constitutional crisis the chancellor began a campaign to extricate the country from the shackles of St. Germain, so that

the loan negotiations then in progress would not fail.\textsuperscript{5}

Because Italy was Austria's largest creditor, and because tension between the two countries in 1928 over the South Tyrol (Alto Adige) had prevented Austria from securing an investment loan in that year,\textsuperscript{6} Schober moved promptly to restore friendly relations with her southern neighbor. Via the Austrian Embassy in Rome, he assured Mussolini that Austria was not interested in joining any alliance hostile to Italian interests. He also consulted the Fascist leader on the proposed constitutional reforms and discussed with him problems with the Heimwehr and the Social Democrats.\textsuperscript{7}

At the end of October, Schober received an invitation to visit Rome. Although the chancellor explained to Mussolini that the constitutional crisis prevented him from coming to Rome at this time, he himself stated that "he refused the invitation because he did not wish to visit Rome until he was certain of Mussolini's consent to an international loan and the resolution of their economic problems [for example, the Brenner Pass tariff]."\textsuperscript{8} Assurance for a loan

\textsuperscript{5}See ante, p. 66.

\textsuperscript{6}Seipel had not only publicly chastised Italy regarding its policy in the South Tyrol but also had given the impression that Austria was aligning herself with Czechoslovakia and Yugoslavia, two nations not friendly to Italy. See Germains, Austria of Today, p. 181.

\textsuperscript{7}See the series of telegrams between Lothar Egger-Höllwald in Rome and Schober, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXVII (Italien I/III), No. 24,054, Fos. 92-104.

\textsuperscript{8}See the report from Lothar Egger-Höllwald to Schober
devoid of any obligations on the part of Austria came from Italy on November 29. In December Schober told the National Assembly that he had succeeded in restoring friendly relations with Italy.  

While the negotiations were in progress with Italy, Schober sent Viktor Kienböck to Paris in November to the Conference on Eastern Reparations Payments connected with the Young Plan. Austria's representative not only petitioned for the ending of Allied demands for reparations but also requested that the Allies give up their first claim against all the assets and revenues of Austria, and their right to retain or liquidate such property (the general mortgage rights). The conferees, inclined to be sympathetic with Austria's predicament, impressed with Schober's handling of the constitutional reform, and aware of Italy's changed attitude in regard to the loan, suggested that Austria seek a solution to this problem at the Second Hague Conference.

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9See Schober's report on Austro-Italian relations, in ibid., No. 24,454, Fos. 111-112.


12For a detailed explanation of the general mortgage rights, see International Law Documents: The Treaties of Peace with Austria and Hungary, pp. 92-105 and 121-128.
which was scheduled to begin in early January.\textsuperscript{13}

Schober decided personally to present Austria's case at the meeting of the international delegations at the Second Hague Conference (January 3 through January 20, 1930).\textsuperscript{14} He left Austria on New Year's Day determined to accomplish three things: to free his country from the reparations obligations and the general mortgage rights, both of which had proved to be impediments to the securing of investment loans for Austria; to end the demand for the payment of the old Austrian administrative debts; and to conclude an agreement regarding payment of the relief debts.\textsuperscript{15} He also planned to try to improve trade relations with his country's neighbors.\textsuperscript{16}

One serious obstacle to the success of Schober's plans was the demand by the members of the Little Entente, especially Czechoslovakia, for the payment of the old Austrian administrative debts. This request, first introduced in Paris at the Eastern Reparations Conference, received France's support. The chancellor, however, skillfully sidestepped this attempt to defeat his purposes by citing the

\textsuperscript{13}Germain, Austria of Today, p. 182; and Kleinschmied, Schober, p. 216.

\textsuperscript{14}The purpose of the conference was to discuss the adoption and ultimate operation of the Young Plan, a plan aimed at a final settlement of German reparations. See Wheeler-Bennett and Latimer, Information on the Reparation Settlement, pp. 137-138.

\textsuperscript{15}In Der Maur, "Schobers Vermächtnis," p. 13.

\textsuperscript{16}Wetz, "Dr. Johann Schober. Versuch einer Biographie," p. 47.
Relief Agreement of 1928,\textsuperscript{17} by reminding those present of the fact that his nation had not been able to pay old debts, much less take on new ones, and by satisfactorily explaining the present poor financial status of Austria.\textsuperscript{18} The demand was dropped.

Two political questions surfaced at the conference: Anschluß and internal disarmament. France demanded that Austria's being freed from reparations payments be joined with the prohibition of Anschluß. England, not in favor of the French ploy, encouraged Schober to reject the French demand. He did so based on the logic that his promise to accept such a stipulation would be worthless, because the problem was regulated in the Treaty of Versailles. France was urged to rescind this request, and did.\textsuperscript{19}

England, not France, seemed concerned about the need for internal disarmament in Austria. The English suggested that the disarmament and dissolution of the armed formations in Austria be tied to a release from reparations payments. In lengthy discussions relative to this issue Foreign Minister

\textsuperscript{17}In this accord, all the governments holding Relief Loan Bonds agreed to extend the date of payment for forty years, if Austria paid no reparations or compensation during that period. See Wheeler-Bennett and Latimer, Information on Reparation Settlement, p. 151.

\textsuperscript{18}See the minutes of the cabinet meeting on January 23, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Minister-ratsprotokolle, 1930, Carton CXXVIII, No. 610, p. 4; Perger, "Österreichische Schicksalsfragen," p. 5.

\textsuperscript{19}See the minutes of the cabinet meeting on January 23, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Minister-ratsprotokolle, 1930, Carton CXXVIII, No. 610, p. 5.
Henderson and Foreign Minister Aristide Briand went so far as to propose that Schober make periodic reports to them regarding the status of Austrian disarmament. The impracti-
cality of such a request prompted the chancellor to declare unequivocally:

If Austria's liberation from reparations is condi-
tioned by explanations of the disarmament situa-
tion or by its settlement, such a promise would be such a burden to me personally that I would be forced to resign rather than face the recrimina-
tions of my countrymen. 20

As a result of this firm statement, disarmament was not tied to reparations, but Schober did agree to report in secret to the General Secretary of the League of Nations before March 15, 1930, in regard to his progress toward internal disarmament in Austria. 21

Although Adam Wandruszka thinks that Schober's ability to achieve success for Austria at The Hague can be attributed to his being able to make the negotiating parties feel that they were his benefactors, 22 Kleinschmied 23 and Germain 24


21 See the copies of letters signed by Schober in Vienna to the League of Nations, dated January 19, 1930, and Febru-
ary 2, 1930, in Staatsarchiv (Vienna), *Neues Politische Ar-
chiv*, Carton CDLXIX, No. 25,392, Fos. 138-139.

22 Adam Wandruszka, "Die Entwicklung der Partei und po-
litischen Bewegungen," in Heinrich Benedikt (ed.), *Geschichte

23 Kleinschmied, Schober, p. 219.

believe that the chancellor's personal prestige was responsible for this success, while Gilbert In Der Maur ascribes it to tenacity.\textsuperscript{25} The agreement\textsuperscript{26} which was drafted on January 20 finally eliminated the financial demands stemming from the Treaty of St. Germain "without involving Austria in any political obligations."\textsuperscript{27} Not only were the reparations as well as the general mortgage rights abolished, but the demands of the Successor States for compensation and reparations debts were also dropped. The Reparations Commission ceased to function in Austria. The only concession made by the Schober government was the renunciation of Austria's counterdemands.\textsuperscript{28}

Simultaneously, Schober concluded other important agreements which solved problems related to war debts. Italy accepted a fixed sum of one million gold crowns (approximately \$16,280,000) as reimbursement for administrative and relief costs incurred by Austria at the end of the war.\textsuperscript{29} Poland agreed to write off pre-war Austro-Hungarian debts in

\begin{itemize}
\item[\textsuperscript{25}]In Der Maur, "Schobers Vermächtnis," p. 13.
\item[\textsuperscript{26}]For the complete text, see \textit{League of Nations Treaty Series} (205 vols., Geneva: Publications Department of the League of Nations, 1920-1940), Vol. CIV-CV, pp. 415-419.
\item[\textsuperscript{27}]Kleinschmied, \textit{Schober}, p. 219.
\item[\textsuperscript{28}]For a brief discussion of the important points of the treaty, see \textit{ibid.}, pp. 287-289.
\item[\textsuperscript{29}]Wheeler-Bennett and Latimer, \textit{Information on the Reparation Settlement}, p. 151. The payments were to be made annually for twenty-three years, payment beginning in 1943. Malcolm Bullock, \textit{Austria, 1918-1938} (London: Macmillan and Company, 1939), p. 197.
\end{itemize}
return for a "most-favored-nation" status relative to the importation of pigs30 and the return by Austria of specified archival documents which the Polish government needed for administrative purposes. Yugoslavia agreed to exchange railroad materials for wagons. Old kronen obligations with Austria were simply written off by the Belgian government. Schober also discussed with the German Foreign Minister Julius Curtius the possibility of promptly resuming the negotiations on the proposed Austro-German commercial treaty.31

Before leaving The Hague the chancellor, speaking at the Concordia Ball, made the following comments about Austria's success at the conference:

We Austrians went to the conference with three goals.... The attainment of the most important of these goals, the elimination of reparations and the general mortgage rights imposed by the peace treaty, has liquidated the past.... Our success signifies the restoration of the political and economic freedom of our state.32

The Austrian government no longer needed to enter long negotiations with a powerful administrative court--the Reparations Commission--before every financial transaction; her assets were now her own. Schober was also able to take home

30This concession regarding the pigs caused an uproar in Austrian agrarian circles. See Schmitz, "Die Zweite Aera Schober," p. 194.

31See the minutes of the cabinet meeting of January 23, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXVIII, No. 610, pp. 6-8.

32See the speech delivered at the Concordia Ball, 1930, in Bundespolizeidirektion Archiv (Vienna), Schober Archiv--Manuskripte von Reden, Carton LIII, p. 1.
more than four hundred million schillings in relief credits.\textsuperscript{33}

It is not surprising, therefore, that upon his return to Vienna, he was given a "tumultuous welcome at the train station by the government and the majority parties, as well as thousands of people."\textsuperscript{34} Vaugoin expressed the optimism of all those present when he said, "'Your success fills our hearts with new hope that under your leadership the common work of all who love the homeland and long for its reconstruction will be achieved.'"\textsuperscript{35}

The first week in February Schober began a series of trips to Rome, Berlin, Paris, and London for the purpose of removing any existing doubts about Austria's peacefulness and sincerity, thereby establishing a more favorable climate for the securing of the international investment loan. To these capitals the chancellor went "not as a supplicant, but as the representative of a country which had raised itself up through its own energies and consequently demanded respect because of its strong will."\textsuperscript{36}

The active support which Austria received from the Italian delegation at The Hague prompted Schober to place Rome first on his travel itinerary. The chancellor wanted person-

\textsuperscript{33}Gulick, \textit{Austria from Habsburg to Hitler}, Vol. II, p. 885.

\textsuperscript{34}Kunschak, \textit{Österreich, 1918-1934}, p. 118. See also Hans, \textit{Austria between Two Wars}, pp. 19-20; Perger, "Österreichische Schicksalsfragen," p. 5.

\textsuperscript{35}As quoted in Kleinschmied, \textit{Schober}, p. 220.

\textsuperscript{36}\textit{Ibid.}, p. 231.
ally to thank Mussolini for this assistance and to discuss the solution of other problems which might mar the serenity of their new relationship. He found the Italian leader both cordial and willing to strengthen Austro-Italian relations. 37

At their first meeting on February 4, Schober presented the duce with the Austrian golden medal of honor and a first edition Catholic prayer book. The chancellor then thanked him for his support at The Hague and stressed that the period of Austro-Italian misunderstanding was now ended. The Italian leader responded with, "Everything is forgotten. We are now friends." 38

Their initial conversation covered such topics as the new Austrian constitution, the Heimwehr, the political parties, the results of the Hague conference, the prospective loan, Austrian finances, the militia question, and Austria's relations with Hungary, Germany, Czechoslovakia and Yugoslavia, but did not include the South Tyrol question. Schober found Mussolini well-informed about the new constitution. He was familiar with many details of the new document and the crisis surrounding its adoption. Both men agreed that the Heimwehr should remain unified but that those leaders who did not support the government would have to be removed from positions of influence. The duce was pleased

37Record of the political conversations of the Federal Chancellor in Rome, February 4-7, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXVII (Italien I/III), No. 25,558, Fo. 397.

38Ibid., No. 25,391, Fo. 272.
to learn that the Christian Social Party, the Pan-Germans, and the Agrarian League backed the chancellor. He characterized the Social Democrats as "wavering between bourgeois and Bolshevist ideas." 39

Although Mussolini expressed satisfaction with the results of the Hague Conference as well as with the anticipated loan, he suggested that "in order to avoid a hostile international socialist campaign which could endanger the loan Austria be very reserved in her actions until after the loan had been obtained." 40 He specifically mentioned as possible problems the chancellor's proposed plan to replace the armed formations in Austria with a militia and Austria's desire to purchase Italian arms. He further advised Schober to observe the recommendations made by the League of Nations concerning the question of disarmament. 41

Schober told the head of the Italian state that Austria's budget was now balanced and that the projected investment loan would alleviate the shortage of capital needed for Austrian industrial expansion. He added, however, that the country's entire economic future would be brighter if tariff

39 Ibid., Fo. 274.

40 Ibid. Andics believed that the socialists would have welcomed the loan, because the money was to be used to curb inflation and to decrease unemployment. The socialists feared unemployment the most because it paralyzed their strongest battle tactic--strike. See Andics, Der Staat, den keiner wollte, p. 258.

41 See the minutes of the cabinet meeting of February 14, 1930, in Allgemeines Verwaltungsrarchiv (Vienna), Ministeratsprotokolle, 1930, Carton CXXVIII, No. 613, p. 5.
walls were lowered, or if Italy would consider importing such Austrian products as wood, cellulose, iron and potatoes.

Relative to Austria's neighbors, the chancellor reported that the arbitration treaty with Hungary had lessened the tensions between the two nations. He declared that the possibility of Anschluß with Germany was remote because "present political and economic conditions in both countries do not favor such a step." 42 Unfortunately, Austro-Czech relations were now at a new low, not only because the Czech press took a hostile attitude toward Austria during the constitutional crisis in the fall of 1929 but also because of the Czech delegation's behavior at the Hague Conference. The discussion on Yugoslavia centered around mutual sympathy for the Croats who desired freedom from Serbian control. Before leaving the meeting, Schober reminded Mussolini that neither of them could avoid the question of the South Tyrol. The duce agreed, but asked that discussion on the issue be deferred until another day. 43

The next day the chancellor saw Mussolini only briefly— at the funeral of the Italian minister of public works. On February 6, when the two leaders met again, they signed a Treaty of Friendship, Conciliation and Arbitration in order to publicly assure the friendly relations between their two

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42 Record of the political conversations of the Federal Chancellor in Rome, February 4-7, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXVII (Italien I/III), No. 25,558, Po. 277.

43 Ibid., No. 25,391, Pos. 272-279.
states. The treaty was to remain in force for ten years. Austria promised not to initiate individual action against Italy or to ally herself with others against Italy. The two nations obligated themselves to adjust any future differences between them by means of mediation. 44 Before the ceremony ended the Italian leader presented Schober with a silver replica of the Tiber River. 45

After signing the treaty the two men discussed the South Tyrol problem. The duce stated that "he was prepared at any time to meet the wishes of the chancellor half-way, not only on larger but also on smaller issues." 46 Schober suggested that perhaps less Austrian criticism of Italian policy in the area would alleviate tension. Mussolini agreed and then showed his good intentions by surprising the chancellor with the news that Italy was planning to grant amnesty to all the interned and exiled South Tyroleans, so that they could return to their homeland. 47 However, in

44 For an explanation of the treaty, see the Neue Freie Presse, February 12, 1930 (Morgenblatt), p. 2. For the text of the treaty, see League of Nations Treaty Series, Vol. CV, pp. 99-107.

45 The Times (London), February 7, 1930, p. 13.

46 Record of the political conversations of the Federal Chancellor in Rome, February 4-7, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXXVII (Italien I/III), No. 25,391, Fo. 278. According to Zuber, Schober, in order to secure Italian support for his government "indicated his willingness to accept the Italian position concerning the Alto Adige." See Frederick R. Zuber, "The Watch on the Brenner: A Study of Italian Involvement in Austrian Foreign and Domestic Affairs, 1928-1938" (unpublished doctoral dissertation, Rice University, 1975), p. 47.

47 Record of the political conversations of the Federal
return for his generous move, he requested that the newspapers not be informed now about what he would do, because the Austrian press "liked to write that he made concessions out of fear." In closing the meeting, he urged Schober "to turn to him in all matters, great or small, directly, and by letter, for he considered direct correspondence as the only means to keep information from the press." 48

At the formal reception and dinner the same evening, Mussolini publicly declared:

The Italian government and the Italian people have accepted your visit with a feeling of heartfelt cordiality and treasure its significance even more, because by the treaty which we signed today it is evident that relations of sincere friendship will be established between our peoples. You may be assured, Mr. Chancellor, that the signing of this friendship pact was carried out in an atmosphere of mutual sympathy on the basis of which we may anticipate the possibility of further fruitful developments in the centuries-old relations between our states and peoples. 49

Schober responded with words of thanks for the great understanding which Italy had exhibited for the vital needs of Austria. He continued with:

Here in this Eternal City we have always admired the evidence of a grand past. We also saw how

Chancellor in Rome, February 4-7, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXVII (Italien I/III), No. 25,391, Fo. 280. See also the minutes of the cabinet meeting of February 14, 1930, in Allgemeines Verwaltungssarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXVIII, No. 613, p. 4.

48 See the minutes of the cabinet meeting of February 14, 1930, in Allgemeines Verwaltungssarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXVIII, No. 613, pp. 3-4.

49 Arbeiter Zeitung, February 8, 1930, p. 1.
under the wise government of His Majesty the King, and under the outstanding leadership of Your Excellency, the Italian people...have built their national future on a powerful desire to work. For centuries our peoples have had the most sincere reciprocal relations with each other. This relationship has produced fruits which are among the most precious in Europe. Our people desire nothing more than to continue to enjoy such harvests in the future. The friendly relations between us, as strengthened by the treaty which we signed today, are the guarantee that this wish will be granted. 50

When the banquet ended the Italian leader did not leave. Instead, he "engaged in lively conversation in German [forbidden in the South Tyrol and the use of which is punished by deportation] with Schober and the people in the chancellor's entourage." 51

During the last day of his visit in Rome, Schober made courtesy calls to King Victor Emmanuel III and Pope Pius XI. He found both of them interested in, and knowledgeable about, Austrian affairs, political and religious. 52 The king honored him with the cordon of the Order of Saint Maurice and Saint Lazarus; 53 the pope gave him a gold jubilee medal. 54 Later at the Austrian embassy reception before

50Ibid.; Kleinschmied, Schober, p. 226.

51Arbeiter Zeitung, February 8, 1930, p. 1.

52See the record of the audiences with His Italian Majesty and with the Holy Father, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXVIII (Italien I/III), No. 25,391, Fos. 381-385.


Schober's return to Vienna, Mussolini again urged the chancellor "to make use of this agreement [the treaty], even in matters of detail."\(^55\)

On February 14, Schober reported to the cabinet that the new treaty with Italy established no political ties with Rome, because Mussolini realized that "Austria would have to remain neutral and was not permitted to enter into any kind of political combination."\(^56\) Although no economic agreement was signed, the duce had promised in the future to defer to Austria in such matters, if at all possible.\(^57\) Thus, the chancellor, a bureaucrat by nature and choice, had, through his sensitivity to Mussolini and his attention to Italian protocol and customs, successfully brought to an end the tense relationship which existed between Vienna and Rome during the entire period in which Seipel had governed.\(^58\)

As a result of his success in Rome, Schober could now give his attention to Austro-German relations. At The Hague in January, he and German Foreign Minister Curtius had talked

\(^55\)Record of the political conversations of the Federal Chancellor in Rome, February 4-7, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXVII (Italien I/III), No. 25,391, Fo. 280.

\(^56\)See the minutes of the cabinet meeting of February 14, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXVIII, No. 613, p. 6; Kleinischmied, Schober, p. 227.

\(^57\)See the minutes of the cabinet meeting of February 14, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXVIII, No. 613, p. 4.

\(^58\)Andics, Der Staat, den keiner wollte, p. 259. Seipel tried to rectify this situation in 1928, but had failed to
about the possibility of reopening negotiations to conclude an Austro-German trade agreement.\textsuperscript{59} The chancellor followed up these favorable preliminary discussions with a visit to Berlin the last week in February. He found the Germans cordial and still receptive to a treaty but concerned about his trip to Rome in that Schober may have tied Austria to Italy.

Thus, when the Austrian delegation first met with the entire German cabinet on February 22, Schober felt it necessary to give a thorough and lengthy explanation to them about what was accomplished on his Rome trip. The chancellor stated:

The trip to Rome was the necessary consequence of the tensions between Italy and Austria which existed because of the South Tyrol.... Earlier attempts to alleviate such tensions had met with no success.... Although I was invited to Rome soon after becoming chancellor, I did not want to go until I had reason to express gratitude for something. When the Italian government finally agreed to give its consent to the loan, I accepted the invitation, but delayed the visit until I was certain that the Italian government would follow through on its promise by supporting Austrian demands at the Hague Conference.... At Rome I stressed the necessity for Austria to maintain her neutrality and not to be drawn into any political system.... Mussolini respected my wishes.... I also had the opportunity to deal with the fate of the South Tyrol, ...and fortunately found a certain amount of understanding from Mussolini on this problem.\textsuperscript{60}

Before continuing, Schober pointed out that just as he arrived do so. See Klemperer, Ignaz Seipel, p. 369.

\textsuperscript{59}See ante, p. 93.

\textsuperscript{60}Records of the federal chancellor's political discussions on February 22 and 24, 1930, in Berlin, in Staats-
in Berlin the newspapers announced Mussolini had issued the South Tyrolean Amnesty Decree, an act which he (Schober) interpreted as proof of the satisfactory results of the Rome agreement.61

The chancellor also reported that his conversations with Mussolini covered such topics as the Hague Conference, Anschluß, the replacement of the private armies with a single militia, the disarmament of those private armies, and the investment loan. He did not hesitate to inform the cabinet members that the duce had advised him to proceed cautiously on such issues as Anschluß and internal disarmament, because hasty actions might possibly endanger Austria's prospects for the international investment loan. He also told them of his promise to advise the League of Nations about his disarmament plans.62 Curtius responded to Schober's candor with encouraging words:

We were never upset about the trip to Rome and never feared that you would form alliances which would be uncomfortable for either yourselves or us. We are happy that you now have the opportunity to cultivate friendly relations with Italy—something which can also be of use to us.63

archiv (Vienna), Neues Politische Archiv, Carton CDLXIV, No. 26,023, Fos. 111-112.

61Kleinschmied, Schober, p. 227; The New York Times, February 22, 1930, p. 4. A few days later this announcement was followed by the appointment of a Tyrolean German as Bishop of Brixen. See Kleinschmied, Schober, p. 227.

62Records of the federal chancellor's political discussions in Berlin on February 22 and 24, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXIV, No. 26,023, Fos. 113-114.

63Ibid., Fos. 114-115.
Although the Germans appeared to be satisfied with Schober's statements about the Rome trip, they still were not ready to begin negotiations on the trade agreement. Instead, Curtius discussed German-Polish problems resulting from the Young Plan, and asked questions about the status of Austria's relations to Czechoslovakia, Hungary and Yugoslavia. The Austrian chancellor told those present that, on account of Czechoslovakia's behavior toward Austria at The Hague and because of the pressure of economic issues at home, he found it necessary to reject an invitation from Foreign Minister Eduard Beneš to visit Prague after leaving Berlin. He felt that Austro-Hungarian relations had improved because the Austro-Hungarian treaty signed during Seipel's administration had, among other things, removed the Burgenland as an issue between them. He also declared that Austria's friendship with Yugoslavia could be endangered if the Croats were to increase their agitation against the present government because the Austrian government was known to be pro-Croatian, and because the Yugoslav government believed that the Heimwehr supported the Croatian independence movement.64

Again the Germans seemed satisfied with Schober's answers. Chancellor Hermann Müller then suggested that everyone's attention be focused on economic problems between Germany and Austria. Immediately, Schober asked that the

64 For these and more details relative to the discussions, see ibid., Fos. 115-118.
commercial treaty between their two nations be discussed within the framework of a customs union. The German stated that he favored a customs union, but he felt that it could not be implemented at this time, because "the Entente is taking the position that it [the customs union] is forbidden just as a political Anschluss is forbidden by the Treaty of Versailles." Consequently, the conferees decided that such a union should remain the goal of both nations for the present. They also agreed that the current trade negotiations, if successful, might improve chances for a future Austro-German customs union.65

The remainder of the meeting was devoted primarily to the discussion of two problems: Germany's "most-favored-nation" status66 and increased Austrian tariffs. The "most-favored-nation" arrangement for Germany after World War I had created special difficulties between the two states relative to trading in saws used to finish cut lumber (border saws), timber and livestock. The concessions which Austria demanded from Germany were supposed to make it easier for Austria to export these items to that country. Although Germany realized that Austria's duties were low as compared with other nations, the constant increases in import tariffs were presently causing a decline in German exports to Austria.

65Ibid., Fos. 119-120.

66The "most-favored-nation" agreements were necessary in order to prevent discrimination against a nation's own products. By 1930 these agreements made it more difficult for the small states to compete with the larger ones. See
The Germans wanted a quid pro quo relative to the tariffs. When the meeting adjourned Schober reminded everyone that "the public will absolutely not understand our not reaching an agreement." Chancellor Müller agreed.

Behind-the-scenes negotiations on the trade agreement proved successful. Although there were still a few details to be worked out, on February 24 the German cabinet and the Austrian delegation decided to publish a joint communiqué to announce the conclusion of an Austro-German Trade Treaty. According to its terms Austria would be able to increase her exports of raw timber and livestock to Germany. Germany also made concessions to ensure the increased export of saws and certain specific industrial articles. In return, Germany demanded that Austria grant "free lists" for German machines and the abolition of the wood export duty. However, this agreement did not affect the concurrent German tariff amendment which raised tolls on Austrian agricultural products. Germany had to be circumspect in its concessions to Austria because, as a result of the "most-favored-nation" concept, every concession to Austria would also be applicable to

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Wetz, "Dr. Johann Schober. Versuch einer Biographie," p. 50.

67 Record of the federal chancellor's political discussions in Berlin on February 22 and 23, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXIV, No. 26,023, Fo. 122.

68 Ibid., Fos. 121-123.

69 Ibid., Fo. 125; and the Arbeiter Zeitung, February 25, 1930, p. 1.
Austria's neighbors. 70

At the same conference on February 24, Curtius reintroduced the customs union project. 71 He felt that the only permanent solution for tariff problems between the two countries lay in the implementation of such a plan. The foreign minister hoped that some confidential preliminary work might be forthcoming. The consensus of opinion of the Austrian delegation was that Austria would need to consider not only changes which she might demand of Germany in a customs union, but also a joint tariff administration and the division of tariff revenues. As far as the Austrian delegation could ascertain, the only real obstacle to such a union would be "the thesis of the Entente which contends that a small nation loses its independence [political, i.e.] when it agrees to a customs union with a large nation." 72

The three-day trip to Berlin finally brought to a successful conclusion the negotiations for a commercial treaty with Germany. This treaty, in preparation for ten years and

70 Wetz, "Dr. Johann Schober. Versuch einer Biographie," pp. 50-51.

71 Gehl contends that the internal situation in Austria favored such a union for the first time since the war, and Berlin was determined to push for it. However, discussions were not resumed before November, 1930, when Schober was foreign minister. See Jürgen Gehl, Austria, Germany, and the Anschluß, 1931-1938 (London: Oxford University Press, 1963), p. 6.

72 Records of the federal chancellor's political discussions in Berlin on February 22 and 24, 1930, Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXIV, No. 26,023, Fo. 128. For more details, see Ibid., Fos. 126-128.
in negotiation stages for three,73 "guaranteed a surer future to Austrian enterprise."74 The agreement also contributed to the success of the Austrian Economics Conference which Schober had scheduled to begin on February 28.

The purpose of the economic conference was, in the chancellor's own words, "to establish an economic cease-fire, a mood in which all the forces of the nation can be combined in order to guarantee the stability required for the loan negotiations, and which would simultaneously, with the nation's own resources, bring to an end the present state of economic emergency."75 To combat unemployment, the federal government agreed to contribute money to promote extensive residential construction. In order to protect the domestic market, an import duty amendment was drafted to meet the demand for higher import duties. Commissions were set up to solve problems relative to unemployment compensation, to deal with the crisis in the agricultural community and to reform the tax structure. Schober introduced a plan which aimed at the simplification and improvement of the federal, state and local bureaucracy by means of a comprehensive, far-


74William L. Smyser, "Dr. Schober: Austrian Police President and Diplomat," Contemporary Review, Vol. CXXXVII (June, 1930), p. 711. Smyser contends that this treaty won Schober the parliamentary support of the Pan-Germans, just as the Italian visit won him the support of the Christian Social Party. Ibid., pp. 711-712.

75"Schober-Seipel," Der Österreichische Volkswirt,
reaching administrative reform. In this way he hoped "to bring about necessary tax relief."76

The Austrian chancellor delayed in accepting the invitations to visit Paris and London77 because he was confronted with a Christian Social Party demand for the enactment of an "anti-terror" law before the close of the winter session of Parliament. For most of March, the tension surrounding the passage of this legislation to limit the power of the socialist trade unions was so great that Parliament faced the possibility that the negotiations on the law would collapse or the socialists would initiate a filibuster, or the government would resign. When the bill was finally passed on April 5, the chancellor was again free to travel.78

As Schober was preparing to leave for Paris and London toward the end of April news of his "promises in the question of disarmament came to public knowledge through an

Vol. XXII, No. 23 (March 8, 1930), p. 613.

76 Wetz, "Dr. Johann Schober. Versuch einer Biographie," pp. 48-49. The plan for this government program was discussed and approved by the cabinet on January 31, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, CXXVIII, No. 611, pp. 3-11.

77 These invitations were issued before Schober went to Berlin. See the records of the federal chancellor's political discussions in Berlin on February 22 and 24, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXIV, No. 26,023, Fо. 116; and the minutes of the cabinet meeting of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 625, p. 17.

78 For this tense drama, see post, pp. 118-144.
article in the London *Daily Herald.* By this time he had also received a request from the League of Nations for a report on the "state of Austrian [internal] disarmament." Therefore, in spite of the fact that he had sent a letter in mid-March to the international body in response to their request, he decided to stop in Geneva en route to Paris to update that letter and to assure the members of the League that he planned to introduce a disarmament bill as soon as possible.

Schober arrived in Paris on April 28 and, after being personally greeted at the train station by Foreign Minister Briand, told the French press: "I will use my visit in Paris to again express my thanks to the French statesmen for their support of the Austrian republic." The chancellor's real purpose, however, was to dispel French fears concerning the commercial treaty with Germany, the possibility of Anschluß, the friendship treaty with Italy, and disarmament.

During his three-day visit Schober was able to convince

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81 Schober made this commitment under pressure at The Hague in January. See ante, p. 91.

82 Gedye, *Heirs to the Habsburgs*, p. 100.


84 See the federal chancellor's report on the Paris-London trips, April 28-30 and May 1-3, 1930, in Staatsarchiv
Briand that Austria was interested only in economic, and not in political, union with Germany. He reminded the French leader that the dismemberment of the old economic area in Central Europe—the Austro-Hungarian empire—had made the reconstruction of Austria's economy especially difficult. Trade agreements not only with Germany but also with Czechoslovakia and Yugoslavia would help to solve this problem.\textsuperscript{85} Schober explained that, because Italy for over two years had blocked Austria's efforts to obtain an international loan, the friendship treaty was signed with the government in Rome for the purpose of eliminating "the animosity on the part of Italy toward our attempts to get the loan" and to solve the question of the South Tyrol in an amicable manner. The Austrian chancellor insisted that "no political or economic ties or obligations" had been placed on Austria as a result of this treaty.\textsuperscript{86}

In response to Schober's statements regarding the status of Austria's economic situation, Briand advised Schober that during the war he had been against the dissolution of the monarchy. Therefore, he had tried to persuade the neighboring states that such action would be economically disadvantageous to all of them. He stressed the fact that, although he knew that economic problems were of prime concern to Aus-

\textsuperscript{85}See Schober's discussion with Briand, \textit{ibid.}, No. 27,030, Fos. 244-248.

\textsuperscript{86}\textit{Ibid.}, Fo. 248.
tria and that he understood the close relationship between Germany and Austria, he "favored the retention of Austria's [political] independence in the interest of European peace." The French foreign minister agreed that it was necessary for Austria to renew her former friendship with Italy. Without asking for a quid pro quo from Schober, Briand promised Austria the support of the French government in matters of trade with the Little Entente and in the matter of an international investment loan. 87

Although Briand and Schober never openly discussed Anschluß or disarmament, 88 the French press did not hesitate to ask the chancellor on April 30 to comment on these two issues. To the question on Anschluß he merely replied as he had replied to the same question in Berlin: "We are one people in two nations." 89 As for the disarmament question, he stated that "a draft regarding a law to prohibit the bearing of arms would be introduced in the National Assembly and

87 See the federal chancellor's report on the Paris-London trips, April 28-30 and May 1-3, 1930, ibid., No. 27,148, Fo. 324. See also the minutes of the cabinet meeting of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 625, p. 19. Briand promised that France would assume a large part of the loan. Ibid.

88 The term "independent Austria" was always used. See the federal chancellor's report on the Paris-London trips, April 28-30 and May 1-3, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXIV (Frankreich I/III), No. 27,210, Fo. 338 and No. 27,148, Fo. 324.

that, once the law was passed, no one would be permitted to carry arms without authorization from the police."\textsuperscript{90}

Just before his departure from Paris Schober had an opportunity to meet with the representatives of J. P. Morgan Company and to visit with the premier and president of France. The agents of the House of Morgan advised the chancellor that immediately after the German loan was realized,\textsuperscript{91} their banking house was ready to extend a loan to Austria in an amount not to exceed one hundred million dollars. Premier André Tardieu and President Gaston Doumergue assured the Austrian leader of France's continued support, particularly in regard to the loan.\textsuperscript{92} Under these circumstances, Schober was justified in declaring to his cabinet that "the entire manner of my reception and treatment in Paris was aimed at pleasing us; the Grand Cross of the Legion of Honor is proof of this."\textsuperscript{93}

Another cordial reception awaited Schober when he arrived

\textsuperscript{90}Arbeiter Zeitung, May 2, 1930, p. 4.

\textsuperscript{91}Ibid. See also the minutes of the cabinet meeting of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 625, p. 19; and the report of the federal chancellor's Paris-London trips, April 28-30 and May 1-3, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXIV (Frankreich I/III), No. 27,\textsuperscript{148} Fos. 325 and No. 27,210, Fos. 338.

\textsuperscript{92}See the minutes of the cabinet meeting of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 625, p. 19; and the report of the federal chancellor's Paris-London trips, April 28-30 and May 1-3, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXIV (Frankreich I/III), No. 27,\textsuperscript{148}, Fos. 324-325.

\textsuperscript{93}See the minutes of the cabinet meeting of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 625, p. 19.
in London on May 1. Once again he told the press that his visit was "an expression of gratitude for the aid given to Austria by England at the Hague Conference."\(^{94}\) In his conferences with Foreign Minister Henderson and Prime Minister Ramsay MacDonald, the chancellor "described the entire position of the new Austria toward the newly-founded nations [the Successor States] as well as toward the Great Powers, especially Italy."\(^{95}\) On each occasion, Schober stressed the necessity for Austria to maintain her neutrality. In answer to questions asked about domestic peace and order in Austria and the League note enquiring into the status of disarmament of the private armies, he assured Henderson and MacDonald that he was determined "to reduce the illegal semi-military organizations maintained by Socialists and anti-Socialists alike."\(^{96}\) The chancellor's formula, "one people in two nations," seemed to satisfy the English leaders and the English press on the Anschluß question—a question handled with subtlety here as it was in Paris.\(^{97}\)

Henderson, MacDonald, King George V, Chancellor of the

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\(^{94}\) *Arbeiter Zeitung*, May 3, 1930, p. 2.

\(^{95}\) See the report of the federal chancellor's Paris-London trips, April 28-30 and May 1-3, 1930, in Staatsarchiv (Vienna), *Neues Politische Archiv*, Carton CDLXXIV (Frankreich I/III), No. 27,210, Fo. 337.

\(^{96}\) Germain, *Austria of Today*, p. 186.

\(^{97}\) For more details, see the report of the federal chancellor's Paris-London trips, April 28-30 and May 1-3, 1930, in Staatsarchiv (Vienna), *Neues Politische Archiv*, Carton CDLXXIV (Frankreich I/III), No. 27,210, Fos. 336-339.
Exchequer Philip Snowden, David Lloyd George and other British leaders listened sympathetically as the Austrian leader described and explained Austria's domestic and foreign policy problems. Without exception, they promised to continue the British government's support of Austria in her quest for security. Henderson, MacDonald and Snowden went further and assured Schober that there "would be not the least obstacle in regard to the loan, that [Austria] would receive the loan in the second half of June, and that they would do everything to get [Austria] the desired amount." A favorable press, a tradition of friendship between Great Britain and Austria, and Schober's determination and candor contributed to the success of his London visit.

When the chancellor returned to Vienna on May 4 he commented that he had "found in France and England understanding for our economic and political situation and the readiness to help us to the fullest possible extent." On

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98 Lloyd George apologized to Schober, because after the war England had not been firm enough on the question of self-determination for the South Tyrol. See the minutes of the cabinet meeting of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 625, p. 20.

99 Ibid. See also the report of the federal chancellor's Paris-London trips, April 28-30 and May 1-3, 1930, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXIV Frankreich I/III), No. 27,210, Fo. 337.

100 See an analysis of the federal chancellor's London trip, in Staatsarchiv (Vienna), Neues Politische Archiv, Carton DCXXXV, No. 27,073, Fos. 23-25.

101 See the report of the federal chancellor's Paris-Lon-
May 15, in a report to the National Assembly on the Paris and London trips, he stated:

In Paris and London I had the opportunity to point out just what the world owes these German people in Austria, that they be offered a substitute for their destroyed economy, that these German people in Austria must finally be dealt with justly. And the result: our close and sincere relationship with Germany was recognized as totally justified, the renewal of friendly relations with the great Italian power was found to be useful and to promote peace. Every doubt as to the sincerity, peacefulness and honesty of our politics was eliminated. I was also able to inform them that our internal situation supports a government whose goals aim at national peace and order and the development of the economy. The clouds which emerged during the late summer and early fall of the past year ...I believe are now dispersed. In this connection, I also believe that the investment loan which we have tried to get since 1927 is imminent.102

The Neue Freie Presse observed that "one could possibly see Schober's visit to Paris and London as an end and also as a beginning: an end to the confusion and danger and as the beginning of Austria's recovery."103

In March the National Assembly had created the legal basis for assuming an investment loan of 725 million schillings (approximately $100,000,000) to cover improvements in the railroads, the telegraph and telephone systems and the postal service.104 In July, four hundred million schillings

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102Kleinschmied, Schober, pp. 230-231; and Salkind, Schober, pp. 19-20.


104Kleinschmied, Schober, p. 290; Wetz, "Dr. Johann
(approximately $56,000,000) were delivered to the Austrian government as the first installment on the international investment loan.\textsuperscript{105} Because of Schober's efforts, no political obligations were tied to the loan requirements.\textsuperscript{106}

The chancellor's quest for the investment loan not only freed Austria from the onerous demands of the Treaty of St. Germain, but also led to the reestablishment of an Austrian foreign policy. His strength, determination, honesty, and perhaps even his international renown as the founder of Interpol impressed the European leaders in such a manner that they began to equate Austria's image with Schober's.\textsuperscript{107} Consequently, Austria ceased to be regarded as a weak, unstable and undecided nation. Unfortunately, Schober's success abroad only widened the gap between himself and the Heimwehr over disarmament.\textsuperscript{108}


\textsuperscript{106}In Der Maur, "Schobers Vermächtnis," p. 12; and Wetz, "Dr. Johann Schober. Versuch einer Biographie," p. 52.

\textsuperscript{107}For the details about Schober's activities relative to the founding of Interpol, see Kleinschmied, Schober, pp. 151-161.

\textsuperscript{108}The Heimwehr grew to distrust the chancellor because of his promises to the League of Nations, France, and England regarding internal disarmament. See post, pp. 147-177.
CHAPTER V
THE ANTI-TERROR LAW

On September 26, 1929, the day on which Schober became chancellor, a law drafted by the Streeruwitz government titled Protection from Coercion and the Disruption of Assemblies was presented to the National Assembly.\textsuperscript{1} This law was the first such legislation which tried to deal with the problem of coercion relative to the right of non-union workers to remain unorganized.\textsuperscript{2} Its purpose was to reduce the alleged terrorism practiced by the free unions (the socialist trade unions) against the minority unions (the Christian Social and Pan-German unions), and non-union labor.\textsuperscript{3}

Schober, although not reluctant to deal with this issue, delayed immediate action on anti-terror legislation, because of the more pressing problems of the constitutional reform and the investment loan. However, in the midst of his efforts to complete a commercial treaty with Germany, to secure an international loan, and to arrive at an economic armistice between labor and industry at the Austrian Economics Conference,\textsuperscript{4} he was confronted with a demand from the Christian Social Party for the enactment of an anti-terror

\textsuperscript{1}Jahrbuch der Österreichischen Arbeiterbewegung, 1930 (Vienna: Europa Verlag, 1931), p. 167.

\textsuperscript{2}For the details of this law, see the Stenographische Protokolle, September 26, 1929, Vol. IV (1929-1930), Appendix No. 374, pp. 1-2.

\textsuperscript{3}Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 168.

\textsuperscript{4}See ante, pp. 107-109.
law before the scheduled March closing of the winter session of Parliament.\textsuperscript{5}

The problem of strong-arm methods in labor relations in Austria did not originate with the Streeruwitz regime. Coercion or terror was connected with the question of the closed shop—an important factor in the securing of collective-bargaining contracts between workers and employers.\textsuperscript{6} Because the free unions dominated the labor scene, there were cases where members of these organizations refused to work with members of non-socialist unions, which resulted in conflicts. Some workers, although preferring membership in either a Christian Social or a Pan-German labor union or membership in no union at all, joined the free associations against their will in order to be employed. All the trade groups considered unorganized workers and the members of the "'yellow' unions fostered by the employers and dependent upon them" as a threat to the standards of organized labor. Although neither the Social Democrat nor the Christian Social or the Pan-German unions countenanced pressure of any kind for any reason, "cases of persecution certainly took place from time to time in individual factories." Ultimately, the issue of terrorism in labor relations moved into the political realm. The Christian Social Party championed the cause

\textsuperscript{5}Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 168; Gulick, Austria from Habsburg to Hitler, Vol. II, p. 889.

\textsuperscript{6}Gulick, Austria from Habsburg to Hitler, Vol. I, p. 290.
of the Catholic unions as a means "to attack the 'constitution of the shops' which was guarded by the power of the Socialist organizations." The Social Democrats supported the free unions in their efforts because the socialist workers regarded all unions, other than the free unions, "as a threat not only to trade unionism in general, but also to the cause of democracy."  

The formal demand for a specific anti-terror law was first raised in 1926. In that year Franz Spalowsky, of the Christian Social Party, and Irling Grailer, of the Pan-Germans, introduced a law against coercion and for the protection of the right to assemble. The draft declared coercion in labor relations a crime, provided for arrest and payment of damages and fines by the offending parties, and specifically delineated what constituted the disruption of assemblies and unjustified participation in them. The law made no changes in the worker's right to work wherever he chose.  

After the 1927 elections Spalowsky and Grailer once again submitted their draft to the National Assembly. They made one major revision—coercion was now declared to be a misdemeanor rather than a felony.  

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7Ibid., Vol. II, pp. 886-888. The free unions were the economic counterpart of the Social Democratic Party. See ibid., Vol. I, p. 304.


committee (the Justice Committee). Finally, in May, 1928, a filibuster by the socialists destroyed any possibility for the passage of the Spalowsky-Grailer legislation.

In October, 1928, Seipel spoke out decisively in favor of an anti-terror law. He stated to the National Assembly: "We must be certain that there is...no more industrial terrorism, no organizational terrorism, no terrorizing of assemblies, and that a legal basis be created for the prosecution of terrorism regardless of where it originates." The Heimwehr, always eager to espouse an anti-socialist cause, simultaneously declared that "'the adoption of an anti-terror law is a pressing necessity and may no longer be shelved,'" and that "'one of their chief goals is the liberation of the working class from socialist terrorism.'" Even though Seipel and the Heimwehr leaders indicated their support for such legislation, no further progress was made toward drafting an anti-terror law before Streeruwitz became chancellor in May 1929. His government, not the Justice Committee, reworked the Spalowsky-Grailer proposal into

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12 Kunschak, Österreich, 1918-1934, p. 96.
13 As quoted in Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," pp. 9-10. The Heimwehr unions, known as independent of "yellow" unions, met opposition in the plants not only from the socialists but also from the Christian Social workers. See Renner, Österreich von der ersten zur zweiten Republik, Vol. II, p. 88.
its own draft, which was then sent to the National Assembly on September 26, 1929. The Streuruitz bill classified coercion as a felony, described what constituted coercion—including threats against a worker's property or family, and called for a penalty of a minimum of six months' imprisonment for anyone so charged. The disruption and disturbance of assemblies was considered a misdemeanor, punishable by fine and/or imprisonment, dependent on the extent of guilt. The Schober government temporarily accepted the Streuruitz draft but reserved the right to make some revisions.

The Streuruitz law was criticized by all sides. In an article in the Neue Freie Presse, Professor Dr. Artur Lenhoff of the University of Vienna characterized the draft as totally unfortunate from a legal viewpoint because such a law would be a serious threat to every independent economic regulatory agency. A writer for the Volkswirt stated that the proposed law had "the stamp of special legislation aimed at one class in particular—the working class." The unions were dissatisfied because unorganized workers were to be pro-


15See ante, n. 2, p. 118.

16Neue Freie Presse, October 12, 1929 (Morgenblatt), p. 3. The Schober revisions did not appear until after the cabinet meeting of January 31, 1930. See post, pp. 125-126.

17Neue Freie Presse, October 12, 1929 (Morgenblatt), p. 2.

tected by law. The general assembly of the Vienna Chamber for Workers and Employers, in which the free unions and the minority unions were represented, declared:

Such a law should be preceded by a clear delineation of the groups who can be considered as fully entitled social adversaries. We cannot overlook the fact that the workers in the factories who are organized into unions do not want to cooperate with the workers who are not organized into unions. The union organized workers feel that it is unjust for those who are not organized to participate in the results of their union endeavors without bearing any of the risks or the burdens of membership dues for the unions. Apart from these considerations, the contents of the bill are unsatisfactory throughout.19

The Social Democrat leader Bauer applauded the government's attempt to initiate a law that would guarantee employment for all, without regard to political leanings and union membership. He, too, believed that "there can be no rules which constitute a double standard for workers in a democracy." However, he held employers responsible for the high unemployment rate among union laborers, because they hired non-union labor at lower wages. In his opinion, "the only solution to the problem of non-discriminatory hiring would be to have mandatory, public and non-partisan managed workers' employment agencies, with the participating employers compelled to hire the workers sent out by the agency." Exceptions were to be permitted only if special qualifications were required on the part of the employee.20

19Neue Freie Presse, October 1, 1929 (Morgenblatt), p. 6.

20Arbeiter Zeitung, October 2, 1929, pp. 1-2.
The Heimwehr leaders were so displeased with the anti-terror suggestions under consideration that they immediately presented their own proposals to the new government and the majority parties. They recommended the cancellation of all labor contracts if they state that only members of certain organizations can be employed within a plant or prevent members of other unions or non-union workers from securing jobs, the prohibition of the deduction of union or party dues from employees' wages by employers, and the arrest and punishment of any person using intimidation or force to secure a closed shop. These ideas, if adopted, would disrupt the collective-bargaining practices of both the free and the minority unions. As a result, in a time of high unemployment "wage depression would ensue, because the entrepreneurs would employ non-union workers to whom they could pay lower wages."\textsuperscript{21} Kunschak, the leader of the Christian Social trade unions, warned the Heimwehr that "if the social achievements or the political rights of the workers [union workers] were encroached upon, the Social Democrats and the Christian Social workers would work together to prevent such incursions."\textsuperscript{22}

Although Schober became deeply involved in the constitutional reform crisis and then in foreign travel to secure the international investment loan, the anti-terror law was never entirely tabled. The majority parties and the socialists

\textsuperscript{21}Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," pp. 16-17.

\textsuperscript{22}\textit{Neue Freie Presse}, October 14, 1929 (Abendblatt), p. 3.
continued individually to discuss the Streeruwitz bill, while the newspapers suggested that this bill should be dropped and a new one drafted.\textsuperscript{23}

In the cabinet meeting of January 31, 1930, Minister of Justice Slama presented his revisions of the Streeruwitz law. Slama indicated that these changes had been worked out in accord with the requests of the majority parties. Although the chancellor was present on this occasion, Vice-Chancellor Vaugoin led the discussion of the recommended alterations. Vaugoin assured the ministers that "the majority parties wanted the non-union worker protected from terrorism."\textsuperscript{24}

The proposed emendations were closer to the Heimwehr suggestions than to the original Streeruwitz bill.\textsuperscript{25} The title of the law was changed from Federal Law for Protection from Coercion and the Disruption of Assemblies to the Federal Law for the Protection of the Right to Work and to Assemble. The revisions were as follows:

Collective labor contracts and other collective agreements whether between employers and employees, or between employers, or between employees are void if they directly or indirectly restrict employment to specific unions or try to prevent others from securing employment.... Employers are forbidden to deduct union dues, party dues, or contributions from the wages of

\textsuperscript{23}Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 168.

\textsuperscript{24}See the minutes of the cabinet meeting of January 31, 1930, in Allgemeines Verwaltungszarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXVIII, No. 611, p. 15.

\textsuperscript{25}For the Streeruwitz law, see ante, p. 122. For the Heimwehr suggestions, see ante, pp. 123-124.
employees or to accept them after payment of wages....

Any person attempting to secure a closed shop through means of intimidation or violence, whether this person be employer or employee, will be punished for a misdemeanor with the strictest imprisonment of one week to six months....

The preceding stipulations are retroactive.

Any person who obstructs or disrupts legally-held assemblies, processions or similar rallies through violence or threats of violence will be punished for a misdemeanor with strict or simple imprisonment of one month up to a year. 26

The cabinet approved these changes and agreed that they be placed at the disposal of the majority parties for the purpose of a compulsory vote in the Justice Committee. 27

The chairmen of the parties represented in the National Assembly, without giving thought to possible difficulties involved in the passage of anti-terror legislation, decided in conference in mid-February to set the end of the winter session for the second week in March. However, by the end of the month, newspaper comments on the anti-terror law had increased to such an extent that the Christian Social Party demanded the ratification of the law before the scheduled adjournment date. 28 Vice-Chancellor Vaugoin, in particular, not only repeatedly referred to a law which resembled the Heimwehr suggestion but also called for the speedy passage of

26See the minutes of the cabinet meeting of January 31, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerrats-protokolle, 1930, Carton CXXVIII, No. 611, Appendix M, pp. 1-4.

27Ibid., Carton CXXVIII, No. 611, p. 16.

such legislation. Seipel also discussed the matter, indicating that Vaugoin had worked out a law which could satisfy both the workers and the employers. Thus, a hue and cry was raised for the quick enactment of legislation about which the public knew very little and which the Justice Committee had not had the opportunity to debate.

On March 4 the Justice Committee met to discuss the Streeruwitz bill for Protection from Coercion and the Disruption of Assemblies for the first time. Present were Rudolf Ramek, chairman and former chancellor, Slama and Vaugoin from the government, and representatives from the Christian Social, Pan-German, Agrarian, and Social Democratic parties. Erick Kneussl, the Christian Social representative, was elected protocollist. He immediately presented the new recommendations for anti-terror legislation which had been worked out by the majority parties. These proposals, later known as the Lex Kneussl, were identical to those changes suggested by the government. Because the Social Democrats

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Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," pp. 17-18. Both Leichter and Hannak imply that Seipel was behind Vaugoin's demand that the law be passed immediately. See Leichter, Glanz und Ende der Ersten Republik, p. 99; and Hannak, Im Sturm eines Jahrhunderts, p. 363.


refused even to accept copies of the proposals, much less discuss them, deliberation was postponed and the meeting adjourned.\textsuperscript{33}

When the Justice Committee met again two days later Kneussl led the debate on the new proposals. Again the Social Democrats opposed discussion, claiming that the \textit{Lex Kneussl} was an entirely new draft\textsuperscript{34} and that the committee was called to debate only the Streeruwitz bill. Renner, the socialist representative, reminded the committee members that "to introduce new legislation without first consulting the workers' chambers would be regarded as unconstitutional."\textsuperscript{35} When the Social Democrats were denied their request to delay the general debate until the interest groups which they represented could take a position on the issues, the Viennese Chamber of Workers and Employers also protested this unorthodox method of introducing new anti-terror legislation.\textsuperscript{36}

The general debate continued with all of the eleven Social Democrats announcing their intentions to speak. Bauer led with a seven-hour speech,\textsuperscript{37} in which he included not only

\begin{itemize}
\item \textsuperscript{33}Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," p. 20.
\item \textsuperscript{34}Heindl, \textit{Das Antiterrorgesetz}, pp. 26-27; and "Antiterrorgesetz," \textit{Der Österreichische Volkswirt}, Vol. XXII, No. 23 (March 8, 1930), pp. 613-614.
\item \textsuperscript{35}Heindl, \textit{Das Antiterrorgesetz}, p. 24.
\item \textsuperscript{36}Neue Freie Presse, March 9, 1930 (Morgenblatt), p. 11.
\item \textsuperscript{37}Arbeiter Zeitung, March 7, 1930, pp. 3-4; and March 8, 1930, pp. 2-4.
\end{itemize}
a history of the right to form unions but also a discussion on the significance of workers' and employers' unions in the present economy, the role of union coercion—with particular reference to Vaugoin terrorism in the army—and the importance of employment agencies. He stressed the fact that an anti-terror law based on the Lex Kneussl would lead to depressed wages, because the employer could then avoid the burdensome restrictions of collective-bargaining by using non-union laborers as a substitute for organized laborers. To counter the possibility of this practice, he suggested the use of compulsory employment agencies managed in a non-partisan manner.\(^{38}\) In conclusion, he stated that he agreed with the idea that an understanding should be reached with the minority unions "in order to eliminate the undesirable manifestation of compulsory unionization."\(^{39}\)

From March 8 through March 22 Spalowsky was the only non-socialist speaker fortunate enough to get the floor. On March 13 he gave a history of prior attempts to get an anti-terror law drafted, denounced the terrorism of the socialists, stressed that all opinions on the draft in question would be studied, and declared that the sole purpose of the new proposal was to eliminate compulsory political viewpoints. The Social Democrats then attacked Spalowsky. Although the chancellor was present at this session, he adroitly sidestepped

\(^{38}\) *Arbeiter Zeitung*, March 8, 1930, p. 4.

\(^{39}\) *Ibid.*
socialist attempts to draw him into the discussion.\footnote{Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," pp. 28-29.}

The socialists managed, through their filibuster in the Justice Committee, to stall negotiations for the completion of the proposed law.\footnote{Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 169; and Heindl, Das Antiterrorgesetz, p. 29.} For the most part, they also followed Bauer's example in their choice of material for their speeches. However, Hilbert Pick suggested something new--"that martyrs would be created by this law"\footnote{Arbeiter Zeitung, March 9, 1930, p. 2.}--and Arnold Eisler used his time to discuss and refute the cases of terrorism mentioned by Spalowsky.\footnote{Ibid., March 18, 1930, p. 9.}

Outside the Justice Committee events were taking place which would influence both the legal solution for and the final text of the anti-terror law. On March 6 the Arbeiter Zeitung recommended a law "which would punish anyone who would attempt to force any worker to leave any party or religious group or anyone who would refuse to work with any other worker because of his religious or political persuasion."\footnote{Ibid.} The Neue Freie Presse on March 7 warned the Social Democrats not to create unnecessary tensions.\footnote{Neue Freie Presse, March 7, 1930 (Abendblatt), p. 1.} The Christian Social Reichspost, obviously not too well-informed, commented that "there
was only a small step from the socialist suggestion to ratification of the draft already before the committee."\textsuperscript{46}

The representatives of the Viennese Chamber for Workers and Employers began their discussion of the \textit{Lex Kneussl} on March 8.\textsuperscript{47} The Christian Social unionists stressed the duty of all the unions to defend the right to organize, but they still wanted an anti-terror law to prevent the free unions from encroaching upon their rights. The Pan-Germans were against the possibility that the government's draft would undercut existing collective contracts. After other points of view were expressed, President Franz Domes accepted a unanimous resolution which protested the fact that the government's bill had not been made public for prior examination and demanded that the chambers have until March 13 to study and prepare opinions on the draft.\textsuperscript{48}

Although the free unions promised that the proposed law "will fail as a result of the resistance of the workers,"\textsuperscript{49} they met with the minority unions for consultations on the proposed changes which were to be presented to the government.\textsuperscript{50} However, as early as March 14 the Christian Social and the Pan-German representatives decided to break off dis-

\begin{itemize}
\item \textsuperscript{46} \textit{Reichspost}, March 7, 1930, p. 2.
\item \textsuperscript{47} Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," p. 30.
\item \textsuperscript{48} \textit{Neue Freie Presse}, March 9, 1930 (Morgenblatt), p. 11.
\item \textsuperscript{49} \textit{Ibid.}, March 11, 1930 (Abendblatt), p. 3.
\item \textsuperscript{50} \textit{Ibid.}, March 14, 1930 (Morgenblatt), p. 6.
\end{itemize}
cussions with the free unions. The basis for this decision was a misunderstanding relative to a communiqué issued on March 13, which stated incorrectly that all the unions rejected the law.\textsuperscript{51} For this reason, the possibility of reaching a compromise was lost.

In a separate conference on March 18, the Christian Social unions suggested the following changes in the proposed law: voiding collective contracts which specified a particular employment agency, extending the crime of coercion to include the refusal to hire only unorganized labor in any particular plant, and making impossible the exclusion of non-union labor from the benefits of collective contracts.\textsuperscript{52} The Pan-German unions urged that terrorism on the part of the employer be prosecuted, that the protection of employees not be extended to the non-union worker in order to avoid wage depression, that the anti-terror law not be applied to practices which could be characterized as part of the union's struggle for economic improvement, and that agreements made between employer and organizations to exclude specific employee groups from obtaining work be null and void.\textsuperscript{53}

Meanwhile, the date for the adjournment of the National Assembly arrived. Although the majority parties had inform-

\textsuperscript{51}For the details of this misunderstanding, see \textit{ibid.}, March 14, 1930 (Abendblatt), p. 1; March 15, 1930 (Morgenblatt), p. 4; and March 16, 1930 (Morgenblatt), p. 7.

\textsuperscript{52}\textit{Ibid.}, March 18, 1930 (Morgenblatt), p. 4.

\textsuperscript{53}Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," p. 32.
ally agreed in mid-February to close the winter session the second week in March, they had also repeatedly declared their intention to pass an anti-terror law before the assembly closed. In their opinion, the winter plenum could be extended beyond this tentative date in order to ratify this law.\textsuperscript{54} However, because the Social Democrats reasoned otherwise, they tried, during the National Assembly meeting of March 12, to force the closing of parliament at the end of the day's discussion. According to assembly rules, if the anti-terror law were not on the agenda for discussion on this date, it would die in committee. The Christian Social leader Buresch countered with the suggestion of a March 20 date for closing, and when his proposal was accepted, the Social Democrats walked out of the chamber.\textsuperscript{55}

After the socialist exodus from the National Assembly, they no longer restricted themselves to journalistic polemics against the law, but called for protest rallies. On March 19 the \textit{Arbeiter Zeitung} insisted that "every worker must come to the protest rallies against the wage depression law."\textsuperscript{56} The newspaper reported that the storm of protest against this law

\textsuperscript{54}\textit{Reichspost}, March 13, 1930, p. 3.

\textsuperscript{55}For the details of this confrontation, see the \textit{Stenographische Protokolle}, March 12, 1930, Vol. III, 122 Sitzung, pp. 3,471, 3,502-3,504. On March 20, the closing date for the winter session was deferred until March 27. The winter plenum finally closed on April 5 after the anti-terror law was passed. See Kroitzsch, "Die Regierung Schober und das Antiterorgesetz," p. 33.

\textsuperscript{56}\textit{Arbeiter Zeitung}, March 19, 1930, p. 1.
"was greater than that which had been generated by the constitutional battle in September." The socialists declared that eight rallies had been organized and that eighteen had already been held. Three days of constant rallies had produced "great excitement and strong battle morale." The socialists also claimed that the chancellor was absent when the law was first introduced and that quick enactment of this legislation would be contrary to his wishes.

Schober did not respond to the socialist claims concerning either his whereabouts when the law was introduced or his wishes in regard to its adoption. Why should he? He was present at the cabinet meeting of January 31 when the changes to the Streeruwitz bill were approved. Also, Seipel's and Vice-Chancellor Vaugoin's public statements were enough to discredit socialist assertions. Seipel declared: "If the chancellor had a reason to desire a postponement or a deferment of the anti-terror law, then he would have said so;" Vaugoin declared that "all the members of the cabinet supported the law, as well as our demand [Schober's and Vaugoin's] that it be ratified in this session."

The mood of the Heimwehr could also be described as bell-

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57 Ibid., pp. 3-4.
59 See ante, pp. 125-126.
60 Neue Freie Presse, March 8, 1930 (Abendblatt), p. 3.
61 Reichspost, March 9, 1930, p. 7.
icose. Their various newspaper organizations called for "'no negotiations, no compromises!'" claiming "'that the purpose of the Socialist filibuster was to force others to compromise and to obtain concessions.'" In their opinion, if the socialists succeeded in securing a "'watered down'" anti-terror law, the law would be worthless. From time to time they described the Social Democratic Party as "'being at its weakest now'" and "'as a minority which had to bow to the will of the majority.'" The Heimwehr leaders lauded the government for "'having taken our points of view on the law into consideration,'" and even went so far as to declare that "'the anti-terror law would be a test of strength for the Heimwehr as well as for the Schober government, whose strong arm was the Heimwehr.'"62

Vaugoin himself was quoted in the Neue Freie Presse as saying that "'no compromise negotiations on the anti-terror law are intended. The draft will be voted upon with the same wording in which it was introduced.'"63 These were uncompromising words, especially since both the Christian Social and the Pan-German unions objected to parts of the original version, and Vaugoin had to consider their views. Even though Seipel was concerned about the reaction of the Heimwehr to compromise legislation, he still advised: "The anti-terror law may not be watered down but strengthened to avoid mis-

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understandings and malevolent misinterpretations." \(^{64}\)

As the polemics between the socialists and the Heimwehr increased, so did violence. On March 21, Vice-Chancellor Vaugoin listed twelve specific cases of terrorism perpetrated by free union workers. \(^{65}\) Every statement made by the vice-chancellor was refuted by the Arbeit Zeitung, which then enumerated cases of terrorism committed by minority union workers, by employers and by Vaugoin himself in the army barracks. \(^{66}\)

Nevertheless, in spite of all of the external turmoil, the socialist filibuster in the Justice Committee, \(^{67}\) and the rumor that the Schober government would resign, \(^{68}\) the March 19 issue of the Neue Freie Presse optimistically announced the possibility of a relaxation of tensions. Its reason was that the Austrian Worker's Chamber, the organization in which the free unions had more input, delivered its opinion on the proposed law to the government and to the president of the National Assembly, Alfred Görtler. \(^{69}\) The

\(^{64}\)Ibid., March 15, 1930 (Morgenblatt), p. 4.

\(^{65}\)Reichspost, March 21, 1930, p. 3.

\(^{66}\)Arbeiter Zeitung, March 22, 1930, p. 2. Political persuasion was prevalent in the army. Socialists were unwelcome, not only among the officers, but also among the troops. See Reimann, Zu gross für Österreich, pp. 144-145.

\(^{67}\)Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," p. 28.

\(^{68}\)Gulick, Austria from Habsburg to Hitler, Vol. II, p. 890.

\(^{69}\)Neue Freie Presse, March 19, 1930 (Morgenblatt), p. 2.
Worker's Chamber suggested that the penal stipulations of the anti-terror law be included within the penal code reforms, and the remainder in amendments to the Collective Agreements Law and the Works Councils Act.\textsuperscript{70} The six recommendations offered by this body were as follows:

1) that the general penal reforms be anticipated and that the coercion paragraph be enforced without delay;

2) that collective contracts be extended to all workers, including those who are unorganized or belong to another organization, if more than half of the employees who are employed in that trade covered by the collective contract favor broadening the contract;

3) that organizational and closed shop clauses are void if they exclude members of unions other than those who closed the contract, but valid in so far as they are directed against non-union workers or those workers belonging to false unions, i. e., 'yellow unions;'

4) that the unions are to have the right, as the Works Councils do, to prevent the firing of an employee if there is cause to suspect that severance was for political reasons or to union related activity of the worker;

5) that the employer be permitted to deduct wages only with the consent of the worker, which consent may be revoked at any time; and

6) that a disciplinary committee of the Chamber of Workers and Employers be formed to settle union conflicts.\textsuperscript{71}

The socialists had obviously decided to face reality, i. e., the need for the ratification of some kind of anti-terror law, and thus decided to take a position on the issue.

In the light of this volte-face, Schober now stepped forward and began to establish contact with both sides. On

\textsuperscript{70} For an explanation of these laws, see Gulick, Austria from Habsburg to Hitler, Vol. I, pp. 219-222 and 202-214.

\textsuperscript{71} Arbeiter Zeitung, March 19, 1930, pp. 1-3. See also
March 22 he met with the majority parties. Present were Ministers Slama and Schumy, the National Assembly President Görtler, and party representatives Buresch, Kuschak, Kienböck, Kneussl, Spalowsky, Leopold Waber and Franz Wotawa. The discussion centered around the disposal of the Law for Protection from Coercion and Disruption of Assemblies (the Streeruwitz bill), the Social Democrats' proposals of March 19 and the Christian Social and Pan-German suggestions. After the conference the chancellor optimistically predicted that "they might perhaps succeed in passing the anti-terror law during the next week." \(^{72}\)

While the chancellor continued to discuss the issues with the majority parties, the socialist leaders conferred with the leaders of the free unions. The majority parties wanted to establish a subcommittee of the Justice Committee to determine the final wording of the law. To implement this plan, the general debate on the draft had to be interrupted, and this could not be done without the consent of the opposition. On the evening of March 24 Schober contacted and then conferred with the general secretary of the Social Democratic Party, Danneberg, about closing the general debate. \(^{73}\)

By the time the Justice Committee convened on March 25

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\(^{72}\) Neue Freie Presse, March 23, 1930 (Morgenblatt), p. 9.

\(^{73}\) Ibid., March 25, 1930 (Morgenblatt), pp. 3–4. The Arbeiter Zeitung refused to acknowledge this meeting. See the Arbeiter Zeitung, March 25, 1930, p. 1.
prospects for a solution to the stalemate on the anti-terror law were improved. The Christian Social and Pan-German unions had agreed on their proposals for the law, which particularly in the area for the protection against wage depression, coincided in many respects with the recommendations made by the Chamber of Workers and Employers.\(^7^4\) Also, the Schober-Danneberg meeting produced a quid pro quo—the closing of the general debate on the proposed law in return for safeguards against wage depression. Consequently, the attitude of the socialist members of the Justice Committee changed.\(^7^5\)

The most important item scheduled to be brought before the committee on March 25 was the motion to appoint a subcommittee to complete the negotiations on, and the final text of, the law. The chancellor made the motion. In so doing he justified his past behavior and his position in regard to the proposed law by stating:

\begin{quote}
It is three weeks to the day since this committee began discussing the draft under consideration. Since this so-called Lex Kneussl originated from the initiative of the majority parties, the government has up to now given the groups involved free rein. I believe, however, that now is the time for a government which is aware of its duties to take a stand in order to help put an end to the unrest and uproar associated with the law. Therefore, I am of the opinion that a committee decision to appoint a subcommittee to negotiate a bill
\end{quote}

\(^{7^4}\) Neue Freie Presse, March 25, 1930 (Morgenblatt), p. 3.

\(^{7^5}\) Ibid., p. 4. According to Hubert, before Schober stepped in, Vaugoin had had a meeting with Danneberg. See Hubert, "Johannes Schober und seine Bedeutung für Österreichischen Politik in den Jahren 1929 und 1930," p. 260.
would expedite ratification of the law. Thus, the government would like to recommend that the committee create such a subcommittee and allow it a reasonable but short period of time to prepare a report.76

Kneussl then proposed the appointment of a ten-member subcommittee which would have until 10 A. M. Friday, March 28, to report. After Bauer gave assurances that the Social Democratic Party did not want to cause difficulties, the socialist committeemen agreed to the interruption of the general debate on the law and to the creation of a subcommittee.77 The *Neue Freie Presse* gave the chancellor credit "for at least formally guiding the negotiations in the right direction" but wondered how agreement could possibly be reached within three days when no compromises had been forthcoming after three weeks.78

The subcommittee members agreed immediately on an agenda and on the procedure to be followed in the meetings. Three questions were scheduled for discussion: the collective contracts and the scope of their jurisdiction, the closed shop clause and the penal stipulations. After three days of discussion, the penal stipulations still had not been touched upon because the Social Democrats and the majority party members could not agree on the first two issues. Whereas the


socialists stubbornly stuck to the March 19 recommendations of the Worker's Chamber, the majority parties tried to extend the collective contracts to include every worker, even if he had not been or might never be a member of the union participating in the contract negotiations.

On the morning of March 28 the general debate resumed in the Justice Committee. The socialists declared that, "as a result of the new proposals made by the majority parties in the subcommittee, the law had taken on such new proportions that they could not even consider it as a basis for negotiations." Schober, determined to break the deadlock, resumed the discussions in an unofficial form. He conferred with President Gürtler, Danneberg, the subcommittee members, party representatives, and Minister of Justice Slama. As a result of the chancellor's endeavors, by that evening the Justice Committee decided to end the general debate and to begin a special debate on the law.

79See ante, pp. 136-137.

80For more details on the subcommittee meetings, see the Neue Freie Presse, March 26, 1930 (Morgenblatt), p. 1; March 26, 1930 (Abendblatt), p. 1; March 27, 1930 (Morgenblatt), p. 1; March 27, 1930 (Abendblatt), pp. 1-2; the Arbeiter Zeitung, March 28, 1930, p. 1; and Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 170.


82Gulick states that the stalemate was ended and the law passed "with the help of elements in the Christian Social Party, most notably with that of Gürtler." See Gulick, Austria from Habsburg to Hitler, Vol. II, p. 890.

83Kroitzsch, "Die Regierung Schober und das Antiterrorgesetz," p. 44.
In the course of Schober's discussions with the interested parties, agreement was reached on some important points in the proposed law. The use of specific employment agencies was accepted, if employment was not restricted to members of the union which closed the contract. Although deductions by employers for party and union dues were to be prohibited, employer deductions for charitable and defined purposes were to be permitted. The fact that the workers' councils in the plant would have the right to object to a collective contract and that a second union in the same plant must make a contract as favorable as the first would help to avoid depressed wages. Both sides also agreed to the widespread publication of collective contracts. The Neue Freie Presse complimented Schober for his having overcome some obstacles to ratification of the anti-terror law: "The quiet and sure hand of the chancellor, his immediate grasp of what is reasonable and possible, his luck with mediation and the trust which the opposition once again placed in him helped."

The special debate which began in the Justice Committee on March 31 focused on a law that was not based on the Streeruwitz bill, but on the Lex Kneussl, a law which corresponded to the recommendation made by the government in the

84Arbeiter Zeitung, March 29, 1930, pp. 1-2; the Neue Freie Presse, March 29, 1930 (Morgenblatt), p. 4.


86See ante, pp. 121-122.

87See ante, pp. 125-127.
cabinet meeting of January 31. During the turbulent debate disagreements arose over the scope of jurisdiction of the collective contracts, over the exceptions to the deduction prohibitions, over the intimidation paragraph, and over the rights of the workers' councils.\textsuperscript{88} At one point, when the Social Democrats threatened to block the final wording of the draft unless the workers' councils were given the unrestricted right to object to a contract, the majority parties yielded to the socialist demands.\textsuperscript{89} Although the discussions ended on April 2 and the Justice Committee sent the law to the National Assembly, the socialists continued to protest against the law and to speak of it as "a law of shame."\textsuperscript{90}

According to the rules of the National Assembly, the Federal Law for the Protection of the Right to Work and to Assemble had to be read three times to the representatives before it could be ratified. On April 4 the second reading of the law and the report on the work of the Justice Committee\textsuperscript{91} provoked lengthy speeches and polemics from both sides.\textsuperscript{92} The Social Democrats were especially annoyed with

\textsuperscript{88}Neue Freie Presse, April 1, 1930 (Morgenblatt), p. 4; April 2, 1930 (Morgenblatt), p. 6.

\textsuperscript{89}Ibid., April 2, 1930 (Abendblatt), p. 2.

\textsuperscript{90}Arbeiter Zeitung, April 3, 1930, p. 1.

\textsuperscript{91}For the Justice Committee's report, dated April 2, 1930, and presented to the National Assembly on April 4, 1930, see the Stenographische Protokolle, April 4, 1930, Vol. IV (1929-1930), Appendix No. 475, pp. 1-6.

\textsuperscript{92}For the details of this session, see the Steno-
the Christian Social representative Kneussl, who insisted upon interpreting the proposed law and the committee report in such a way that both were made to sound sinister. The socialists responded by interrupting the speeches of every supporter of the law, including Minister of Justice Slama, and by introducing thirteen amendments to the law.

The plenum of April 5 began as a repeat performance of the previous session, both sides again raising well-known accusations and demands. President Görtler called for an end to the debate at noon, and voting started at 12:30. All the socialist amendments were rejected, either entirely or in part. A motion was then made to ratify the Justice Committee's version of the law. The motion carried. The law was read for the third time and approved. The majority parties were jubilant, but the socialists booed. When the brouhaha died down, Görtler asked for a motion to adjourn. The resolution was passed by a majority of the votes and the winter session of the National Assembly was closed.


93Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 172; and the Neue Freie Presse, April 5, 1930 (Morgenblatt), pp. 4-5.

94Arbeiter Zeitung, April 5, 1930, p. 1; Jahrbuch der Österreichischen Arbeiterbewegung, 1930, pp. 172-173.

95For the details of this session, see the Stenographische Protokolle, April 5, 1930, Vol. III, 128 Sitzung, pp. 3,633-3,650.

96Neue Freie Presse, April 5, 1930 (Abendblatt), p. 1; and the Arbeiter Zeitung, April 6, 1930, pp. 1-2.
The Heimwehr praised the anti-terror law,\(^\text{97}\) while the socialists made dire predictions for a future in which there would be not only an increase in competition among the unions but also a decrease in the number of collective-bargaining agreements.\(^\text{98}\) The draft which the National Assembly ratified on April 5 actually did "little serious damage to the trade unions."\(^\text{99}\) The law was five-faceted. It aimed at the protection of the unorganized worker and the independent or "yellow" union worker by voiding collective-bargaining contracts which discriminated against them or minority union workers. It attempted to curtail terrorism on the part of employee and employer by stipulating that persons who use intimidation or force to exclude workers from employment be punished. It provided workers' councils in the factories with the right to reject unfavorable contracts. It limited the political and organizational activities of unions by prohibiting employers from deducting union or party dues from wages. It penalized those who, through violence or threats of violence, obstructed or disrupted legally-held assemblies.\(^\text{100}\)

\(^{97}\)The Times (London), April 7, 1930, p. 13.


\(^{100}\)Jahrbuch der Österreichischen Arbeiterbewegung, 1930, pp. 170-172; Gulick, Austria from Habsburg to Hitler, Vol. II,
The anti-terror law presented Schober with a dilemma for he could neither ignore the Christian Social Party demand for its immediate adoption nor could he afford to, or did he want to, offend the socialists. Nevertheless, he needed a peaceful solution to the problem in order to maintain his domestic and international images as "a man of law and order," so that the Austrian Economics Conference might not fail or the international investment loan not fail to materialize. He decided to remain in the background in the negotiations on the law, not only to avoid the onus attached to it, but, more importantly, to be able to more effectively use his personal prestige and the Social Democrats' trust in him, in order to peacefully expedite ratification. The Federal Law for the Protection of the Right to Work and to Assemble was not expected to solve Austria's labor problems; Schober simply expected it to provide some measure of economic peace for his country.

pp. 890-891. See also the Stenographische Protokolle, April 4, 1930, Vol. IV (1929-1930), Appendix No. 475, pp. 10-12, for the complete text of the law.
CHAPTER VI
THE DISARMAMENT LAW AND THE HEIMWEHR

Although the events in the summer of 1929 proved that the existence of armed paramilitary formations endangered the political and economic stability of the country,¹ the impetus for the Austrian government to take action on the problem of internal disarmament came from abroad. The constitutional crisis in the fall of that year provoked England and France to demand that Austria proceed with such disarmament as soon as possible.² Schober, realizing that domestic demobilization would antagonize the Heimwehr and the Schutzbund, was at that moment in no position to comply with this foreign request. However, as soon as the constitutional issue was settled in December, he told his cabinet "that disarmament of the armed formations cannot be delayed indefinitely..., that England and France had advised him that the loan depended upon it," and that he hoped a law could be devised which would satisfy the Allied Powers and be acceptable to the Heimwehr.³

Within a few weeks after this cabinet meeting, the chancellor attended the Second Hague Conference. While there, he promised to act in regard to the matter of internal disarmament.⁴ When he returned to Austria, he sent several

¹See ante, pp. 14-27 and 34-35.
²See ante, pp. 67-68.
³See the minutes of the cabinet meeting of December 20, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerrats-protokolle, 1929, Carton CXXVII, no. 606, pp. 3-4.
⁴See ante, pp. 90-91.
letters to Sir Eric Drummond, the Secretary-General of the League of Nations, in which he explained that he would take measures to implement exactly the military clauses of the Treaty of St. Germain,⁵ that he would send to the League regular reports on the progress of Austrian disarmament, and that the first of these statements would be dispatched before March 15. He requested that the reports be kept confidential to avoid precipitate action on the part of the Heimwehr.⁶

On March 13, in his first report to Drummond, Schober stated "that the Austrian government was preparing a bill on an amendment to the arms patent [of 1852]. The bill will contain stricter regulations on the prohibition against carrying arms and also a general obligation to surrender arms to the appropriate authorities."⁷ The Secretary-General was further advised that such legislation would not be introduced in the National Assembly before the winter session ad-

⁵The Treaty of St. Germain allowed Austria to maintain an army "not to exceed 30,000 men, including officers and depot troops. All other organizations for the command of troops were prohibited." Stocks of munitions for the Austrian army were fixed by the treaty, and "no other stocks, depot or reserve of munitions shall be formed." For more details concerning the military clauses, see International Law Documents: The Treaties of Peace with Austria and Hungary, pp. 57-63.

⁶See the copies of letters signed by Schober, dated January 19, 1930, and February 2, 1930, in the Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXIX, No. 25,392, Fos. 138-139.

⁷See the copy of the letter from Schober to Drummond, dated March 13, 1930, in ibid., No. 26,084, Fo. 151, and the Arbeiter Zeitung, May 3, 1930, p. 1. For a variation of the contents of the letter, see Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 186.
journey. On March 22 Schober informed the cabinet that he had reported to the League of Nations "that he intended to centralize permission to bear arms and for this purpose to amend Article 42 of the Arms Patent of 1852, so that authority which heretofore has belonged to the state governors will be transferred to the federal government."\(^9\)

Schober's plans for the quick enactment of a disarmament law were delayed, because the demand for legislation to limit the power of the socialist trade unions (the anti-terror law) took precedence.\(^10\) After this law had been passed, Schober left for visits to Paris and London in order to further Austria's chances of obtaining an international investment loan. Since, in some measure the loan was predicated upon Austria's internal mobilization, the chancellor did not hesitate to promise the British leaders "that he would reduce (numerically and in arms) the illegal semimilitary organizations maintained by the socialists and antisocialists alike."\(^11\)

When Schober returned from London on May 4 he was faced not only with the unrestrained anger of the Heimwehr relative

\(^8\)See the copy of the letter from Pflügl, the Austrian delegate in Geneva, to Schober, dated March 17, 1930, Geneva, in the Staatsarchiv (Vienna), *Neues Politische Archiv*, Carton CDLXIX, No. 26,239, Fo. 163.

\(^9\)See the minutes of the cabinet meeting on March 22, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXIX, No. 619, p. 38.

\(^10\)See ante, pp. 126-145.

\(^11\)Germains, *Austria of Today*, p. 186. For further dis-
to his disarmament pledges to the League and to the British but also with a cabinet crisis. During the chancellor's absence criticism had developed within the cabinet in regard to his demobilization preparations, the commercial treaty with Germany and his handling of the reform of the administration of the federal railroads. On May 6 he reminded the ministers "that he had been pressured to become chancellor, that he had tried to carry out his duties capably..., and that if the cabinet could no longer work with him and rapport with the political parties no longer existed, he would resign." He concluded his declaration with a strong demand for recognition of his dominant position within the government: "I require that the parties which have appointed me follow me absolutely and that the criticism to which my activities have been subjected be conducted privately and not be brought before the public." The chancellor received a vote of confidence from his cabinet.

Cussion of this "understood" quid pro quo, see ante, pp. 111-114.


13The demand for reform in the administration of the federal railroads existed before Schober became chancellor in September. For the details, see post, pp. 179-181.

14See the minutes of the cabinet meeting of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 625, pp. 2-3.

15Ibid., p. 4.

16For more details of this stormy session, see Ibid., pp. 2-17.
This vote of confidence was of particular significance for a clarification of Vice-Chancellor Vaugoin's position. Although Schober had no reason to doubt his loyalty, he needed such reassurance because Vaugoin was not only a respected member of the Heimwehr, but now also the chairman of the powerful Christian Social Party.\textsuperscript{17} The chancellor had even less reason to doubt this loyalty after Vaugoin publicly, on May 9 and 10, promised Schober the support of the party and denied rumors regarding differences between himself and the leader of the government.\textsuperscript{18}

For Schober to convince the cabinet that they needed him was one thing but to persuade the Heimwehr of the same thing was another. Its leaders, disappointed in Schober because of the compromise constitutional reform of December,\textsuperscript{19} and devoid of a powerful voice to represent them in the cabinet,\textsuperscript{20} felt threatened by even the slightest gesture toward disarmament. Furthermore, their distrust of any general demobilization law was increased for two reasons. First, during the constitutional crisis, Schober had promised the leaders that, in the event that disarmament became necessary

\textsuperscript{17}Seipel had resigned as chairman of the Christian Social Party on April 11, 1930. See Klemperer, Ignaz Seipel, pp. 370-371. See also The New York Times, May 13, 1930, p. 8, for the election of Vaugoin as Seipel’s successor.

\textsuperscript{18}Neue Freie Presse, May 10, 1930 (Morgenblatt), pp. 5-6, and May 11, 1930 (Morgenblatt), pp. 8-9.

\textsuperscript{19}Kerekes, Abenddämmerung einer Demokratie, p. 64.

\textsuperscript{20}Seipel, their mentor, had resigned as chancellor in April, 1929. See ante, pp. 7 and 17.
for Austria to secure foreign credit, he would begin by dis-
arming the Schutz bund. 21 Second, the cabinet was concurrent-
ly discussing measures to restrict marching and demostra-
tion activities. 22 A prohibition on marches and a disarma-
ment law were more than enough to inflame the Heimwehr.

On May 10, Steidle, in a major speech, announced that
the Heimwehr was

consciously about to disavow our association
with the present system of government.... We
stand before a development which will take us
on our own separate way.... The present party
system is not capable of coping with the
Austro-Marxist opponent.... This opponent can
only be overcome by the iron will to act....
We are the storm troops of the revolution who
oppose the dictatorship of dissolution with
the dictatorship of reconstruction.... We
want an end to the French Revolution [the
liberal party system] on German soil. 23

He ended his remarks with a tirade against internal disarma-
ment.

On May 11, in Vöslau, Prince Ernst Rüdiger von Starhemberg, the Heimwehr leader of Upper Austria, discounted talk
about disarmament as "idle gossip." Although he stated "that

21Kerekes, Abenddämmerung einer Demokratie, p. 58.

22This discussion was initiated by Minister of the In-
terior Schumy in the cabinet meeting of May 6. He declared
that some restrictions on marching must be adopted, because
the cost to the government of maintaining peace and order on
such occasions was increasing. Even more important was the
fact that the war-like confrontations which frequently re-
sulted from these marches created a poor impression for Aus-
tria abroad and threatened not only the loan negotiations but
also the tourist trade. See the minutes of the cabinet meet-
ing of May 6, 1930, in Allgemeines Verwaltungsarchiv (Vienna),
Ministerratsprotokolle, 1930, Carton CXXX, No. 625, pp. 5-7.

23Neue Freie Presse, May 12, 1930 (Abendblatt), p. 3.
it was impossible for a government which was brought to power by the Heimwehr to turn against it today," he also warned that the Heimwehr "would turn against the government if the government should persist in its disarmament intentions." 24

Obviously the government could not ignore the Heimwehr in the planning of internal demobilization. In the cabinet meeting of May 6 there was discussion not only about the measures to restrict marches and demonstrations but also about the attitude of the Heimwehr vis-à-vis the government. The ministers' general criticism of the movement was based on the fact that the leaders one day would declare that they were on the side of the government and under its authority, and then on the next day, "if the chancellor moved to take up such problems as disarmament, they would declare their opposition to the proposed solutions and promise to turn against the government." Nevertheless, the ministers agreed that "the bourgeois parties need the Heimwehr, for without it, they would have no means of power at their disposal in order to implement the demands of the populace in Parliament." Schober stated that he did not wish to dissolve the Heimwehr; he simply wanted a change in the Arms Patent of 1852 that would strengthen federal authority by removing arms control from the provincial governors, thereby satisfying the foreign requirements for the international loan. Before the meeting closed the cabinet suggested that the chancellor meet

24 Ibid., May 12, 1930 (Morgenblatt), p. 3.
with the Heimwehr leaders before presenting the disarmament bill to the National Assembly.\textsuperscript{25}

On May 15, after Schober completed his report to the National Assembly on his trips to Paris and London, he addressed himself to the disarmament issue:

The complaint issued by the League of Nations to the Austrian government in 1928 relative to the various differences of opinion in regard to the implementation of the peace treaty was answered by me in a letter directed to the Secretary-General of the League. In a few days I hope to be able to present to this body the legislative measures which were mentioned in that letter. This House will then have to make a decision in regard to this bill. One thing is certain—this government has fulfilled its obvious duty, and I am convinced that the parties represented here will understand this. To the critics who have already passed judgment on something which is unknown to them I say: First examine, then criticize.\textsuperscript{26}

The next day, the socialist representative, Albert Sever, challenged the chancellor's admonition to "first examine, then criticize" the disarmament bill. In the National Assembly he asked Schober either to verify or to discredit the Styrian Heimwehr leader Otto Gallian's published statements in Der Panther. Gallian claimed that "nothing has changed in regard to the intimate and confidential relations with Chancellor Schober," and that "concerning disarmament, the Heimwehr has received reassuring explanations and far-reaching promises that even a total and formal disarma-

\textsuperscript{25}See the minutes of the cabinet meeting of May 5, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 626, pp. 11-14.

\textsuperscript{26}See the Stenographische Protokolle, May 15, 1930,
ment action will in the end certainly not be disadvantageous to the Heimwehr.'" After quoting from Der Panther, Sever then suggested that on the surface, it appeared that "the gentlemen from the Heimwehr know more about the matter than the entire National Assembly or more than the entire government." He called for an honest and clear explanation of the disarmament issue at the earliest possible date.  

However, before Schober could respond to Sever's challenge, or meet with the Heimwehr leaders to discuss disarmament, the Heimwehr took a position hostile to the government. On May 18, at a conference of the leaders in Korneuburg, Steidle read a proclamation which announced the future program of the organization.  The document, later known as the Korneuburg Oath, revealed the movement's militant spirit and corporative ideology.  When a Heimwehr member


28Reimann believes that Pabst was equally responsible for the writing of this declaration; Auer holds Seipel responsible. See Reimann, Zu gross für Österreich, p. 150, and Auer, "Seipels Verhältnis zu Demokratie und autoritärer Staatsführung," pp. 125-126.

29For the complete text of the oath, see Ludwig Jedlicka, "Zur Vorgeschichte des Korneuberger Eides," Österreich in Geschichte und Literatur, Vol. IV, No. 2 (April, 1963), pp. 152-153. According to Edmondson, there were conflicting reports about the exact wording used by Steidle, consequently the Heimwehr did not publish the "'final'" text (approved version) of the oath until the end of May. See Edmondson, "The Heimwehr and Austrian Politics, 1918-1934," p. 152, n. 3.

30Wandruszka believes that the Heimwehr took its corpo-
took this oath he rejected without qualification "western parliamentary democracy and the party state" and asserted his anti-Marxism and his aversion to a "'liberal-capitalistic economy.'" 31 A distinctly fascist pronouncement, it ended with this challenge:

Let every comrade realize and proclaim that he is one of the bearers of a new German national outlook, namely: that he is prepared to offer his blood and his possessions, and that he recognizes three forces only: faith in God, his own unbending will, the command of his leaders. 32

Some people interpreted the oath as "a declaration of war against the non-socialist parties," others saw it as an "announcement of putsch intentions." 33 It may simply have been Steidle's way of publicly announcing to Schober that the promise he had made to the chancellor in the fall of 1929 not to initiate any major activities before April 15, 1930, had been fulfilled. 34 Although the Neue Freie Presse

rative ideology from the "estates" teachings of Othmar Spann. He feels that the ideas expressed in the oath were an attempt by scholars to foist on the movement an ideology which could not penetrate its depths, and which led instead to a "splintering off of the Heimwehr groups and a weakening of the movement." See Wandruszka, "Die Entwicklung der Parteien und politischen Bewegungen," pp. 364-365. Gieler accepts Wandruszka's theory as to the origin of the corporative ideology within the Heimwehr but explains how, as the movement progressed, Spann's teachings did penetrate into the organization. See Herbert Gieler, "Die Verbände in der ersten Republik Österreich" (unpublished doctoral dissertation, University of Vienna, 1965), pp. 109-115.

31Klemperer, Ignaz Seipel, p. 373.


34Edmondson maintains there is no way to verify this
described the oath as a "political accident," \(^{35}\) Ludwig Jedlicka felt that it "played as significant a role in the history of the [first] Austrian Republic as did the Linz Program outlined by the Social Democrats in 1926." \(^{36}\)

Nevertheless, the Korneuburg Oath proved to be a miscalculated act. Not only did it contribute to the deterioration of relations between the movement and the government but it also caused dissension among the Heimwehr leaders. Starhemberg, absent when the oath was first introduced and first sworn to, declared it useless, bombastic and unworkable and ordered the members of his organization in Upper Austria and Vienna not to swear to it. \(^{37}\) Julius Raab, the Heimwehr leader of Lower Austria and a member of the National Assembly, criticized the ideas expressed by Steidle as "anti-constitutional and anti-democratic." \(^{38}\) Otto Ender, the governor and Heimwehr leader of the peasants of Vorarlberg, publicly stated "that as governor he could not swear to defend the constitution and then as a Heimwehr leader swear to break it [the constitution]," and refused to accept the oath. \(^{39}\)

\(^{35}\)\textit{Neue Freie Presse}, May 20, 1930 (Morgenblatt), pp. 2-3.


\(^{37}\)\textit{Neue Freie Presse}, May 23, 1930 (Abendblatt), p. 3.


\(^{39}\)\textit{Neue Freie Presse}, May 28, 1930 (Morgenblatt), p. 5. The \textit{Neue Freie Presse} praised Ender's speech, hoped "that
schak, the leader of the Christian Social Party labor unions, believed that the oath could not easily be reconciled with obligations to the constitution. 40

Although the government made no public comment on the oath, Schober and Vaugoin did discuss it with Steidle, Pfrimer, Pabst, Starhemberg, and Hans Rauter on May 20. 41 The chancellor told the Heimwehr leaders that such actions as those taken at Korneuburg could endanger the loan. Steidle declared that, in spite of the fact that the Heimwehr had remained quiet for months to avoid unnecessary risk for the loan, the government seemed to be proceeding with its plans for disarmament without first consulting them. Schober then reminded Steidle that he had explained to him his reasons for disarmament a month earlier and that the latter had not refuted them. After the leaders countered that they were not even familiar with the draft, the chancellor informed them of the contents of the government's bill and assured them that he did not intend to strictly enforce the law. The conference adjourned without reaching agreement on the pro-


41 The New York Times, May 21, 1930, p. 12, felt that this meeting made credible rumors "that Schober has threatened to resign unless the Heimwehr agree to lay down their arms."
posed law.\textsuperscript{42}

The next day, Steidle and Pfrimer sent a letter to Schober in which they informed him of the Heimwehr's position on the government's suggested disarmament measures. They objected to being placed on the same level with "the red armed organizations, the real enemies of the state," for they claimed that the Heimwehr was responsible for the return of domestic peace to Austria, and that "because their organization existed, confidence in Austria has increased to such an extent that a loan could be secured." They agreed "with the government and the people that paramilitary organizations are undesirable, but could never agree to measures which would weaken the population in its struggle against Bolshevism." In their opinion, peace in Austria could be a reality only with the Heimwehr, not against it. Consequently, "the Heimwehr would disarm only after the enemy of the state [the Schutzbund] was completely disarmed," because there was "still the danger that a man not loyal to the people would become chancellor." In this regard the two leaders proposed that the Heimwehr should cooperate with the government forces in disarming the organizations which were enemies of the state, and that during the disarmament process the ministry of the interior, the gendarmerie and the police should be placed under the leadership of Heimwehr men. In closing, they

\textsuperscript{42}See the minutes of the cabinet meeting of May 20, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXI, No. 628, pp. 4-6. Kerekes states that the meeting ended unsuccessfully because the
warned "that the Heimwehr would fight every other type of demobilization measure, regardless of how harmless."\[^43\]

The *Neue Freie Presse* labeled the Steidle-Pfrimmer letter as a serious mistake, and its demands as "unrealizable."\[^44\] At the cabinet meeting of May 22, Schober rejected the Heimwehr proposals. Vaugoin promised that the government would stand behind the chancellor in any strong position which he might decide to take vis-à-vis the Heimwehr. He further declared that Steidle had violated party discipline and "that his demands for a ministry were unheard of." Schumy, although also supporting the chancellor's decision, directed his attacks against Pabst. The cabinet unanimously termed the Heimwehr demands "not worthy of discussion."\[^45\]

On the following day Schober presented the arms patent amendment to the National Assembly. He explained that the proposed legislation was a revision of the imperial regulatory law of 1852. It would make the federal chancellor rather than the provincial governors responsible for authorizing

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\[^43\]See the copy of a letter to Schober signed by Steidle and Pfrimer, dated May 21, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Korrespondenzen, 1930, Carton LVI, pp. 1-5. See also *The Times* (London), May 23, 1930, p. 15.

\[^44\]See the minutes of the cabinet meeting of May 22, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXI, No. 629, pp. 2-7.
the possession and carrying of weapons. In Schober's opinion, this authority should belong to the executive branch of the government, because the chancellor had to implement the treaties of state, and in that capacity he was responsible to the League of Nations. The chancellor then addressed himself to the Heimwehr:

In this assembly I regret having to reject firmly the proposals of the Heimwehr leaders in regard to disarmament.... I agree with former chancellor Seipel's recent comment 'that parties or extra-parliamentary groups may not dispatch and recall members of the government.' As long as there is a constitution in this state and a legal government exists, only the precepts of that constitution matter. A unanimous decision by the cabinet authorized me to reject the recommendations made by the leaders of the Heimwehr.... The interest of the state takes precedence over the interests of special groups. Thus, I am confident that an organization which supports order will not lose sight of its basic ideas and will quickly regain its senses.... The law and its non-partisan application is all-important to this government, and this government will adhere to this principle, regardless of which side raises objections to it.

In conclusion, Schober asked the representatives to ratify the disarmament bill in the form in which he had presented it.

Schumy, the cabinet minister against whom most of the Heimwehr demands were directed, stated to the National Assembly that the Korneuburg Oath was incompatible with the

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oath to the Austrian constitution. He declared "that it is impossible to be a legislator in a democratic country and to swear simultaneously to abolish the existing constitution by illegal action." He suggested that the peace treaties, not Austria's present form of government, were responsible for the unfavorable economic conditions. He reminded the Heimwehr that if they believe they should seize power in this state, then the legal democratic road is open to them. Elections give the federal leadership of the Heimwehr the same opportunity as others to prove that the majority of the population in this country supports them.\textsuperscript{48}

These statements made by Schober and Schumy indicate that they planned to implement some form of disarmament and would oppose any illegal action perpetrated by the Heimwehr. On this occasion the chancellor and the interior minister spoke in "a language hitherto used only by Socialist speakers."\textsuperscript{49}

In the discussion following Schober's presentation of the government's bill, the Schutzbund leader, Julius Deutsch, labeled the proposed legislation simply as "eye wash" for the foreign governments.\textsuperscript{50} Seitz, the socialist governor/mayor of Vienna, commented that there were laws already in

\textsuperscript{48}See \textit{ibid.}, pp. 3,713-3,714.

\textsuperscript{49}Gulick, \textit{Austria from Habsburg to Hitler}, Vol. II, p. 895.

\textsuperscript{50}See the \textit{Stenographische Protokolle}, May 23, 1930, Vol. III, 132 Sitzung, p. 3,731. Early in May the \textit{Arbeiter Zeitung} expressed doubt whether Schober would draft a serious disarmament bill. The newspaper posed the question: "Does the government seriously want to pursue internal disarmament or is Schober intending merely to pull the wool over their eyes [the foreign nations]?") See the \textit{Arbeiter Zeitung},
existence which were adequate to enforce internal disarmament if the government would apply them and if the governors would not be intimidated by the Heimwehr. The Social Democrats expressed the opinion that demobilization could be accomplished only through the dissolution of all paramilitary formations, the non-partisan control of arms and the issuance of a general order prohibiting marching demonstrations. They wanted to change the chancellor's modest proposal into a genuine effort toward domestic disarmament which would include not only the before-mentioned suggestions but also a disarmament commission.51

Although the opinion that the proposed law was almost innocuous was generally accepted, and in spite of the fact that the Heimwehr leaders had been assured by Seipel that Schober would leave their organization untouched in any disarmament effort,52 they still opposed it and continued their radical course. Whether or not they demanded a coup from Schober,53 they did, on the afternoon of May 23, announce


52Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 186. In reference to a disarmament law in Austria, Seipel made this statement: "If it is seriously wanted, it will not pass; if it should pass, it is not seriously wanted." See the Neue Freie Presse, May 21, 1930 (Morgenblatt), p. 5.

53Franz Langoth, Kampf um Österreich. Erinnerungen
"that they no longer had confidence in the present government [Schober], because the disarmament law under consideration could be used against them if a socialist were someday to become chancellor."  

On May 24 Přírner, in referring to the events of September, 1929, publicly declared "that Schober had not always been loyal to the constitution." Two days later Steidle observed "that the police president of 1927 believes that as federal chancellor in 1930 he must place himself protectively before the Bolshevists." He added that if the government had accepted the Heimwehr disarmament suggestions—in particular, Heimwehr cooperation with the government forces in disarming the organizations which were enemies of the state, "the Heimwehr would have been placed in the awkward position of having to protect the present system [of government]..., but was now free of any responsibility to place itself at the...

_eines Politikers_ (Wels: Welsermühl Verlag, 1951), p. 82. Langoth claims that the Heimwehr had a bishop standing by to release Schober from his oath to the constitution. Ibid.

54_Neue Freie Presse_, May 23, 1930 (Abendblatt), p. 2. Aem Schöpfer believed that the Heimwehr was justified in its fear of possible misuse of the law. He further contended that disarmament at this time would have worked only to the advantage of the socialists and claimed that Schober should have tried to make preparations for a deferred disarmament. See Aem Schöpfer, "Heimwehr und Regierung in Österreich," _Das Neue Reich_, Vol. XII, No. 36 (June 7, 1930), pp. 752-753.


56See _ante_, pp. 159-160.
disposal of a system which has proved itself wrong."\textsuperscript{57}

As a result of the Korneuburg Oath and the uncompromising attitude of the Heimwehr in regard to disarmament, the bourgeois bloc or majority parties—the Agrarian League, the Pan-Germans and the Christian Socials—were forced to choose between supporting the Heimwehr or the government. The Agrarian League was the first to decide "that a pledge to the Korneuburg program would be incompatible with the oath to the democratic constitution."\textsuperscript{58} The same conclusion was reached by the Pan-Germans.\textsuperscript{59}

The Christian Social Party also was not interested in pursuing the anti-parliamentarian and anti-democratic course of the Heimwehr.\textsuperscript{60} However, since the Heimwehr represented the military arm of the party, the Christian Social leaders hesitated to make a decision without first consulting the Heimwehr leaders. In a series of conferences which ended on June 4, the Christian Social Party Club adopted a resolution in regard to the Korneuburg Oath which stated that

the battle aims of the Heimwehr, as defined in the conversations between the leaders of the Heimwehr and the representatives of the Christian Social Party, may also be pursued by a


\textsuperscript{58}\textit{Neue Freie Presse}, June 4, 1930 (Morgenblatt), p. 6.

\textsuperscript{59}\textit{Ibid.}, June 14, 1930 (Morgenblatt), p. 6.

Christian Social deputy. Whoever takes the oath thus interpreted need not necessarily be in conflict with the principles of the Christian Social Party.\textsuperscript{61}

At this final meeting Steidle tried to justify the position of the Heimwehr and also demanded the overthrow of Schober in exchange for Heimwehr support of the party in the next election. In deference to maintaining the coalition in the government, Vaugoin remained loyal to Schober when Seipel spoke against him.\textsuperscript{62} Therefore, the members of the club were encouraged to, and did, refuse Steidle's demands. The Christian Social Party leaders also made it clear that the Heimwehr was to attempt nothing against "the legal conduct of the government's affairs," that party discipline was to take precedence over the wishes of the Heimwehr, and that the leaders of both organizations were to exchange ideas on policies.\textsuperscript{63}

Schober, disappointed that the Christian Social Party neither totally rejected the oath nor censured Steidle, made three decisions. First, he advised Vaugoin that, since he

\textsuperscript{61}Neue Freie Presse, June 5, 1930 (Morgenblatt), p. 4. See also Gulick, Austria from Habsburg to Hitler, Vol. II, p. 897. Winkler considers this statement indicative of the fact that the "Christian Socials had capitulated." See Winkler, Die Diktatur in Österreich, p. 30.

\textsuperscript{62}Seipel, however, persuaded the club to accept the compromise resolution stated above.

\textsuperscript{63}For more details of this meeting, see the Neue Freie Presse, June 5, 1930 (Morgenblatt), pp. 4-5; June 5, 1930 (Abendblatt), p. 2; and June 6, 1930 (Morgenblatt), p. 3. See also "Aus der Woche," Der Österreichische Volkswirt, Vol. XXII, No. 36 (June 7, 1930), p. 982; No. 37 (June 14, 1930), p. 1,009, and No. 38 (June 21, 1930), p. 1,038.
was no longer guaranteed the political base of September, 1929, "he had offered his resignation to the federal president [Wilhelm Miklas]." Second, he decided to try for a quick enactment of his disarmament bill, and, third, he resolved to act on his own against the Heimwehr hierarchy. The first decision was nothing more than a political ploy. The second decision was based not only on his promise to the League of Nations but also on the fact that England and France had made the law a prerequisite for the investment loan. In making the third decision, he hoped to avoid a future confrontation with the Heimwehr relative to the appointment of a general director of the federal railroads who would be acceptable to them. He was encouraged to make this last decision by the news from Rome that Mussolini supported him in his efforts to pass a disarmament law in order

64See the letter from Schober to Vaugoin, dated June 5, 1930, in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton II (1930).

65According to Kondert, Schober had decided to act against the Heimwehr leaders after the reform of the constitution. See Kondert, "Schober und die Heimwehr," p. 163. Kerekes believes that the third decision came in early June, when the chancellor made the statement that "'the movement must be delivered from him [Pabst].'" See Kerekes, Abenddämmerung einer Demokratie, p. 71.

66Although Hannak criticizes Schober for so frequently threatening to resign, this tactic was a common practice in Austrian politics. See Hannak, Johannes Schober, p. 27.

67See ante, p. 91.

68See ante, pp. 112-115.

69See post, p. 181.
to secure the loan, and that the duce also felt "that the Heimwehr should place its full support behind the government since only then did it justify its existence." 70

The chancellor, determined to secure the quick enactment of the law, and in contrast to all parliamentary customs, ordered the Justice Commission to meet on the Saturday before Pentecost. 71 He explained to the committee that he needed this decree not only to avoid the possibility of foreign intervention in Austrian affairs but, more importantly in order to obtain the loan. He asserted that the proposed law was sufficient to satisfy the foreign powers. 72 The socialist members of the committee acknowledged the need for the law but doubted that it could guarantee peace in the country. They suggested that Schober's bill was "only to smooth over the desire for effective measures and to silence the opposition." Seitz then suggested a law to prohibit marching demonstrations, to dissolve the formations, and to destroy their arms. The majority parties rejected the

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70 See the telegram from Egger-Hüllwald to Schober from Rome, dated May 30, 1930, in the Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXVII (Italien I/III), No. 27,636, Fo. 325.

71 Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 188. The Social Democrats were responsible for this aberration in parliamentary tradition. They interrupted the discussion on the disarmament law with a request for an explanation from the government as to why the Arbeiter Zeitung and the Kleine Blatt had been temporarily confiscated. See the Neue Freie Presse, June 5, 1930 (Abendblatt), p. 1, and June 6, 1930 (Morgenblatt), p. 5.

72 Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 188.
socialist proposals.\footnote{Neue Freie Presse, June 6, 1930 (Morgenblatt), p. 5.}

With only minor changes, the law came from the committee on June 13 for its second reading in the National Assembly.\footnote{The minor revision related to the competency of the provincial governors to act in authorizing the possession and bearing of arms, if, for any reason, the chancellor was prevented from exercising this authority. For the complete text of the law, see the Stenographische Protokolle, June 13, 1930, Vol. IV (1929-1930), Appendix No. 507, p. 7.} The Social Democrats again challenged the government to make the proposed legislation into a real law, for as it was now written they did not believe "that the chancellor would really use this law as it is supposed to be used." Consequently, they insisted that they could "place no confidence in the Schober-Vaugoin government."\footnote{Arbeiter Zeitung, June 14, 1930, p. 1. See also the Neue Freie Presse, June 13, 1930 (Abendblatt), p. 2.} In spite of the efforts by the socialists to strengthen the law and the fulminations of the Heimwehr leaders and five Heimwehr meetings held in Vienna on this date, the National Assembly adopted Schober's law.\footnote{See Edmondson, "The Heimwehr and Austrian Politics, 1918-1934," p. 165. Final enactment of the law occurred in a brief session on June 17. See the Stenographische Protokolle, June 17, 1930, Vol. III, 141 Sitzung, p. 3,933.} Two members of the Christian Social Party joined seventy Social Democrats in opposing the legislation.\footnote{Arbeiter Zeitung, June 14, 1930, pp. 1-2. See also the Stenographische Protokolle, June 13, 1930, Vol. III, 140 Sitzung, pp. 3,929-3,930.} The Arbeiter Zeitung commented "that nothing had changed and that people could still accumulate war mun-
tions, i.e., machine guns and gas grenades."78

Within thirty-six hours after the adoption of the disarmament bill Schober acted to destroy the Steidle-Pfrimmer-Pabst triumvirate in the Heimwehr. He had Pabst, the Heimwehr chief of staff, arrested in Vienna on June 14 and deported the next day. Pabst, a German national, was brought before Police Vice-President Ignaz Pamer and charged with "having overstepped the limits set for the interference of foreigners in the politics of Austria." Without success, Pabst appealed his deportation order to the governor/mayor of Vienna, Seitz. He then chose to fly to Venice,79 where, when interviewed about his deportation, he stated "that his personal relations with Schober were excellent" and "that the chancellor had sacrificed him in order to placate the Socialists."80

What appeared on the surface to be a "spur of the moment" decision was actually a well-planned maneuver. During the cabinet meeting of June 1281 the problem of how to deal with the Heimwehr was discussed. Schumy expressed the belief that the government had "to save the Heimwehr from it-

78Arbeiter Zeitung, June 14, 1930, p. 1.

79The Times (London), June 14, 1930, p. 14. There is a more detailed report of the events surrounding Pabst's arrest and deportation in the Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXXI, No. 27,911, Fos. 345-349.


81See the minutes of the cabinet meeting of June 12, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Minister-
self, for it seemed determined to destroy the relationship between the government and the majority parties and to sow seeds of distrust between them;" therefore, he advised disciplinary action against public officials who took the Korneuburg Oath.\textsuperscript{82} Although Vaugoin criticized the present Heimwehr hierarchy, he cautioned against "hasty government action" and reminded the ministers "that party authority, not the government, was supposed to guide the Heimwehr along the right road."\textsuperscript{83} Slama contended that the Heimwehr must not be dissolved, that only the leaders were bad, and that "if the government will be patient, the present movement within the organization will collapse in and of itself."\textsuperscript{84}

Schober then presented his views. He prefaced his remarks about the Heimwehr with statements which indicated his pique over Steidle's accusation that he protected the Bolshevists, his pleasure at the vice-chancellor's public rejection of this attack, his disappointment over the Christian Social Party's lackluster stand on the Korneuburg Oath, and his support of Schumy's suggestion "that federal employees who participate in Heimwehr excesses must be disciplined." He then declared:

The Heimwehr should be disciplined just as a child which is loved is disciplined. Something

\textit{ratsprotokolle, 1930}, Carton CXXXII, No. 635, pp. 2-12.

\textsuperscript{82}\textit{Ibid.}, pp. 2-3.

\textsuperscript{83}\textit{Ibid.}, pp. 4-5.

\textsuperscript{84}\textit{Ibid.}, pp. 6-7.
must be undertaken against the Heimwehr leaders, for otherwise we [the government] will be seen as impotent. The Heimwehr leaders are so bold now because they realize that they can do and say anything without fear of being punished.... As chancellor I know that the Korneuburg Oath has set us back half way in regaining the confidence of the rest of the world.... We cannot wait for the movement to destroy itself.... Steidle is not the man about whom we have to worry. Behind the movement there are other people who are agitating in secret, and among these people there are extremely dangerous elements who are pulling the strings while the loudmouthed leaders are gaining the glory.85

This last statement--assumed to be a reference to Pabst--prompted Schumy to inform the ministers "that Major Pabst gave instructions that the Heimwehr must now attempt to gain a secure foothold in the police, the gendarmes, and the federal army."86 Although the cabinet adjourned without having reached agreement on a solution to the problem posed by the Heimwehr, Schober's statements clearly indicated that he had decided to act against Pabst. According to Schumy, without informing the ministers, he had already ordered the Viennese Police Vice-President Pamer to prepare the necessary deportation papers.87

When the official communiqué concerning the German's expulsion was issued on June 15, Schumy, not Schober was credited with this bold step. Because the chancellor pub-

85Ibid., pp. 7-9.

86Ibid., p. 10.

87See Vincenz Schumy, "Die Heimwehr" (unpublished manuscript, Austrian Institute for Contemporary History, University of Vienna, 1938), p. 62.
licly supported his minister's action, no one questioned the
government's statement which offered Pabst's participation
in the Heimwehr's Korneuburg Oath and the movement's opposi-
tion to the disarmament bill as the reasons for his deporta-
tion. The facts are that, although Schumy wanted Pabst
banished, he was in Salzburg on June 14 when Schober in-
formed him that he had expelled the Heimwehr leader and asked
for ministerial approval. In addition, the chancellor
acted against the deportee when Seipel and Vaugoin were ab-
sent from Vienna, thereby making their intervention on his
behalf impossible. He also remained "true to his profes-
sion," in that he solved the deportation problem "through a
police measure."

In the cabinet meeting of June 16 the chancellor was
asked to explain why he had Pabst arrested and expelled so
quickly, without first informing his ministers. In response
to their questions, he stated:

There was no time to inform the cabinet because

88 *Neue Freie Presse*, June 15, 1930 (Morgenblatt), p. 8
Schober may have decided to deport Pabst because he may have
learned, through his Italian connections, that in November,
1929, the Heimwehr leader had tried to sabotage the govern-
ment's efforts to secure an international loan for Austria. See "Die Wahrheit über den Fall Pabst," in the Staatsarchiv
(Vienna), *Neues Politische Archiv*, Carton CDLXXXI, No. 29,748,
Fos. 362-363. See also the *Neue Freie Presse*, October 11,
1930 (Morgenblatt), p. 6.


90 Kondert, "The Rise and Early History of the Austrian

91 Goldinger, *Geschichte der Republik Österreich*, p. 151;
in a few days [eleven, to be exact], Pabst would have become an Austrian citizen and deportation would have been more difficult.... The arrest had to take place in Vienna. If the arrest had occurred in the Tirol, he could have appealed his case to the governor there, who, as a friend of the Heimwehr, would certainly have allowed him a reprieve. As it happened, he was forced to appeal to the governor/mayor of Vienna [Seitz], but without success.... During the last Heimwehr leaders' conference, Pabst suggested that, in order to reach their goals, Heimwehr agitation must be taken into the ranks of the police, the gendarmes and the federal army. Thus, I decided the moment was propitious for the government to take legal measures against this man, in order to avoid possible future confrontations with the Heimwehr. All of the ministers, including Vaugoin, accepted the explanation. In reality, Vaugoin had no choice, for as minister of defense and the army he certainly could not condone subversion of the Austrian army.

92 There were fewer legal complications involved in the deporting of an illegal alien. According to Edmondson, Pabst's citizenship status became a topic for discussion between the Austrian and German governments when, in the fall of 1929, his German officer's pension was terminated. Pabst was said to have obtained Austrian citizenship illegally using the alias of "W. Peters," in 1922. In March, 1930, the government of the Tirol gave Pabst a letter stating "that it considered him a German citizen," so that the German government would continue his pension. See Edmondson, "The Heimwehr and Austrian Politics, 1918-1934," p. 166, n. 1. For the details of Pabst's activities which caused him to enter Austria illegally, see the Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXXI, No. 22,257, Fos. 325-332. For comparable information and an update on the former Heimwehr leader, see "Waldemar Pabst," Der Spiegel, Vol. XVI (April 18, 1962), p. 39.

93 See the minutes of the cabinet meeting of June 16, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXII, No. 636, pp. 4-5.

94 Kerekes claims that when Vaugoin heard of Pabst's ex-
The Social Democrats hailed the deportation of Pabst as the Heimwehrdämmerung; Steidle, Pfrimer, Starhemberg and the Tirolean governor, Franz Stumpf, protested against it. In general, however, the Heimwehr leaders were "dazed and perplexed by the loss of the one unifying personality in the national organization." Consequently, they met secretly during the evening of June 16 in Leoben, Styria, to reassess their position and to make plans for the future. While Pabst was to remain as titular chief of staff, Hans Rauter was elected to do the work, and the central offices were moved from Vienna to Graz. Publicly the Heimwehr protested the deportation; secretly they decided to forego politics and to return to their "'original mission,' which was 'to create a chiefly military formation.'"

pulsion, he wanted to resign immediately. However, Rintelen persuaded him to remain in the cabinet. See Kerekes, Abend-
dämmerung einer Demokratie, p. 75.


97Edmondson, "The Heimwehr and Austrian Politics, 1918-

98For further details of this secret conference, see Edmondson, "The Heimwehr and Austrian Politics, 1918-1934,"
During the last weeks in June, the Heimwehr leaders, mainly Starhemberg\textsuperscript{99} and Rauter, met with Schober several times to attempt to bring about a reconciliation with the government. The chancellor, encouraged by the fact that the Italian Minister of Foreign Affairs Dino Grandi had brought him Mussolini's approval of the move against the Heimwehr hierarchy,\textsuperscript{100} not only refused their request for Pabst's return but also let them know "that he was in no hurry to allow the charges against Pabst to be brought before the courts."\textsuperscript{101} Schober, however, could also afford to be generous. He finally agreed to the former Heimwehr chief's return to

\textsuperscript{99}Starhemberg, while negotiating with the government, was also condemning its activities. For example, on June 20, in a speech at Linz, he criticized the deportation of Pabst, the disarmament law and the government's intransigent attitude toward an oath which was "only the result of an impulse on the part of Steidle." See the report to Schober from the federal police headquarters in Linz, dated June 20, 1930, in Allgemeines Verwaltungarchiv (Vienna), Korrespondenzen, 1930, Carton LVII. Starhemberg's speech is particularly illuminating, since Schober and Italy are supposed to have wanted the prince to take over the Heimwehr and to lead it in support of the government. See Kerekes, \textit{Abenddämmerung einer Demokratie}, pp. 74-75.

\textsuperscript{100}Grandi also told Schober "that Mussolini advised him not to permit the effectiveness of his government to be impaired because of incidents involving the Heimwehr..., and soon to undertake changes within the Heimwehr leadership so that the movement would once again totally support the government." The foreign minister also promised to expel Pabst from Italy, if the chancellor so desired, or if Pabst continued his political activity in Italy. See the Staatsarchiv (Vienna), Neues Politische Archiv, Carton CDLXXXVII (Italien I/III), No. 28,045, Fos. 305-306.

\textsuperscript{101}Edmondson, "The Heimwehr and Austrian Politics, 1918-1934," p. 171.
Innsbruck for a brief visit in order to settle his personal affairs, and he also appointed a Heimwehr crony, the elderly industrialist Friedrich Schuster, as minister of trade when Hainisch resigned. The Heimwehr interpreted these gestures as proof that their relationship with the government had improved and proclaimed that it would work assiduously "to maintain the unity of the anti-Marxist front."\textsuperscript{102} From this time on, Heimwehr activity was more restrained and certainly less evident.\textsuperscript{103}

The Amendment to the Arms Patent of 1852 (the Disarmament Law) represented Schober's attempt to fulfill not only his promise to the League of Nations but also his promise to England and France as their requirement for Austria's obtaining an international loan, the negotiations for which had begun in the fall of 1929. This new law was not designed to disturb the status quo of the paramilitary formations. Unfortunately, the Heimwehr leaders refused to accept the chancellor's assurances in this regard and, although their actions could have endangered the loan, vehemently and vociferously opposed the government's bill. Schober, in acting against the Heimwehr hierarchy, showed the government's strength, protected the loan,\textsuperscript{104} and made it impossible for

\textsuperscript{102} For more information, see ibid., pp. 171-172.

\textsuperscript{103} Schumy, "Die Heimwehr," p. 62.

\textsuperscript{104} On June 16, Minister of Finance Otto Juch was called to London to complete the final negotiations for the loan. See the minutes of the cabinet meeting of June 16, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsproto-
the Heimwehr to rise again like the phoenix from the ashes for the remainder of his days as chancellor.\textsuperscript{105}

\textit{kolle, 1930, Carton CXXXII, No. 636, pp. 2-3.}

\textsuperscript{105}The Heimwehr movement was plagued by internecine warfare. See Gulick, \textit{Austria from Habsburg to Hitler}, Vol. II, p. 781. Details on this facet of the history of the Heimwehr movement can be found throughout Edmondson, "The Heimwehr and Austrian Politics, 1918-1934."
CHAPTER VII

THE STRAFELLA AFFAIR: THE NEMESIS OF THE SCHOFER GOVERNMENT

By mid-summer of 1930 Schober had managed to solve Austria's most vexing domestic problems successfully. There was, however, a secondary problem which seemed to defy solution: the proposed appointment of the Christian Social Vice-Mayor of Graz, Franz Strafella, to the position of either general director or president of the federal railroads. For Schober, the prevention of Strafella's appointment became a matter of preserving the moral integrity of his government; for Vice-Chancellor Vaugoin, the appointment of his party's candidate became a matter of his personal prestige. The events surrounding the candidacy of Strafella not only became the cause célèbre of the First Republic, but also, nolens volens, forced the resignation of the Schober government on September 25, 1930.

The need to reform the administration of the federal railroads had become clear before Schober became chancellor. The Christian Social Party, and a great part of the popu-

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1Goldinger, Geschichte der Republik Österreich, p. 152. See also the Arbeiter Zeitung, September 26, 1930, p. 2.


3See the minutes of the cabinet meeting of September 25, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIV, No. 650, pp. 1-3. See also the Neue Freie Presse, September 26, 1930 (Morgenblatt), p. 1, and the Arbeiter Zeitung, September 26, 1930, p. 1.
lace,\textsuperscript{4} represented the powerful position of the Social Democrats in the administration and operation of Austria's greatest business enterprise.\textsuperscript{5} One way to break the power of the socialists was to secure the appointment of men at the administrative level "who were strongly anti-Marxist in the course of action which they would take."\textsuperscript{6} Therefore, the appointment of a man such as Strafella, the man who was responsible for crushing the free trade union organization of the streetcar workers in Graz,\textsuperscript{7} to the board of directors of the federal railroads\textsuperscript{8} seemed important to the Christian Social Party in its efforts to counter the preponderance of Social Democrats in the management of the federal railway system.

\textsuperscript{4}See the discussion on the reform of the federal railroads in the minutes of the cabinet meeting of October 11, 1929, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1929, Carton CXXV, No. 588, pp. 8-9.

\textsuperscript{5}The Austrian railway workers, through their personnel representation, were able to approve appointments, promotions and dismissals in the railroad industry and to verify or check whatever management decided in order to protect labor's interests. These privileges provided labor, and the socialists, with a firm grip on the weapon of the railway strike—the backbone of any general strike. See A. St., "Die Personalvertretung bei den Bundesbahnen," Der Österreichische Volkswirt, Vol. XXII, No. 38 (June 21, 1930), pp. 1,048-1,052.

\textsuperscript{6}Hannak, Schober, p. 143. See also Perger, "Österreichische Schicksalsfragen," p. 2.

\textsuperscript{7}Gulick, Austria from Habsburg to Hitler, Vol. II, p. 901. Because of his actions in this isolated incident, Strafella was deemed capable of doing for the railroads what Vaugoin had done for the army, that is, to "de politicize" them. In reality, this meant, "get rid of the socialists." See Reimann, Zu gross für Österreich, p. 151.

\textsuperscript{8}The administrative commission was responsible for supervising the railroads; the board of directors was respon-
During his first week as chancellor, Schober was confronted with the resolution of a problem relating to the administrative commission of the nation's railroads, i.e., a problem which stemmed from Georg Günther's offer on September 28, 1929, to resign as president of the commission. Even before he could present Günther's letter to the cabinet, suggestions for replacements were forthcoming. Among the recommendations was one from the Christian Social state governor of Styria, Rintelen, nominating Strafella for the position of either general director or president of the federal railroads.

Although Günther had been an innovative force in the railroad management, his offer to resign was accepted without opposition in the cabinet meeting of October 11. During the discussion which followed, several candidates were mentioned as possible replacements, but only Anton Apold, the General Director of the Alpine Montangesellschaft, was considered acceptable for the presidency. The reform of the

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9See Hannak, Schober, p. 145.
10See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 2. See also Johann Schober, "Die Wahrheit über den Fall Strafella," Neue Freie Presse, October 5, 1930 (Morgenblatt), p. 4.
11Günther's offer was probably so readily accepted because many people in Austria held him responsible for the fact that the railroad employees were dominated by the Social
railroads was also discussed at length, in particular the importance of reorienting the railway management toward an anti-Marxist attitude, but no definite decisions were made.\textsuperscript{12} Schober, expecting Apold to accept the appointment,\textsuperscript{13} turned his attention first to the reform of the constitution\textsuperscript{14} and then to his foreign travels in his effort to secure an international investment loan for Austria.\textsuperscript{15}

Unfortunately, in late February, after a four-hour-long conference with the chancellor, Apold asked that his pending appointment to the presidency of the railroads be rescinded, in part because Vice-Chancellor Vaugoin seemed to object to his desire to appoint the Pan-German Grailer rather than Strafella to the post of general director of the railroads. After Apold declined the offer, Schober asked Friedrich Schuster to accept it but he also refused the appointment.\textsuperscript{16}

At the beginning of March Vaugoin advised the chancellor


\textsuperscript{12}See the minutes of the cabinet meeting of October 11, 1930, in Allgemeines Verwaltungarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXV, No. 588, pp. 8-15. See also Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 2.

\textsuperscript{13}Schober was so sure that Apold would accept the appointment that in late December he asked the man to prepare a reform bill for the railroads. See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 2.

\textsuperscript{14}See ante, pp. 49-79.

\textsuperscript{15}See ante, pp. 86-116.

\textsuperscript{16}See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv,
that he had found a solution to the problem of the vacancy: he had reached an agreement with the interior minister, Schumy whereby "Schumy should get [Bruno] Enderes, and Vaugoin, Strafella," that is, Enderes would become president, and Strafella, the general director. Schober reminded his vice-chancellor "that it is impossible for departments not connected with the railroads to fill the important positions through mutual agreement." He would consider Vaugoin's suggestion only "if a politically neutral person, such as the former railroad minister Karl Banhans would be appointed as president, Enderes as vice-president, and Strafella as general director." Vaugoin accepted this idea.17

During the first week in March the cabinet appointed a ministerial committee composed of Schober, Vaugoin, Hainisch (the minister of commerce), Juch (the minister of finance) and Schumy to deal with the problem of personnel recommendations for the administration of the railroads.18 On March 8 this committee met with Banhans and Enderes. When asked their opinion of Strafella, the two men declared "that on the basis of their conversations with him, they questioned his

17Ibid., p. 4. In order to hold Schober to this agreement, Vaugoin publicly stated "that Banhans, as the new president of the railroads, will hire Strafella as the general director." See Reichspost, March 16, 1930, p. 1

18See the minutes of the cabinet meeting of March 8, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXIX, No. 616, pp. 13-23. See also Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 4.
qualifications for the position of general director." Nevertheless, they did agree to waive their reservations if the railroad law could be amended in such a way that the president and vice-president would be included on the Board of Directors of the Federal Railroads, so that they would be provided with the opportunity to directly control Strafella's activities.\(^ {19} \) The committee members agreed to make the following recommendations to the cabinet:

1. that Banhans be appointed president;
2. that Enderes be appointed to the administrative commission, with the intention that he there be elected vice-president;
3. that the railroad law be amended in such a manner that the president and vice-president become part of the Board of Directors; and
4. that Banhans be authorized to dismiss the present general director, Rudolf Foest, and Machine Director Oskar Taussig from their positions on the board and to appoint Strafella as general director.\(^ {20} \)

When the cabinet met again on March 15 the ministers accepted the suggestions of the special committee.\(^ {21} \) Banhans was advised of his and Enderes' appointments and urged to implement the government's wish that Strafella be appointed

\(^ {19} \)On March 8 the entire cabinet also met to discuss appointments to the administrative board of the railroads. See the minutes of the cabinet meeting of March 8, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXIX, No. 616, pp. 13-23; and "Bundesbahnen," Der Österreichische Volkswirt, Vol. XXII, No. 24 (March 15, 1930), pp. 642-643.

\(^ {20} \)See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, pp. 4-5. See also Hannak, Schober, pp. 156-157.

\(^ {21} \)See the minutes of the cabinet meeting of March 15, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Minister-
general director. However, the new president responded to this "order" by immediately informing the chancellor that he did not want "to assume the responsibility for such an appointment," and by requesting the appointment of another person to the position.²²

However, before Banhans could carry out the other instructions of the cabinet, or before the cabinet could meet to discuss the president's apparent about-face in regard to the appointment of Strafella, the Neues Wiener Journal published an interview with the Vice-Mayor of Graz on March 16. In the article, Strafella discussed his plans as general director for the reorganization of the federal railroads. His timing was particularly inopportune, for the position of general director was not yet vacant. The next morning, important officials in the directorship informed Banhans "that they would not serve under General Director Strafella."²³

The railroad president explained to the cabinet on March 19 that he could not appoint as general director a man with whom people refused to work and offered to resign as president.²⁴ When asked why he had changed his mind about

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²²Hannak, Schober, pp. 154-155.

²³Ibid., p. 159. See also Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 5.

²⁴See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 6. See also Kunschak, Österreich, 1918-1934, p. 118.
appointing Strafella to the post, he answered "that, although he was willing to set aside his belief that the Christian Social Party candidate lacked railroad expertise, he was not willing to proceed with his original commitment to appoint this man based on future legislation to amend the railroad law," which legislation he now realized could not be accomplished quickly."  

The ministers agreed that a decision on the appointment could not be postponed, especially since the newspapers had turned the issue into a question of party politics. Emphasizing the fact that efficient operation of the railroads depended upon close cooperation of the president, the vice-president and the general director, Schober declared that if Banhans could not work with Strafella, another candidate had to be found which would accommodate not only the wishes of Vice-Chancellor Vaugoin but also those of the Christian Social Party; Hans Seldlak would be appointed as general director until the personnel problem could be cleared up. In spite of the fact that Vaugoin thought that the temporary appointment of Seldlak would be an affront to the Christian

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25 See ante, p. 184.

26 See the minutes of the cabinet meeting of March 19, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXIX, No. 618, pp. 9-10

27 Ibid., pp. 4-5. Anton Staudinger states that Vaugoin made the appointment a "question of the party." See Anton Staudinger, "Bemühungen Carl Vaugoins um Suprematie der christlichsozialen Partei in Österreich, 1930-1931" (unpublished doctoral dissertation, University of Vienna, p. 28.
Social Party and a concession to the Social Democrats, the other ministers approved Schober's recommendation. Then, the press was informed "that the rumors of a crisis in connection with this matter [the Strafella appointment] are unfounded." ²⁸

The chancellor's solution did not end discussion in the cabinet over whether or not Strafella was immediately to be appointed as general director. The cabinet meeting of April 10 is a good example. Vaugoin demanded that Banhans be directed to keep his promise and refused to agree to the appointment of new members to the administrative commission until the problem was resolved to his satisfaction. Hainisch, while objecting to Strafella's appointment only because it would cause all the directors to resign, saw no reason to sacrifice these experienced men and the efficient administration of the railroads "for one man who could not even be considered a railroad expert." ²⁹ Schumy, while reminding the ministers "that Strafella's name was always mentioned under the express preconditions that Banhans and Enderes would also become members of the Board of Directors" in order to supervise Strafella, insisted "that, if Strafella were appointed now, without first changing the railroad law rela-

²⁸ See the minutes of the cabinet meeting of March 19, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXIX, No. 618, pp. 7 and 12-14.

²⁹ See the minutes of the cabinet meeting of April 10, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXX, No. 622, pp. 17-18.
tive to the composition of the board, supervision by Banhans and Enderes would be legally impossible.30

Minister of Justice Slama's views, similar to those of Hainisch and Schumy, warned his colleagues that the resignation of all the railroad experts on the administrative commission and the Board of Directors "would not only be dangerous for the railroads but also decisive for political developments in the country." His closing remark was an appeal to Vaugoin to reconsider his decision to refuse to agree to the appointment of new members to the commission until the problem of whether or not Strafella was to be appointed was solved.31

Hainisch, in an effort to break the impasse, suggested that, since the board conducts the business of the railroads and the commission only supervises, perhaps the appointment of new members to the latter could be accomplished immediately and the permanent appointment of a general director be kept separate. Although the majority of the ministers approved this solution to the stalemate, Vaugoin remained adamant.32

When the discussion ended, Schober stated that Banhans could not be directed to appoint Strafella and that he (Banhans) was free to change his mind about the advisibility

31Ibid., pp. 24-25.
of the government's recommendation to make the appointment. He also commented that he realized "that Vaugoin has been placed in a difficult situation because the opposition has introduced party politics into the matter." Finally, because of his vice-chancellor's stubborn attitude, the chancellor decided to defer the matter of appointing new members to the commission.33

From the discussions in the cabinet meeting it is obvious that the ministers had different views about the Strafella appointment. It is also apparent that Vaugoin was ready to sacrifice the efficient management of his country's most important industry for political purposes. In addition, Schober's comments indicate that he was aware of the divisive nature of the appointment, and yet willing to defer to the wishes of his vice-chancellor in order to retain the support of the Christian Social Party for his coalition government.

On April 11, the day after the cabinet meeting, the chancellor went to Graz, where he was asked by Governor Rintelen to talk with Strafella. The conversation left Schober with a negative impression of Vaugoin's and Rintelen's candidate. Strafella, informed that his appointment as general director was encountering difficulties, was asked to accept an appointment to the board in a lower position only until he could become fully qualified for the position of

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33 Ibid., pp. 27-28. For more details of this cabinet meeting, see also Ibid., pp. 14-29.
general director. This request was emphatically rejected. When he was told about the projected amendment to the railroad law to restructure the board so that he could be supervised by the president and the vice-president of the railroads, Strafella screamed out "that he could no longer permit himself to be dragged around and thus also had to reject this suggestion." The chancellor quietly reminded him that he was speaking to the chancellor of Austria, that he would not be intimidated by any politician, and "that he would finish the matter quickly in his own way were he not trying to avoid a split in the bourgeois bloc." Although Strafella apologized, Schober should have taken this opportunity to rid himself of the Strafella candidacy, for only a few weeks later the question of the appointment of this Christian Social nominee as general director of the railroads was widely publicized.

The Social Democrats, in an effort to thwart the attempts of the Christian Socials to break socialist control of railroad management, opened their attack on Strafella on May 13. The Arbeiter Zeitung published an unflattering account of him as a businessman, charging that his fortune was amassed by profiteering activities during the inflationary era in both Austria and Germany, that he was guilty of tax evasion, and

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34 See Schober's notes on this conversation with Strafella, dated April 12, 1930, in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, pp. 1-2.

that he was purchasing large blocks of stocks in local railroads in anticipation of using his forthcoming appointment as general director of the federal railroads to increase the value of his shares. The article also revealed the existence of secret funds in the accounts of the federal railways and claimed that the government, particularly the minister of commerce, knew about these funds and that "Rintelen's young man" intended to get his hands on this money to finance the Christian Social Party elections and the Heimwehr.\footnote{Arbeiter Zeitung, May 13, 1930, p. 1. See also subsequent articles in the Arbeiter Zeitung, May 15, 1930, p. 1, and May 16, p. 4, for more details.}

Immediately, the Neue Freie Presse advised the Christian Social Party to discontinue its support of the Straffella candidacy since "he is politically oriented" and politics should be kept out of the nation's largest industry.\footnote{Neue Freie Presse, May 14, 1930 (Abendblatt), p. 1.} In a later edition, this same newspaper stated that while the socialists were expected to oppose the Straffella nomination, it would also fight the nomination because in it "is the danger of favoritism, the danger of a cult of incompetence, the danger that this largest and most important operation will fall into the hands of a man...who is not up to this task."\footnote{Ibid., May 15, 1930 (Morgenblatt), p. 1.} Another newspaper, the Volkswirt, accepted enough of the charges in the Arbeiter Zeitung to also declare that Straffella was an incompetent as well as an unsatisfactory
Meanwhile, in apparent disregard for both the public accusations made against Strafella and public recommendations made to drop his candidacy, the special ministerial committee decided to appoint him as general director. Predicated upon the ratification of a change in the railroad law to restructure the Board of Directors, the members adopted a resolution—later made into a protocol signed by Schober, proclaiming that Strafella would be appointed to the position in question after the adjournment of the spring session of the National Assembly.

During the next eight weeks, certain events moved the Strafella affair into a new stage. First, the Christian Social Party nominee decided to sue the Arbeiter Zeitung for defamation of character. Secondly, Hainisch resigned as commerce minister on June 16 and was replaced by the Christian Social Friedrich Schuster. Then, as a result of pub-

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40 See ante, p. 183.


42 See Hannak, Schober, p. 163. See also Schober, "Die Wahrheit über den Fall Strafella," p. 2. Hannak declares that Schober asked Strafella to bring a libel suit against the Arbeiter Zeitung. See Hannak, Im Sturm eines Jahrhunderts, p. 364.

43 See the minutes of the cabinet meeting of June 16,
lic interest, on June 27 the government started an official investigation into the alleged existence of secret funds in the railway accounts.\textsuperscript{44} Meanwhile, Banhans continued to refuse to appoint Strafella and became even more adamant in this decision when ratification of the amendments to the railroad law were postponed until the fall session.\textsuperscript{45} Finally, early in July, Schober was informed that Schumy and the Agrarians had reached an agreement with Vaugoin to support Strafella's appointment as president of the railway administration but not to allow him to become general director.\textsuperscript{46}

Therefore, as a result of Banhans' recalcitrant attitude and the Schumy-Vaugoin agreement, Schober met with the cabinet on July 16 in order again to attempt a resolution of the Strafella problem. During the course of the discussion Schuster informed the ministers that Banhans still preferred to resign rather than work with Strafella as general director, whereupon the cabinet decided that the minister of

\textsuperscript{44}Walther Federn, "Der Kampf um die Bundesbahnen," \textit{Der österreichische Volkswirt}, Vol. XXII, No. 52 (September 27, 1930), p. 1,\textsuperscript{409}.

\textsuperscript{45}See the minutes of the cabinet meeting of July 16, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXII, No. 643, pp. 5-7. See also Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), \textit{Schober Archiv}, Carton XCIX, p. 8.

\textsuperscript{46}See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), \textit{Schober Archiv}, Carton XCIX, p. 8. See also Schober, "Die Wahrheit über den
commerce and Schober should try once more to persuade Banhans
to appoint Strafella. If he refused to do so, they were to
accept the railroad president's persistent offer to resign. 47
Cognizant of the possibility of Banhans' resignation, the
cabinet authorized Schuster "to complete the appointment of
personnel for the administrative commission, and while doing
so to first appoint Strafella as a member of that body and
then to appoint him president of the Administrative Com-
mission of the Railroads." Although new candidates for the
general director's position were discussed, no decisions were
made except that Schuster's choice for a general director
must be approved by the cabinet. 48

Unfortunately, because of conflicts in his schedule,
Schober was unable to attend the Schuster-Banhans confer-
ence. Consequently, he asked Schuster "to work out the nego-
tiations with Banhans to effectuate a solution to the prob-
lem." 49 After two meetings with the railroad president, the
commerce minister advised the chancellor that Banhans still
objected to Strafella's appointment as general director. In
addition, Schuster apprised Schober of the fact that he

47 Schober, "Die Wahrheit über den Fall Strafella," p. 5.

48 See the minutes of the cabinet meeting of July 16,
1930, in Allgemeines Verwaltungsarchiv (Vienna), Minister-
ratsprotokolle, 1930, Carton CXXXII, No. 643, pp. 6-9. See
also Vaugoin's letter of resignation, dated July 25, 1930,
in Bundespolizeidirektion Archiv (Vienna), Schober Archiv,
Carton XCIX, p. 2.

49 See Schober's report on the Strafella candidacy in
could not, in deference to Banhans' past meritorious service, demand the president's resignation. Because the two men could not decide upon an alternative solution, they agreed that, contingent upon Vaugoin's approval, "the entire matter be postponed until after the conclusion of the September 17 trial of Strafella versus the Arbeiter Zeitung." After having made this decision, Schober left Vienna for a brief vacation. Schuster, in the chancellor's absence, explained to Strafella that he could not honor his promise to appoint him president of the railroads before Banhans resigned. He would proceed with his appointment to the administrative commission, but that it was necessary to postpone the appointment to the presidency until after the trial. Unbelievable as it seemed, Strafella not only agreed to the delay but also consented to discuss the matter with Vaugoin before making his final decision. Nevertheless,

Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 9.

50 See Schober, "Die Wahrheit über den Fall Strafella," p. 4. In a letter dated July 23, 1930, from Schuster to Vaugoin, the minister of commerce stated that Schober decided not to demand Banhans' resignation because his term of office would end on September 30 anyway. See Schuster to Vaugoin, July 23, 1930, Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 1.

51 See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 9. See also Schober, "Die Wahrheit über den Fall Strafella," p. 5.

52 Vaugoin stated that Strafella reported on July 22 that he would become president when Banhans' term of office expired on September 30, and that he said nothing about the trial. See Vaugoin's letter of resignation, dated July 25,
on July 23, to avoid a misunderstanding with Vaugoin, the minister of commerce sent the vice-chancellor a detailed account of his conference with Strafella. He closed his report with a request to Vaugoin "that he persuade Strafella to inform him [Schuster] immediately of his final decision." Because Schuster heard nothing from either Strafella or Vaugoin, he assumed that the matter was settled, appointed Strafella as a member of the administrative commission, and then completed the roster of personnel for the entire commission.54

The minister of commerce's assumption proved to be incorrect, for on July 26 Schober received a letter from Vaugoin in which he explained his position relative to the Strafella candidacy. After briefly tracing the evolution of the affair, he accused the chancellor of having kept none of his promises regarding Strafella's appointment. The vice-chancellor also declared that the chancellor, through his protracted negotiations related to the appointment of Strafella, first as general director and now as president of the railroads, had strengthened the position of the Social Democrats in the administration of the railroads. He indicated that both he and the government could have been spared in-


54For more details concerning Schuster's decision, see
volvement in this current embarrassing situation if Schober and Banhans had simply declared in early March: "We will never approve Strafella." At that time, he asserted he would have accepted the rejection of the candidate. The vice-chancellor ended his letter with an offer to resign and the request that Schober accept his resignation and forward it to President Miklas.

Schober responded to Vaugoin's letter in two ways. First, he apprised the vice-chancellor of his position: that he could not accept his resignation because his loyalty was necessary to the continued success of the government, and "he [Schober] dare not coerce Banhans into accepting Strafella." Second, he asked Schuster to explain his position on the Strafella issue to Vaugoin.

In a letter which the minister of commerce wrote to the vice-chancellor on July 29, he indicated that his continued support of Strafella was based not on the candidate's competency, but on the need to keep him (Vaugoin) and his party in the government. Schuster commented that his support of the Strafella appointments had caused him to be personally attacked by the opposition and the press. Nevertheless,

Schober's report on the Strafella candidacy in *ibid.*, pp. 9-10.

55See Vaugoin's handwritten letter of resignation to Schober, July 25, 1930, in *ibid.*, p. 4.

56For more details of this letter, see *ibid.*, pp. 1-4.

he promised Vaugoin that he would appoint Strafella as president of the administrative commission, but for the present he had to accept the chancellor's suggestion to wait until the end of Bankans' term.\textsuperscript{58} Schuster's qualified promise prompted the vice-chancellor to send another letter to Schober on August 2, a letter in which he expressed his dissatisfaction with the minister of commerce's letter, and repeated his intention to resign.\textsuperscript{59}

A few days later, Schober and Schuster met with Gürtler, the president of the National Assembly, in response to the latter's request for an explanation of the critical political situation. Gürtler accepted Schuster's explanation of the facts surrounding the Strafella candidacy and Vaugoin's offer to resign. He then went to talk with Vaugoin at Kilb, where with the aid of former chancellor Seipel,\textsuperscript{60} he obtained from the vice-chancellor a letter in which Vaugoin declared himself ready to withhold his resignation until September 25, the opening day of the special session of the National Assembly. Although the text of the letter contained references to unfulfilled promises, the chancellor decided "to recognize

\textsuperscript{58} For more details in Schuster's letter, see Schuster to Vaugoin, July 29, 1930, in \textit{ibid.}, pp. 1-6.

\textsuperscript{59} See Schober's report on the Strafella candidacy in \textit{ibid.}, p. 10.

\textsuperscript{60} According to Staudinger, Seipel not only did not want the Schober government to resign but also thought the chancellor would extricate himself from this dilemma in order to keep Vaugoin in the government. See Staudinger, "Bemühungen Carl Vaugoin um Suprematie der christlichsozialen Partei in Österreich, 1930-1931," p. 33.
only the positive aspect of the letter, that of postponing the resignation until September 25."\(^{61}\)

In order to resolve the crisis within the government and to show support for Schuster's promise to Vaugoin, Schober initiated a discussion in the cabinet meeting of August 14 on the question of Strafella's appointment as federal railroad president.\(^{62}\) Although Vaugoin was not present, no other candidates were suggested as possible replacements for Strafella. Under these circumstances, the ministers decided to approve not only Schuster's proposal for the completion of the personnel on the administrative commission but also his proposal that after Banhans' term of office ended on September 30 "the member of the administrative commission Franz G. Strafella be appointed to the office of the president of the administrative commission."\(^{63}\)

Until mid-September, the Strafella appointment retained its status as of August 14. However, when Vaugoin returned to Vienna on September 16, after a two-month absence, a change in the situation ensued. His homecoming involved him in two events which ultimately proved to be significant: a conference with Görtler and Schober, and the opening of the


\(^{62}\) See the minutes of the cabinet meeting of August 14, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 645, pp. 7-8.

\(^{63}\) See ibid., Appendix L, pp. 1-3.
trial to settle Strafella's libel suit against the Arbeiter Zeitung.

The conference was significant in that in it the president of the National Assembly, the chancellor, and the vice-chancellor negotiated an agreement which emphasized that Strafella's appointment as president would be contingent upon his receiving a favorable verdict in the libel suit.\textsuperscript{64} If this happened, then "the day after the trial ended, the vice-chancellor could demand the appointment from the chancellor." Of equal importance was the fact that the three men made no decision as to who would be the one to judge the verdict. Vaugoin left the meeting with the idea that he would; Schober thought he should.\textsuperscript{65}

The three-day trial, held on September 17, 18 and 19, only intensified the crisis in the government. Strafella's defamation of character suit against the Arbeiter Zeitung

\textsuperscript{64}Before September 17, Schober's notes reflect no decision on his part to tie the appointment to the results of the trial. Prior to this date, they indicate a decision would be made "after the trial." See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 9; and also Schober, "Die Wahrheit über den Fall Strafella," p. 5. Schuster also used the phrase, "after the trial." See ante, p. 195. Although Gulick states that such a decision was made, he cites no source for his information. See Gulick, Austria from Habsburg to Hitler, Vol. II, p. 902.

\textsuperscript{65}See Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 11. See also Schober, "Die Wahrheit über den Fall Strafella," p. 6; and the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, p. 9.
elicited "tremendous" public interest, not because of Strafella's candidacy per se, but because of the politics involved in the battle for the railroads. Even the names on the list of witnesses indicated political involvement, for among those called to testify were such noteworthies as Vaugoin and Schumy, from the government; Rintelen, from the provinces; Banhans, Enderes, Sedlak, Foest, and Günther from the railroad administration. The testimony of these, and the thirty-eight other deponents, were expected to provide proof that would either corroborate or refute the following charges made in May by the Arbeiter Zeitung:

(1) that Strafella was "Rintelen's young man;"
(2) that Strafella, and the government, not only knew of the existence of a "secret fund" in the railroad accounts, but also that Strafella expected, after his appointment as general director, to use this money to finance the Christian Social Party elections and the Heimwehr;
(3) that Strafella was guilty of tax evasion;
(4) that Strafella had increased his fortune through real estate speculation in Austria and Germany during the era of inflation; and
(5) that Strafella, in anticipation of his appointment as general director, had recently purchased large blocks of stock in three local railroads in order to manipulate the value of these shares to increase his profits.

The majority of the questions directed at the most prominent witnesses related to Strafella's expertise on railroad

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67Leichter, Glanz und Ende der Ersten Republik, p. 105.
68Neue Freie Presse, September 17, 1930 (Abendblatt), p. 2; ante, pp. 190-191.
matters and his knowledge of the existence of a "secret fund." With the exception of Vaugoin, Rintelen, and Günther, Schumy and the railroad administrators agreed that the plaintiff was not sufficiently qualified to assume the position for which he had been nominated. Vaugoin\textsuperscript{69} and Rintelen\textsuperscript{70} were of the opinion that Strafella's competency was not of prime consideration. More important were his determination and ability to change conditions in the railroads so that political strikes would be made impossible.\textsuperscript{71} Günther, the former president of the federal railroads, declined to judge the candidate's ability because "he had never met him."\textsuperscript{72}

The question of when Strafella learned of the existence of an alleged "secret fund" became an important fact in determining whether or not he planned to use this money to underwrite the cost of his party's elections and/or to finance the Heimwehr. In this regard, the trial proceedings not only established the fact that a "secret fund" actually existed but also revealed that, as general director, Strafella would have access to and could use this fund in any way he decided.\textsuperscript{73}

\textsuperscript{69}Neue Freie Presse, September 17, 1930 (Abendblatt), pp. 1 and 3.

\textsuperscript{70}\textit{Ibid.}, September 18, 1930 (Morgenblatt), p. 12.

\textsuperscript{71}In this respect, both witnesses stressed Strafella's successful suppression of the streetcar workers' strike in Graz. See the \textit{Neue Freie Presse}, September 17, 1930 (Abendblatt), p. 3; and also \textit{ibid.}, September 18, 1930 (Morgenblatt), p. 12.

\textsuperscript{72}See \textit{ibid.}, September 17, 1930 (Abendblatt), p. 4.

\textsuperscript{73}Through Banhans', Enderes' and Sedlak's testimony, the
The railroad administrators testified that the federal railroad president, the federal general director, and the minister of commerce also knew of the existence of the fund but that only the first two made decisions regarding disbursements from it. Further interrogation revealed that Günther and Foest learned of the fund in 1925; Banhans, Enderes, Sedlak and Vaugoin, in March; and Rintelen from the Arbeiter Zeitung article in May. The before-mentioned deponents, without exception, agreed that Strafella could not have known about a "secret fund" before the newspaper made its accusations. They also asserted that since he knew his appointment was encountering difficulties, he most likely would not have made plans for its use.

As the trial progressed, Strafella's real estate and government took the opportunity to make public some of the results of its investigation into the existence of a "secret fund." See ibid., pp. 3-4. The results of the investigation were reported to the cabinet on September 17, 1930. See the minutes of the cabinet meeting of September 17, 1930, in Allgemeines Verwaltungarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 648, pp. 8-10 and Appendix E, pp. 1-36.

For more details about the "secret fund," its sources and disbursements, see the Neue Freie Presse, September 17, 1930 (Abendblatt), p. 4; and also Federn, "Der Kampf um die Bundesbahnen," pp. 1,409-1,411.

Vaugoin testified that he knew nothing about the existence of such a fund before mid-March. See the Neue Freie Presse, September 17, 1930 (Abendblatt), p. 3. Rintelen stated that the Arbeiter Zeitung article of May 13 first provided him with the information. See ibid., September 18, 1930 (Morgenblatt), p. 12.

See the Neue Freie Presse, September 17, 1930 (Abendblatt), pp. 2-4; and ibid., September 17, 1930 (Morgenblatt), pp. 11-12.
stock purchase transactions were reviewed in detail. Documented evidence was presented which proved that the plaintiff purchased a considerable number of apartment houses and single family residences in both Austria and Germany during the inflationary era at low prices. He then sold them at prices which brought him more than an amount considered a respectable profit for that time. The plaintiff's improper conduct in the purchase, retention and sale of railroad stock was also verified as was his claim that he stopped buying railroad shares when he learned in March that he was to be appointed general director of the federal railroads.77

Although the examination of witnesses ended on September 19, neither Strafella, the staff of the Arbeiter Zeitung, the government, nor the public expected an early decision. Nevertheless, shortly before midnight on the same day Judge Anton Posalatz handed down his verdict.78 He decided that the Arbeiter Zeitung had failed to prove its charge that Strafella was guilty of tax evasion or that he was connected with the "secret fund."79 Therefore, the editor of the newspaper, Oskar Pollak, was ordered either to pay a fine of 5,000 schillings (about $715) or to spend one month in jail.80

77Ibid., September 18, 1930 (Morgenblatt), pp. 11-12.
79Neue Freie Presse, September 20, 1930 (Morgenblatt), pp. 1 and 6.
80Arbeiter Zeitung, September 20, 1930, p. 1. See also The New York Times, September 28, 1930, p. 4; and The Times
Because of the evidence proving the charges about Strafella's real estate speculation and stock manipulations, he acquitted the Arbeiter Zeitung on the charge of having libelously described the plaintiff as "corrupt and dishonest." The magistrate also found the newspaper free of pejorative intent in the use of the expression, "Rintelen's young man," because the newspaper proved that it meant "Strafella was Rintelen's protégé."81

In assessing the results of the trial, the Volkswirt expressed the opinion that the verdict indicated that Strafella "does not possess the highest measure of trustworthiness expected of a director of the federal railroads."82 The Arbeiter Zeitung pompously declared "that not only Strafella but also Vaugoin and Rintelen left the courtroom vanquished."83 The Neue Freie Presse simply headlined the next morning's edition, "Strafella morally condemned."84

On the afternoon of September 20, the day after the trial, Schober received from Vaugoin a letter in which he demanded "that Strafella's appointment be implemented as

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81 Neue Freie Presse, September 20, 1930 (Morgenblatt), p. 5; and the Arbeiter Zeitung, September 20, 1930, p. 1.

82 Federn, "Der Kampf um die Bundesbahnen," p. 1, 413.


84 Neue Freie Presse, September 20, 1930 (Morgenblatt), p. 1. For more details on the verdict, see ibid., pp. 1 and 5-6; also the Arbeiter Zeitung, September 20, 1930, p. 1.
quickly as possible." However, the chancellor refused to do so for two reasons. First, he did not consider the outcome of the trial as favorable for Strafella. Second, Schuster would not agree to the appointment and concomitantly tendered his resignation.

Within two days, both Schuster's decision to resign and Vaugoin's decision to proceed with his July 25 resignation request became public knowledge. The minister of commerce wished to resign because he felt that the cabinet was not supporting him in his decisions concerning railroad matters; Vaugoin's decision was based on a contre-coup. The vice-chancellor, already angry because Schuster first postponed and now refused to appoint Strafella, publicly accused the minister of commerce and Banhans of granting generous remunerations from the "secret fund" of the railroads to three members of the Board of Directors. In addition, he implied that Banhans had appropriated money from the same source for undetermined uses. In response to the vice-chancellor's

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85 See Vaugoin to Schober, September 20, 1930, Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, p. 1. See also Schober's report on the Strafella candidacy in ibid., p. 11; and Schober, "Die Wahrheit Uber den Fall Strafella," p. 6.

86 See the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, pp. 3-4, 7 and 9.


88 Neue Freie Presse, September 22, 1930 (Abendblatt), p. 1; and the Arbeiter Zeitung, September 22, 1930, p. 1. See
charge against Banhans, Schuster asserted that Banhans' behavior was above reproach, that the payments came from the general fund, and that Hainisch, the former minister of commerce, had approved the expenditures before he resigned in June. He further contended that in an earlier cabinet meeting the situation had been discussed and that he had assumed the responsibility for these payments. Schuster charged Vaugoin with being derelict in his responsibility as a minister because the vice-chancellor had publicized information from cabinet meetings—information considered to be confidential. Thus, Vaugoin's decision was based on a reaction, for "he could accept neither the contradiction of his statements nor the accusation that he had leaked privileged information."

In spite of the fact that the two ministers had tendered their resignations, the Neue Freie Presse and the Arbeiter also the minutes of the cabinet meeting of September 23, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, pp. 4-6.

89 *Neue Freie Presse*, September 22, 1930 (Abendblatt), pp. 1-2. See also the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, p. 4.


91 See the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, p. 4. See also the *Neue Freie Presse*, September 22, 1930 (Abendblatt), p. 2.

Zeitung spoke optimistically of the possibility for a resolution of the government crisis. The opinions of the newspapers were based on the official Christian Social Party communiqué issued on September 23 after a six-hour-long party conference. The dispatch indicated that the leaders who attended this conference did not question the veracity of Vaugoin's report on the incidents connected with the Strafella candidacy and on the abuses in the federal railroad administration. However, they decided to let the Strafella appointment remain a matter of personal concern to the vice-chancellor, "their party chairman, whom they supported," and not a matter for general party concern.94

While the nation waited hopefully, the cabinet met on the afternoon of September 24 to seek a solution to the government crisis. The minutes of the meeting reveal that immediately Schuster declared his resignation irrevocable and submitted his and Banhans' letters of resignation.95 The discussion which followed was dominated by Schober and Vice-

93Arbeiter Zeitung, September 24, 1930, p. 2.

94Neue Freie Presse, September 24, 1930 (Morgenblatt), p. 1. See also the Jahrbuch der Österreichischen Arbeiterbewegung, 1930, p. 171. The Times (London) interpreted this same phrase to mean that the Christian Social Party supported Strafella. The Times (London), September 25, 1930, p. 11.

95See the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, pp. 4-6. According to an article in the Volkswirt, Banhans decided to resign "in order to relieve the tense situation." See "Krise," Der Österreichische Volkswirt, Vol. XXII, No. 52 (September 27, 1930), p. 1,401.
Chancellor Vaugoin.96 The vice-chancellor began by reviewing both the Strafella candidacy and his reasons for submitting a letter of resignation on July 25. He stated that he continued to demand Strafella's appointment because of the chancellor's September 17 promise: "If the day after the trial, you [Vaugoin] inform me [Schober] that you want Strafella appointed, this will take place immediately."97 Although Vaugoin was angry because the promise had not been fulfilled, he was more offended by the fact that the chancellor had frequently delegated the handling of the appointment to others and also because the chancellor had not yet replied to his letter of September 20.98 After stating "that he would in no way let himself be pushed aside," he reaffirmed his decision to resign.99

Schober verified most of Vaugoin's statements regarding the Strafella candidacy and his letter of resignation.100

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96For more details, see the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, pp. 3-19.

97Ibid., p. 9.

98Ibid., pp. 6, 8-11 and 16-17. See also Schober's report on the Strafella candidacy in Bundespolizeidirektion Archiv (Vienna), Schober Archiv, Carton XCIX, pp. 11-12.

99See the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, p. 17. According to Wandruszka, Vaugoin felt that Schober's achievements at home and abroad were causing him (Vaugoin) to be "pushed into the background." See Wandruszka, "Die Entwicklung der Parteien und politischen Bewegungen," p. 399.

100See the minutes of the cabinet meeting of Septem-
He insisted, however, that, since July 16\(^1\) the negotiations and especially his promise of September 17 to make Strafella's appointment were predicated upon a court decision favorable to the appointee, and not upon the expiration of Banhans' term of office. He further maintained that his and Vaugoin's absences from Vienna in July had made impossible direct negotiations, and that Schuster's and the vice-chancellor's absences from the city during the last few days were responsible for his not replying to the letter of September 20.\(^2\) Unhesitatingly, he reminded the vice-chancellor that he (Vaugoin) had agreed not only to withhold his resignation until September 25\(^3\) but also to delay the appointment until the same date.\(^4\) The chancellor contended "that he had done everything possible to bring about the favorite idea espoused by the vice-chancellor, that of making Strafella president instead of general director. See ante, p. 194.\(^5\)

\(^1\) On this date the cabinet decided to appoint Strafella president instead of general director. See ante, p. 194.

\(^2\) Schober told the ministers that, since Schuster refused on September 20 to proceed with the Strafella appointment, he felt that he (Schober), Vaugoin, and Schuster should discuss the situation and consequently delayed his reply. See the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, p. 7. See ante, p. 198.

\(^3\) See the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, p. 11.
fella the president of the railroads.\textsuperscript{105}

At this point, Schober decided to poll the cabinet on two questions: "Should Strafella be appointed president regardless of the trial verdict which is not a final one, and should the entire cabinet resign?\textsuperscript{106} The majority of the ministers decided that the appointment should not be implemented until the Court of Appeals had reached a decision.\textsuperscript{107} However, Vaugoin objected, for he felt that if Strafella had been appointed president immediately after the cabinet meeting of July 16, the unfavorable verdict would not have influenced the government to demand his resignation.\textsuperscript{108}

During the discussion relative to the resignation of the cabinet, Vaugoin charged that Schober had from the beginning opposed Strafella's appointment as either general director or president.\textsuperscript{109} Schober countered: "the vice-chancellor is just as incorrect in this assumption, ...as he is in thinking that he has been pushed aside."\textsuperscript{110} Appalled

\textsuperscript{105}See \textit{ibid.}, p. 8.

\textsuperscript{106}See \textit{ibid.}, p. 12.

\textsuperscript{107}According to \textit{The Times} (London), on the day of this cabinet meeting, Schober publicized the fact that he would not consent to the appointment of Strafella "until the case had been reheard by the Court of Appeals." \textit{The Times} (London), September 25, 1930, p. 11.

\textsuperscript{108}See the minutes of the cabinet meeting of September 24, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIII, No. 649, p. 16.

\textsuperscript{109}ibid.

\textsuperscript{110}ibid., p. 12.
at this display of misunderstanding between the two men, several ministers expressed the opinion that the basis for the entire misinterpretation of the Strafella situation lay in the fact that direct negotiations between the chancellor and the vice-chancellor had not been possible. Consequently, Pödermayr and Schumy recommended that the discussion on the resignation of the cabinet be interrupted to allow Schober and Vaugoin to meet privately to try to settle their differences regarding the Strafella affair. The two men accepted the suggestion and the cabinet meeting adjourned until the next day.

At noon on September 25 the Schober government met for the last time. Schuster once again submitted his resignation. Vaugoin reported that, because his conference with Schober had brought no change in the position of either of them regarding the Strafella appointment, he could not withdraw his resignation. The chancellor then asked the other ministers if there was a possibility that the present government could continue to conduct the nation's business. Immediately, Schumy (Agrarian) and Slama (Pan-German), although

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111Ibid., pp. 13, 15 and 19.

112For more details, see ibid., pp. 13-19. Noteworthy is the fact that, in the light of the presumed significance of this cabinet meeting, the Christian Social Party stated that Vaugoin and Pödermayr would not be present. See the Arbeiter Zeitung, September 25, 1930, p. 2.

113See the minutes of the cabinet meeting of September 25, 1930, in Allgemeines Verwaltungsarchiv (Vienna), Ministerratsprotokolle, 1930, Carton CXXXIV, No. 650, p. 2.
aware of the fact that the government had lost the support of the representative of the majority party (the Christian Social Party), advised the chancellor to consult Federal President Miklas relative to the two letters of resignation before proceeding with the dismissal of the entire cabinet. Whereupon, Födermayr declared his support of Vaugoin, and his own resignation. With three ministers resigning, Juch thought the entire cabinet should be dismissed; Srbik and Innitzer agreed. Thus, forty-five minutes after Schober called the meeting to order, he declared the resignation of the entire cabinet.

In reflection, it is not difficult to understand that Schober failed to solve the problem of the Strafella appointment, primarily because he refused, as early as April 10\textsuperscript{116} to take steps which would "split the bourgeois bloc"\textsuperscript{117} and jeopardize the stability of his government. Undoubtedly, the chancellor's decision to let others handle Vaugoin's "favorite idea"\textsuperscript{118} was a tactical error, especially in light of the fact that the vice-chancellor had consistently supported his policies, even his anti-Heimwehr policy. There were other mistakes, such as that of not clarifying on September 17 who would make the decision as to the outcome of

\textsuperscript{114}Ibid., p. 2.
\textsuperscript{115}For more details, see ibid., pp. 1-3.
\textsuperscript{116}See ante, pp. 187-189.
\textsuperscript{117}See ante, pp. 189-190.
\textsuperscript{118}See ante, pp. 210-211.
the "Strafella versus *Arbeiter Zeitung*" trial.\(^{119}\) However, to suggest, as Hannak did, that Schober failed to solve the problem because he considered the Strafella affair, "an insignificant matter"\(^{120}\) is unfair, if for no other reason than that—under Schober's leadership—the cabinet spent much time in seeking a solution. Nevertheless, in the final analysis, Schober did not fail, for in refusing to appoint a man whose probity was in doubt, he kept intact his own and his government's moral integrity.

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\(^{119}\)See *ante*, p. 200.

\(^{120}\)Schober, in a letter written to Mussolini shortly after his resignation, referred to the Strafella affair as "an insignificant matter." Hannak based his charge against Schober on this statement. See Hannak, *Schober*, pp. 182-183.
CHAPTER VIII
CONCLUSIONS

When Schober became chancellor on September 26, 1929, he was expected to restore peace to a country near civil war, to revise the Constitution of 1920, and to improve the economy. In order to satisfy these expectations, to some extent he had to deal with the demands of the Christian Socialists, the Agrarians, the Pan-Germans, the Social Democrats, bankers and industrialists, the Heimwehr, and Mr. and Mrs. Citizen.\(^1\) Exactly one year after he took office, on September 25, 1930, he and his cabinet were dismissed. However, the Schober government did not go down in ignominious defeat, but with a record of achievement.

As the man of law and order and a "correct bureaucrat,"\(^2\) Schober brought with him to the chancellery an aura which, in itself, contributed to the easing of domestic tensions. The fact that he resolved the problems of the Boden-Credit-Anstalt, of the reform of the constitution, of the securing of the international investment loan, and of the enactment of both the Anti-terror Law and the Disarmament Law through peaceful negotiations not only proved him to be an energetic and moderate politician--and a talented negotiator, but also enhanced the possibility for permanent domestic peace in Austria. In addition, the peaceful solution provided a more stable climate for economic recovery and improved Austria's

\(^1\)See ante, p. 29.

\(^2\)See ante, pp. 28-29.
image abroad.

Schober was moderately successful in placating the protagonists. The Christian Socials, the Agrarians and the Pan-Germans, through the reform of the constitution and enactment of the Anti-terror Law, were able to decrease the power of the socialists in government and in the labor movement. The Social Democrats, in negotiations with Schober for both constitutional reform and the Anti-terror Law, were able to protect the political and labor gains which they had made in the early 1920's. Bankers and industrialists realized that their faith in Schober had not been misplaced: he resolved the problem of the Boden-Credit-Anstalt, ended the onus of the general mortgage rights and the reparations obligations, and secured an international investment loan which fore-shadowed an infusion of capital and a stabilized currency. Mr. and Mrs. Citizen, trusting that they could depend upon the police president-chancellor to protect their property, hoped that the new Anti-terror Law would improve their chances for jobs and that the investment loan would protect their schillings.

Only the Heimwehr leaders were disappointed. First, they felt betrayed because Schober, "their man,"\(^3\) sidestepped their demand to turn Austria into a fascist state through the reform of the constitution. Second, the chancellor insisted on the enactment of the Disarmament Law which, while intended

\(^3\)See *ante*, p. 27.
only to satisfy foreign requirements for the international investment loan, they saw as a threat to their organization. Finally, Schober refused to be intimidated by the Heimwehr and deported their most valuable leader, Pabst.

Schober accomplished more than was expected of him. However, of his solutions to Austria's domestic problems, the reform of the constitution and the securing of the international investment loan are the most important. The amendments to the Constitution of 1920 reflected the change in the political climate in Austria during the first decade of the Republic; the broadening of the powers of the president also laid the foundation for the authoritarian government which materialized in 1933. The international investment loan and Schober's activities attendant to the securing of this loan, especially the elimination of all Austrian reparations payments at the Hague Conference in January, 1930, reflected the fact that Austria was restored to equal status among the family of nations.

\[\text{In March, 1933, the speaker and deputy speaker of the National Assembly resigned. Since no one else had the power to call a session of this body, Parliament was paralyzed. Dollfuß, chancellor since May, 1932, also resigned, but President Miklas immediately reappointed him. With emergency powers conferred upon him by Miklas, Dollfuß governed by emergency decree for fourteen months. Subsequently, the Constitution of 1934 was adopted to lend some form of legality to the dictatorship of Miklas-Dollfuß-Schuschnigg-Starhemberg. See Graham, The Constitutional Crisis in Austria, pp. 3-4.}\]
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