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DOCUMENT ID: 41677523
INQNO: DOC7D 00140865
DOCNO: TEL 014596 87
PRODUCER: VIENNA
SOURCE: STATE
DOCTYPE: IN
DOR: 19871021
TOR: 085630
DOCPREC: P
ORIGDATE: 198710211021
MHFNO: 87 6563763
DOCCLASS: C

DECLASSIFIED AND RELEASED BY
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SOURCES METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2001 2007

HEADER
PP RUEAIIB
ZNY CCCCC ZOC STATE ZZH
STU9996
PP RUEHC
DE RUFHVI #4596/01 2941051
ZNY CCCCC ZZH
P 211021Z OCT 87
FM AMEMBASSY VIENNA
TO RUEHC/SECSTATE WASHDC PRIORITY 7206
INFO RUFHOL/AMEMBASSY BONN 6812
RUFHMB/USMISSION USVIENNA 0606
BT

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C O N F I D E N T I A L VIENNA 14596

USVIENNA FOR UNVIE AND MBFR

E.O. 12356: DECL:OADR

TEXT
TAGS: PREL, PGOV, AU
SUBJECT: GRUNWALD BRIEFING PAPER: WALDHEIM

REF: STATE 309486

1. CONFIDENTIAL-ENTIRE TEXT.
2. THE FOLLOWING PAPER ON THE WALDHEIM ISSUE IS SUBMITTED IN RESPONSE TO REQUEST FOR BRIEFING MATERIALS FOR MR. GRUNWALD, AND UPDATES PREVIOUS REPORTING. IT CONSISTS OF THREE SECTIONS: I: THE ISSUE; II: AUSTRIAN PERCEPTIONS; AND. III: AMERICAN POSITION AND RECOMMENDATIONS.

I. THE WALDHEIM ISSUE:

1. THE MORE THAT IS SAID AND WRITTEN ABOUT WALDHEIM, THE LESS AGREEMENT THERE SEEMS TO BE ON WHAT THE ISSUE REALLY IS. IT IS A REALITY THAT HAS BEDEVILED THE AUSTRIAN-U.S. ATTEMPT AT DIALOGUE. WE HAVE PASSED EACH OTHER IN THE NIGHT, EACH TALKING ABOUT A DIFFERENT

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VERSION OR ASPECT OF THE WALDHEIM PROBLEM. THE ISSUE, BOILED DOWN, CONSISTS OF THREE ELEMENTS:

--WALDHEIM THE PERSON: WHAT HE DID DURING THE WAR AND THE U.S. WATCH LIST DECISION.

--WALDHEIM THE SYMBOL: HIS PERFORMANCE AS CANDIDATE AND PRESIDENT IN 1986 AND 1987, AND WHAT THIS HAS MEANT FOR AUSTRIAN RECONCILIATION WITH THE PAST AND THE RE-EMERGENCE OF OVERT ANTI-SEMITISM.

--U.S. AND AUSTRIAN MANAGEMENT OF THE WALDHEIM AFFAIR.

2. WALDHEIM THE PERSON: AUSTRIANS HAVE BEEN SUCCESSFUL IN PRESENTING THE WALDHEIM ISSUE AS A QUESTION OF THE U.S. WATCH LIST DECISION AND, BY EXTENSION, OF WHAT WALDHEIM DID DURING THE WAR. THEY HAVE FRAMED THE WALDHEIM QUESTION AS ONE OF WAR CRIMES VS. INNOCENCE. AND THEY INSIST THAT THERE IS NOT A SCINTILLA OF PROOF THAT WALDHEIM HAD EVER COMMITTED WAR CRIMES. THUS, THE U.S. POSITION AND BEHAVIOR IS INEQUITABLE, BASED ON PREJUDICE AND POLITICAL CONSIDERATIONS, AND REQUIRES REVIEW AND RECTIFICATION.

3. THE U.S. POSITION HAS BEEN TO EXAMINE THE DOCUMENTARY EVIDENCE TO JUDGE WHETHER WALDHEIM HAD ASSISTED OR ENGAGED IN ACTIVITIES EXCLUDABLE UNDER PROVISIONS OF THE HOLTZMAN AMENDMENT TO THE U.S. IMMIGRATION AND NATIONALITY ACT. WE CONCLUDED THAT THERE WAS A PRIMA FACIE CASE THAT WALDHEIM HAD ASSISTED OR ENGAGED IN THE FOLLOWING ACTIVITIES:

--TRANSFER OF CIVILIAN PRISONERS TO THE SS FOR EXPLOITATION AND SLAVE LABOR.

--UTILIZATION OF ANTI-SEMITIC PROPAGANDA.

--THE DEPORTATION OF CIVILIANS TO CONCENTRATION AND DEATH CAMPS.

--REPRISALS DIRECTED AGAINST HOSTAGES AND CIVILIANS.

--DEPORTATION OF JEWS FROM VARIOUS GREEK ISLANDS.

--MISTREATMENT OF ALLIED PRISONERS.

4. IN THE COURSE OF OUR DISCUSSIONS WITH THE AUSTRIAN GOVERNMENT ON MAY 15, WE PRESENTED THE BASIS FOR THESE CONCLUSIONS, ALTHOUGH WE REFUSED TO PROVIDE THE ACTUAL DOCUMENTARY EVIDENCE. IN OUR PRESENTATION WE CITED DATES AND PLACES OF WALDHEIM'S SERVICE IN THE BALKANS AND DESCRIBED THE VARIOUS OPERATIONS IN WHICH WALDHEIM'S UNITS HAD BEEN ENGAGED. THE UNIT TO WHICH WALDHEIM BELONGED, WE ASSERTED, HAD BEEN AN INTELLIGENCE UNIT CONSISTING OF UP TO 12 PEOPLE ATTACHED TO THE STAFF OF GENERAL LOHR, WHO HAD BEEN EXECUTED AS A WAR CRIMINAL IN 1947. WE RELATED TO THE AUSTRIANS THAT THE EVIDENCE

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INDICATED THAT WALDHEIM'S UNIT HAD BEEN INVOLVED IN THE DESTRUCTION OF TOWNS, THE DEPORTATION OF CIVILIANS TO SLAVE LABOR AND CONCENTRATION CAMPS, AND THE INTERROGATION OF PRISONERS, AFTER WHICH THEY HAD BEEN EXECUTED.

5. FROM AUSTRIA'S POINT OF VIEW WE FAILED TO SUPPORT CHARGES OF WALDHEIM'S WAR CRIMINALITY--CHARGES
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WHICH WE INSISTED WENT BEYOND THE SCOPE OF THE HOLTZMAN AMENDMENT AND WHICH WE, THEREFORE, HAD NOT NOR WOULD CONSIDER. FURTHERMORE, THE AUSTRIANS DEMANDED DOCUMENTARY EVIDENCE OF WALDHEIM'S PERSONAL COMPLICITY IN THE CHARGES WHICH WE HAD LEVIED. WE REFUSED TO PRESENT OUR DOCUMENTARY EVIDENCE, CITING U.S. POLICY.

6. MOCK AND SELECTED MEMBERS OF THE OVP HAVE SUCCESSFULLY FOCUSED ATTENTION ON OUR FAILURE TO PROVIDE "EVIDENCE" AGAINST WALDHEIM. EVEN THOSE WHO SUPPORT THE U.S. POSITION FIND OUR BEHAVIOR BEWILDERING AND INADEQUATE IN THIS RESPECT. THE WALDHEIM ISSUE HAS BOILED DOWN TO "WAS HE OR WAS HE NOT A WAR CRIMINAL?" A QUESTION THE AUSTRIAN GOVERNMENT THROUGH VARIOUS MECHANISMS, INCLUDING A RECENTLY CONVENED HISTORIANS COMMISSION, HOPES TO RESOLVE IN ITS FAVOR. WE ARE NOW BEING FORCED TO REACT TO A CASE WHICH WE HAVE NEVER MADE (WAR CRIMES CHARGES), AND FIND OURSELVES LOSING CREDIBILITY AND RESPECT.

7. WALDHEIM THE SYMBOL: WALDHEIM HAS ALTERED THE CONSCIOUSNESS OF AUSTRIA, NOT ALWAYS POSITIVELY. HE AND THE PROBLEMS HE SYMBOLIZES ARE THE MEAT OF HOUSEHOLD DISCUSSIONS. THE MEDIA ARE ALIVE WITH REPORTS AND COMMENTARIES ON THE QUESTION OF AUSTRIA'S PAST AND ANTI-SEMITISM. IN OUR CONVERSATIONS AND MEETINGS WITH AUSTRIANS, WALDHEIM, IN THIS LARGER SENSE, IS OFTEN RAISED.

8. THERE IS ALMOST COMMON AGREEMENT THAT ANTI-SEMITISM-- AT LEAST THE OVERT UGLY VARIETY WHICH HAD BEEN SUPPRESSED IN AUSTRIA--WAS GIVEN A NEW LEASE ON LIFE THROUGH THE WALDHEIM CAMPAIGN AND PRESIDENCY. WE DO NOT WANT TO SUGGEST HERE THAT THAT WAS THE REASON FOR WALDHEIM'S ELECTION. IT WAS NOT. BUT THE CAMPAIGN, THROUGH ITS ANTI-SEMITIC APPEALS AND THE USE OF HARDLY DISGUISED FASCIST SLOGANEERING, THROUGH WALDHEIM'S OWN UNREGENERATE BEHAVIOR, MADE OVERT ANTI-SEMITISM POSSIBLE ONCE MORE.

9. THE ISSUE OF ANTI-SEMITISM IS RELATED TO THE LARGER ISSUE OF AUSTRIA'S RECONCILIATION WITH ITS PAST. THE ETHICAL STRUGGLE THAT WALDHEIM BROUGHT INTO LIFE IN

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AUSTRIA IS THE NEED FOR A TRUTHFUL AIRING OF WHAT HAPPENED TO AUSTRIA AND THE JEWISH COMMUNITY IN 1938, AND THE REASONS FOR IT. THAT MEMORY HAS BEEN SERIOUSLY DISTORTED AMONG MANY AUSTRIANS.

10. IN THIS ENVIRONMENT THE QUESTION OF MEMORY IS NEITHER HYPOTHETICAL NOR ACADEMIC. THE GOVERNMENT, IN CONSIDERING HOW IT WILL COMMEMORATE THE ANNIVERSARY OF ANSCHLUSS AND KRISTALLNACHT, HAS FOUND ITSELF MIRED DOWN INTERNALLY. SOCIALISTS AND CONSERVATIVES ARE ENGAGED IN DIVISIVE ARGUMENTS OVER WHAT REALLY HAPPENED AND HOW TO COMMEMORATE THAT WHICH THEY CANNOT AGREE UPON. THE ISSUE FOR THE JEWISH COMMUNITY IS WHETHER THE GOVERNMENT CAN OFFER IT SOME PSYCHOLOGICAL RECOMPENSE AND SUPPORT FOR ITS INSTITUTIONS. FOR ALL AUSTRIANS THE BALL HAS DROPPED: DEALING WITH WALDHEIM AND THE COUNTRY'S IMAGE ARE INEXTRICABLY RELATED.

11. BUT THE ISSUE OF MEMORY TROUBLES MANY AUSTRIANS. IT FLIES IN THE FACE OF THE RATIONALIZATIONS MADE HERE TO AVOID RESPONSIBILITY AND ACCOUNTABILITY FOR BEHAVIOR TOWARD OPPONENTS OF THE NAZI REGIME AND THE JEWISH COMMUNITY FROM 1938-1945--AND TODAY. WHAT THE GOVERNMENT FACES IS THE DECISION WHETHER IT WILL REVIVE MEMORY TO TEACH, TO ATTACK THE NORMS OF ANTI-SEMITISM, AND TO OFFER RESTITUTION AND PSYCHOLOGICAL REDEMPTION TO VICTIMS OF THE HOLOCAUST.

12. MANAGEMENT OF THE WALDHEIM ISSUE: WE HAVE NEVER AGREED--AUSTRIANS AND AMERICANS--ON WHETHER THE WALDHEIM ISSUE IS AN INTERNAL AUSTRIAN MATTER OR OF LEGITIMATE U.S. CONCERN. WE ARE DIVIDED OVER THE QUESTION OF WHETHER WE HAVE INTERFERED IN AUSTRIAN INTERNAL AFFAIRS AND OUR SENSE THAT AUSTRIA IS INSENSITIVE TO THE LARGER DIMENSIONS OF THE WALDHEIM PROBLEM.

13. THE AUSTRIAN POSITION IS CLEAR. AUSTRIANS HAVE THE RIGHT TO ELECT WHOM THEY CHOOSE. AND THEY HAVE THE RIGHT TO DEMAND, IN PARTICULAR FROM OTHER WESTERN DEMOCRACIES, THAT THEY RECOGNIZE THE DEMOCRATIC CHOICE OF THE AUSTRIAN PEOPLE. FURTHERMORE, WALDHEIM
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IS AN AUSTRIAN. HIS PAST IS AUSTRIAN--AND, AS SUCH, PROBLEMS WITH WALDHEIM AND HIS PAST ARE OF AUSTRIAN CONCERN ONLY.

14. WE HAVE SOUGHT TO CONVEY TO THE AUSTRIANS THAT

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THE WALDHEIM ISSUE HAS TWO DIMENSIONS WHICH MAKE IT OUR BUSINESS. FIRST, THE U.S. GOVERNMENT WAS ASKED TO MAKE A DECISION, BASED ON AMERICAN LAW, WHETHER WALDHEIM AS AN INDIVIDUAL COULD LEGALLY ENTER THE U.S. THAT CONSIDERATION IS A SOVEREIGN CONCERN OF THE U.S. RELATEDLY, THE AMERICAN PRESS AND PUBLIC--WHICH THE U.S. GOVERNMENT DOES NOT CONTROL--ARE ENGAGED WITH WALDHEIM FOR ETHICAL AND HISTORICAL REASONS WHICH TRANSCEND NATIONAL BOUNDARIES

15. BUT THERE IS A CONCEPTUAL FAILURE. MOST AUSTRIANS HAVE DIFFICULTY APPRECIATING THE LARGER MEANING OF WALDHEIM. MANY IN THE U.S.--AS WELL AS IN EUROPE--HAVE HAD FIRST-HAND EXPERIENCE WITH THE HOLOCAUST AND WITH THE AUSTRIAN PAST. THOSE PEOPLE AND GROUPS--LARGELY BUT NOT EXCLUSIVELY JEWISH--HAVE SPOKEN WITH A LEGITIMACY BORN OF THEIR PERSONAL HISTORY: THE WALDHEIM ISSUE CONCERNS A PERIOD OF TIME AND A BODY OF EXPERIENCE WHICH HAVE CRITICALLY AFFECTED THEIR LIVES. IN THAT RESPECT, AMERICANS WHO HAVE TAKEN INITIATIVES ON WALDHEIM LARGELY HAVE SPOKEN AS AUSTRIANS, OR CHILDREN OF AUSTRIANS, WHO HAVE LIVED THROUGH THE TRAGIC 30'S IN THIS COUNTRY. THEY SPEAK OF THEIR LEGITIMATE NEED FOR PSYCHOLOGICAL REDEMPTION AND SOME RESTITUTION WHICH, IF NOTHING ELSE, WILL RECOGNIZE THEIR VICTIMIZATION. THIS IS THE MOTIVE FORCE BEHIND THE PUBLIC REACTION AND CONGRESSIONAL INTEREST IN THE U.S.

II. AUSTRIAN POSITIONS AND PERCEPTIONS

1. WHAT FOLLOWS IS BY NECESSITY A GENERALIZATION. WALDHEIM IS AN EXTREMELY COMPLEX AND NUANCED ISSUE FOR AUSTRIANS. MOST AUSTRIANS SUPPORT WALDHEIM. MANY FIND HIM PERSONALLY UNSAVORY. BUT THERE IS, BY AND LARGE, A CONSENSUS FOR PUBLIC SUPPORT OF WALDHEIM--EVEN AMONG THOSE WHO FIND HIM ANATHEMA PRIVATELY--WHICH BELIES THE EXTENT OF PERSONAL RESERVATIONS. EXCEPT FOR THE GREENS AND SOCIALIST LEFT, PUBLIC CRITICISM OF WALDHEIM IS MUTED OR NON-EXISTANT.

2. WALDHEIM AND GRUNWALD:

AMBASSADOR GRUNWALD WILL ARRIVE IN AN AUSTRIA ALIVE WITH ANTICIPATION FOR WHAT THE AUSTRIANS BELIEVE HE CAN DO TO REHABILITATE **KURT WALDHEIM** AND THE AUSTRIAN IMAGE. THE MEDIA HAVE ALREADY INTRODUCED HIM TO THE AUSTRIAN PUBLIC. IN COMPLIMENTARY DESCRIPTIONS HE HAS BEEN PRESENTED AS A MAN OF GREAT INTELLECT AND CACHET IN THE UNITED STATES--AND, AT THE SAME TIME, A VIENNESE JEW FROM A NOTED FAMILY, AU FAIT WITH AUSTRIAN HISTROY, WHO IS RETURNING HOME.

THIS HAS MUCH TO DO WITH WALDHEIM. THERE IS WIDE-SPREAD ANTICIPATION AMONG AUSTRIANS THAT AMBASSADOR GRUNWALD'S SPECIAL AUTHORITY--WHICH DERIVES FROM HIS

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AUSTRIAN-JEWISH BACKGROUND AND HIS PERSONAL HISTORY--WILL SERVE THEM WELL. THEY ANTICIPATE--AND WILL LIKELY TREAT THE AMBASSADOR'S PRESENTATION OF CREDENTIALS AS AN ACT OF RECONCILIATION, TOUCHING NOT ONLY AMERICA BUT THE JEWISH WORLD.

THERE ARE PERSUASIVE REASONS FOR FIRMLY ESTABLISHING RESPECT FOR THE OFFICE OF THE PRESIDENT OF AUSTRIA. WITH THE PRESENTATION OF CREDENTIALS, THAT RESPECT, WHICH WE HAVE ALWAYS PROFESSED, WILL BE PUBLICLY EXPRESSED. IN ALL LIKELIHOOD IT WILL USHER IN A HONEYMOON PERIOD--BUT PERHAPS, AS WELL, EXAGGERATED EXPECTATIONS THAT THE WALDHEIM ISSUE IS NO LONGER OF CONCERN TO THE U.S. GOVERNMENT OR PUBLIC. IT WILL REQUIRE SPECIAL EFFORTS, IN THE POST-CREDENTIAL PERIOD, TO MAINTAIN OUR POLICY OF DISTINGUISHING BETWEEN WALDHEIM AS PRESIDENT AND WALDHEIM AS PERSON, AND NOT HOMOGENIZE OUT OF EXISTENCE THE ETHICAL DIMENSIONS OF THE WALDHEIM PROBLEM.

3. WHERE WE STAND:

WITH THE DECISION ON APRIL 27 TO EXCLUDE WALDHEIM FROM THE U.S., THE WALDHEIM ISSUE ASSUMED A LIFE OF ITS OWN AND WAS ELEVATED INTO THE SALIENT FEATURE OF U.S.-AUSTRIAN RELATIONS. THE ISSUE, WHICH UNTIL THEN HAD BEEN QUIETLY RECEDING FROM PUBLIC VIEW, BECAME THE
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SINGLE, MOST-CONSUMING POLITICAL CONCERN IN AUSTRIA. EVEN NOW, AFTER MORE THAN FIVE MONTHS, THE WALDHEIM ISSUE STILL DOMINATES AUSTRIAN NEWS AND CONSCIOUSNESS. IN THAT SENSE, IT HAS BECOME A PERMANENT FEATURE IN THIS COUNTRY'S POLITICAL PANORAMA--ONE DISTURBING TO ITS RELATIONSHIP WITH AMERICA.

4. IT IS CONVENTIONAL WISDOM THAT AMERICAN-AUSTRIAN RELATIONS ARE CLOSE AND GOOD. THAT IS, IT WAS, AND CONTINUES TO REMAIN TRUE. BUT THERE HAS BEEN A CHANGE OF MOOD AND ATTITUDE TOWARDS THE UNITED STATES. THE SUPER-HEATED EMOTIONS WHICH WALDHEIM GENERATES HAVE AFFECTED AUSTRIAN SENTIMENT, ALTHOUGH NOT THE PRACTICE OF ITS POLITICS. CONSERVATIVE AUSTRIANS REACTED TO OUR DECISION AND OUR GENERAL TREATMENT OF WALDHEIM WITH ACRIMONY AND ANGER. FOR MOCK, AND THE CONSERVATIVE CAMP WHICH HE REPRESENTS, THE WALDHEIM ISSUE IS SINGULARLY PROFOUND AND STANDS AS AN IMPEDIMENT TO THE OLD, EASY FRIENDSHIP WITH THE U.S. AT THE SAME TIME, SENIOR AUSTRIANS OF BOTH MAJOR PARTIES RECOGNIZE THAT

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WALDHEIM MUST NOT BE PERMITTED TO DISRUPT THE VERY IMPORTANT TIES WHICH THE U.S. AND AUSTRIA CHERISH.

5. THUS, THE WALDHEIM ISSUE HAS USHERED IN A PERIOD OF AMBIVALENCE. IN REAL TERMS NOTHING HAS CHANGED. YET OUR RELATIONSHIP IS NOT QUITE THE SAME AS IT WAS. AUSTRIAN LOYALTY TO AMERICA HAS BEEN TARNISHED--NOT PROFOUNDLY BUT PALPABLY. NOWHERE IS THIS MORE NOTICEABLE THAN IN THE ALIENATION OF AUSTRIA'S FORMERLY STAUNCHLY PRO-AMERICAN MASS PRESS. IT IS AN ISSUE WHICH REQUIRES SENSITIVE AND DIGNIFIED TENDING COMMENSURATE WITH THE DEPTH OF FEELING BOTH HERE AND AT HOME AMONG THE PUBLIC AND CONGRESS.

6. UNDERSTANDING THE AUSTRIANS:

LORD ACTON, COMMENTING ON POLITICS, REMARKED THAT "THERE IS NO WORSE HERESY THAN THAT THE OFFICE SANCTIFY THE HOLDER OF IT." IT IS AN APT DESCRIPTION OF THE AUSTRIAN HERESY--ONE SANCTIFIED BY THE HISTORY OF THIS BUREAUCRATIC STATE. WALDHEIM AS PRESIDENT IS INVESTED WITH IMMUTABLE DIGNITY. DISTINCTION BETWEEN THE INDIVIDUAL AND THE OFFICE IS SEEN AS ARTIFICIAL AND DISINGENUOUS. THESE FEELINGS PERSIST DESPITE, AND IN THE FACE OF, WIDESPREAD RECOGNITION AMONG THE AUSTRIAN INTELLIGENTSIA THAT WALDHEIM IS SERIOUSLY FLAWED IN CHARACTER AND IN REPUTATION. EVEN FOR THOSE WHO HOLD THIS VIEW, WALDHEIM REMAINS THE PRESIDENT OF AUSTRIA AND THUS TO BE ACCORDED RESPECT AND DIGNITY.

BEYOND WALDHEIM HIMSELF IS WALDHEIM THE SYMBOL. FOR MUCH OF THE OUTSIDE WORLD WALDHEIM SYMBOLIZES AUSTRIA'S HISTORICAL AMNESIA AND AN INABILITY TO BELLY-UP TO THE PAST. HERE IN AUSTRIA, WALDHEIM IS REPRESENTATIVE OF A BADLY MAULED WARTIME GENERATION. FOR THOSE AUSTRIANS, NATIONAL PRIDE AND PERSONAL SELF-IMAGE HAVE BEEN SULLIED BY THE AMERICAN WATCH-LIST DECISION (WAS HE ANYTHING MORE THAN A WEHRMACHT OFFICER LIKE THE REST OF US?). FOR MUCH OF THE AUSTRIAN WARTIME GENERATION (AT THE END OF WORLD WAR II THERE WERE 540,000 NAZI PARTY MEMBERS IN THIS NATION OF SEVEN MILLION) "WALDHEIM IS US." WHAT HAS MADE THE PILL EVEN THAT MUCH MORE BITTER IS THAT WALDHEIM SUPPORTERS, IN PARTICULAR, THE PEOPLE'S PARTY, HAVE TRADITIONALLY BEEN THE MOST PRO-AMERICAN SEGMENTS OF AUSTRIAN SOCIETY. COMBINED WITH THE SENSE OF INSULT THERE IS THUS ALSO A SENSE OF BETRAYAL BY A FRIEND.

7. AUSTRIAN CRITICISM OF THE AMERICAN DECISION HAS FOCUSED ON FIVE SPECIFICS:

--THAT THERE IS NO EVIDENCE TO SUSTAIN THE JUDGMENT

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THAT WALDHEIM DID ANYTHING WRONG OR ANYTHING DIFFERENT THAN OTHERS IN THE WEHRMACHT.

--THAT OUR DECISION REALLY IS A LEGAL JUDGMENT AND THAT WALDHEIM WAS ACCUSED AND SENTENCED WITHOUT BENEFIT OF DUE PROCESS.

--THAT THE DECISION WAS POLITICAL, AND TAINTED BY INFLUENCE FROM THE JEWISH LOBBY IN THE U.S.

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--THAT IT WAS GRATUITOUS BECAUSE WALDHEIM HAD NO INTENTION OF TRAVELING TO THE U.S., AND IS TANTAMOUNT TO AN AMERICAN INTERVENTION IN AUSTRIAN AFFAIRS.

--THAT IT IS NONSENSE TO DISTINGUISH BETWEEN WALDHEIM AS AN INDIVIDUAL AND WALDHEIM AS AUSTRIA'S PRESIDENT. THUS, THE AMERICAN DECISION CONDEMNS AUSTRIA AS A NATION AND DAMAGES IT INTERNATIONALLY.

8. WALDHEIM TODAY:

SINCE APRIL 27, WALDHEIM'S ROLE AND THE POSITION HE HAS TAKEN HAS BEEN ONE OF OUTRAGED INNOCENCE. MORE GENERALLY, WALDHEIM HAS ENCOURAGED AUSTRIAN REACTION RATHER THAN RAPPROCHEMENT. JUST LAST WEEK, HE ADDRESSED THE AUSTRIAN KAMERADSCHAFTSBUND (VETERANS ASSOCIATION) AND TOOK THE POSITION THAT THE WEHRMACHT KNEW NOTHING OF NAZI ATROCITIES. HE HAS CONTRIVED TO REINFORCE THE IMPULSE TO MAKE HIS PERSONAL DILEMMA INTO A NATIONAL ISSUE, AND HAS SUCCEEDED. HIS POSITION WITH THE GOVERNMENT HAS BEEN THAT IT SHOULD SUPPORT HIM IN RESISTING THE AMERICAN SLUR. HE HAS GAINED THAT GOVERNMENTAL SUPPORT FOR HIS "WHITE PAPER," AND BEEN PROMOTED INTERNATIONALLY BY FM MOCK.

9. ALBEIT WALDHEIM HAS GROWN MORE RECLUSIVE AND MORE SENSITIVE TO CHARGES AGAINST HIM, HE SHOWS NO SIGNS OF WILLINGNESS TO DEAL WITH HIS PROBLEM CONSTRUCTIVELY. HE WILL NOT RESIGN AND INTENDS TO REMAIN FOR THE TERM OF HIS OFFICE. WALDHEIM ALSO SEEMS TO BE A SPOILER AS THE GOVERNMENT ATTEMPTS TO MANAGE THE SITUATION. HE HAS TENACIOUSLY RESISTED ANY GOVERNMENT EFFORTS TO DRAW DISTINCTION BETWEEN ITSELF AND THE AUSTRIAN PEOPLE ON THE ONE HAND, AND THE PERSON OF THE AUSTRIAN PRESIDENT ON THE OTHER. AND HE WILL NOT PERMIT THE

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SITUATION TO QUIETLY RECEDE.

10. THIS IS PARTICULARLY TROUBLESOME FOR AUSTRIA'S INTERNATIONAL IMAGE. WITH MOCK'S ASSISTANCE, WALDHEIM IS PURSUING WHATEVER INTERNATIONAL EXPOSURE HE CAN GAIN. HE WANTS LEGITIMACY--AND BELIEVES HE CAN FIND IT THROUGH STATE VISITS. THUS FAR--WITH THE EXCEPTION OF THE VATICAN--THE LIST OF INVITATIONS (JORDAN, PAKISTAN, UGANDA, LIBYA, ETC.) HAS DONE MORE TO REINFORCE HIS PARIADOM THAN ESTABLISH HIS ACCEPTANCE. WESTERN EUROPEAN COUNTRIES HAVE BEEN NOTICEABLY RESISTANT TO ACCORDING HIM THE RESPECT AND RECOGNITION HE SEEKS. BELGIUM, FOR EXAMPLE, REFUSED TO PERMIT WALDHEIM TO OPEN AUSTRIA'S "EUROPALIA" EXHIBIT IN BRUSSELS--ALTHOUGH PREVIOUS HEADS OF STATE HAD BEEN INVITED FOR SIMILAR EVENTS. MOCK IS NOW REPORTEDLY WORKING ON THE WEST GERMANS AS THE WEAKEST CHINK IN WESTERN EUROPE'S ARMOR OF RESISTANCE. HE HAS A CHANCE FOR SUCCESS, ONE WHICH MAY BENEFIT WALDHEIM BUT WOULD BE COSTLY TO U.S.-FRG RELATIONS AS WELL AS TO THOSE WITH AUSTRIA.

11. THE AUSTRIAN GOVERNMENT:

NOWHERE ARE THE DIVISIONS IN AUSTRIA OVER WALDHEIM MORE EVIDENT THAN WITHIN THE GOVERNMENT. BUT POLITICAL CONCERNS HAVE PRODUCED THE APPEARANCE OF UNITY IN CONTRAST TO THE REALITY OF AMBIVALENCE AND INTERNAL DIVISION. THE COMMON DENOMINATOR UNIFYING THE TWO COALITION PARTNERS (SOCIALISTS AND PEOPLE'S PARTY) GOES SOMETHING LIKE THIS: WE SUPPORT AND RECOGNIZE WALDHEIM AS THE DEMOCRATICALLY ELECTED PRESIDENT OF AUSTRIA AND INSIST THAT HIS LEGITIMACY BE ACCEPTED BY ALL STATES. THERE WILL BE NO REQUEST FOR HIS RESIGNATION, OR MOVES TO LIMIT HIS FUNCTIONS AS PRESIDENT. BEYOND, THERE IS A DEEP FRACTURE LINE RUNNING BETWEEN THE SOCIALISTS AND THE PEOPLE'S PARTY, AND SMALLER BUT NONETHELESS EMOTIONAL DIVISIONS WITHIN EACH PARTY OVER WALDHEIM.

12. THE SOCIALISTS:

THE SOCIALISTS HAVE BEEN LARGELY IMPOTENT IN MANAGING THE WALDHEIM ISSUE, CAUGHT BY INTERNAL DIVISIONS, TRAPPED BY COALITION POLITICS, AND FEARFUL OF PUBLIC OPINION. VRANITZKY, AS EVIDENCED BY HIS PROCEEDING-- UNDER PRESSURE--WITH HIS MAY VISIT TO THE U.S., HAS NOT ALLOWED THE WALDHEIM ISSUE TO DOMINATE MORE IMPORTANT BILATERAL CONSIDERATIONS. NOR HAS HE BEEN A NOTABLE DEFENDER OF WALDHEIM. AT THE SAME TIME, HE HAS BEEN

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SUBDUED BY STRONG PUBLIC SENTIMENT FOR WALDHEIM AND HAS ADOPTED SILENCE AS A POLITICAL TECHNIQUE. HE HAS BEEN LARGELY POWERLESS TO CONTROL THE WALDHEIM ISSUE. ON THE ONE SIDE, HE FEELS THE VIRULENCE OF PUBLIC OPINION AND THE STRIDENCY OF THE CONSERVATIVE PEOPLE'S PARTY'S PRESSURE. ON THE OTHER, HE CONFRONTS THE NEED TO MAINTAIN AUSTRIA'S IMAGE ABROAD AND GOOD RELATIONS WITH THE U.S. WHAT IS MOST TROUBLESOME TO HIM IS THAT HE MUST MUTE HIS OWN PRINCIPLES, AND THOSE OF HIS PARTY, WHICH STAND OPPOSED TO WALDHEIM AND THE COUNTRY'S NAZI LEGACY.

13. TIME AND AGAIN MAJOR SOCIALIST PERSONALITIES (LIKE HEINZ FISCHER, PARLIAMENTARY FLOOR LEADER) AND MAJOR SEGMENTS OF THE SOCIALIST PARTY (LIKE THEIR VIENNA CHAPTER AND YOUTH GROUPS) HAVE PUBLICLY DISASSOCIATED THEMSELVES FROM WALDHEIM AND HAVE CALLED FOR HIS RESIGNATION. THIS IS A STRONGLY FELT ISSUE WITHIN AN IMPORTANT SEGMENT OF THE SOCIALIST PARTY, DAMAGING TO ITS COHERENCE. VRANITZKY, WHOSE BASIC INTEREST IS IN MAINTAINING THE COALITION, HAS ESCHEWED CONFLICT WITH MOCK BY ENSURING THE LOYALTY OF THE SOCIALISTS IN THE FACE OF STRIDENT CRITICISM.

14. PEOPLE'S PARTY:

PEOPLE'S PARTY LEADER, VICE-CHANCELLOR AND FOREIGN MINISTER MOCK IS OBSESSED WITH WALDHEIM. HE WOULD, IN ANY EVENT, AS FOREIGN MINISTER, BEAR THE PRIMARY GOVERNMENTAL RESPONSIBILITY FOR DEFENSE OF WALDHEIM ABROAD. BUT MOCK'S SUPPORT OF WALDHEIM GOES BEYOND HIS DUTIES AND EXPECTATIONS--EVEN BY MANY WITHIN HIS OWN PARTY. IT HAS ASSUMED A CERTAIN RELIGIOSITY. WHILE THE SOCIALISTS WOULD PREFER THAT WALDHEIM SINK INTO COMFORTABLE OBSCURITY, MOCK IS HEADING IN THE OTHER DIRECTION, PUSHING HIM ONTO THE WORLD STAGE. SOMEHOW MOCK HAS BEEN DEAF TO THE CATCALLS. DURING THIS PAST SEPTEMBER'S AMBASSADORIAL MEETING IN VIENNA, MOCK WAS TOLD OVER AND OVER AGAIN BY HIS AMBASSADORS THAT WALDHEIM WAS AUSTRIA'S ALBATROSS. THE CHANGE FROM THE PREVIOUS YEAR'S CONCLAVE WAS REMARKABLE. WHERE THE AMBASSADORS BEFORE HAD EXPRESSED VARYING OPINIONS ON THE WALDHEIM EFFECT, AND HOPED THAT THE ISSUE WOULD GO AWAY, THIS YEAR'S SESSION WAS MARKED BY COLD REALITY.

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MOCK HAS BEEN UNABLE TO COME TO TERMS WITH THAT REALITY AND HAS BUILT A POLICY BASED ON WISHFUL THINKING THAT HE CAN SAVE WALDHEIM'S SINKING SHIP.

15. GIVEN MOCK'S POSITION AS FOREIGN MINISTER, AND VRANITZKY'S RELUCTANCE TO BECOME INVOLVED IN THE WALDHEIM ISSUE BEYOND THE PRO FORMA, IT IS MOCK WHO IS CALLING THE WALDHEIM TUNE. AS LONG AS HE RETAINS HIS PRESENT OFFICES, THERE IS LITTLE LIKELIHOOD OF CHANGING AUSTRIA'S MANAGEMENT OF THE WALDHEIM ISSUE. THAT BEING SAID, MOCK IS STILL REALIST ENOUGH TO ADOPT A HEALTHY SCHIZOPHRENIA AND NOT LET WALDHEIM INTERFERE WITH THE BREAD AND BUTTER OF GOOD BILATERAL AUSTRIAN-U.S. RELATIONS IN OTHER AREAS.

III. U.S. POLICY AND RECOMMENDATION

1. U.S. POLICY: WE HAVE TRIED TO SYNTHESIZE THE DILEMMA OF SIMULTANEOUSLY EXPRESSING FRIENDSHIP FOR AUSTRIA AND STRONG RESERVATIONS OVER WALDHEIM. THE POLICY WHICH WE HAVE DERIVED TO SQUARE THIS CIRCLE HAS THREE FUNDAMENTAL PRINCIPLES:

- SEPARATION OF THE WALDHEIM ISSUE FROM THE REST OF OUR BILATERAL RELATIONSHIP. WE HAVE ON ANY NUMBER OF OCCASIONS, MOST RECENTLY IN THE SHULTZ-MOCK CONVERSATIONS, AGREED THAT WE CANNOT RECONCILE OUR DIFFERENCES ON WALDHEIM.
- STRICT DIPLOMATIC CORRECTNESS IN RELATING TO WALDHEIM WHEN HE ACTS IN HIS CAPACITY AS PRESIDENT.
- EXCLUSION OF WALDHEIM AS A PERSON BY AVOIDANCE OF NON-DIPLOMATIC CONTACT AND ESTABLISHMENT OF A PRIVATE RELATIONSHIP WITH HIM.

2. THAT POLICY HAS SUCCESSFULLY PRESERVED OUR
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POLITICAL CUM ETHICAL POSITION ON WALDHEIM WITHOUT ENDANGERING OUR BILATERAL RELATIONSHIP. IN FACT, OVER THE WALDHEIM PERIOD THAT RELATIONSHIP HAS

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FLOURISHED. PARADOXICALLY, BECAUSE OF WALDHEIM, AND AT THE INSPIRATION OF THE EMBASSY, THE U.S. HAS GIVEN AUSTRIA MORE INTENSE ATTENTION THAN EVER BEFORE TO UNDERSCORE THE DIFFERENCE THAT WE DRAW BETWEEN WALDHEIM AND AUSTRIA. THE LEVEL AND NUMBER OF VISITS BETWEEN THE TWO COUNTRIES, THE EXPRESSION OF CONCERN AND INTEREST IN THE INDIVIDUAL ISSUES WHICH CONSTITUTE OUR RELATIONSHIP--SUCH AS TECH TRANSFER AND TERRORISM--HAS NEVER BEEN GREATER. THE CANDID TRUTH IS, THAT ALTHOUGH MUCH HAS BEEN SAID ABOUT HOW WALDHEIM HAS DISTURBED OUR BILATERAL RELATIONSHIP, THAT RELATIONSHIP IS INTACT AND FLOURISHING. WHAT HAS BEEN DISTURBED, HOWEVER, ARE THE LESS TANGIBLE FEATURES OF OUR FRIENDSHIP: THE SENSE OF TRUST AND COMFORT. IN THIS RESPECT, THE U.S. AMBASSADOR HAS HAD TO BEAR THE BRUNT OF AUSTRIAN ANGER. HE IS SEEN AS BOTH SYMBOL OF AMERICAN OBDURANCE ON WALDHEIM AND AN OPPORTUNITY TO CHANGE AMERICA'S REJECTION OF THEIR PRESIDENT. AUSTRIA IS IN THE INTERNATIONAL PUBLIC RELATIONS GAME, AND THE AMERICAN AMBASSADOR HAS BECOME A KEY PLAYER AS AUSTRIA STRIVES TO REVERSE THE DAMAGE WALDHEIM HAS DONE TO ITS INTERNATIONAL IMAGE.

3. THUS, THE AMBASSADOR'S ROLE AT THIS TIME IS OF SPECIAL SENSITIVITY. HE MUST BE TRUE TO THE SUBSTANCE AND INTENT OF AMERICAN POLICY IN A MANNER WHICH ENGENDERS RESPECT--DESPITE DISAGREEMENT HERE--FOR OUR PURPOSES BY:

- SUPPORTING U.S. WATCH LIST DECISION AS CORRECT AND JUSTIFIED;
- SUPPORTING ATTEMPTS TO DEAL WITH THE WALDHEIM ISSUE AS IT AFFECTS AMERICAN CITIZENS TODAY: SUCH AS IN REGARD TO THE ISSUES OF ANTI-SEMITISM, RESTITUTION OF PENSION RIGHTS OF HOLOCAUST VICTIMS, RETURN OF NAZI-SEIZED ART, ETC.

4. AS WE HAVE PREVIOUSLY SUGGESTED, AUSTRIANS WILL WANT TO USE AMBASSADOR GRUNWALD'S ARRIVAL AS THE BEGINNING OF A NEW CHAPTER ON THE WALDHEIM ISSUE, ONE WHICH IMPLIES OUR ACCEPTANCE OF WALDHEIM. WHILE WE DO NOT WANT TO HAVE A PUBLIC CONTRETEMP OVER WALDHEIM, IT IS IMPORTANT THAT AMBASSADOR GRUNWALD STRICTLY MAINTAIN IN PUBLIC THE POLICY LINES WHICH WE HAVE DRAWN AND, IF ASKED, THE REASONS FOR THEM.

5. RECOMMENDATIONS:

(A) THERE WILL BE INTENSE PRESS INTEREST IN AMBASSADOR GRUNWALD, BOTH UPON HIS ARRIVAL AND CERTAINLY

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AFTER PRESENTATION OF CREDENTIALS. THE PRESS WILL WANT TO KNOW WHETHER THE ACT OF PRESENTING CREDENTIALS HAS CHANGED OUR POLICY OR ATTITUDE TOWARD WALDHEIM. WITHOUT GOING INTO THE WALDHEIM ISSUE, WE SHOULD BE PREPARED TO SAY THAT THE U.S. HAS ALWAYS DISTINGUISHED BETWEEN WALDHEIM AS A PERSON AND THE OFFICE OF THE PRESIDENT OF AUSTRIA. PRESENTATION OF CREDENTIALS WAS TO THE PRESIDENT OF AUSTRIA. OUR POLICY TOWARDS WALDHEIM AS A PERSON REMAINS UNCHANGED.

(B) GIVEN OUR EXPERIENCE HERE, IT IS LIKELY THAT AT SOME POINT BOTH MOCK AND VRANITZKY WILL WANT TO HEAR AMBASSADOR GRUNWALD'S OPINION OF THE WALDHEIM ISSUE AND PREPARATIONS FOR THE 50TH ANNIVERSARY OF ANSCHLUSS AND KRISTALLNACHT. WE BELIEVE THAT, GIVEN THE FACT THAT AMERICAN CITIZENS ARE AFFECTED BY SUCH ISSUES AS THE RESTITUTION OF PENSION RIGHTS, RECOGNITION OF PERSONAL AND CULTURAL DAMAGE, AND THE QUESTION OF ANTI-SEMITISM AT LARGE, AMBASSADOR GRUNWALD CAN, AS THE AMERICAN AMBASSADOR, SPEAK TO THESE ISSUES IN PRIVATE DISCUSSIONS WITH SENIOR AUSTRIAN OFFICIALS.

(C) BEYOND THE U.S. GOVERNMENT'S STANCE, THE GOVERNMENT OF AUSTRIA AND PRIVATE AMERICAN ORGANIZATIONS ARE STRONGLY INTERESTED IN FINDING A COMMON GROUND ON WHICH TO RESOLVE THE WALDHEIM ISSUE. THE AUSTRIAN GOVERNMENT NEEDS THOSE ORGANIZATIONS (AND THE USG) TO REHABILITATE THE AUSTRIAN IMAGE INTERNATIONALLY. THE AMERICAN ORGANIZATIONS WANT THE AUSTRIAN GOVERNMENT TO ADOPT POLICIES TO ADDRESS THE WALDHEIM ISSUE IN ITS
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LARGEST SENSE. THE U.S. GOVERNMENT HAS AN INTEREST IN THE SUCCESS OF BOTH THE GOA AND U.S. PRIVATE ORGANIZATIONS. WE SHOULD, THEREFORE, FACILITATE CONTACT AND ASSIST LEGITIMATE PRIVATE U.S. ORGANIZATIONS IN THEIR EFFORTS WITH THE GOA.

6. TO SUM UP: TO SAY THAT THE WALDHEIM ISSUE IS A DIFFICULT ONE IS AN UNDERSTATEMENT. WHAT IS AT ISSUE, IS HOW WE CONTINUE TO SUPPORT THE WATCH LIST DECISION, AN ACT BASED ON LAW AND ETHICAL CONSIDERATION, IN A MANNER WHICH MINIMIZES THE DAMAGE TO THE REGARD WE HAVE FOR ONE ANOTHER. THE WALDHEIM ISSUE IS NOT A CONVENTIONAL

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ONE AND CANNOT BE HANDLED BY RELIANCE ON A SET OF CONVENTIONAL GUIDELINES. WE ARE, AS WELL, NOT TOTALLY IN CONTROL OF THE DYNAMICS OF THE WALDHEIM ISSUE, PARTICULARLY IN THE FACE OF THE PLANNED 1988 COMMEMORATIVE EVENTS WHICH BEAR DIRECTLY ON AUSTRIAN HISTORY FROM 1938-1945. FINALLY, THE AMBASSADOR WILL HAVE TO RELY ON HIS OWN PERSPECTIVES, POLITICAL SENSE AND PRINCIPLE TO RENDER TO BOTH THE AUSTRIANS AND OUR OWN NATION THEIR DUE.
LAUDER

ADMIN
END OF MESSAGE

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