German-Yugoslav relations 1934-1941

Dan Duke Borozan

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GERMAN-YUGOSLAV RELATIONS, 1934-1941

by

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Montana State University

Presented in partial fulfillment of the requirements for the degree of
MASTER OF ARTS

Montana State University
1960

Approved by:

Chairman

Dean, Graduate School

DEC 16 1960
PREFACE

In 1941 when Yugoslavia's anti-German factions repudiated Berlin's control over Belgrade, Nazi Germany, within a period of two weeks, invaded, occupied and, finally, partitioned Yugoslavia. Yugoslavia's resistance was feeble and short-lived. She was encircled by Germany and the Axis allies, her economy was controlled by the Axis nations, her former alliances were disrupted, and fifth-column conspirators continuously thwarted any anti-German action. How did Yugoslavia place herself in this tragic position? The answer lies in the skillful economic and political penetration of the Third Reich into the South Slav nation. It is the purpose of this paper to illustrate how Nazi Germany accomplished such complete exploitation with her insidious economic and political warfare during the years of 1934 to 1941.

The foremost primary source consisted of the man volumes of Documents on German Foreign Policy, 1918-1945. Other primary references were Nazi Conspiracy and Aggression, the Memoirs of Winston Churchill, Peter II of Yugoslavia, the Ciano Diaries, and Ciano's Diplomatic Papers. The New York Times has also been extensively consulted for the early months of 1941. Background material was acquired mainly from numerous secondary sources.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preface</td>
<td>iii</td>
</tr>
<tr>
<td>I.  THE FORMATIVE YEARS</td>
<td>1</td>
</tr>
<tr>
<td>II.  THE UNRELIABLE NEUTRAL</td>
<td>32</td>
</tr>
<tr>
<td>III. THE PRICE OF DEFIANCE</td>
<td>63</td>
</tr>
<tr>
<td>IV.  CONCLUSION</td>
<td>92</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>96</td>
</tr>
<tr>
<td>TABLES</td>
<td>v</td>
</tr>
<tr>
<td>ILLUSTRATIONS</td>
<td>vi</td>
</tr>
</tbody>
</table>
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Yugoslav Trade with Selected Countries, 1931-1939</td>
<td>4</td>
</tr>
<tr>
<td>2. Yugoslav Trade with Italy, France, Great Britain and Germany, 1933-1937</td>
<td>11</td>
</tr>
</tbody>
</table>
# LIST OF ILLUSTRATIONS

<table>
<thead>
<tr>
<th>Figure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Location of Italian Troops in Albania</td>
<td>84</td>
</tr>
</tbody>
</table>
Chapter 1

THE FORMATIVE YEARS

Following World War I, Yugoslavia, along with Rumania and Czechoslovakia, emerged as Succession States acquiring territory from the Austrian-Hungarian Empire and Bulgaria. By the Treaty of Trianon, Yugoslavia (Serbia) was enlarged through the acquisition of twenty thousand hundred and five square kilometers of Hungary's territory and over one million in population. From Bulgaria, by the Treaty of Neuilly, Yugoslavia obtained four strategic salients totalling nine-hundred and seventy-five square miles and containing a population of one-hundred thousand.

The new territorial dimensions caused fear of revanche and irredentism by Hungary and Bulgaria to hover over the newly formed South Slav state. Precautionary measures had to be taken to preserve the recently acquired possessions. Thus, in 1920, Yugoslavia and Czechoslovakia signed a defensive pact in which the two states agreed to assist one another in the event of an unprovoked attack upon either

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of them by Hungary. A year later, Czechoslovakia and Rumania concluded a similar agreement in regard to Hungary. Then, in 1922, Yugoslavia and Rumania signed a pact which was not only to maintain the Treaty of Trianon, but also the Treaty of Neuilly. The parties were to assist one another in the event of an unprovoked attack upon either of them by Hungary or Bulgaria. The Yugoslav-Rumanian pact thus concluded the bilateral agreements between Yugoslavia, Czechoslovakia and Rumania. The three now formed the Little Entente which was composed, as has been stated, of three bilateral agreements and thus was not a unitary alliance system.

On May 21, 1929, the Little Entente members agreed to the automatic renewal of the Three Power Pact. Also, the three states agreed to adjust all disputes according to the model treaty of arbitration and conciliation adopted by the League of Nations in 1928. In February 1933, they decided to act as a "unified international organ". Furthermore, a new constitution was adopted. A Permanent Council was created, which was to meet at least three times a year. Also, a Permanent Secretariat was set up which would function permanently in the League of Nations. To alleviate economic

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problems, an Economic Council was established.\(^4\) Yugoslavia, as well as her allies, was in dire need of economic support. Yet the Little Entente members failed to advance any solution to the economic crisis, probably its major fault.

The Little Entente, in years to come, proved to be deficient in two ways: First, trade relations between the three nations were practically non-existent, creating a scarcity of markets among themselves. Ironically, this inadequacy forced Yugoslavia to trade largely with Italy, her political adversary. Soon Germany appeared on the scene, penetrating and almost controlling Southeastern Europe and Yugoslavia's trade. Second, it was a regional pact, concerned only with Hungary and Bulgaria. Italy and Germany had been excluded and had since proved themselves to be aggressively interested in the Balkan area.

In 1934, the Balkan Entente was established, composed of Yugoslavia, Greece, Rumania and Turkey. Its main object was to guarantee the security of the Balkan frontiers against the aggression of a Balkan state. It was merely a defensive instrument designed to maintain the territorial status quo which was considered final by the contracting parties. But it too had deficiencies similar to those of the Little Entente.

Yugoslavia's limited markets in the Balkans, as well as in the West, is well illustrated by the relative distribution of Yugoslav trade with selected countries, 1931-1939.

<table>
<thead>
<tr>
<th>Country</th>
<th>1931-1935 Export to</th>
<th>1936-1939 Export to</th>
<th>Average Export to</th>
<th>1931-1935 Import from</th>
<th>1936-1939 Import from</th>
<th>Average Import from</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>2.4</td>
<td>4.5</td>
<td>2.3</td>
<td>2.3</td>
<td>2.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Great Britain</td>
<td>3.3</td>
<td>8.6</td>
<td>3.4</td>
<td>7.5</td>
<td>5.9</td>
<td>8.05</td>
</tr>
<tr>
<td>Italy</td>
<td>21.4</td>
<td>12.9</td>
<td>7.4</td>
<td>7.8</td>
<td>14.6</td>
<td>10.3</td>
</tr>
<tr>
<td>Germany</td>
<td>14.1</td>
<td>16.0</td>
<td>28.3</td>
<td>34.8</td>
<td>21.2</td>
<td>25.4</td>
</tr>
<tr>
<td>U. S. 9. R.</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>12.8</td>
<td>14.3</td>
<td>10.6</td>
<td>10.9</td>
<td>11.7</td>
<td>12.6</td>
</tr>
<tr>
<td>Rumania</td>
<td>0.6</td>
<td>2.2</td>
<td>0.9</td>
<td>2.1</td>
<td>0.75</td>
<td>2.7</td>
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<tr>
<td>Bulgaria</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.15</td>
<td>0.15</td>
</tr>
<tr>
<td>Austria</td>
<td>17.9</td>
<td>13.8</td>
<td>11.4</td>
<td>9.2</td>
<td>14.6</td>
<td>11.5</td>
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<tr>
<td>Hungary</td>
<td>4.5</td>
<td>4.0</td>
<td>4.2</td>
<td>3.6</td>
<td>4.35</td>
<td>3.7</td>
</tr>
<tr>
<td>Greece</td>
<td>4.2</td>
<td>1.3</td>
<td>3.4</td>
<td>1.5</td>
<td>3.8</td>
<td>1.4</td>
</tr>
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<td>Turkey</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
<td>0.15</td>
<td>0.1</td>
</tr>
<tr>
<td>Albania</td>
<td>0.3</td>
<td>0.0</td>
<td>0.5</td>
<td>0.0</td>
<td>0.4</td>
<td>0.0</td>
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<tr>
<td>Poland</td>
<td>1.4</td>
<td>1.7</td>
<td>1.1</td>
<td>1.0</td>
<td>1.25</td>
<td>1.35</td>
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<tr>
<td>United States</td>
<td>2.7</td>
<td>5.5</td>
<td>4.9</td>
<td>5.9</td>
<td>3.9</td>
<td>5.6</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>85.9</strong></td>
<td><strong>83.9</strong></td>
<td><strong>84.2</strong></td>
<td><strong>86.8</strong></td>
<td><strong>85.5</strong></td>
<td><strong>85.9</strong></td>
</tr>
</tbody>
</table>

of Yugoslavia's foreign trade with selected countries from 1931
to 1939, as the table on the preceding page reveals. Trade
with these countries averaged 84.5% of exports and 85.9% of
imports throughout the entire period. On the one hand,
taking the nine year average, Yugoslavia’s trade with her
four Balkan allies, Czechoslovakia, Rumania, Greece and Turk-
sey, amounted to only 16.4% of its total exports, and 16.8% of
its imports. Trade with her other two Balkan neighbors,
Bulgaria and Albania was almost negligible, totalling .7% in
both exports and imports. The reason for the small amount
of trade among the Balkan neighbors lies in their similar
economic structure. Yugoslavia and the other Balkan nations
were mainly agricultural except Czechoslovakia, which was semi-
aricultural and semi-industrial. Yugoslavia thus hoped she
would find a market for her agricultural products in exchange
for Czechoslovakia’s industrial commodities. However, Czecho-
slovakia was the more self-sufficient of the two countries and
failed to become a major market for Yugoslavia.

Amongst the great powers, Yugoslavia’s exports to France
accounted for only 2.6% of her total exports and 3.4% of
her imports. Great Britain was in fifth place both in ex-
ports and imports, with 5.9% and 8.05% respectively. The
United States ranked seventh in exports and sixth in imports
with 5.6%. The small amount of trade with the latter

5 Joso Tomasevich, “Foreign Economic Relations 1918-
three nations was due to transportation difficulties and the inferior quality of Yugoslav goods. Owing to the absence of diplomatic relations with Soviet Russia until late 1939, virtually no trade relations existed between the two countries.

Trade with Austria, Italy and Germany, on the other hand, accounted for 50.2% of Yugoslavia’s total exports and 47.2% of total imports. The reasons for the extensive exchange of goods with these three countries lies in the fact that Yugoslavia’s economy complemented their economies and that communications were favorable. The Danube River line for the Austrian and German trade and the Adriatic Sea route for the Italian trade provided cheap means of transportation, which was of special importance for Yugoslavia, because of the bulky nature of its main exports (timber, ores, grains, and livestock). Nevertheless, the fact that the Balkan and Western nations did not trade with Yugoslavia, forced Yugoslavia to increase her trade with Italy, Austria, and primarily Germany, whose new leader was Adolf Hitler.

Hitler came to power in 1933. While he assured the world that he stood for peace, he was planning to rebuild Germany’s economic strength for future conquests. Hitler needed resources and raw materials to carry out his plans,

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6 Ibid. p. 170. 7 Ibid. p. 171.
but Germany herself did not have an adequate supply. However, her Southeastern neighbors were wealthy in unexploited raw materials and had an abundance of agricultural products.

Germany first began to approach Yugoslavia in 1933. King Alexander suggested a provisional trade agreement with Germany at a time when Germany’s strategy to penetrate Rumania was faltering. Germany wanted to obtain a strong trading base within the economic sphere of the Little Entente. For years before Hitler, Germany attempted to gain a firm economic foothold in Rumania. However, these attempts failed because of firm resistance by Rumania’s leaders and the effort was made to strengthen Yugoslavia’s permanent interest in the German market. The time was ripe to move into Yugoslavia for, at the time, she harbored an intense hatred for Italy, her Adriatic foe, and mistrust of France, who was becoming friendly towards Italy. Yugoslavia felt abandoned, and a search for the support of a great power with whom no differences existed, such as Germany, had begun.

On March 9, 1934, Hitler conversed with Bulugdzic, the Yugoslav Minister. The latter stated that he desired to create better relations between Germany and Yugoslavia.

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9 Documents on German Foreign Policy. C. II. p. 170.
This could be done if Germany accommodated Yugoslavia in the field of commerce. He also added that Belgrade was striving for liberation from her ties with France. The Reich Chancellor, pleased with Yugoslavia's attitude toward France, replied that Germany was willing to buy Yugoslav products, but it must be understood that trade would be possible only to a limited extent and that Germany could sustain imports only in return for the purchase of German goods. A German economic commission resulted to study the situation from the conversations, thereby ushering in an era of improved Yugoslav-German relations.

In May 1934, a Trade Treaty between Germany and Yugoslavia was agreed upon, which, with implementations, regulated trade relations for the next six years. Yugoslavia granted most-favored-nation treatment to Germany for medical supplies and chemical export quotas, for wheat, corn, livestock, meat, prunes and timber. Since Germany had price controls for most of these products, the Yugoslav Chartered Corporation for the Export of Agricultural Products concluded special price agreements with various German control boards. Germany granted prices that were above those prevailing on the world market. Thereafter, the trade position was reviewed every six months by a standing German-Yugoslav

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10 Documents on German Foreign Policy. G. II. p. 577.
committee which adjusted export and import quotas, exchange rates, and payment procedures. 11

This agreement heralded the beginning of a period of greatly intensified trade relations between the two countries. There is little doubt that Yugoslavia was forced into the German economic orbit, namely, by its economic plight, the lack of trade with her Balkan allies, and the unwillingness of Great Britain and France to give effective economic support. 12 The German concessions sufficed to make the German markets indispensable to Yugoslavia's exports should the Treaty remain in force for a prolonged period. Under the German system of monopoly management it was possible to make substantial allowance for Yugoslavia's export interests in her most important products (plums, eggs, apples, wheat, maize and lard), and under the agreed rebate system which was tantamount to a disguised preference, Yugoslavia was assured of far-reaching export possibilities in the German market, which would have been virtually non-existent without this system. The objective desired by Germany for the exchange of goods was not to try and strike a balance, but rather aim at the largest trade surplus in Germany's favor. To further develop this in the future, government committees were established to provide a means of in-

11 Tomasevich, op. cit. p. 206.  12 Documents on German Foreign Policy. G. III. p. 54.
suring that in allocating quotas and concessions, the actions of the Yugoslav authorities should correspond to Germany's interests.\textsuperscript{13} From this time, Nazi Germany began to conduct a trade war on Yugoslavia, forcing an unaware Yugoslavia to depend more and more on Germany as her chief foreign market.

As Yugoslavia's economic plight continued to push her into the hands of Berlin, European political events likewise forced Yugoslavia in the same direction. In October, 1934, King Alexander, together with Barthou, the French Foreign Minister, was assassinated on French territory by a Macedonian terrorist. The tragic plot was directed by Count Ciano, the son-in-law of Mussolini, and Mussolini himself. The murderer was a member of the Croatian terrorist Ustashi organization, which operated from Hungarian soil. Yugoslavia cried for retribution, but action was not taken. France's new Foreign Minister, Pierre Laval, fearing that he would sever relations with Italy, whose friendship he was trying to win against a rising Germany, forced through a resolution in December 1934, to end debate on the question of the responsibility for the murder of King Alexander. He "compelled the Belgrade Government and the Queen herself to renounce with a broken heart—their plan of prosecuting the Yugoslav King's

\textsuperscript{13} \textit{Documents on German Foreign Policy}. C. III. p. 54.
assasins. Not only did Yugoslavia lose faith in France and the League of Nations, but more tragically, she had lost a leader who might have resisted the Axis aggression. Alexander had supported the Little Entente wholeheartedly, and his fateful visit to France was probably to strengthen relations between the two nations. Unfortunately, he was the last Yugoslav ruler who adhered to the Western camp.

Sensing the anti-French, Italian and Hungarian sentiment which Alexander’s murder created, Hitler wasted no time in sending his chief representative, General Goering, to pay Germany’s respect to the deceased King. This manifestation of German sympathy created a favorable impression in Yugoslavia. Germany, thereafter, avoided making demands on Yugoslavia which she could not comply with because of her internal difficulties at the moment. On the contrary, Germany confined herself to the expansion of economic and cultural relations with Yugoslavia, and, thus, hoped to reap a friendship from the hostility that had been sown during the tragic event.

The following year, Mussolini again threatened world


15 Documents on German Foreign Policy. C. III, p. 516.

16 Documents on German Foreign Policy. C. III, p. 519.
peace by conquering Ethiopia, a member of the League of Nations. The League verbally condemned Italy for her aggression, but went no further with the penalty than to proclaim Italy to be under economic sanctions. Yugoslavia adhered to the League's condemnation, but it only proved disastrous to the South Slav nation, leaving Yugoslavia without foreign markets. Before the sanctions, Italy was Yugoslavia's best customer. Yugoslavia had no place to turn, not even to her fellow members of the Little and Balkan Ententes. France, was unavailable, as well as the other great European powers. Hence, on the eve of the imposition of economic sanctions on Italy, in the Autumn of 1935, it was Yugoslavia's political adversary, and not her friends, that was her best customer. Consequently, a gap in Yugoslavia's exports was created by the loss of trade with Italy. In this situation, Germany, under the initiative of Dr. Hjalmar Schacht, Minister of Economic Affairs, took advantage of Yugoslavia's economic trade gap.

<table>
<thead>
<tr>
<th>Country</th>
<th>Average 1933-35</th>
<th>1936</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exports' Imports</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>to from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>2,731.6 461.5</td>
<td>137.2</td>
<td>161.7</td>
</tr>
<tr>
<td>France</td>
<td>62.8 153.1</td>
<td>86.2</td>
<td>101.3</td>
</tr>
<tr>
<td>Great Britain</td>
<td>161.1 328.4</td>
<td>431.7</td>
<td>346.9</td>
</tr>
<tr>
<td>Germany</td>
<td>696.6 491.5</td>
<td>1,039.6</td>
<td>1,087.6</td>
</tr>
</tbody>
</table>

and stepped into the breach. Before the sanctions, as illust-
rated on the preceding page, Italy was Yugoslavia's chief foreign market totalling 1,193.3 million dinars. France and Great Britain's combined total in exports and imports was 705.4 million dinars. Germany, at the time exported and imported 1,093.1 million dinars to Yugoslavia. However, following the sanctions in 1936, Germany replaced Italy as the chief market of Yugoslavia. Germany's trade increased to 2,127.2 million dinars, while Italian trade decreased to 138.9 million dinars. On the other hand, France and Great Britain's trade with Yugoslavia increased only 260.7 million dinars for a total of 966.1 million dinars.

Following the sanctions imposed on Fascist Italy, Yugoslavia could not have been in a more vulnerable position for the German economic penetration initiated by Germany's able economic minister. Dr. Schacht had taken five steps in his strategy of opening Yugoslavia for German trade and exploitation. First, Germany contracted a large debt. From 1933 onward Nazi Germany adopted a policy of buying the largest possible quantities of goods from Yugoslavia. These purchases, bought at a price about 30% higher than the world price, were not paid in cash. Instead, an exchange clearing

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agreement was established between Yugoslavia and Germany. In this way, foreign exchange, which was scarce, was not needed as payment for exports and imports between the two countries. When Germany bought goods from Yugoslavia, she did not need to buy dinars to pay the Yugoslav exporters. The latter would be paid out of the funds of the German clearing account kept by the Yugoslav authorities, into which the purchase price of all Yugoslav imports of German goods was paid in Yugoslav currency. The German exporter to Yugoslavia, on the other hand, was paid out of the sources of the Yugoslav clearing account kept by the Reichsbank, into which German importers of Yugoslav goods paid the purchase price in Reichsmarks.

However, Germany's exports lagged far behind her imports. Her sole intention was to buy as much as possible, leaving the problem of payment for the goods to be covered by her exports, which purposely were not enough to pay for Yugoslavia's imports. As a result, the funds accumulated on the German clearing account in Belgrade were not large enough to settle the claims of Yugoslav exporters to Germany. Yugoslavia reluctantly checked sales to Germany because until that time Germany had enjoyed an exceptionally good reputation for commercial integrity. By the time Yugoslavia discovered Germany's insidious commercial methods, it was too late; she had become a large creditor to a very
unreliable debtor. However, Berlin was satisfied with the results. She had succeeded in buying up large quantities of products without having to pay cash for them and without exporting her fair share of goods in exchange. Since, at that time, German industries were becoming increasingly preoccupied with rearmament, it was useful to be able to receive goods in excess of the amounts of her exports.

When Yugoslavia requested that the debts be liquidated, Germany then sent Yugoslavia unsalable products, and sold her salable products to other nations where she was assured of receiving cash. Thus, many times Yugoslavia was forced to buy, for example, aspirin, which she did not need nor could she sell them.

Realizing that Germany's large debt would not be cleared in the near future, Yugoslavia began to concentrate on preventing a further increase of the debit balance. Provisions that current imports and exports with Germany must balance each other were made in the new clearing agreements. However, Germany had devised a second injurious method by which she could further victimize Yugoslavia.

The new method consisted of reselling abroad the commodities bought from Yugoslavia, for example, Yugoslav timber. Timber was bought on the basis of the clearing agreements and, therefore, was not paid for in cash. Since Germany had an excess of Yugoslavia's timber, she was able
to resell it to countries which would pay cash. Consequently, the market for Yugoslavia's timber was spoiled. Yugoslavia's timber supply would accumulate forcing her to sell it to Germany, thus increasing Germany's debt as she continued to buy through the clearing account.

Germany knew that the latter method could not last indefinitely, hence she devised a third method by which she could hold on to her victim. This method consisted largely of offering her victim war material in exchange for her current exports, or in settlement of arrears. Yugoslavia, being a small and poor country, continuously threatened by Italy, endeavored to strengthen her national defences at all costs. Armaments were bought from Czechoslovakia and France, but cash was needed for payment. On the other hand, when Germany sold her armaments, cash was not needed. Of course, war materials sold to Yugoslavia were outmoded. Later, even an armament factory was established in Yugoslavia under German control. As new armaments were produced in Germany, the others became outmoded, thus, Germany would rather sell them than let them pile up in stock.

Germany's fourth step was to extend long-term credit allowing it to run from twelve to twenty-four months, in place of the usual three months. German firms, subsidized by the German Government, offered consumer goods such as bicycles at amazingly low prices made more attractive by
installment selling on a scale hitherto unprecedented in the Balkan states. As for capital goods, the German manufacturers again turned to a pre-war practice of outbidding their rivals in terms of credit, thereby acquiring most of Yugoslavia's trade, which usually would go to British and other firms.

Finally, the last method to monopolise Yugoslavia's trade and ultimately undermine her national economy, consisted of a deliberate overvaluation of Yugoslav commodities in terms of that country's currency. The ingenious scheme of seemingly underevaluating the German Reichsmark in transactions through the clearing agreement fixed a higher price on Yugoslavia's exportable surpluses than could be obtained at world market prices. Consequently, the exporter was eager to direct her trade into German channels.

On June 12, 1936, when Dr. Schacht was in Belgrade, the Yugoslav Minister of Finance, Jukan Levića, signed an ongoing in effect on June 25, which would restrict for Germany's benefit, Yugoslavia's trade with the Netherlands, Great Britain, the United States and other countries. In the months just preceding the agreement, there had been negotiations for a 160,000,000 dinar contract involving the renovation of the rolling-mills at an ironfoundry at Zenica, Bosnia, between Yugoslav land German firms. At
the end of March Belgrade reported that the steel firm of Krupp had been awarded a second contract, this time to manufacture materials for the construction of a bridge. German-Yugoslav trade negotiations, which had opened at Zagreb on March 17, culminated on April 1, in an agreement for clearing by means of increased imports from Germany. 

The cunning design of the Axis to envelop Yugoslavia in such a manner that she would become wholly dependent on Germany for economic livelihood appeared near completion; the outstanding claims held against Germany by Yugoslavian importers, amounted to 470,000,000 dinars. The effect of this can be expressed in the terms of a speech which the Yugoslav Prime Minister delivered before the representatives of the Krupp firm in Zenica. "Today," he said, "we are inaugurating a new economic policy." 

Economic control of Yugoslavia, however, was not the only aim pursued by the Axis. The long term goal of Germany's bloodless invasion was to secure Yugoslavia's political adherence to the Axis camp and, later, to establish a quisling government. The Germans realized that any Yugoslav ruler, who was pro-Nazi, but not directly an appointee from Berlin, was jeopardy of being overthrown because of

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20 Arnold J. Toynbee, op. cit., p. 530.
21 Ibid.
Yugoslavia's instability in domestic affairs. A new anti-Nazi government could be ushered into power. Thus, every increase of trade with Yugoslavia helped toward gaining political control.

The assassination of King Alexander introduced the pro-Axis policies of Prince Paul and Milan Stoyadinovich, acting Minister of State and Foreign Affairs. From the advent of Stoyadinovich to his downfall in February 1939, Yugoslavia fell deeper into the Axis camp, not only economically, but also politically, which, in turn, further affected Yugoslavia's economic status. When Stoyadinovich failed to accept proffered French and Little Entente support Germany took advantage of France's lack of unity with her Little Entente and made first Austria part of Greater Germany and, later, Czechoslovakia. Austria and Czechoslovakia's trade with Yugoslavia constituted approximately 25% of Yugoslavia's exports and imports, but following their inclusion in the Third Reich, their trade fell into Nazi hands.

Milan Stoyadinovich, Yugoslavia's former Minister of Finance, had been educated in Germany, but oddly enough, he was known to be pro-British, a reputation which originated during his years as the Belgrade correspondent for the London Economist. A great change in his policies accompanied his appointment to the Premiership. According to the observations of
Rumania's Foreign Minister:

Stoyadinovich had been deeply impressed by the failure of the Great Powers to punish the murderers of King Alexander. He was inclined by nature to believe that success could only be achieved by the use of force...To Stoyadinovich collective security was nothing but an empty phrase and he was convinced that international law could be flouted with impunity. 22

The causes for Stoyadinovich to revamp his policies and shun the West were provided chiefly by the weakness of the European countries, themselves. When Germany marched into the Rhineland and Italy attacked Ethiopia, the West not only failed to protect territorial acquisitions granted by the Treaty of Versailles but also rendered the security treaty of Locarno meaningless. In 1935, France virtually granted Italy a free hand in Ethiopia. While world attention focused upon Mussolini, Hitler rearmed and, unmolested, remilitarized the Rhineland, a strategic move isolating France from the Little Entente. At the same time, Hungary, the object of the Little Entente alliance, was leaning toward Berlin.

Fear was contagious. Stoyadinovich reversed his foreign policy. Convinced his country's future lay only with the Axis, he oriented her in that direction.

The first major step that Stoyadinovich took contrary to Yugoslavia's past foreign policy was to sign a separate Treaty of Perpetual Peace and Friendship with Bulgaria. By signing the pact without consulting Czechoslovakia and Ru-

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mania beforehand he violated and weakened the Little Entente agreement. The treaty was favored by Germany for it provided the opportunity to use Bulgaria as a means of weakening Yugoslavia's position in both Ententes.

Stoyadinovich did not stop with Bulgaria, however. More than any other country, Yugoslavia feared Italy's ambitions in the Balkans, especially after the Ethiopian affair. Yet the decision of the Balkan Conference of the Balkan Entente in May, 1936, eliminated any likelihood of aid for Yugoslavia in case of an Italian attack. Moreover, in October of the same year, Italy concluded with Germany the Rome-Berlin Axis. Hence, she was well known as friendly towards Nazi Germany.

On March 25, 1937, Yugoslavia and Italy came to an agreement. Both countries agreed not to attack each other, to remain neutral in case of unprovoked attack by a third power, and to consult on matters affecting their common interests. Italy made substantial concessions by extending to Yugoslavia the tariff preferences hitherto reserved for Austria and Hungary under the Rome Protocols and doubling the Yugoslav quota. In return, Yugoslavia recognized the Italian King as Emperor of the Ethiopian Empire, made a reciprocal pledge to prevent anti-Italian activities within its borders, agreed to increase

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imports of Italian goods, and promised to respect the existing frontiers of Albania.

In a conversation with Count Ciano, the Italian Foreign Minister, Stoyadinovich stated that "these agreements are no more than the first and most difficult step towards the alliance of the two countries, which I consider natural and inevitable for reasons of economic, political, and historical necessity". He told Ciano of his forthcoming negative reply to the French request that the Little Entente members conclude a military alliance which would aim at defending Czechoslovakia from German aggression. Stoyadinovich explains the reasons for this new policy:

"We have not received anything from France and are not receiving anything now. Economically, the value of the Little Entente to Yugoslavia is nil. Financially we have contracted debts with France, which we regularly pay at a usurious rate. Militarily, France together with Czechoslovakia, has been the principle source of arms. But the French Government has not presented us with a single free bayonet. What we have had we have paid for; just as we will pay Italy, in view of the fact that we in the future, to concentrate our orders for war materials in your country and Germany..."

Stoyadinovich continued to say that German-Yugoslav relations were excellent, much better than Yugoslav-French relations.

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26 Ibid. p. 99.
contrary to world opinion. He said Belgrade's collaboration with the Rome-Berlin Axis might be considered ensured for the further reason that the Axis represented an effective bulwark against the menace most feared by Yugoslavia, that of Communism. Ciano also recorded his impressions of Stoyadinovich:

"My talks with Stoyadinovich reflect his personality, which made a real, profound impression on me. Stoyadinovich is a Fascist. If he is not affirming this publicly or by party affiliation he is certainly one by his conception of authority, the State and of life." 27

However, Stoyadinovich could not and did not want to abandon the friendship with France completely because this alliance was deeply rooted in extensive circles-military and intellectual-of the Yugoslav people. Hence, when Stoyadinovich renewed the Treaty of Friendship with France in October 1937, the German Government did not interpret it as a strengthening of ties with Paris. Rather Berlin felt the contrary because of Stoyadinovich's past performances of successfully resisting the repeated urging of France and Czechoslovakia to conclude a treaty of alliance to develop the Little Entente into a general mutual system.

Meanwhile, Hitler was preparing for the Anschluss and absorption of Czechoslovakia. If Germany made Austria part

27 Ibid. p. 100.
28 Documents on German Foreign Policy, D. V. p. 216.
of Greater Germany, the latter would be on Yugoslavia's northern frontier. Many Yugoslav circles feared such Nazi proximity. It was stated in earlier years that if Germany made such an advance, Yugoslavia would go to war. However, on January 17, 1938, Stoyadinovich reversed this decision when he met and conversed with Hitler who assured Stoyadinovich that Germany had only economic interests in the Balkans and had political interests only insofar as she was interested in the political consolidation of the Balkans for economic reasons. Furthermore, Hitler stated that he did not desire an alliance with Yugoslavia, but rather a pact resembling the one with Italy. Moreover, Hitler promised Yugoslavia that if Austria became a part of Greater Germany, he, as Yugoslavia's neighbor, would make no territorial demands on Yugoslavia. In reply, Stoyadinovich assured Hitler that the Austrian question was for Yugoslavia, a purely domestic German question. This reply reiterated Stoyadinovich's stated view on Austria to Ciano as early as March 26, 1937, in which, Stoyadinovich said he considered the Anschluss inevitable, that Austria, as things were, had neither the moral nor material conditions for living. However, his policy at that time was to delay it as long as possible by methods calculated not to provoke

29 Documents on German Foreign Policy, V. D., pp. 222-29.
30 Ciano's Diplomatic Papers, p. 100.
a conflict or even friction with Germany.

During the conversation of January 17, 1938, Hitler began the diplomatic groundwork for Czechoslovakia's fate. Hitler hoped to develop a bilateral agreement between Hungary and Yugoslavia in order to weaken the Little Entente and isolate Czechoslovakia. He made it clear that Germany desired a Hungarian-Yugoslav friendship policy. "Given that the Little Entente cannot be broke up," he said, "it is indispensable that every effort be made to weaken her interrelations." This had to be done before Germany could move militarily in Europe. It was vital to Hitler that an eventual concerted action of the Little Entente be precluded, and thus the position of Yugoslavia assumed great importance.

Hungary previously stated that she was willing to renounce her territorial claims in Yugoslavia if Belgrade would grant 'cultural autonomy to the Magyar minority there. Hitler suggested that Yugoslavia accept the Hungarian proposal, but Stoyadinovich answered Hitler with reservations. What he did with respect to Hungary he had to do within the framework of the Little Entente. He had opposed any extension of the Little Entente in a general mutual assistance pact, but the Hungarian question was the core of the alliance of the Little Entente.

Stoyadinovich left Hitler with the impression that Yugoslavia probably would not fight to aid the Czechs. But there was no talk yet of a Hungarian-Yugoslav treaty, and neither was there an answer to the question of what Yugoslavia would do if and when Germany went to war. After Stoyadinovich departed from Berlin, German counter-intelligence intercepted a telegram which he sent to Paris, calming French rancor and assuring France that he "would still fight with France."\(^{32}\) Nevertheless, Count Csaky, Chief of Cabinet in the Hungarian Foreign Office, envisaging war, suggested that Berlin take all efforts to bring about a commitment by Belgrade, thus assuring Yugoslav neutrality in case of an Hungarian attack on Czechoslovakia.\(^{33}\)

In March, 1936, Hitler completed the Anschluss. Greater Germany now became the northern neighbor of Yugoslavia. Public opinion throughout Yugoslavia was aroused against the proximity of Germany. At the same time certain minorities in Slovenia disseminated anti-Yugoslav propaganda and cried for union with Germany, but it was soon recognized that the German Government was in no way connected with this activity.\(^{34}\) But Stoyadinovich, himself, was not disturbed by this momentous event. On the contrary, for on his last journey to Berlin,

\(^{32}\) Ibid. p. 105.  \(^{33}\) Ibid.  
\(^{34}\) Documents on German Foreign Policy, D. V. p. 529.
he had the pleasure of hearing the Fuhrer repeat that he considered Germany's frontiers with Yugoslavia as "sacred". 35

On March 14, Stoyadinovich congratulated Hitler on his success and he refused a suggested meeting of the Little Entente, publicly declaring that Yugoslavia was not concerned with Austrian events. 36

According to the Prime Minister, the Anschluss could strengthen Yugoslavia internally. For now the Croats must realize their dangerous position on Greater Germany's frontier. In order to have security, internal consolidation and accord were necessary. The opposition party thought differently, however, and were critical of his policy. They were against the German annexation of Austria and said it would not have been possible if Yugoslavia remained faithful to the Little Entente, to the Balkan bloc, to friendship with France, and if Yugoslavia had not drawn closer to the Rome-Berlin Axis. 37

Although there was no noticeable disturbance in Yugoslav political life, the Anschluss was a blow to Yugoslavia economically and politically. In 1937, the German share in exports was 36% and in imports 32%, but in 1938, with the inclusion

35 Giana’s Diplomatic Papers, p. 200.

36 Lukacs, op. cit., p. 120.

of Austria, it advanced to 42.2% and 39.5% respectively. Moreover, Germany acquired the tariff concessions formerly given to Austria, increasing her bargaining power. Furthermore, Germany took over all Austrian controlled investments in Yugoslavia.

The Austrian Anschluss, also, placed Czechoslovakia, Yugoslavia's Little Entente ally, in grave danger. If Hungary attacked Czechoslovakia, which Germany desired, Yugoslavia was obligated to defend her under the Little Entente Pact. However, if Germany attacked Czechoslovakia, then Yugoslavia would not have to go to the latter's defence. Hence, on June 18, 1938, Stoyadinovich visited Count Ciano in order to learn Italy's policy and thus synchronise Yugoslav's views with Italy's. Premier Stoyadinovich did not want Italy to take action if a crisis arose. He asked Ciano to use Italian influence to prevent Hungary from taking the initiative in the attack on Czechoslovakia. If Hungary did not take the initiative and instead took advantage of the crisis produced by Germany, Stoyadinovich assured Ciano that Yugoslavia would remain indifferent to the fate of Czechoslovakia.

Stoyadinovich had not the least intention of dragging

38 Tomasevich, op. cit., p. 212.
39 Ciano's Diplomatic Papers, op. cit., p. 213.
his country into a conflict with Germany to save Czechoslovakia, who, along with France, had recently become antagonistic toward Belgrade. France and Czechoslovakia made continuous attempts to develop the Little Entente into a mutual security pact with France, protecting Czechoslovakia from German aggression; the Yugoslav Premier persistently suppressed all such attempts. There is no doubt that he feared Germany. In a speech to the Yugoslav parliament, Stoyadinovich said he could not conclude a military agreement with France or Czechoslovakia, "For it would not have served our national interests. Neither power could come to our help..."

As a result, Hitler did not need to fear Czechoslovakia's Little Entente ally. Czechoslovakia was overrun and later made part of Greater Germany, all without Hungarian initiative. Yugoslavia, consequently, did not need to go to her ally's defence. Nevertheless, there were many grave consequences felt by Yugoslavia. It meant the destruction of Czechoslovakia's army, one of the most efficient in the Little Entente. Also, the two most important source of arms for the Yugoslav army, the Skoda and Brno armaments works, were taken over by the Germans. The economic consequences of the partition of Czechoslovakia were even more serious than those of the Austrian Anschluss. First, Germany acquired all the

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40 Baltzly and Salomons, op. cit., p. 411.
tariff concessions which were formerly granted to Czechoslovakia without giving reciprocal advantages to Yugoslavia. Second, Czechoslovakia was one of the four most important markets for Yugoslav exports and in turn supplied Yugoslavia with a number of its key imports (cotton and coke). Third, Czechoslovakia, was one of the chief foreign investors in Yugoslavia, owning several large banks and some of the largest and most important industrial plants. By acquiring either title to, or virtual control over Czechoslovak investments in Yugoslavia, the German position in Yugoslavia's corporate structure was greatly strengthened. After the annexation of Austria and Czechoslovakia, Germany controlled 50.1% of Yugoslavia's exports and supplied 54.9% of Yugoslav imports.

In early January, 1939, Germany and Italy decided to better relations with Yugoslavia for purposes of closer political co-operation. This could be achieved, from the German and Italian point of view, by eventual favoring of Serbian settlement in the Greek port of Salonika. Salonika was Yugoslavia's only outlet to the Western world not in the Axis sphere of influence. If a satisfactory agreement could be arranged with Yugoslavia, Italy was willing to support the Serbs in their conquest of Salonika and would not forfeit Yugoslav friendship even to take the coveted Albania. |

Belgrade was then sounded out in order to ascertain whether Stoyadinovich intended to give his approval to the Anti-
Comintern Pact, a pact formed against the spread of inter-
national Communism.

The Italian Foreign Minister visited Yugoslavia in late
January. His conversations with Stoyadinovich and the Yugo-
slav Regent, Prince Paul, revealed that public opinion, as
far as foreign relations were concerned, was dominated by two
feelings: "a sense of profound satisfaction at the consol-
idation of friendly relations with Italy, and widespread
and deep anxiety at the short and long range aims of German
expansionism".

Stoyadinovich repeated that to Yugoslavia it was in-
dispensable to maintain good relations and close collabor-
ation with Germany. But, also, the country felt uneasy at
the proximity of Germany, and at the political and economic
pressure of such an immensely powerful neighbor. This mount-
ing tension, said Stoyadinovich, compelled Yugoslavia to seek
closer relations with Italy, for it was his opinion that
France and Great Britain were geographically remote and mil-
itarily of dubious strength, and thus would not protect Yugo-

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42 Ciano Diaries, 1939-1943, ed., Hugh Gibson, (New

43 Ciano's Diplomatic Papers, op. cit., p. 267.
slavía from Germany. Realizing the seriousness of her position, Yugoslavia desired to strengthen her ties with Italy in order to insure herself protection against Germany and, yet, to remain within the political framework of the Axis. Indeed, one of Yugoslavia's directives in her foreign policy was to increase her attachment to Rome and, thereby, obtain inclusion in the Axis. To show Yugoslavia's friendship towards the Axis she was, in the future, preparing to abandon the League, de facto, by the withdrawal in May of the delegation in Geneva and by non-participation in the meetings of the League. Moreover, Yugoslavia would favor adherence to the Anti-Comintern Pact, if Berlin informed Yugoslavia that her adherence to the Pact would be welcomed. Stoyadinovich added that Yugoslavia's policy went even further than the Anti-Comintern Pact, since diplomatic relations had never been established with Soviet Russia, the world's leading communist nation.

However, these plans were disturbed by the unexpected fall of Stoyadinovich in the first week of February, 1939. It was by arrangement with Prince Paul, who up to this time, had been satisfied to allow Stoyadinovich to carry out his dictations, that the other Ministers handed in their resignations on February 3, on the ground that they no longer

44 Ibid. p. 267.
45 Documents on German Foreign Policy. D. V. p. 375.
agreed with Stoyadinovich's "home and foreign policy". The entire Cabinet resigned on the fourth. Dragisa Cvetkovich was chosen to form a new Government and Sincar Markovich, the Yugoslav Minister to Berlin, was appointed Foreign Minister, indicating that Yugoslavia would continue to follow a policy approved in Berlin.
Chapter II

THE UNRELIABLE NEUTRAL

The successor of Milan Stoyadinovich, Cincar Markovich, who had been the Yugoslav Minister to Berlin the preceding three years, immediately assured the German Government that the crisis in Yugoslavia had occurred unexpectedly and entirely for reasons of domestic policy. He also promised that Yugoslavia's foreign policy would not be affected in any way by the recent crisis, that he would endeavor to strengthen the relations between the two nations, and that he would examine the question of Yugoslavia's adherence to the Anti-Comintern Pact. Markovich stated further that Prince Paul had been and would remain the guarantor of a continued policy of Yugoslav friendship with Germany and Italy.¹

Markovich's pro-Nazi commitments soon precipitated a series of events which placed Yugoslavia in the position of a spokesman for Germany, a position which moved her even closer to the Nazi camp. At the Balkan Conference in Feb-

¹ Documents on German Foreign Policy, V. D. p. 385.
ruary, the Foreign Minister refused to yield to Rumanian and French pressure to extend the Balkan Pact.\(^2\) Instead, he argued that the Balkan Entente should under no circumstances become an instrument which could be directed against Germany. On the contrary, the Balkan Entente must realize that Germany's \textit{Erang nach dem Osten} was a natural phenomenon, increasing in strength to such an extent that soon the German colonial questions would no longer be unsolved. The Balkans must meet this impetus, however, by cooperating closely with Germany, especially in the economic field.\(^3\) Moreover, he stated emphatically that the Little Entente no longer existed for Yugoslavia and reminded the two countries that Rumania's relations with Yugoslavia were regulated by the Treaty of 1922, in which Yugoslavia had equal interests with Rumania. Markovich also used the occasion to urge Rumania to develop her relations with Germany.\(^4\)

Germany was quite pleased with Yugoslavia's attitude toward Rumania. By asserting that Rumania and Yugoslavia's relations were regulated by the Treaty of 1922, Yugoslavia had no obligation to defend Rumania against a major power,

\(^2\) \textit{Documents on German Foreign Policy.} D. V. p. 399.
\(^3\) \textit{Documents on German Foreign Policy.} D. V. p. 403.
\(^4\) \textit{Documents on German Foreign Policy.} D. V. p. 399.
but only against an aggressive Balkan nation, as was stated in the former Little Entente. Such a position would discourage Hungary and her revisionist claims against Rumania, to whom the former had lost approximately 36% of her territory following World War I. However, if Germany marched into Rumania, the latter would be stripped of her former Little Entente's aid. Subsequently, on March 15, Germany took over Czechoslovakia, Yugoslavia's former Little Entente ally and eight days later proceeded to subordinate Rumania's economy to her own.

To avoid antagonizing the Axis Powers, an intimidated Yugoslavia remained a silent neutral while Italy overran and finally annexed Albania on April 7. In spite of Italy's threatening proximity, Yugoslavia had to "refrain from all military measures and content herself with reinforcing her frontier defences for the purpose of apprehending Albanian refugees".

On March 29, Christic, the Yugoslav Minister in Rome, had been approached by Count Ciano and had raised no objection to the Italian designs on Albania, provided that Albania would not be used against Yugoslavia. Yugoslavia's

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5 Gerald Schacher, op. cit., p. 150.
6 Documents on German Foreign Policy, D. VI. p. 233.
7 Ciano's Diplomatic Papers, p. 55.
position during the crisis had become so unfavorable, both militarily and geographically, that she was fast becoming an impotent force among the European powers. Italian troops were concentrated in Istria; Hungary offered to move six divisions to the Yugoslav border at forty-eight hours notice; Germany was on her northwest frontier; the Croat problem was threatening from within. To the British, the Regent, Prince Paul stated that he could not have taken action even if he had so chosen. 9

Markovich told Berlin that his position during the Albanian invasion was to maintain friendly relations with the Axis and to inform the Reich Chancellor that he "would adhere to the end to the policy of friendship towards the Axis powers inaugurated during recent years, and he would tolerate nothing which was in contradiction to it." 10 Markovich then requested that he receive favorable recognition by the German press in order to impress public opinion and strengthen his position. 11 The request was naturally granted. The Germans believed they now had another Milan Stojadinovich, who would continue to direct Yugoslavia's foreign

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9 Ibid. p. 244.
10 Documents on German Foreign Policy. D. VI. p. 233.
11 Documents on German Foreign Policy. D. VI. p. 239.
policy according to the dictates of Berlin.

The following week on April 13, Great Britain guaranteed the independence of Rumania and Greece, which both accepted. Germany now feared the formation of a Balkan bloc supported by the Western Powers. Turkey, too, was negotiating with Great Britain and it was known that Greece was on friendly terms with Turkey. Moreover, Rumania continued her friendship with Poland to whom the British also guaranteed independence. But to whom would the other Balkan states of Hungary, Bulgaria and Yugoslavia owe their allegiance?

Hitler considered Hungary to be a loyal adherent in the Balkans. Turko-Hungarian relations were more sensitive than were those of Germany and Turkey because Turkey was attempting to bring Yugoslavia and Rumania into an anti-Hungary combination. Hungary was also afraid that Turkey might induce Bulgaria to join the Balkan Entente.\(^\text{12}\) Germany herself had no fear of Bulgaria. In August, Hitler told Ciano that "the only one of the Balkan countries on which the Axis could entirely depend was Bulgaria."\(^\text{13}\) Yugoslavia, on the other hand, was a different story. Although Markovich said he would refuse a British guarantee

\(^\text{12}\) Documents on German Foreign Policy, D. VI. p. 745.

\(^\text{13}\) Arnold and Veronica Toynbee, eds., \textit{op. cit.}, p. 424.
if it were offered, he was regarded as untrustworthy, as events soon proved.

The Germans now insisted that Yugoslavia make definite acts of friendship toward Germany and the Axis. Yugoslavia had a choice of one of three alternatives which she could utilize to manifest her political loyalty. Yugoslavia could bring about a rapprochement with Hungary. A Yugoslav-Hungarian treaty would terminate Yugoslavia's treaty of alliance with Rumania, since the pact was originally designed against Hungary. Yugoslavia could join the Anti-Comintern Pact, which was formulated by the Axis Powers—Germany, Japan, and Italy—against international communism. Finally, Yugoslavia could follow the example of Germany and Italy and withdraw from the League of Nations. As far as the Nazis were concerned, the League was defunct. However, the French and British still patronized it; therefore, Yugoslavia's withdrawal would weaken or virtually end Yugoslavia's ties with the West.

On April 25, when the Yugoslav Foreign Minister visited Berlin, Ribbentrop, the German Foreign Minister, said a Yugoslav-Hungarian rapprochement would be welcomed, since Hungary would have her hands full for many years after revisionist claims against Czechoslovakia had been met. From

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Ibid. p. 130.
the German point of view, a non-aggression pact between Yugoslavia and Hungary and an agreement on minorities would certainly be issues considered in pacifying Southeastern Europe. The Yugoslav Minister assured Germany that Yugoslavia was prepared to enter into a further rapprochement with Hungary and he hoped that Count Czaky, the Hungarian Foreign Minister, would pay a visit to Belgrade in June.

The following day, Hitler told Markovich "my frontiers down there are final and permanent". One way of keeping these frontiers, said Hitler, was to maintain friendly relations with Italy, who desired Yugoslavia for a neighbor rather than a Greater Hungary. In this connection, he suggested, it would not be merely a diplomatic gesture if Italy were to invite Yugoslavia to join the Anti-Comintern Pact, but for Italy such a step would clearly define Yugoslavia's attitude toward her.

However, the Yugoslav Minister replied it was the opinion of Prince Paul and other Yugoslav Ministers that such a step would be premature. Public opinion in Yugoslavia would have to be educated more; an anti-Russian attitude would not yet be understood. The chief reason for this was the sentimental liking which the Yugoslav people had for the Russian people. In Yugoslavia, the

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15 Documents on German Foreign Policy. B. VI. p. 325.
16 Documents on German Foreign Policy. B. VI. p. 339.
conviction prevailed that sooner or later the Bolshevist regime would have to give way to a new nationalist Russia. Public opinion in Yugoslavia, therefore, would not understand anything which could be regarded as being directed against this Russia. Some time was needed to explain to the public that the fact was directed only against Soviet Russia.

At the conclusion of the conversation, the Reich Foreign Minister asked Markovich whether Yugoslavia was willing to leave the League of Nations. Markovich replied that Yugoslavia had dissolved her permanent Delegation in Geneva and had accredited a Minister in Berne. Yugoslavia considered the League to be useless and inoperative as she had shown by the dissolution of her Delegation. The conversations were thus concluded. Although Yugoslavia did not commit herself to Hitler's proposals, Ribbentrop told Ciano that Germany was satisfied with Yugoslavia's assurances of neutrality and that Yugoslavia would not take any hostile action against the Axis Powers.

On May 10, Prince Paul visited Rome. According to Ciano's account of the conversation between Paul and Mussolini, the Regent promised to relax his connections with

17 Ibid. 18 Ibid. 19 Ciano's Diplomatic Papers, p. 283.
the Balkan Entente and to draw closer to Hungary and Bulgaria. Paul, however, told Caeșescu, the Romanian Minister, that he would never make a binding engagement with Hungary, who had the potential of becoming a major threat to Romania. The meeting with Mussolini succeeded only in arousing Mussolini's suspicion of Paul's policy. To Mussolini, Paul was attempting to balance between the two major groups of Powers, the Allies and Axis. Mussolini, thus, found it imperative for Yugoslavia to prove her sincerity towards the Axis with a definite gesture, such as a withdrawal from the League of Nations.

Two days later, on May 12, Turkey and England announced their declaration of mutual aid against aggression by the Axis until a formal agreement could be concluded. On June 24, France concluded a similar agreement with Turkey. Thus, the last few months before the outbreak of World War II witnessed a battle for influence in the Balkans between Germany and Italy on one side and Great Britain and France on the other.

Yugoslavia was placed in a precarious position. Germany and her Axis allies virtually controlled her economy, and Germany was strategically located on her northwest frontier; Italy was on her western border and had troops in Albania; Rumania's economy was subordinated to the Reich's

20 Ibid.
as of March 23, while Bulgaria was considered a Nazi ally. Yugoslavia's only alternative, if she so desired, was to look for aid in the south from Greece and Turkey, and their guarantors, Great Britain and France. Pressure from Germany and Italy, however, began to mount; Yugoslavia's political adherence to the Axis was demanded.

On June 7, Hitler met with Paul and reiterated Mussolini's desires. Hitler said that "Germany was bound in an alliance for life and death" by the Rome-Berlin Axis. He indentified Italy's interest with Germany's and suggested to Prince Paul that fulfilling Italy's desire for Yugoslavia to withdraw from the League would unmistakably demonstrate her policy of friendship towards the Axis. Prince Paul repeated his Minister's answers of the day before that Yugoslavia had already considerably dissociated herself from the League of Nations and he was not altogether disinclined to withdraw at the proper moment. The insistent Führer then emphasized once more how important it was for Yugoslavia to define her policy towards the Axis beyond all doubt. According to Hitler, there were above all two main grounds for this: First, such a definition of attitude would consolidate Yugoslavia's internal position at a stroke. As soon as it became known that the Axis powers were one-hundred per cent in support of maintaining Yugoslavia in
her present form, and advocated the maintenance of the status quo. Slovene and Croat separatists would cease their efforts of their own accord, as they would then have to realise that all hopes of help from without were futile. Secondly, Italy could have no interest in supporting Greater Hungarian tendencies. A new Greater Hungary would probably revive the old Hapsburg aspirations of extending her boundaries to the Adriatic. Italy's interests were, therefore, directed towards a strong Yugoslavia. But Italy must have a guarantee that such a strong Yugoslavia would always pursue a policy of friendship towards Italy. In view of the hostility of France and Great Britain, Italy needed to know definitely whether her neighbors were to be regarded as friends or foes. In conclusion, the Reich Chancellor spoke of the excellent position in which the Axis powers were placed. They did not want a conflict, but, if it were forced upon them, they were ready to fight at any time no matter whether it lasted three months or ten years.22

In spite of Hitler's demands for a show of loyalty, Prince Paul further stirred German and Italian suspicions by his visit to London from July 17 to August 2. In connection with this trip, there were rumors that Yugoslavia

22 Documents on German Foreign Policy, D. VI. p. 635.
was transferring her gold reserves to London. Rumors multiplied that Yugoslavia was to support the Western Powers. Furthermore, there was talk of French and British arms and credit and of a more intensive and successful propaganda machine to be established by the Western Powers in Yugoslavia. The German Minister in London then reported to Berlin that the British had told Paul that "in case of emergency, Yugoslavia could rely on the protection of Great Britain".

The political development between the two countries consequently had adverse effects on Germany's policy in economic matters toward Yugoslavia. Preceding the start of the war, Yugoslavia had been primarily interested in arms deliveries from Germany. However, German arms deliveries to Yugoslavia had been blocked by the opposition of military officials in Yugoslavia. When former premier Milan Stoyadinovich overcame this opposition by the removal of two generals, General Neuhasen, Field Marshal Goering's agent in Yugoslavia, favored closing a deal by which Yugoslavia would purchase one-hundred million Reichsmark worth of German airplanes, but the fall of Stoyadinovich caused him

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23 Documents on German Foreign Policy, B. VI. p. 947.
24 Documents on German Foreign Policy, B. VI. p. 931.
to postpone the decision on February 7.

Yugoslavia continued to put in her requests for credit to buy airplanes, anti-tank and anti-aircraft guns. The former source of armaments in Czechoslovakia to Yugoslavia were now controlled by the Nazis as well as spare parts needed by the Yugoslavs. However, there was much wrangling over high prices demanded by the German firms, credit details and dates of delivery. Germany was prepared to grant Yugoslavia credit, but it depended solely on the latter's political attitude, which Yugoslavia designated as neutral and independent in the joint communiqué with Bulgaria at Bled.

As far as Germany was concerned, neutrality did not mean a passive but an active attitude favorable to Nazi Germany. But the Yugoslav Minister said that Germany must supply her with the arms requested to put this into practice. Otherwise, as a result of her publicly declared attitude, Yugoslavia saw herself stripped of arms. Without arms for Yugoslavia, the position of the Foreign Minister would become considerably more difficult. Also, if the requests were not granted to Yugoslavia in the present situation, it would undoubtedly make a strange impression on world opinion if the Yugoslav Government had to place her orders else-

26 Documents on German Foreign Policy, D, V, p. 387.
27 Documents on German Foreign Policy, D, VI, p. 927.
where, for example, artillery material from Sweden.

Thus, on July 5, 1939, Germany and Yugoslavia signed a secret protocol, which granted Yugoslavia credit for purchase of war material, but still the amount of credit was unspecified. Germany later informed Yugoslavia that contracts could be signed, but suggested that the Yugoslav Government expropriate Britain's Trepca mine's entire output of lead and zinc which Germany was prepared to take.

When the war began on September 1, the signing of the contracts for armament deliveries to Yugoslavia were again put off on specific instructions from Goering. The German Minister in Belgrade was requested to get the text of a British note to Yugoslavia and state explicitly that any commitment by a neutral country to restrict its trade with Germany would be considered aid to Germany's enemies and, thereby, as a violation of neutrality.

Goering then gave approval to a plan according to which Germany would deliver to Yugoslavia, planes, anti-aircraft and anti-tank guns in return for Yugoslavia's entire output of copper as well as large shipments of lead and zinc.

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26 Documents on German Foreign Policy. D. V. p. 933.
29 Documents on German Foreign Policy. D. V. p. 860.
30 Documents on German Foreign Policy. D. VII. p. 526.
31 Documents on German Foreign Policy. D. VIII. p. 102.
32 Documents on German Foreign Policy. D. VIII. p. 116.
An arrangement of this nature would offer Yugoslavia the opportunity to seize the output of the French copper mine and of the British lead and zinc mines, which formerly went to France and Great Britain. In order to be able to deliver it to Germany, Yugoslavia would indubitably have to adopt a benevolent neutrality toward Germany. When Germany armament deliveries were getting under way, Prince Paul ordered that every available means be utilized to bring the Bor copper mines and the Trepca lead mines under state management.  

In the meantime, Yugoslavia was plagued by internal dissension in the Government. There were separatist movements in the northern provinces of Slovenia and Croatia. The Slovenes, declared the Germans, were definitely part of the German people. Many Slovenes, fearing German domination, favored a strong Yugoslavia, while many others wanted to secede from the Serbian controlled Yugoslav Government. But the border state of Croatia created the most serious problem; she was included in Mussolini's program of expansion. The Croats fought bitterly for autonomy and finally received a measure of independence in August 1939. But this did not satisfy all Croats, especially the Axis-oriented

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33 Documents on German Foreign Policy. D. VIII. p. 163

Ustashi, to whom the Italians promised complete autonomy and later independence. The Ustashi formed a fifth-column in the northern province and it became a fertile ground for fascist and Nazi penetration.

When Stoyadinovich fell there was a shift in Yugoslavia's internal policy away from the authoritarian government, which Germany desired. With Stoyadinovich in power Germany's interests had been fulfilled. Simultaneously, any demand from Croatia was considered entirely justifiable on moral grounds by the Germans, but their realization seemed hardly possible without a deterioration of relations with and hampering the functions of the Yugoslav Government. Germany desired a strong Yugoslavia and realized that only an authoritarian regime based on Serbian supremacy, such as the Stoyadinovich regime was trying to achieve, offered the necessary guarantee for it. It would, therefore, not be in the German interest to support Croatian ambitions that opposed such a regime.

However, the change in Yugoslavia's internal policy forced Germany to revise her attitude toward Croatia. The fear that siding with Croatia would endanger Stoyadinovich's position now became meaningless. On the contrary, the friendship of the Croats had become invaluable by reason of

35 Documents on German Foreign Policy, D. V., p. 410.
the fact that the recent change of internal policy would strengthen the influence of the Croats in the Government. Furthermore, the Serbian Leftist opposition proceeded to align itself with Croats, lending new impetus and greater influence to the unruly Yugoslav province.

The alignment of the radical Yugoslav Leftists with the Croats made it imperative for Germany to win the friendship of the Croats and, at the same time offset the anti-German influence of the Serbs. Hence, the German Ambassador to Yugoslavia desired a closer friendship with Croatia. The many similarities of the Croat and German culture and the constant geo-political threat from Italy made Croatia vulnerable for a German alignment. The strengthened relations between the two caused the German press to gradually relax its attitude towards the Croatian problem. Germany's avowed position regarding the right of self-determination of individual nations was now given even stronger expression in the treatment of this question.  

At the same time, Croatia was collaborating with Italy against Serbian hegemony in Yugoslavia. Italy's interest lay primarily in Croatia and Dalmatia. Italy, thereby, acquired the assurances of Germany that the two provinces were in the Italian sphere of influence. But on March 17,  

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Ibid. p. 411.
1939, Mussolini feared that Matek, the Croatia leader, might proclaim independence and place himself under German protection. He said, "In such a case, these are the only alternatives: either to fire the first shot against Germany or to be swept away by a revolution which the Fascists themselves will bring about. No one will tolerate the sight of a swastika in the Adriatic". Ciano recorded that Mussolini was so concerned about possible German protection over Croatia that he considered coming to an agreement with France and Great Britain. Instead, he decided to discuss the Croatian problem with Germany, and said frankly, "A change of the Yugoslav status quo in Croatia would not be accepted by Italy without a total and fundamental re-examination of Italy's political policy".\(^{38}\)

Germany, not wanting to cause a deterioration of her relations with Italy, soon informed Italy that she had no aims in any area of the Mediterranean, which Germany considered an Italian zone, and denied any rumor of her interest in Croatian affairs. Ribbentrop then assured Ciano that in all questions affecting the Mediterranean, the policy of the Axis must be laid down by Rome. "Just as the Duce did not inter-

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\(^{37}\) Ciano's Diplomatic Papers, p. 276.

\(^{38}\) Ciano Diary, p. 46.

\(^{39}\) Ciano's Diplomatic Papers, p. 277.
vene in Czechoslovakia," said Ribbentrop, "we have no interest in the Croatian question and will take action in that direction only in close harmony with Italian desires".  

Despite German assurances, Italy's anxiety over the agitation in Croatia increased. On March 19, Italy, rather than allow Croatia to fall into German hands, decided upon sending a telegram to Belgrade to inform the Prince Regent that Italy had called a halt to German action in Croatia and, at the same time, advised Belgrade to hasten negotiations with Zagreb because any loss of time might prove fatal.  

Italian troops concentrated on the Venetian border indicated Italy's doubt of German intentions. "The events of the past few days," said Ciano, "have reversed my opinion of the Fuhrer, and of Germany; he, too, is unfaithful and treacherous and we cannot carry on any policy with him".

Fear in Italy was mounting. On the next day, Ciano received Carnelutti, a special envoy of Macek's. He stated that Croatia was anti-German, but was willing to fall into Berlin's arms, rather than stay under Serbian tyranny. Moreover, he said, Croatia favored a personal union with Italy.  

On the same day, the German Minister repeated to

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40 Ibid. p. 279.
41 Ciano Diary, p. 48. 42 Ibid. 43 Ibid.
Ciano that the Mediterranean was not a German sea. Mussolini found this declaration interesting "providing that we can believe it". But when news arrived that the Western Powers were attempting to constitute a "democratic bloc", the Duce once again reestablished his country's loyalty to Germany. 44

Nevertheless, Mussolini continued to be skeptical of Hitler's ambitions in Croatia. Negotiations with the Croats continued and Ciano informed Carnelutti of Mussolini's plans: seek an agreement with Belgrade, if for no other purpose than to gain time; if this should fail, and Croatia revolted, Italy would intervene at the call of the Croat government; finally, abstain from every contact with Berlin and forewarn Italy of Croatia's actions. 45

On March 26, Carnelutti returned from Zagreb. Macek planned an internal revolt, financed and backed by Italy. Ciano recorded in his diary on the same day that Mussolini was infatuated with the idea of "breaking Yugoslavia to pieces and annexing the Kingdom of Croatia". 46 However, Macek refused to sign the Carnelutti report as Mussolini requested because Macek chose to resume negotiations with Belgrade in order to clarify some points in the future relations between Rome and Croatia. At this point, the Croat problem was put aside temporarily and Italy satisfied.

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44 Ibid. 45 Ibid. p. 50 46 Ibid. p. 83.
her territorial thirst with Albania. Croatia, however, was not abandoned. Macek requested and was granted the sum of twenty million dinars to continue the separatist movement, and, at Italy’s request, he promised to be ready to start an uprising within six months. 47

Following the Italian conquest of Albania, relations between Italy and Germany once again became normal. On May 21, Count Ciano visited Ribbentrop in Berlin. He declared that Italy would not take the initiative in anti-Yugoslav movements, if Belgrade adopted a correct policy towards the Axis, but Italy would revise her stand if Belgrade tended toward the Western Powers. 48

On June 10, Ciano gave Mackensen, the German Ambassador to Italy, a document and other telegrams which proved Yugoslav wavering. 49 Germany, however, cautioned Mussolini that Germany wanted a peaceful settlement in Yugoslavia without creating a new conflagration, which would deprive Germany of her economic resources. On May 23, 1939, Hitler decided to attack Poland. But a month later Hitler told Ciano that Yugoslavia would preserve its neutrality towards Italy only as long as Yugoslavia was in a good position. Should difficulties arise, however, Yugoslavia would attack Italy in the rear. For this reason, Hitler advised Italy to seize the first favorable opportunity to dismember Yugo

47 Ibid. p. 84. 48 Ibid. 49 Ibid. p. 97.
slavia by occupying Croatia and Dalmatia, but he did not mention Slovenia.

In August, Ribbentrop stated to the Italian Minister that "Yugoslavia is faithless". He continued that Prince Paul while in London from July 17 to August 2 carried on activities and made statements of a character distinctly hostile to the Axis and he hoped that Italy would take advantage of the Polish affair to settle its account with Yugoslavia in Croatia and Dalmatia. On August 12, Hitler complained to Ciano of the unreliability of the Yugoslavs. Paul, when in London, had sought guarantees from the Western Powers: Yugoslavia "would only remain neutral as long as it was dangerous to side openly with the Western democracies".

On August 23, Hitler completed the diplomatic groundwork for an attack on Poland by signing a Non-aggression Pact with the Soviet Union. On September 1, Germany marched into Poland; three days later Great Britain and France declared war on Germany. The Second World War had begun. On September 15, Italy proclaimed her neutrality. On September 26, the Soviet Union and Germany proceeded to pur-

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50 Arnold and Veronica Toynbee, eds., op. cit., p. 279.
51 Ciano's Diplomatic Papers, p. 298.
52 Documents on German Foreign Policy, D. V. p. 42.
tion Poland between themselves. Germany attempted to localize the Polish war, but had failed, igniting a gigantic European conflagration.

Yugoslavia quickly informed Germany that she would remain neutral and was trying to induce the other states of the Balkan Entente to adopt a similiar attitude, thereby attempting to prevent the war from spreading to the Balkans. When told that Germany expected a "benevolent neutrality", the Yugoslav Minister indicated that this would be Yugoslavia's policy. 53 Cincar Markovich was hoping that the war would be decided in the West, and that the Balkan region would be left out. On this false hope, the Yugoslav Minister continued his policy of neutrality.

From the beginning of the war in September to December 1939, virtually no German pressure was placed on Yugoslavia. Germany did not want to become involved in the Balkan region. The German-Russian Non-aggression Pact had attached a "Secret Additional Protocol" defining spheres of influence. Significantly, the spheres of influence were not carried into the Balkans. Furthermore, Italy's declared neutrality, because of her military unpreparedness, 54 left no one to molest Yugoslavia and the

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53 Documents on German Foreign Policy, D. VII. p. 505.
54 Ciano Diary, p. 135.
other Balkan states. Consequently, only economic exchanges were carried on between Germany and Yugoslavia from September to December 1939.

Nevertheless, German skepticism of Yugoslavia's loyalty to the Axis Powers continued. Great Britain and France were making considerable progress with their propaganda and by guaranteeing many of the Balkan nations against Axis aggression. When Yugoslavia was approached by Great Britain, however, Yugoslavia made no commitments and the British accepted her answer because of her "delicate position". Yugoslavia, encircled by the Axis allies, faced the Italians in Albania and her western frontier. Nazi Germany was her northwestern neighbor, while Germany's faithful ally, Hungary, lay on her northeastern borders. Bulgaria and Rumania were considered unstable by the Germans, but they soon proved to be Nazi allies.

In spite of Yugoslavia's unreliability to the Nazis, the Yugoslav Foreign Minister assured Germany on January 2, 1940, that German-Yugoslav relations would continue to be based on close political and economic co-operation and that attempts to sabotage them would be foiled. In Belgrade during the first week of February, the Balkan

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55 Arnold and Veronica Toynbee, eds., op. cit., p. 130.
56 Documents on German Foreign Policy, D. VIII. p. 586.
tente met for the last time. The main question was whether
to give mutual aid in case of attack by a major power. The
powers failed to come to a formal agreement, but they tacit-
ly agreed that it was up to the various members to deal in-
dividually with the great powers in order to preserve their
neutrality. Thus Yugoslavia was left alone to face pos-
sible Italian or German aggression.

On April 19, the *New York Times* reported the discovery
of a Nazi conspiracy to overthrow the Yugoslav Government.
The plot led to the arrest of the former pro-Nazi Foreign
Minister, Milan Stoyadinovich, on the suspicion that he
was working with Axis agents. Preceding his apprehension,
there had been a vast counter-espionage drive against the
Nazi Germans in Yugoslavia. Stoyadinovich was known to
have met frequently with the German Minister, von Heeren.
Police raids on the homes of hundreds of Germans were dis-
closed, in association with the fifth-column plot. Doc-
uments were allegedly found in Stoyadinovich's possession
which linked him with the Nazi "Trojan Horse" activity in
Yugoslavia.

It was reported, however, that the reasons for the
clean-up campaign were political. During the spring of 1939,

57 L. S. Stavrinos, *The Balkans Since 1453*, (New York:
Stoyadinovich organized the Serbian Radical Party and attempted to assume leadership of the Serbian Opposition groups. Nevertheless, arms and documents were seized, which, said the police, exposed the plot for an uprising of the German minority in Yugoslavia. The minority, amounting to 40,000 in population, were to revolt simultaneously with the entry of the German army into Yugoslavia. Some weeks before, fifty Germans in Northern Yugoslavia near the German-Yugoslav frontier were arrested and charged with measuring and mapping bridges, railroads, strategic highways, and other military objectives.

Reports from the Italian frontier describing unusual activities among the Italian troops were accompanied by reports that German troops were concentrated on the Yugoslav border. Nevertheless, Markovich made every effort to emphasize the fact that the arrests were only a result of internal political activity of an allegedly illegal sort. On April 19, the German Minister reported to Berlin that the antagonism between Svetkovich and Stoyadinovich had become more apparent since the latter’s entry into the field of domestic politics. Also, he firmly denied that foreign policy was an issue in the feud. On the same day, however, a Croatian newspaper reported that Germany had sought to bring

60 Ibid. p. 6.
pressure on Yugoslavia to re-establish Stoyadinovich; his pro-German views would serve the Reich interests in foreign affairs. 61

Four days later, the Yugoslavs made another arrest, on charges which were obviously against the Nazi regime. Milan Achimovitch, who for a long time had been Chief of Police in Belgrade and later Minister of Interior, was arrested. 62 He was regarded as a paid agent of the Axis Powers and Stoyadinovich’s informant of the Government’s movements. On April 25, a cache of arms and German uniforms was found in the home of a German engineer. At the same time, it was said that Yugoslavia and Russia, brought together by Great Britain, were soon to resume diplomatic relations, which were to follow an impending trade agreement with the Soviets. 63

An official statement denying that Stoyadinovich’s arrest had anything to do with foreign affairs was published on the day of Achimovitch’s apprehension. Von Heeren, however, protested to the Yugoslav Foreign Minister that the anti-German practices of the police threatened German reprisals if the attitude of the police did not change. 64

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61 Ibid. p. 6.
64 Documents on German Foreign Policy. D. IX. p. 250.
Despite the anti-Nazi movement, Yugoslavia told Germany that she intended to preserve economic neutrality. On May 12, there were reports that the two signed a secret protocol concerning metal and ore deliveries.  

In the meantime, Germany's military machine continued to win victory after victory in the West. The Yugoslavs not only considered the German victories as a German success, but also a simultaneous strengthening of Italy's position. If Italy should enter in the war, fear spread that she would begin operations in the direction of Dalmatia and Southern Serbia, which would ultimately involve intervention by Germany from the North.

The dread of Germany continued. Count Ciano reported that Pavelic, the Croat agent to Italy, said the Croatian situation was "getting ripe and if Italy delayed too long the Croats would line up with Nazi Germany". On May 13, however, the unpredictable Mussolini decided not to take up arms against Yugoslavia because "it would be a humiliating experience". Mussolini promised Hitler that he would enter the war in June. Thus, Italy's new Balkan policy, for the time being, was to preserve the status quo.

65 Documents on German Foreign Policy, D. IX. p. 330.  
66 Documents on German Foreign Policy, D. IX. p. 383. 
67 Ciano's Diplomatic Papers, p. 247.  
68 Ibid. p. 249.  
69 Ibid. p. 258.
But on June 10, Italy entered the war against France and Britain. Yugoslavia was now completely dependent in an economic sense upon the Axis Powers, if only for transportation. Hence, Germany expected Yugoslavia to sell her products to Italy and Germany, excluding her slight trade with the neighboring Balkan states. The German Government demanded that the extraordinarily high increase of exports to France which had occurred, in spite of the repeated declarations of the Yugoslav Government, could not be continued because the Axis virtually controlled all modes of transportation by which Yugoslav could export. Germany was particularly counting on gaining sole access to the Yugoslav copper which had previously supplied France. 70

Germany soon became weary of Yugoslavia's hesitation to adopt a definite pro-Axis attitude. But the Yugoslav Government reaffirmed its position of a pro-Axis orientation in foreign policy. Not wishing to offend Germany because of Yugoslavia's complete economic dependence, Francophile sentiment in important segments of the population, nevertheless, pressured the Government to avoid offending the Western Powers and dictated a neutral policy. 71

70 Documents on German Foreign Policy. D. IX. p. 577.
71 Documents on German Foreign Policy. D. IX. p. 133.
On July 8, 1940, Count Ciano informed Hitler that Italy possessed proof of the insincerity of Yugoslavia. He said Paul was "a slave of England, the Yugoslav people are anti-Nazi and Italian, but pro-Russian". He added that Mussolini thought the Yugoslav question should be eliminated within a month. A unique opportunity presented itself. After the armistice with France in June, she had only one land frontier, the Slovenian-Italian border, to defend and she was ready to reduce the unfaithful Yugoslavs.\(^{72}\)

Hitler replied that Germany could verify the wavering of Yugoslavia with documents which would be made available to Mussolini. As a member of the "ancestral royal house of Britain and by all his inclinations, Prince Paul belonged to Western Europe", and his attitude was illustrated by the documents.\(^{73}\)

Nevertheless, Hitler stated that the decisive question was whether or not it was a matter of indifference to Italy which country had possession of the Dardanelles and Constantinople. Hitler continued that, if he attacked Yugoslavia, Hungary would then fall upon Rumania since Hungary would no longer fear Yugoslavia. The Russians would then conquer Bulgaria and from there, advance to Constantinople.

\(^{72}\) Documents on German Foreign Policy, D. Z. p. 153.

\(^{73}\) Ibid. p. 154.
and the Dardanelles. As long as the war with England had not been won, a conflict in the Balkans could give rise to difficult problems or even ally Russia and England. Ciano agreed and answered that Yugoslavia should be eliminated following the war with England. Hitler concluded that if war broke out spontaneously in the Balkans, Mussolini could intervene at once, and such intervention would then be fully in Germany's interests.  

The erratic Mussolini, however, continued to think of attacking Yugoslavia. Ciano records that the Duce considered staging an invasion during the second half of September. Therefore, he wished Ciano to put the Croatian problem aside and quickly arrive at an agreement with the Soviet Union, who previously told Rome that Russia would recognize Italy's hegemony in the Mediterranean, if Italy would recognize Russia's hegemony in the Black Sea. Ciano correctly assumed that Hitler would not permit the status quo of the Balkans to be disturbed.

On August 14, the Italian military staff began preparations for an attack on Yugoslavia and asked for Germany's co-operation in drawing up the plans. Hitler replied that he was uninterested in the Italian wish regard-

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74 Ibid. p. 155.
76 Ciano Diary, p. 281.
ing an attack on Yugoslavia and any discussions between the German and Italian General Staffs would be superfluous. 77 Two days later, Germany clarified her position as to why the Italians should not take action against Yugoslavia:

First, the Axis allies were too involved in their struggle against Great Britain; therefore, it would be foolish to tackle any new problem that did not aid Germany in crushing England. Next, the Germans warned Italy that the Yugoslav problem should not be taken too lightly from the military angle. The Serbs "were not bad soldiers," said Germany, and it would require considerable effort on Italy's part to crush them. Also, there was the possibility that English bombers would come to Yugoslavia's assistance. In such an event, the German air force would, of necessity, be committed to the Balkans, weakening her strength in other parts of Europe. Finally, from the political point of view, the Germans feared that a conflagration in the Balkans would undoubtedly attract Russia closer to Yugoslavia. Moscow, "ever mistrustful," would then be brought into the picture and, in the end, Berlin would have to shift its troops to the east, which she had no desire to do. 78

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77 Documents on German Foreign Policy, D. X. p. 483.
78 Documents on German Foreign Policy, D. X. p. 497.
Mussolini acquiesced outwardly in the German demands. But on August 19, Italy increased her army in Albania by six divisions for "preventive" reasons against Greece and Yugoslavia. On August 22, however, Mussolini gave Ciano a copy of the military directives in which he had formulated his forthcoming action against Yugoslavia and Greece. Postponement of the directives was requested, and increased German pressure once again kept the Italians from taking action against Yugoslavia and in the Balkans. Nonetheless, it was not too long before subservient Mussolini disobeyed his German master's orders.

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79 Documents on German Foreign Policy. D. I. p. 538.
80 Ciano Diary, p. 286.
Chapter III

THE PRICE OF DEFYANCE

In October, 1940, Mussolini disrupted Hitler's plans for conquering Europe and executing Operation Barbarossa, which was to be the German invasion of the Soviet Union. Mussolini, failing to acquire the attention and prestige he desired from the fall of France in June, determined to enter into a war without Hitler's knowledge. After a careful consideration, he selected the seemingly weak country of Greece to be the target of his attack. Much to Mussolini's chagrin, however, the Greeks successfully defended themselves against the Italian invasion. Hitler himself was distressed over the Italian defeat for he wanted to keep the Balkan nations out of the war in order that he might acquire goods and supplies from that area during his European and Russian campaigns. Hence, any disturbance of the peace in the Balkans would be detrimental to the German's ingeniously calculated strategy.

To Nazi Germany, Mussolini's defeat was a step backward for the entire Axis bloc, attracting Hitler's atten-
tion to the Balkan theater and away from his original plans to march victoriously into Russia. During October and November, 1940, Germany peacefully occupied both Hungary and Rumania in preparation for Operation Barbarossa. In the early months of 1941 the same operation was completed in Bulgaria, who, after the infiltration of German troops, adhered to the Tripartite Pact. Yugoslavia, Hitler's next victim, not to be an easy prey as were the other Balkan nations, stood alone in proclaiming her neutrality. Yugoslavia's policy of neutrality had been followed relatively successfully until Prince Paul could no longer withstand the continued pressure from the Axis. In December, 1940, or earlier, Hitler had resolved to attack the Soviet Union, and completed his military preparations for the invasion by February, 1941. In February, Hitler began his incessant demands upon Yugoslavia and would settle for no less than Yugoslavia's complete adherence to the Tripartite Pact, although lip service had been given to a non-aggression pact.

Nevertheless, the credit or blame can be laid upon Mussolini's head for the events leading to the Yugoslav disaster, for it was the Italian fiasco that deterred and rerouted the Blitzkrieg in the Balkans. Italy's embarrassment resulted in an appeal to Germany for aid to put down the stubborn Greeks. On November 16, 1940, Hitler
met with Count Ciano and attributed the utmost importance to the Greek ignominy. He stated that he believed the future development of the situation depended largely on the attitude of Belgrade, who declared herself neutral in the Greek-Italian conflict. From all appearances he judged that relations between Yugoslavia and Italy had deteriorated, but, when Hitler was assured that relations between the two were friendly, he became obviously pleased, changing his manner and tone of voice toward the Italian Foreign Minister. Hitler then asked Ciano if he thought Mussolini would be prepared to frame a pact with Yugoslavia around the three following points: Axis guarantee for the Yugoslav frontiers; cession of Salonika to Yugoslavia; demilitarization of the Adriatic by Yugoslavia. Ciano did not commit himself, but said he had reason to believe that the Duce would accept a pact of that nature. Hitler, reconciled, thus visualized Yugoslavia on the side of the Axis Powers and the Greek affair rapidly resolved into a great success for the Axis. Yugoslavia could have Salonika, Bulgaria an outlet to the sea and Italy would possess all that remained of Greece.

Hitler's solution by which he hoped to win Yugoslavia's agreement was to give Belgrade an interest in the operation

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1 Ciano's Diplomatic Papers, p. 409.
against Greece. He told Ciano that he planned to call Regent Paul to Berlin and to propose a "big deal" to him.² His scheme was to offer the Yugoslav throne to Paul, who was acting as regent for his teen-aged nephew.

In November, 1940, since it had become important to Hitler to check Mussolini's actions, Hitler tried to prevent the Italians from negotiating with Belgrade. Instead, he approached the Yugoslavs himself. The Yugoslav Foreign Minister was secretly summoned to Germany to see Ribbentrop on November 27. But the friendly and insignificant Cincar Markovich could not be prevailed upon to join the Tripartite Pact. The Germans were unable to accomplish more than the urging of a non-aggression pact.³ On December 7, when Italy again appealed for German aid against Greece, Ribbentrop informed Italy that Yugoslavia was delaying her decision on the pact, no doubt, because of the Italian military fiasco. Hitler informed Mussolini that it was imperative for Yugoslavia to co-operate in the liquidation of the Greek question. Without assurances from Yugoslavia, Hitler said, it was useless to risk attempting any operation in the Balkans.⁴ Only a pact of amity between Yugoslavia

² Ciano Diary, p. 313.
and the minor Axis partner, Hungary, was signed on December 12. On New Year's Eve, Hitler sent a message to the Duce announcing that he believed Yugoslavia would not adhere to the Tripartite Pact but, if circumstances were favorable, a non-aggression pact might be concluded. He decided to postpone any concerted coercive measures until Germany's military successes improved the "psychological climate".5

With almost all of Europe under Nazi rule, the year 1940 came to a close. France, one of the last major powers and Yugoslavia's traditional ally, had fallen in June. The Soviet Union, however, still outwardly proclaimed her alliance with Germany for her feud with the Third Reich was yet unknown to the rest of the world. She revealed her interest in the Balkans by occupying Rumania's Bessarabia and Bukovina. The rest of Rumania was occupied by Germany, a fate soon to be shared by Bulgaria. Germany and Italy rewarded an occupied Hungary with Transylvania. The "net around Yugoslavia" was closing. Only Greece, Turkey and Yugoslavia were free from Nazi occupation.

In this atmosphere, Prince Paul carried the policy of neutrality to its limits. He particularly feared that any questionable move by Yugoslavia or her neighbors might provoke the Germans into a southward advance into the Balkans.

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Even a proposed visit by Anthony Eden, British Foreign Secretary, was declined lest it should provoke Hitler's rage. In face of this menace, as the British Prime Minister stated it, "Prince Paul's attitude looks like that of an unfortunate man the cage with a tiger, hoping not to provoke him while steadily dinner-time approaches".

During the first weeks of February, Germany began to provoke a critical situation. Von Heeren and Danilo Gregoritch, the Germanophile director of the Belgrade newspaper, Vreme, who had just returned from one of his periodic trips in the Reich, issued an invitation to the Yugoslav Premier and Foreign Minister to be the guests of the Nazi dictator. On February 14, Cvetkovich and Markovich went to Berchtesgaden where they listened to Hitler's account of the might of victorious Germany and an emphasis on the close relations between Berlin and Moscow. If Yugoslavia would adhere to the Tripartite Pact, Hitler offered not to march through Yugoslavia but only to use its roads and railways for military supplies against Greece. He also indicated his desire for immobilization of the Yugoslav Army when Bulgaria's occupation was begun.

6 Ibid. p. 157.  
7 Ibid. p. 158.  
8 New York Times, March 25, 1941.  
9 Churchill, op. cit., p. 159.  
The envoys returned to Belgrade the following day with their ominous report for Prince Paul. The latter, greatly concerned with the recent events, instructed Cvetkovich to form a government which included the opposition party and to negotiate with Germany. Cvetkovich struggled vainly to lure opposition leaders into the government, while Germany's impatience increased. Germany was given control of Yugoslavia's Bor copper mines as a stop-gap concession while Cvetkovich played for time.\(^{11}\) In order to hasten the Yugoslav Government to reach a satisfactory decision to join the Tripartite Pact, Hitler proceeded with the strategic encirclement of their country. On March 1, Bulgaria adhered to the Tripartite Pact and on the same evening German motorized elements reached the Serbian frontiers.\(^{12}\)

On March 2, Prince Paul departed secretly for Slovenia, where he conferred with von Heeren and an unidentified special German envoy. The latter reviewed Yugoslavia's position in light of Bulgaria's adherence to the Axis and "touched" on the question of Yugoslavia's mobilization near the Bulgarian frontier. Von Heeren mentioned that this unfortunate incident was costing Yugoslavia the equivalent of one million six hundred and seventy-five thousand dollars a day. Also,

\(^{11}\) *New York Times*, February 16, 1941.

von Heeren asked what Yugoslavia's attitude would be toward a formal invitation to join the Axis. Although Prince Paul offered no definite answer, von Heeren was assured that a favorable development in the Yugoslav Government could be foreseen.

Two days later, mobilization posters appeared on the streets of Belgrade and the provincial capitals. On March 6, Prince Paul called a Palace Council of the Government chieftains, the Army High Command and Regency, at which he presented the German demands: (1) The right of German troops to cross Yugoslavia along the Vardar Valley in order to attack Greece; the ragged Stuma valley leading from Bulgaria to Greece's Macedonian border north of Salonika was inadequate for the German mechanized forces. (2) The use of Yugoslav railroads to transport German military equipment and supplies from Greater Germany to Thrace. (3) Permission for oil-bearing railroad traffic to pass through Croatia to Reich territory from Timisora in Rumania. The meeting, however, did not culminate in an agreement and five Ministers threatened to resign rather than become subservient to German requisitions. Paul, afraid of internal disruption, conferred with von Heeren immediately following the meeting and as a result the Tripartite Pact was put

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aside. In its place, they decided upon a non-aggression pact to be accompanied by a declaration of friendship. Under protest, the Cabinet finally agreed to the arrangement.  

However, Germany postponed the signing of the non-aggression pact and again increased her demands that Yugoslavia join the Axis. On the twelfth of March, another Crown Council meeting was held at which three ministers offered their resignations immediately. The tottering government seemed ready to collapse; a harried Prince Paul approached both Vice-Premier Nacek and General Peter Peshich, the Minister of War, with his offer to assume temporarily the office of Premier of Yugoslavia. Both refused. Meanwhile, opposition was growing in the Army, the Church, and throughout the provinces.  

On March 13, the Yugoslav Premier and Foreign Minister stated that they would sign a non-aggression pact with the Reich, but that Germany's demand for Yugoslavia's entry into the Axis alliance would not be met at present. In reply to the Yugoslav Government's suggestion for a non-aggression pact, Germany demanded the following concessions, as reported by the New York Times on March 15: (1) Permission to utilize the Yugoslav railways for the transit of German army

hospital trains from Bulgaria to Greece. (2) Right of way on Yugoslav railways for German munition and troop trains, if necessary. (3) Installation of German technical speed-up experts in Yugoslav mines and factories, but especially in supervisory agricultural posts to increase the Yugoslav production of raw materials and foodstuffs to feed Germany and the German Army. (4) Demobilisation of the Yugoslav Army. It was understood that the Cvetkovich Government was willing to accept the first and third points, but the other two, which spelled complete capitulation, were refused.

German pressure increased. Von Heeren repeatedly visited the Foreign Office and the Presidency. He was reinforced by the Italian Minister, Mamelli, who called on the embassy at frequent and regular intervals. During this new period of pressure beginning in February, Prince Paul was in a precarious predicament. To a Yugoslav Minister he complained:

"I have already done everything Berlin wished me to do. We left the Little Entente, we dissolved the Balkan Entente, we have conformed to the policy of Berlin in everything—what else in God's name does Hitler want of us." 20

18 New York Times, March 15, 1941. 19 Ibid.

As anti-German sentiment mounted among the Yugoslav people, it became imperative for the ex-premier, Milan Stoyadinovich, to be smuggled out of the country and to seek asylum in Greece: "No Quislings for Yugoslavia," said his enemies.  

On March 16, Prince Paul secretly visited Berchtesgaden and verbally promised to follow the example of Bulgaria regarding the Tripartite Pact. On his return, the same day, Prince Paul asked General Fesich, to invite all the generals to a conference concerning the current military situation and the signing of the pact. The generals of the High Command agreed that from the military point of view the situation was extremely grave for Yugoslavia and that everything must be done to avoid war. However, a lone dissenter, a Commander of the Air Force, General Simovitch, stood firm against the capitulation to the Germans. In his estimation, a pact with Hitler would be dishonorable for Yugoslavia, especially for Serbia, who would not accept such a decision, and that the dynasty itself would be endangered.

Two days later, von Heeren warned Prince Paul that Hitler "calmly desired" settlement of the Yugoslav-German situation within eight days. An emergency meeting of the Cab-

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22 Churchill, op. cit., p. 159.
inst was called. Under pressure from Cvetkovich, Markovich and the Croatian members, the Prime Minister and the Minister of Foreign Affairs agreed to go to Vienna for the purpose of signing "an enlarged and amplified friendship and non-aggression pact" with the Reich. Ten members of the Cabinet voted for this adherence to the Axis in modified form. Five refrained from voting and three voted against it. The latter three submitted their resignations the following day. In the next four days, twenty-seven candidates rejected preferred Cabinet posts, as opposition demonstrations began to break out in Serbia, Montenegro, Bosnia and Macedonia.

On March 22, General Simovich told the Regent that he did not believe the Army would, under any condition, tolerate an agreement with Germany that made Yugoslavia her vassal. The biggest point of difference in the debates was related to the German suggestion that the Yugoslav Army be demobilized. The Serbians, led by General Simovich,

24 The abstentions included Cvetkovich, Markovich, Dr. Raczk, Dr. Djapar Kulemov, the Koslem leader of the Ministry of Forests and Mines. It should be noted that the motion was jointly proposed by the Premier, Foreign Minister and Vice-Premier, and that under parliamentary procedure these three would ordinarily have abstained if a ballot was taken. The War Minister usually declined to vote on purely political issues. Kulemov's abstention was because the terms proposed were totally a surprise to him and could not reach any decision on such short notice.


26 Peter II, op. cit., p. 72.
believed that such a concession would facilitate the German cause and render next to worthless any allowances made to Belgrade. If Belgrade was stripped of a ready army and if Germany became involved in a conflict with Greece, Germany could easily disregard their pledges not to send German troops through Yugoslav territory.

On the same day, Winston Churchill admonished Cvetkovich against signing the Tripartite Pact:

"If Yugoslavia were, at this time, to stoop to the fate of Rumania, or commit the crime of Bulgaria, and become an accomplice in an attempted assassination of Greece, her ruin will be certain and irresponsible. She will not escape, but only postpone, the ordeal of war and her and her brave armies will then fight alone after being surrounded and cut off from her hope and succor."

However, the Yugoslavs failed to heed the British Prime Minister's warning. German constraint was too great and Prince Paul, as well as his ministers, feared to move in any direction contrary to Hitler's dictations. Thus, on the eve of March 25, Cvetkovich and Markovich secretly left Belgrade for Vienna to meet with Hitler and Ribbenbrop to sign the Tripartite Pact.

In later years Premier Cvetkovich defended his Government's position in adhering to the Tripartite Pact. German divisions, said Cvetkovich, were armed to the teeth on

27 Churchill, op. cit., p. 159.
on Yugoslavia's northern frontier. Also, Bulgaria had already adhered to the Axis and allowed German troops to cross her territory. Moreover, the impending German attack on Greece would take place within a few days. On the continent, continued the Yugoslav Premier, not a single adversary of the Germans remained. The British had withdrawn from Europe, Russia was Hitler's ally, and the United States was still neutral. Under such circumstances, concluded Cvetkovich, what was Yugoslavia to do, commit suicide or try to survive as a nation? 28

The terms of the pact which were made public were as follows:

Article I. Yugoslavia joins the Tripartite Pact, which was signed on September 27, 1940, at Berlin, by Germany, Italy and Japan.

Article II. Representatives of Yugoslavia will be present at conferences of commissions for common technical questions created under Article IV of the Tripartite Pact as far as the commission deals with matters touching Yugoslavia's interests.

Article III. The text of the Tripartite Pact is added as a supplement to this protocol. It comes into effect the day of signing.

German Guarantees to Yugoslavia said:

Mr. Prime Minister:

.... On the occasion of the Yugoslav adherence today to the Three Power Pact, the German Government confirms its

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determination to respect the sovereignty and territorial integrity of Yugoslavia at all times.

With reference to the conversations that occurred in connection with Yugoslav adherence to the Three Power Pact, I have the honor to confirm to Your Excellency herewith in the name of the Reich Government that in the agreement between the Axis powers and the Royal Yugoslav Government, the Axis power governments during this war will not direct a demand to Yugoslavia to permit the march or transportation of troops through the Yugoslav State or territory.

J. Ribbentrop

There were no provisions for Yugoslav military assistance, for the German right of passage of munitions and hospital trains, nor were there any economic provisions published. It was hinted, however, that Yugoslavia would receive the Greek port of Salonika upon conclusion of the Balkan campaign.

Yugoslavia thus entered the Axis orbit leaving Greece and Turkey as the only Southeastern European States not officially tied to Berlin and Rome. By signing the Pact, Yugoslavia obligated herself to "assist with all political, economical and military means", the other signatories in case any one of them was "attacked" by any power not now engaged in the present European war or the Sino-Japanese conflict. The importance of Yugoslavia's adherence to the Tripartite Pact can be seen clearly from an extract from Giano's Diary.


which included the minutes of a meeting between Hitler and Ciano:

"...This is of special importance in view of the proposed military action against Greece, for, if one considers that for 350 to 400 kilometers the important line of communication through Bulgaria, runs within twenty kilometers of the Yugoslav border, one can judge that with a dubious attitude of Yugoslavia, an undertaking against Greece would have been militarily an extremely foolhardy venture." 31

The Pact was denounced in all corners in Yugoslavia.

Backed by political organizations and the church, peasants, workers, students, intellectuals and soldiers all spoke and demonstrated against agreement. The Yugoslav ministers in Moscow, Washington and London, resigned in protest against the signing of the pact. In Vienna, a ceremony concluding the signing of the pact was held in such an oppressive atmosphere that Hitler, who made it a point of honoring the ceremony by his presence, complained everything "seemed like a funeral party". 32

Hitler, irked by the depressing ceremony in Vienna, was inflamed the following day when he heard that a bloodless coup d'état had taken place in Belgrade, instigated by a group of military leaders who opposed any rapprochement with Ger-

31 Ciano Diary, p. 432.
many and the Axis. On March 27, 1941, Prince Paul and the members of the reigning Government were arrested: they could not surmount the anti-German military leaders in Yugoslavia. To make matters worse the Japanese Foreign Minister, Matsuoka, had chosen the same day for his arrival in Berlin, a visit to which Hitler attached the greatest importance.

Much to Hitler's annoyance the Yugoslav policy of rapprochement with Germany had uncovered a determined and dangerous enemy, the Serbian Corps of Officers. Any Yugoslav Government which attempted to steer a course not meeting the approval of the Officer Corps would be plagued with dissension and revolt. As early as the spring of 1940, General Dushan Simovich had appeared on the Yugoslav scene as the spokesman for the strongest group of Serbian Officers, who openly opposed a rapprochement with Nazi Germany.

If the Yugoslav Government capitulated to Germany and signed the Tripartite Pact, General Simovich's party had warned that it was ready to take direct action. The foundation of the plan was laid when Simovich was demoted to Sarajevo after he had played a major role in a chaotic and unsatisfactory trial mobilization of the military forces, a failure providing Prince Paul the welcome excuse to re-

move Simovich and place him in command of a relatively unimportant post. The conspiracy had been carefully planned. The leaders of the projected rising were General Bora Mirkovic, commander of the Yugoslav Air Force, aided by Major Knezovic, an army officer, and his brother, a professor, who established valuable contacts because of his position in the Serbian Democrat Party. 34

The plan was confined to a small number of trustworthy officers nearly all below the rank of colonel. The network extended from Belgrade to the main garrisons in the provincial capital cities of Zagreb, Skopje and Sarajevo. The conspirators had at their disposal two regiments of the Royal Guard, one battalion of the Belgrade garrison, a company of gendarmes on duty at the Royal Palace, a part of the anti-aircraft division stationed in the capital, the air-force headquarters at Zemun, where Simovich was chief, and the cadet schools for officers and non-commissioned officers, together with certain artillery and sapper units. 35

With such an impressive force behind them, the Serbian leaders were able to overpower the Government and imprison their opposition. Having successfully completed the coup d'etat, the new Government proclaimed Prince Peter, who was in his minority, as King Peter II. They claimed that their

predecessors, by signing the pact, had betrayed the Yugoslav people, her Western Allies and Greece, and had surrendered Yugoslavia's neutrality. The mutsch had occurred so quickly that a month later Hitler revealed to a friend that the "Yugoslav coup had come suddenly out of the blue. When the news was brought to me on the morning of the twenty-seventh, I thought it was a joke." But it was no joke, for it had upset all hope for a united Balkan bloc adhering to the Axis. When Churchill was informed of the coup he reported to the Conservative Central Council in Britain that the "Yugoslav nation had found it's soul."

When General Simovich came to power, he discussed Yugoslavia's foreign policy with von Heeren, the German Minister, and had confirmed that his Government would continue the same policy toward Germany, asserting that the former government's great fault had been in leaving the people in ignorance of its policy. He further assured von Heeren that the new Government would maintain neutrality and that the changeover had been in no way directed against Germany, but was purely a matter of internal politics.

39 Peter II, op. cit., p. 80.
Hitler, however, decided that Yugoslavia was no longer a reliable factor in Operations Marita and Barbarossa and the immediate liquidation of Yugoslavia was to take place. On March 27, a conference between Hitler and the German High Command on the Yugoslav reversal took place. Those present included the Fuhrer; the Reich Marshal, Goering; Chief, OKW, Keitel; the Chief of the Wehrmacht Fuehrungstab, Jodl; and the Foreign Minister, Ribbentrop. During the meeting Yugoslavia was pronounced to be an uncertain factor in regard to the coming Marita action and even more so to the Barbarossa undertaking later on. Also, Hitler reminded the group that the Serbs and Slovenes had never been pro-German. Moreover, it was agreed upon, without waiting for possible loyalty declarations of the new Government, to make all the preparations necessary to destroy Yugoslavia militarily and as a national unit without an ultimatum. 40

The destruction of Yugoslavia was to be carried out with "merciful harshness" and in a lightening-like undertaking. This would frighten Turkey from taking any action during the Marita campaign. The Germans assumed that the Croats would fight against the hated Serbs and would side with the Axis. If so, autonomy would be given to them later as their reward. Furthermore, the Germans presumed

that the war against Yugoslavia would be very popular with her Axis allies since territory on the Adriatic would go to Italy, the Banat would go to Hungary, and Macedonia would go to Bulgaria. 41

At the same meeting of March 27, Jodl offered a tentative plan which he had drawn up:

"In the event that the political development requires an armed intervention against Yugoslavia it is the German intention to attack Yugoslavia in a concentric way, as soon as possible, to destroy her armed forces, and to dissolve her national territory." 42

Following the meeting an order, Directive No. 25, was issued, which stated that the military putsch in Yugoslavia had altered the political situation in the Balkans. Hence, Yugoslavia, in spite of her protestations of loyalty, must be considered as an enemy and be crushed as speedily as possible. 43

Also following the meeting, Hitler wrote Mussolini about the Yugoslav situation:

"From the beginning, I have regarded Yugoslavia as a dangerous factor in the controversy with Greece. Considered from the purely military point of view, German intervention in the war in Thrace would not be at all justified, as long as the attitude of Yugoslavia remains ambiguous and she could threaten the left flank of the advancing columns, on our enormous front...I consider it necessary that you should cover and screen the most important passes, from Yugoslavia into Albania with all available forces." 44

41 Ibid. p. 785. 42 Ibid. 43 Ibid. 44 Ibid.
In the meantime, the Yugoslav people were jubilant over the anti-German coup d'état. Peter II, touring Belgrade as the new King, was met with shouts of "Better war than Pact", "Better dead than slave". The German Minister was publicly insulted and the crowd spat on his automobile. German and Italian citizens were sought out and publicly abused. In contrast to the disturbances in riotous Belgrade and throughout Yugoslavia, there was quiet in Zagreb, for the Croatians had adopted a "wait and see" policy during the crisis.

After the tumult of the coup d'état, however, the situation within the country was becoming increasingly more chaotic. Peter II soon recognized that one of his greatest problems resulted from the Serbo-Croat antagonism. Macek, at first, refused to serve as Vice-Premier of the new Government, although to acquire national unity, it was publicly announced that he had accepted the position. It was not until April 3 that he officially consented to enter the Government on the conditions that the talks with Nazi Germany should be recommenced, that no action should be undertaken which could provoke German aggression, and that the Serb-Croat agreement of August, 1939, which gave Croatia autonomy, should be con-

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45 Peter II, op. cit., p. 81.
fired by the new Government. All those conditions were accepted without reservations. King Peter felt that yielding to Pacek was extremely injurious to Yugoslavia's military preparations; it delayed mobilization and the concentration of her troops lest Hitler should be provoked.

It was then decided that Kornchilo Ninichich, the Minister of Foreign Affairs, should leave for Germany to confer with Hitler. At the same time Slobodan Jovanovich, Second Vice-Premier of the Cabinet, was to go to Rome for the purpose of meeting with Mussolini on April 7. Neither of these planned meetings, however, materialized. War was declared on April 6.

Yugoslavia was militarily incapable and totally unprepared to cope with the vast Axis forces as she revealed during the first days of the German attack. Winston Churchill and Hitler, however, both saw clearly Yugoslavia's only opportunity to strike a deadly blow to the Axis. This was the naked rear of the disorganized Italian armies in Albania, as is illustrated on the map on the next page. If Yugoslavia acted promptly, said Churchill, she could bring about a major military event. Even though her flat northern country was being ravaged, Yugoslavia might possibly

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47 Peter II, op. cit., p. 82.  48 Ibid.  49 Ibid.  50 Churchill, op. cit., p. 172.
amass the ammunition and equipment necessary to execute a successful counterattack against the Axis. Hitler saw this as clearly as Churchill: "Before everything I hold one thing important, Duce: your front, Duce, in Albania must not give way in any circumstances." Keitel also confirmed the view that the greatest danger to Germany was "an attack upon the Italian Army from the rear." Nevertheless, General Simovich declared that he would give aid only to Albania, but would refrain from attacking until Germany actually attacked Yugoslavia or her vital interests.

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51 Ibid. p. 165.
52 Lukacs, op. cit., p. 375.
54 Ibid. p. 174.
On April 1, General Dill, Churchill’s aide in the Balkans, attempted to arrange a meeting between Anthony Eden and the President of the Council. The latter refused to co-operate, making it clear to General Dill that the Yugoslav Government, for fear of disturbing the already explosive internal situation, was determined not to take any step which “might be considered provocative to Germany.” Unaware that Germany had completed ruthless plans for Yugoslavia’s destruction, Belgrade continued her attempt to placate and divert Hitler. When rumors reached Berlin that General Dill and Anthony Eden were in Belgrade, Yugoslav wasted no time in issuing an emphatic denial of their presence so as not to provoke Hitler’s wrath. The denials, however, were ignored. Hitler ordered the colony of thirteen hundred Germans residing in Belgrade to evacuate and the German Minister, von Heeren, was hurriedly called back to Berlin, never to return to Belgrade.

Meanwhile, Mussolini suggested that the Second Vice-Premier, Yovanovich, come to Rome and with the Italians undertake a joint attempt at mediation between Belgrade and Berlin. Suddenly, presumably at Berlin’s orders, the plan was drop-

55 Ibid., p. 173.
Any attempt to negotiate would have been futile for the final plans for the invasion of Yugoslavia had been concluded on March 30, receiving the code name of Action 25.

Following the German exodus from Yugoslavia, Ivo Andrich, the new Yugoslav Minister to Germany, oblivious to the impending attack, hurried back to Berlin with a note for Hitler. It stated that: Yugoslavia still hoped to preserve her neutrality at any cost short of sacrificing her independence and integrity; Yugoslavia was willing, even eager, to co-operate with the Third Reich, placing her rail lines at Germany's disposal for transport of foodstuffs and raw materials, but the passage of war materiel and troops remained out of the question; Yugoslavia, as always, was willing to co-operate with Germany; Yugoslavia would never declare war on Germany unless attacked, but would resist all unprovoked aggression; finally, Yugoslavia would respect all outstanding "public and open" engagements with her neighbors and stood ready to discuss problems with neighboring powers. The note was never considered. Indeed, Germany

58 Lukacs, op. cit., pp. 369-70.
59 Mirkovich, op. cit., p. 143.
completely ignored Andrich. Five days preceding the outbreak of the War, Andrich tried to see any official of the German Foreign Office to whom he could transmit the proposals of his Government, but the only man he did see was the Chief of Protocol, who blandly handed him his passport. Germany replied by immediately recalling her entire legation staff with the exception of the charge d'Affaires. Hitler's military machine was waiting for the command to move into Yugoslavia. Thousands of Yugoslavs were destined to be the victims of Germany's lightening warfare.

On April 4, General Dill reported to Churchill that Yugoslavia was not ready for war and Simovich hoped to gain time to complete the process of mobilization and concentration. Simovich stated internal political reasons kept him from taking the initiative in the impending hostilities. Although the new Premier anticipated an attack in the south on the Bulgarian border by German troops, he felt certain that Germany would leave Greece alone until the task in Yugoslavia was completed.

On the same day, King Peter and Churchill, both alarmed by the many reports of German mobilization on the Yugoslav

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60 Ibid.
borders, urged General Simovich to take action. The latter finally relented and issued orders for secret mobilization. Moreover, King Peter was privately informed that the date for the German attack was fixed for the early morning of April 6, but General Simovich refused to take the information seriously and said repeatedly to King Peter that "the Germans had the best intentions, that we (Yugoslavia) had signed the pact, etc." 63

In the meantime, German radio broadcasts continued to denounce Yugoslavia in the identical manner in which Germany had denounced Poland 64 before she invaded the latter. Baseless accusations that the Yugoslavs were barbarically burning and looting German shops and homes were repeatedly shouted over the German networks. The "racial Germans" supposedly suffered atrocious abuses at the hands of the Yugoslavs. 65 The German radio broadcasts also continued to stress reports that the Croatian population of Yugoslavia was not in accord with Belgrade's policy, exhorting the "Croat's not to fight the Serb's War." 66

At the time of the broadcasts, 75,000 German troops were reported on the German-Croatian border. However, Action 25 stated that no air raids were to take place on Croatia and a satellite Croatia would

63 King Peter II, op. cit., p. 85.
64 Arnold and Veronica Toynbee, eds., op. cit., p. 351.
66 Ibid.
eventually be established. 67

In the event of a German invasion, Yugoslavia was expected by the Germans in all probability to surrender Croatia and Slovenia without a struggle. Yugoslavia would then retire into the mountainous regions of South Serbia and Montenegro, where the crags and roadless valleys favored her guerrilla tactics. The terrain of Southern Yugoslavia, it was hoped, would seriously handicap the Nazi mechanized equipment. Thus, more Nazi troops were sent southward toward the Bulgarian-Yugoslav frontier. Belgrade despatches indicated that there were about twenty-three Reich divisions in Bulgaria alone. 68

On April 5, Hitler wrote Mussolini that Germany was on the eve of attack. He said that he would now be face to face with a very tenacious enemy whose country was easy to defend. 69 Yugoslavia, however, weakened by internal dissention, crippled by shortsightedness of her leaders, and without allies except an exhausted Greece and a distant Britain and an ineffective non-aggression pact signed on April 5 with Russia, staggered and fell beneath the wheels of Germany's Blitzkreig within the span of two weeks.

67 Lukacs, op. cit., p. 371.
The next morning, Belgrade awoke to the bombs of two-hundred Nazi Stukas. The German planes opened the Balkan campaign with Operation Punishment, relentlessly bombing the capital for three days. On April 8, when the Stukas became quiet, seventeen thousand Yugoslavs lay dead in Belgrade alone. Within twenty-four hours, Germany held complete mastery of the air. Yugoslavia's major rail lines and communications centers were destroyed, eliminating any opportunity to send reserve troops to the Yugoslav fronts. The German attack from Bulgaria, strategically planned to gain control of the military key to Serbia and northern Greece, proved to be the decisive blow in Operation Marita. The coveted key to Serbia and Northern Greece was the Skoplje Gap; forty-eight hours after the war broke out, Skoplje was in the hands of Germany. On April 9, a combination of German and Bulgarian forces swung into Serbia and Macedonia preventing any possible contact between Yugoslavia and Greece and completing the encirclement of Yugoslavia.

Simultaneously, Italy was attacking South Serbia, the Adriatic Coast, and by April 11, occupied the capital of Slovenia. In a short time, German forces joined the Italians in Albania, alleviating any possible Yugoslav threat.

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70 Peter II, op. cit., p. 89.
71 Lukacs, op. cit., p. 374.
at Italy’s rear in Albania. On April 12, the Adriatic front collapsed. Meanwhile, the main Yugoslav forces in the north were being driven south by German troops, as Hungary marched through the Bachka toward the Danube. Both Hungary and Bulgaria had previously signed friendship pacts with Yugoslavia, but the tremendous show of Axis might rendered worthless the agreements with the embattled Yugoslavia.

Also, in the north, Germany employed political warfare to hasten her victory over the Yugoslavs. Croatia was spared from bombings and, instead, propaganda radio broadcasts presented the Nazis as their “liberators” from the Serbians. On April 8, Germany’s quisling candidate for Croatia, Ante Pavelich, broadcasted an appeal to the Croats to secede from Yugoslavia and to support Germany and Italy. Croat regiments were urged to revolt. Mutinies occurred within the Croatian ranks and the paralyzed Yugoslav fleet, manned by Croat seamen, surrendered to Italy on April 17. Two days earlier, Germany and Italy had recognized Pavelich as the new head of satellite Croatia.

On the same day, the Yugoslav Government abandoned the capital and fled south, eventually finding refuge in London. By April 17, Yugoslavia had capitulated when General Sim-

ovich ordered the army to surrender. On April 19, the Swastika was flying over Yugoslavia and Berlin declared the Balkan campaign officially to an end. Hitler had finally acquired Yugoslavia's allegiance to the Axis camp.
Chapter IV

CONCLUSION

The climax of Yugoslavia's defiance to Hitler was the partitioning of the defeated South Slav nation among the victorious Axis Powers. Of all the nations conquered by the Nazis, Yugoslavia was dismembered into the greatest number of units. The victorious powers Germany, Italy, Hungary, Bulgaria and Albania all received portions of Yugoslavia. Croatia was given complete autonomy as a Nazi satellite. Even the idea of an independent Montenegro was revived, although the state itself was not set up in a definite form. The former Yugoslav state had been transformed into a patchwork of small territories governed by a number of Yugoslav quislings, which were not hard to find.

There are many reasons why Yugoslavia succumbed to disaster. Perhaps the greatest cause for Yugoslavia's destruction was that she lacked political leadership to prevent the Nazis from intimidating the Government and to hold the state structure together. When the Regent, Prince Paul, came to power in 1934, the pro-Nazi Minister Milan Stoyadinovich guided his nation into the German orbit. Yet this could not
have been accomplished without Prince Paul's approval; he was the real ruler and dictator of the nation. In 1939, Stoyadinovich fell from power, but Yugoslavia failed to deviate from his line of action. Rather the Cvetkovich Government, whose policies Paul dictated, continued Stoyadinovich's pro-Nazi policy under the guise of neutrality. If Paul desired to part from Berlin, he lacked the courage to do so. The results of his past policy had lulled him into an acceptance of the status quo and the erroneous belief that Yugoslavia would be spared the ill-fate shared by her neighbors. Paul continued to appease Hitler. Even when the Nazi dictator began to apply pressure on Yugoslavia, Paul continued to pursue his policy of appeasement; he agreed to a non-aggression pact and then to the Tripartite Pact. He wrongly assumed that appeasement would satisfy the Fuhrer's appetite and would allow Yugoslavia to exist as a neutral within a Nazi sea. Paul's inability to anticipate the forthcoming events or to comprehend Hitler's motivations had placed Yugoslavia in an extremely precarious position. Because of her past action and appeasement her fate appeared to be unavoidable. If the coup d'état, which forced Hitler's decision to destroy Yugoslavia, had not taken place, then Yugoslavia would have sooner or later had to succumb to Hitler's New
Order. Yugoslavia had, in other words, only two alternatives: to bow to Berlin diplomatically and peacefully or to bow to Berlin's military might. Prince Paul chose obeisance while the Yugoslav nation chose to resist Nazi Germany. Yet the two alternatives might not have existed if Yugoslavia had possessed leaders with the ability and foresight to detect Hitler's strategies for gaining complete economic and political control of Yugoslavia.

By 1939, Yugoslavia was economically dependent on Germany and her Axis Allies. Germany alone controlled nearly fifty per cent of Yugoslavia's exports and imports. Yet Yugoslavia composed only about two per cent of Germany's trade. Not only was Yugoslavia's trade controlled but Germany also virtually controlled all her transportation routes except in Salonika. Moreover, the influential Yugoslav business and industrial circles induced many of their countrymen to favor the Nazis since lucrative trade depended solely on the attitude of Germany. If Germany could not obtain economic and political dependence of Yugoslavia, she was determined to weaken Yugoslavia internally rendering her an easy prey. Consequently, when Yugoslavia's fateful hour arrived, Germany's economic strategy played an important role in the quick defeat of Yugoslavia.
The inevitable defeat of Yugoslavia became a harsh reality to the South Slav nation as she watched herself being surrounded by an iron ring forged by the Axis. German troops were in Bulgaria, Rumania and Hungary, while Germany, herself, bordered northern Yugoslavia. On the Adriatic Coast, Hitler's ally, Italy, not only controlled the Adriatic Sea, but also had troops stationed in Albania. Yugoslavia could claim only Greece and Great Britain as allies. Rumania, formerly an ally, had long since fallen under Germany's subjugation. France and Czechoslovakia, before they too were subdued, had desired to create an alliance with Yugoslavia, but Yugoslavia had rejected these alliances and stood idly by while Germany either occupied or conquered them. Thus Yugoslavia had naively played into the hands of Hitler and when her fateful hour arrived she faced the German blitz alone.

The very foundations of Yugoslavia had indeed become weakened and undermined by the permeation of fifth-column conspirators, and pro-Nazi elements in the important industrial and business circles of Yugoslav society. The Croats too continued to urge the Government throughout its struggle to remain neutral. Their determination to gain autonomy led to Macek's decision to adhere to the new Simovich cabinet, a decision which consumed the precious moments Yugoslavia needed to mobilize her country in preparation for her final hour.
Also, because the Croatian people did not support the Serbian coup, they refused to uphold them and to resist the Nazis. Instead, many Croats chose to follow the Ustashi, who were so firmly established in Croatia, that they were able to successfully incite the people to revolt against Belgrade, the capital of their own country.

The final blow to Yugoslavia was almost suicidal in nature. Yugoslavia's high command had stubbornly delayed her mobilization until a matter of days before the German onslaught. As the first days of the invasion illustrated, Yugoslavia was a complete military failure. Theoretically Yugoslavia could have mobilized 1,500,000 men, but was able to gather a standing army of only 200,000. During the opening days of the Nazi invasion, Yugoslavia had an army of 400,000 and an air force of 300 planes in comparison to Germany's army of approximately 33 divisions, an air force of 2,000 planes, and 6 mechanized army divisions. Germany, also, had the support of Italian, Rumanian, Bulgarian and Hungarian troops, while Yugoslavia had no outside reinforcement. The poorly mobilized army was rendered ineffective against the mechanized German divisions. The troops too were poorly armed. Yugoslavia could have purchased armaments from Germany, who controlled both French and Czechoslovak armaments, but Germany
did not wish to arm Yugoslavia without first politically exploiting her. If Yugoslavia had attempted to buy her arms elsewhere, although they were at a premium, Germany would have blocked her with political and economic pressure, forcing her to abandon such ideas. Also, many of the General Staff saw no hope in resisting the Germans. General Medich, who was to command the Yugoslav army in the most important South Vardar Valley, did not even bother to join his troops. Rather, he waited in Belgrade for the Nazis to arrive. Other officers failed to continue the battle as their men lost morale. National spirit and pride were virtually numbed in the hearts of the men. One officer committed suicide in front of his troops, while many others defected. Croatian regiments, instigated by the Jastashis, rebelled against their Serbian superiors. (In 1940, there were 162 Serbian, 1 Croatian, and 1 Slovene generals.) From the beginning the army was in complete chaos. How could anyone expect Yugoslavia to meet the mighty Nazi successfully? Despite Yugoslavia's many weaknesses, she contributed decisively to the defeat of Germany. Operation Barbarossa was to begin on May 15, 1941. Because Germany was drawn into a major campaign in the Balkans, she did not invade Russia until June 22. The delay cost the Germans the winter
battle before Moscow, and it was there, said Karl Ritter, who represented the Foreign Office with the German General Staff, "the war was lost."
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