

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

This PDF is auto-generated for reference only. As such, it may contain some conversion errors and/or missing information. For all formal use please refer to the official version on the website, as linked below.

Balancing in Central Europe: Great Britain and Hungary in the 1920s

<https://www.e-ir.info/2019/03/13/balancing-in-central-europe-great-britain-and-hungary-in-the-1920s/>

TAMÁS MAGYARICS, MAR 13 2019

This is an excerpt from *Great Power Policies Towards Central Europe 1914–1945*. Get your free copy [here](#).

This chapter complements the much longer studies on British-Hungarian bilateral relations in the 1920s by Miklós Lojkó and Gábor Bátonyi. Since the publication of their monographs, a number of scholarly works have been written on various aspects of the bilateral relations between the two countries as well as on some of the major actors in contemporary political life, such as, for example, Pál Teleki by Balázs Ablonczy; while Sir Bryan Cartledge's book about the British perception of the Trianon Peace Treaty of 1920 provides invaluable insights into the thinking of British politicians with reference to Central Europe.[1] Though new archival materials and secondary sources do not warrant a new interpretation of bilateral relations between Great Britain and Hungary in the post-WWI years, they do offer interesting new additions to the diplomatic and political history of the years in which Hungary was looking for a new role in international life, while Great Britain had to re-evaluate its prewar policies based on the Rankean 'pentarchy,' that is, the balance of power in Europe between five Great Powers (Austria-Hungary, France, Great Britain, Germany and Russia). This period also signaled the beginning of British 'retreat' from the affairs of Central Europe, with repercussions that turned out to be extremely tragic for the region and Europe in general.

It is stating the obvious that British foreign policy on the continent was driven to a large degree by balance of power considerations in the 19th century as well as in the early-20th century. Austria-Hungary played a pivotal role in these calculations in London. While the British government deemed the survival of Austria as a Great Power of primary national interest during the 1848–49 Hungarian revolution and war of independence, the Dual Monarchy's alliance with the unified and rising Germany in the last decades of the 19th century changed the British outlook on, and the image of, the Monarchy. It was especially Hungary that started to be viewed increasingly critically, then with outright hostility, by the British government and press alike at around the turn of the century. The various British observers who influenced official circles and the public at large in Great Britain, foremost among them Robert William Seton-Watson, or the Vienna correspondent of *The Times*, Wickham Steed, attacked Hungarian social and political conditions from a liberal point of view.[2] The outbreak of the 'Great War' only, naturally, intensified agitation against Austria-Hungary in Britain, and this time the call for the federalization of the Monarchy and the emancipation of the Slavic peoples living within its borders became stronger by the day as the war dragged on. A key outlet for these ideas became *The New Europe*, a journal established in 1916 with contributors such as Seton-Watson, Wickham Steed, the Leeper brothers (Reginald and Allen), and – among others – Tomáš G. Masaryk, who was later elected the first President of Czechoslovakia in 1918. The periodical ceased to exist in 1920 as it had fulfilled its mission.[3]

For the better part of the war, as Bryan Cartledge argues 'nobody in London desired the destruction of Austria-Hungary,' and 'the British War Cabinet approved the prime minister's view that after the war Austria-Hungary should be in a position to exercise a powerful influence in South-East Europe.'[4] The position of Prime Minister David Lloyd George (1916–22), however, changed in 1918, almost in parallel with that of Woodrow Wilson's, with regard to the Dual Monarchy: now he wished to apply the principle of national self-determination (or 'national aspirations') to such a degree as it was practicable. The shift towards the breakup of Austria-Hungary became more pronounced after Charles Habsburg's failure to secure a separate peace in the spring of 1918. This new thinking was more in harmony

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

with the ideas which had gained ground in the Foreign Office due to, among others, Seton-Watson, Wickham Steed and Allen Leeper, who were to advise the British delegation at the Paris Peace Conference after the conclusion of hostilities in November 1918. They, together with Harold Nicolson, served as experts on Central Europe, and were sitting on the subcommittees deciding the postwar borders in the region. Nicolson also entertained a very bad opinion of the Hungarians,[5] but he confessed that they were treated unfairly after the war because the parallel sessions of the subcommittees drawing the new borders did not coordinate with each other.[6] Though Prime Minister Lloyd George realised the dangers of the harsh peace terms imposed on Germany, and especially on Hungary, the French and the British Foreign Office were against the re-opening of the questions: both State Secretary Arthur Balfour (1916–19) and his successor Lord Curzon (1919–24) argued that the settlements based on the experts's opinions should stand. Harold Nicolson even credited the British delegation with preventing the Hungarians from being invited to discuss the terms, and cynically added that 'it does not matter much.'[7]

The Paris Peace Conference brought some underlying tensions between Great Britain and France to the surface. Although, on the whole, they agreed that the 'perpetrators' of the war should be punished and, more specifically, Germany's military and industrial capabilities should be crippled to an extent that it should never again try to upset the balance of power in Europe, the French were more vindictive in their demands than the British for geopolitical and historical reasons. Their idea of creating a buffer zone with client states along the eastern borders of Germany (and the western borders of Soviet Russia) meant, by default, that they favoured the successor states in Central Europe to a larger degree than even the British did. The French idea of 'squaring the circle,' that is, to incorporate Hungary into the French zone of influence together with Romania, Czechoslovakia and the Kingdom of Serbs, Croats and Slovenes (later Yugoslavia) was short lived under Prime Minister Alexandre Millerand (1920) and General Secretary of the Foreign Ministry Maurice Paléologue in the first half of 1920. The so-called Millerand-letter ('*lettre d'envoi*') of 6 March 1920, in which the French Prime Minister held out hope to Hungary that her borders might be re-negotiated by the League of Nations, aroused the suspicion and, consequently, the opposition of the British. The French business interests, primarily that of the Scheider-Creuzot complex that sought to acquire assets (such as the Hungarian national railway) in Hungary, provoked the same reaction. London did not want to see unrivalled French economic and political influence in Central and South-East Europe; Paris entertained the thought of creating 'a confederacy of Danubian states with Hungary as the axis of a pro-French Central Europe.'[8] As for Hungary, the country was in dire need of any help after losing about two-thirds of its former territory and a similar proportion of its population as a result of the Treaty of Trianon (signed on 4 June 1920). Besides the territorial and population loss, the areas lost to the so-called successor states included some of the richest in minerals, and industrial and communication infrastructures were seriously disrupted too. Therefore, the Hungarian Minister in Vienna, Dr. Gusztáv Gratz (1919–21) pointed out to the British High Commissioner Francis Oswald Lindley (1919–20) with all justification in early July 1920 that 'in view of our situation [he cannot be surprised] if we feel compelled to accept a friendly offer of France. ... [W]e feel that Great Britain has no sufficient interests in Hungary to support us ... [O]ur experts who visited London came back with the impression that the only British interest is in the Danube river ...'[9]

The truth is that Great Britain did have economic and political interests in Central and South-East Europe. In fact, London played the leading role among the Great Powers (France, Great Britain, Italy and the United States) which were constituting the Allied Military Commission after the suppression of the Communist dictatorship in Hungary in August 1919. The British had a clear objective of pushing for the establishment of a stable government, and putting Admiral Miklós Horthy at the head of the country. The British interest was primarily of an economic nature. The short-lived Communist dictatorship in Budapest from 21 March to 1 August 1919 displayed the pivotal role of Hungary in economic and trade relations in Central Europe. Strategic interests dictated that the region be stabilised and consolidated. A relatively prosperous chain of countries in Central Europe had the potential to resist a renewed German economic and political expansion into the region (on paper), as well as to provide a *cordon sanitaire* along the western borders of Soviet Russia, and to prevent Bolshevism from spreading into Western Europe. Regarding economic opportunities, the countries in the region offered exceptionally lucrative opportunities for foreign investments as each one of them was short of capital to build or rebuilt their economies. More specifically, the emerging British interest towards the Danube, which practically had been under the control of the British under Admiral Sir Ernest T. Troubridge, could also be attributed to their endeavour to gain a secure trading route for shipping oil from the Romanian oil fields. The British suspected that the French would like to gain control over the Danube from the Black Sea as far as the German section of the river, and then to connect it with the Rhine. Budapest

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

and Vienna would have had to play the role of processing the raw materials imported from the East. This clash of interests ultimately resulted in a French withdrawal from the dispute over the control of shipping on the Danube.

The French decision should be put into a broader context: Paris did not wish to confront the British over this relatively marginal question because of certain security considerations. The French hope that the United States – either on a bilateral or a multilateral framework – would provide security guarantees against a potentially resurgent Germany, had been dashed with the defeat of Woodrow Wilson's liberal internationalist vision by the US Congress and the public. Neither of them was ready at this point to assume a global role in security issues, so the Western European members of the former Entente were left to their own devices. The only meaningful supporter of French security concerns regarding Germany was Great Britain. Therefore, the French government concluded that the Danube and, for that matter, Hungary, was not worth risking British 'goodwill,' and decided to abandon plans of promoting economic interests in face of British opposition there. Moreover, the driving force, urging a more active French policy towards Hungary at the Quai d'Orsay, Maurice Paléologue, resigned late September 1920 and was succeeded by Philippe Barthelot (1920–33), who was not very well disposed towards Hungary.

The British, on the other hand, were instrumental in shaping political life and consolidating political power in Hungary. Sir George Clerk, a British diplomat who was sent to Budapest by the Peace Conference in October 1919 to oversee the creation of a new government, supported those political forces, namely the aristocrats and the groups around Admiral Miklós Horthy, who had been shunned earlier by, among others, the French. He and London favoured Admiral Horthy as the future head of Hungary because he was regarded to be a 'safe pair of hands' who would be able to bring the rather turbulent conditions in the country under control. Sir George also insisted that formal recognition of the new government be extended only if it would respect democratic civil rights.[10] He also put forward a plan for the treatment of Hungary (and Austria) in the future: he recommended lifting reparations payments so that the two countries' economies could be put on a firm footing, and he suggested that a Central High Commission be set up to arbitrate questions related to 'interethnic conflicts and revisionist claims.' [11]

Besides the formation of the government, there was one more domestic political question the following year (1920), in which London exerted relatively strong pressure on Budapest: the Peace Treaty of Trianon between Hungary and the Allied Powers. There was widespread, one may even say, universal opposition in Hungary to the treaty imposed on the country, but any prospect of 'peaceful coexistence' with the neighbours (which was Hungary's vested interest given the latter's military superiority) depended on the acceptance of the treaty as it was. The Allied High Commission, in which the British were playing a leading role, handed a strongly worded joint *démarche* to the Hungarian government urging Budapest to reconcile itself with the treaty containing extremely harsh conditions, which it did on 13 November 1920. London took a very firm position on the question of a potential return of King Charles IV or, for that matter, any Habsburg ruler to the throne of Hungary. The question first came to a head in November 1920 when Archduke Joseph Habsburg suggested that power be handed to him because the government was not stable enough. The Deputy of the British High Commissioner in Budapest, Wilfried Athelston-Johnson, informed the Habsburg Archduke that 'His Majesty's government cannot even consider the possibility of his candidacy.' [12] When Archduke Joseph protested that King Constantine I of Greece (1913–17, 20–22) had been allowed to return to power, High Commissioner Thomas Hohler (1920–21) called his attention to the fact that Greece was not surrounded by the countries of the so-called Little Entente (Czechoslovakia, the Kingdom of the Serbs, Croats and Slovenes, and Romania). Moreover, the British diplomat was worried that the return of a Habsburg ruler might provoke a civil war in Hungary as well. Then, in March 1921, Charles IV himself tried to reclaim his throne. The last Emperor of Austria and King of Hungary got in contact, through Prince Sixtus of Parma, who had already tried to mediate between the Austrians and the French in 1918, with Prime Minister Aristide Briand (though the French politician later denied the contact). [13] The topic was the return of Charles IV to Hungary where he enjoyed fairly substantial support among the so-called loyalists. The British got wind of the impending attempt of the restoration of Habsburg-rule in Hungary. They were also more than sceptical that Charles IV really thought that he had any chance of getting his throne back, while, on the other one, they warned the Hungarians against entertaining any such idea. [14] The early British warning was motivated largely by the concern that the neighbouring states might take (military) action against Hungary. Despite the advice to the contrary, Charles IV decided to return and arrived in Western Hungary on 27 March 1921. He got into negotiations with Governor Horthy, who managed to persuade him to leave and thus to prevent a potential political turmoil in the country. Charles IV finally left for Switzerland on 5 April.

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

However, the king did not give up hope to return, and Charles IV made another attempt in October that same year. This time the British intervention in Hungary proved to be stronger than it was six months before. Britain, France and Italy repeated what they declared in their joint note of 3 April 1920: they unequivocally stated their determined opposition to any restoration of a Habsburg-rule in Hungary. High Commissioner Hohler even threatened Prime Minister István Bethlen (1921–31) with refraining from putting pressure on the capitals of the Little Entente countries so that they would practice restraint.[15] In fact, as Hungarian Foreign Minister Miklós Bánffy (1921–22) reported to the Cabinet, the representatives of Czechoslovakia, Romania and the Kingdom of the Serbs, Croats and Slovenes visited him after the British-French-Italian *démarche* had been delivered. These diplomats told Bánffy in no uncertain terms that their countries would take all measures necessary to maintain peace in Central Europe in case the Hungarian government was not able to do what was required of it. To exert even more pressure, High Commissioner Hohler, in the company of his colleagues, paid a visit to Governor Horthy, and they reiterated the warning which they had given to Foreign Minister Bánffy earlier. In reality, Great Britain also put pressure on the Czechs and the Yugoslavs to stop their war preparations. Otherwise, the British warned them, London would break off diplomatic relations with both of them. Hohler then held a conference with Prime Minister Bethlen and Foreign Minister Bánffy on 5 November, where the British High Commissioner emphasized that the main reason why the Great Powers were opposed to the return of Charles IV was that they feared that it would lead to a war in the region which they would like to avoid at any cost.[16]

The Great Powers at this point found it important to request from the Hungarian government that the House of Habsburg be dethroned – in order to prevent the recurrent attempts by the members of the royal family to regain their rule in Hungary; these attempts clearly undermined the political stability of Hungary and the region alike. Steps were also taken to defuse the current crisis. Meanwhile, a Cabinet meeting was held in London on 26 October in which Foreign Secretary Lord Curzon gave an account of the events in Hungary, and the members present agreed that Charles IV should be removed from Hungary as he was ‘in the centre of plots.’ Several ideas were floated as to the potential venues of his exile, including Italy (discarded because of the vicinity of the Kingdom of the Serbs, Croats and Slovenes), Malta (ruled out because the Prince of Wales was just visiting the island), and finally they decided that they would ask Spain to provide a place of retirement for the former Habsburg ruler on an island belonging to Madrid. After all, Charles IV left Hungary for good on 31 October, and was carried to the island of Madeira on board the HMS Cardiff; he died shortly thereafter on 1 April 1922 in the Spanish flu epidemic that claimed the lives of millions of people after the Great War.

While the Bethlen-government and Governor Horthy were able to count on British support in their efforts to stave off the attempts by the Charles IV to regain his throne (technically speaking he had only relinquished, in a declaration issued at Eckartsau on 13 November 1919, ‘every participation in the administration of the State’ so long as the ‘vis maior’ blocking his rule existed), London proved to be insensitive to Hungarian demands for self-determination with regard to Western Hungary/Burgenland. At the same time, the British Foreign Office informed Budapest that it would not block a referendum which was to decide the future territorial affiliation of the disputed land. Former Prime Minister, Pál Teleki visited the French and British capitals in spring and summer 1921 to gain support for the Hungarian position. Teleki was fairly persuasive in private talks with, among others, former Prime Minister Henry Asquith, Lord Beaverbrook, and a few members of the House of Lords. Nevertheless, he ran into troubles in the Foreign Office. He made some critical remarks about the indifference, even ignorance, of the complicated ethnic issues in Central Europe, as well as the provisions regarding the minorities in the peace treaties, which did not go particularly well with, among others, Alexander Cadogan. In fact, Cadogan believed that Hungary could not postpone the transfer of Western Hungary to Austria any more.[17] He also regretted that the dispute prevented better relations between Austria and Hungary. The question was finally settled on 13 October 1921 after intensive talks in Venice; a referendum was held in and around Sopron (Ödenburg). A decisive majority then decided in favour of Hungary on 14–16 December 1921.

The single most important issue in British-Hungarian relations was the economic and financial stabilisation of Hungary. They reflected British priorities in the region: stable economies with substantial British economic and financial presence and, through it, influence over local governments. The broader objective can be said to have been – with a modern expression – a ‘double containment’ of the potential German and French interests in Central and South-East Europe. London did not wish to be politically or strategically tied down in these ‘faraway lands’ (borrowing

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

Neville Chamberlain's memorable comment on Czechoslovakia during the Sudeten crisis in the late 1930s). Great Britain's policies towards these countries were motivated by another factor: British debts to the United States. As a number of countries were required to pay reparations after the war, foremost among them Germany, but also Hungary, it was in the interest of London to enable these countries to make payments so that Britain would also be able to make good on its financial obligations to the US. In general, one may conclude that similar ideas motivated the US when it tried to create a situation in the defeated countries, especially in Germany through the Dawes Plan, the Young Plan and, finally, the Hoover Moratorium in which they were able to fulfil their reparations obligations. As we will see later, it was predominantly British and American banking institutions that underwrote the League of Nations loans in the 1920s.

The competition for Hungarian business and financial assets between Great Britain and France started right after the conclusion of the war. The French wished to acquire the Hungarian state railways (*MÁV*) together with the *Hitelbank* (Credit Bank), which controlled about 230 companies in the country. The Governor of the *Hitelbank*, Adolf Ullmann (1895–1925), favoured the British, while Great Britain protested in a diplomatic note dated 4 June 1920 against the acquisition of the *MÁV* by the Schneider-Creuzot complex. The high hopes created in Hungary by the Millerand 'letter d'envoi' had a financial connotation as well: Finance Minister Loránd Hegedűs (1920–21) wished to base the new Hungarian currency on the French franc. It is perhaps unnecessary to remark here that the idea was torpedoed by London. Meanwhile, British banking interests had gained a foothold in Hungary by establishing the *Angol-Magyar Bank* (English-Hungarian Bank) in late spring 1920. The predecessor of the *Angol-Magyar Bank*, the *Magyar Bank* (Hungarian Bank) and the *Kereskedelmi Rt.* (Commercial Joint Stock Company) had been called into being in 1896 in order to guarantee commercial links between Hungary and the Balkans. It had established affiliates in Romania, Greece, Bulgaria and Turkey; thus, it fitted perfectly into the British strategy in the region. The *Angol-Magyar Bank* had two British partners: the Imperial and Foreign Corporation and the Marconi Group, which acquired 250,000 shares. The transaction was facilitated by Alfred Stead, who was an expert on the Danube-shipping issues. (At the same time, a British group acquired a share in the Austrian *Donau-Dampfschiffgesellschaft* and the *Süddeutsche Dampfschiffgesellschaft*. The underlying objective was clear: to control the shipping routes from the Balkans and the Romanian oil fields.) The Governor of the *Angol-Magyar Bank*, Simon Krausz, attempted to arrange a loan of 10 million pounds, but the British rejected the request with the explanation that they would not extend any loan to Hungary until the Treaty of Trianon was signed and ratified by the appropriate Hungarian authorities. Budapest made another attempt at getting a British loan in 1921 through another banker, Gyula Walder. However, the British were still reluctant to comply with the request referring to the uncertain political situation created by the repeated attempts of Charles IV to return to Hungary. The third Hungarian request came from Hungarian banks which wanted to stabilise the Hungarian currency (*korona*) with a two or three million pound sterling loan. This time the request was turned down because of the obscure situation regarding reparations payments.[18]

The situation changed in 1922: the two sides started to move closer to each other. The Hungarian chargé in Paris reported that he had met the British Under-Secretary for Foreign Affairs Sir Eyre Crowe (1920–25) in London, and that he enquired whether Hungarian companies or the government would not like to get a loan from Great Britain. Eyre's offer was not, of course, without self-interest: British banks and industrial units were seeking investment opportunities, and the loan thus received was to be spent in Britain.[19] On the other hand, the Hungarian Finance Minister Tibor Kállay (1921–24) made an exploratory tour in Paris, London and Rome concerning a bigger loan. The Hungarian government hired Sir William Goode[20] in January 1923 to facilitate business and financial contacts in London. The breakthrough came with Tibor Kállay and Prime Minister István Bethlen's visit to London on 7–10 May 1923. They met the most important British politicians from Prime Minister Bonar Law (1922–23) to Foreign Secretary Lord Curzon, as well as the Governor of the Bank of England Montagu Norman (1920–44), who was to play a crucial role in the League of Nations loan, which ultimately set Hungarian finances on a firm footing. The two Hungarian politicians also had talks with other prominent members of the financial world, including Anthony de Rothschild and Lionel de Rothschild. The shifting British position was indicated by the fact that the government disregarded the protests by R. W. Seton-Watson and the former Hungarian President, Mihály Károlyi, who lived in Britain at that time in exile, against the visit of Kállay and Bethlen. Moreover, it seems likely that Montagu Norman's suggestion of depoliticisation of the financial reconstruction of Europe prevailed over the ideologically more committed voices in Britain (the Foreign Office and Sir Otto E. Niemeyer at the Treasury) – and over the French approach as well. Again, self-interest did play a role in Norman's strategy: the regeneration of European trade would be bound to strengthen

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

the sterling too. However, his vision of 'an economic federation' of countries along the Danube without customs barriers did not materialise because of political and ethnic tensions in Central Europe.[21]

The British advised the Hungarians that they should approach the League of Nations – with British support. (It happened on 4 May 1923.) The financial talks did not go smoothly. First, London had to convince the French, the Italians and the members of the Little Entente that an external load extended to Hungary was vital for the political stability of Central Europe. The countries mentioned worried first and foremost that Hungary would give preference to the repayment of the future loan to the reparations payments. When Prime Minister Bethlen threatened resignation because the talks seemed to be stalling, the British cautioned the opponents against obstruction. Thus, they let the Czechs know that they would receive the second tranche of the loan issued to them by the Baring banking house only if they accepted the British plan for the reconstruction of Hungary and cooperated with the efforts to put Hungary on a firm economic footing. The pressure resulted in a softening of the positions of the Little Entente: they were willing to disconnect the reparations payments from the loan at the conference held in Sinaia, Romania on 28–30 July 1923.

The 'magic formula' was finally worked out by Sir Arthur Salter, the Head of the League of Nations Financial Committee with Montagu Norman. The reparations payments were disconnected from the loans of some 10 to 12 million pounds. Moreover, a political protocol was attached to the financial provisions which stated that 'largely due to British influence, it did not rule out Hungary's moral right to seek territorial revision by peaceful means.' [22] Then in December 1923, Hungary pledged to pay 200 million golden crown (*korona*) within 20 years as reparations. However, the realisation of the League of Nations reconstruction loan ran into difficulties. As the reparations continued, which Montagu Norman opposed, the Bank of England declared that it could not support the deal under the existing conditions. After all, the Rothschild banking house in London subscribed four million pounds sterling, another four million was subscribed by Speyer & Co. of New York, while the rest (two million) was subscribed by Swedish, Swiss and Czech banks.[23]

A Boston financier, Jeremiah Smith, was picked by the British and the Americans to administer and control the spending of the loan and to oversee the policies aimed at enhancing the state revenues. The National Bank of Hungary began its operation on 24 June 1924; out of the seven major shareholders, two – the Anglo-Austrian Bank and the Midland Bank – were British, while the largest shareholder was the National City Bank of New York. In fact, the League of Nations was perhaps more important from the political point of view than from an economic one; only about 25% of the loan was spent 'on meeting arrears or current account deficits of the budget.' [24] Its real benefit for Hungary was the improvement of Hungary's international image after the war, the Communist dictatorship, and the backlash following the 'red terror.' One of the culminating points of the loan program was the introduction of a new currency, the *pengő*, on 1 January 1927.

Great Britain and Hungary began drifting away from each other in the latter half of the 1920s. Despite Montagu Norman's hopes, Hungary decoupled the *pengő* from the pound-based system. More importantly, though, Budapest was not willing to commit itself to an 'eastern Locarno.' Foreign Secretary Austen Chamberlain (1924–29) tried to persuade Prime Minister István Bethlen to conclude agreements with Hungary's neighbours similar to the Locarno Treaty, which had been signed by the Germans and the French, and the Germans and the Belgians. These two treaties guaranteed the borders between Germany and its two western neighbours. The Hungarian Premier promised to initiate negotiations with Hungary's neighbors, and talks were indeed held between Hungary and Yugoslavia to discuss an agreement which would guarantee the borders between them. Meanwhile, however, Hungarian-Italian relations gained importance: for Hungary, the revisionist Italy seemed to offer better and real opportunities to achieve the redress of, at least, some of the injustices of the Treaty of Trianon. It is true that the 'eternal friendship' treaty signed by Prime Minister Bethlen and Benito Mussolini in Rome on 5 April 1927 did not contain too many specifics, but it signalled a definite turning point in the foreign policy orientation of Hungary towards the countries which – in the long run – wanted to change the status quo in Europe.

At this moment Great Britain got involved in a somewhat bizarre incident with Hungary. Harold Rothermere, the owner of the *Daily Mail* published an article in his newspaper on 21 June 1927 under the title 'Hungary's Place in the Sun.' He argued that the dissolution of the Austro-Hungarian Monarchy had been a mistake, and that the new – in part artificial – borders which did not take ethnic boundaries and the right of national determination into account,

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

endangered peace in Europe. He concluded that the revision of the borders would be beneficial not only for Hungary, but also for the so-called successor states in Central Europe because a source of serious friction would be removed. He suggested that economic and financial pressure should be exerted by Britain and the US on the Little Entente countries to accept the redrawing of the borders. As Harold Rothermere enjoyed quite good and intimate relations with a number of people in the British government and the Parliament, some suspected that the British government was behind him, and the article was a sort of trial balloon to gauge reactions to the suggestion. The impression was reinforced by the fact that the Foreign Office did not comment in writing for some time. A war of words erupted between Harold Rothermere and especially the Czechs over the treatment of the Hungarian minority in Czechoslovakia. Prague, and the other capitals in the Little Entente countries suspected that Budapest was behind the British press magnate's actions, and accused the Bethlen government of trying to achieve the revision of the Treaty of Trianon 'through the back door.' They were also suspicious of British motives: London repeatedly sided with Hungary in its various disputes with neighbouring countries. There was the case of the Hungarian landholders of Transylvanian origins over properties that had been confiscated without compensation by the Romanian government after 1919 if the landholders had opted for Hungarian citizenship, and the scandal over a transport of weapons spare parts of World War vintage (the shipment, which was sent from Italy to Hungary, was discovered by Austrian customs officers at the Hungarian border town of Szentgotthárd in January 1928 – Hungary's neighbours lodged strongly worded protests and accused Budapest of preparing for a war against them to regain her lost territories). In the case of the former, the British, in principle, recognised that the Hungarians had a strong case against the Romanian authorities' practices, while in the latter, London was instrumental in referring the case to a League of Nations commission, effectively burying the question in the ensuing investigation (which was carried out only by experts who were conducting a rather perfunctory investigation).

However, the Rothermere case was getting evermore awkward for Great Britain, and there was a danger that the somewhat farcical events would have serious consequences. One of them was the threat by the members of the Little Entente to introduce a boycott of trade relations with Britain. London had predominantly economic interests in Central Europe, and its political interests dictated the existence of stable governments in the region which, moreover, would not cause any disturbances that might involve Britain or, for that matter, the Great Powers. The Legation of Hungary was informed in London on Foreign Secretary Austen Chamberlain's direct order that Budapest could not count on the goodwill of the British if it tried 'to fish in troubled waters.'^[25]

The events were getting a new twist at this point. The *Daily Mail* published a letter by Gordon Ross, a former member of the Hungarian-Czechoslovak Border Committee on 20 July 1927, in which the British delegate referred to A. Millerand's '*lettre d'envoi*.' The authenticity of the letter was challenged by the former Secretary General of the French Foreign Ministry, Maurice Paléologue; his position was shared by a number of Hungarian politicians, including Count Albert Apponyi, as well as the British government. Despite the refutations, the question of the postwar borders of Hungary got into the limelight again; David Lloyd George, who had already expressed his reservations about the justness and the wisdom of the Treaty of Trianon, joined forces with the pro-Hungary 'lobby' in Britain (a few members of the House of Lords and one or two Members of Parliament). They claimed that the borders were not final and adjustments might be imagined to redress some justifiable grievances. The British government swung into action to prevent further escalation. Prime Minister Ramsay MacDonald (1929–35), in an interview given to the Czech newspaper, stated unambiguously that his country 'was not interested in Rothermere's campaign at all,' and that Rothermere should not be taken seriously. The same message was delivered to the Hungarian government through the British Envoy in Budapest. On the other hand, influential politicians in Hungary believed mistakenly that Lord Rothermere was 'a decisive factor' in British political life. They even believed that he would support David Lloyd George at the next general election, which would be won by the former Liberal Party prime minister.^[26] The issue was gradually fading away, though as a tragicomic episode, some people in Hungary raised the possibility of crowning Lord Rothermere or his son, Esmond Harmsworth. The Rothermere issue ultimately did not improve Hungary's standing in the eyes of serious political elements in Britain, and it stoked the suspicion in London that even the otherwise prudent Bethlen government was prone to yield to the widespread revisionist spirit in Hungary at the expense of a more realistic foreign policy.

Notes

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

- [1] Miklós Lojkó. *Meddling in Middle Europe. Britain and the 'Lands Between' 1919–1925*. Budapest: CEU Press, 2006; Gábor Bátonyi. *Britain and Central Europe 1918–1933*. Oxford: Clarendon, 1999; Balázs Ablonczy. *Pal Teleki (1879–1941). The life of a controversial Hungarian statesman*. New York: Columbia University Press, 2006; Sir Bryan Cartledge. *The Peace Conference of 1919–1923 and Their Aftermath*, 2009.
- [2] Géza Jeszenszky, *Az elveszett presztízs. Magyarország megítélésének megváltozása Nagy-Britanniában (1894-1918)*. Budapest: Magyar Szemle Könyvek, 1994.
- [3] On the history of *The New Europe* see Harry Hanak, 'The New Europe, 1916–1920', *The Slavonic and East European Review* 39 (93) 1961: 369–399.
- [4] Bryan Cartledge, *The Will to Survive*. London: Hurst & Co., 2011, 320.
- [5] 'My feelings towards Hungary were less detached. I confess that I regarded, and still regard, that Turanian tribe with acute distaste. Like their cousins the Turks, they had destroyed much and created nothing. ... For centuries the Magyars had oppressed their subject nationalities ...' Harold Nicolson, *Peacemaking 1919*. London: Constable & Co., 1945, 27.
- [6] Nicolson, *Peacemaking 1919*. 104.
- [7] Cartledge, *The Will to Survive*, 328. It was only David Lloyd George who asked for further details concerning the ethnic Hungarians who got into the 'successor states' after the head of the Hungarian delegation in Paris, Count Albert Apponyi's speech to the Peace Conference on 16 January 1920. For the details of the British approach to the question of Hungary's new borders see, among others, Maria Ormos, *Padovától Trianonig, 1918–1920*. Budapest: Kossuth, 1983, 376–82.
- [8] Lojkó, *Meddling in Middle Europe*, 25.
- [9] Francis Deák and Dezső Újváry (eds.), *Papers and Documents Relating to Foreign Relations of Hungary*. Volume 1, Budapest: Royal Hungarian Ministry for Foreign Affairs, 1939, 437–39.
- [10] The British government did not really engage in a thorough investigation into the situation in this respect; it accepted, one suspects, out of Realpolitik considerations, the assurances by Sir Thomas B. Hohler, the High Commissioner of the British mission in Budapest in that there was no terror any longer.
- [11] Lojkó, *Meddling in Middle Europe*, 22.
- [12] Elek Karsai (ed.), *Számjeltávirat valamennyi magyar királyi követségnek*. Budapest: Táncsics, 1969, 140.
- [13] According to Colonel Edward Lisle Strutt, who was regarded a confidant of Charles IV, Aristide Briand stated that if the Emperor returned to Hungary and declared himself King of Hungary, and it would seem to be a fait accompli, neither France nor Great Britain would oppose it in any way. Karsai, *Számjeltávirat valamennyi magyar királyi követségnek*, 168.
- [14] Hungarian Envoy in Vienna, Szilárd Masirevich reported that Colonel Strutt of the British Legation strongly recommended in mid-March 1921 that the Hungarian government not get involved in any scheme of this nature. Miklós Horthy, *Emlékirataim*. Budapest: Európa, 1992, 151.
- [15] Horthy, *Emlékirataim*, 155.
- [16] Karsai, *Számjeltávirat valamennyi magyar királyi követségnek*, 247.
- [17] Ablonczy, *Teleki Pál*, 211–12. Count Teleki was later appointed a member of the so-called Mosul-commission.

Balancing in Central Europe: Great Britain and Hungary in the 1920s

Written by Tamás Magyarics

Great Britain wanted to keep the *vilayet* inside Iraq, while Teleki came to the conclusion that it was only the religious affiliations that should decide the fate of any territory in the Middle East. London, understably, became quite dissatisfied and disappointed with his activities, though Teleki later asked the Hungarian Envoy to London, Iván Rubido-Zichy to inform the Foreign Office that he would be willing to take the British interests into account as much as possible.

[18] Tamás Magyarics, 'Nagy-Britannia Közép-Európa politikája 1918-tól napjainkig', Part I, *Pro Minoritate* (Summer 2002), 16–7.

[19] Karsai, *Számjeltávirat valamennyi magyar királyi követségnek*, 271.

[20] Sir William Goode was the Head of the Austrian Reparations Committee; after being hired by the Hungarian government, he was serving for 20 years as Hungary's financial advisor in London.

[21] Lojkó, *Meddling in Middle Europe*, 64–5.

[22] Lojkó, *Meddling in Middle Europe*, 99.

[23] Gyula Barcza, *Diplomataemlékeim 1911–1945*. Volume 1. Budapest: Európa, 1994, 188.

[24] Lojkó, *Meddling in Middle Europe*, 130.

[25] Magda Ádám, *A Kisantant és Európa*. Budapest: Akadémiai, 1989, 248.

[26] Gyula Gömbös's letter to Count István Bethlen, March 1929. Bethlen István, *Titkos iratai*. Budapest: Kossuth, 1972, 338–39.

About the author:

Tamás Magyarics is a Professor at Etvös Loránd University, Budapest, and a Hungarian diplomat.