

The Bank-Note Counterfeiting Affair and Governmental Crisis in Hungary

By JOHN PEPPER.

THE events now taking place in Hungary, the political detective story of the counterfeiting affair, show an unparalleled picture of political corruption.

What happened? How can we connect up on a world scale the political threads of this banknote counterfeiting story?

Three Hungarian gentlemen were arrested in the Hague: a former colonel of the general staff, the secretary of the fascist party, and a manufacturer. They were engaged in passing counterfeit French banknotes to the extent of 10 million francs.

At first glance this was an ordinary, though interesting story, but within a few days it became evident that this banknote counterfeiting affair possessed high political significance and that it contributed tremendously to the sharpening of the class struggle in Hungary.

The French government made strenuous efforts to expose these diluters of French valuta. France is involved in a severe inflation crisis and it developed that the Hungarian counterfeiters had put into circulation millions upon millions of spurious French banknotes.

The Hungarian police tried to hush up the whole matter but the new French ambassador suddenly appeared in Budapest, and the representatives of the bank of France and of the Parisian police took personal charge of the affair in Budapest, bringing to light the biggest political revelations seen in Europe since the Panama affair.

First they arrested the servant of Prince Windisch-Gratz, then his war. It then further developed that the general staff colonel arrested in The Hague was a brother-in-law of Count Csaky, the Hungarian minister of war. It then further developed that the general staff colonel, who is a member of an old noble family, travelled to The Hague on the official diplomatic courier pass of the Hungarian government, that the counterfeit banknotes crossed the six borders between Hungary and Holland as diplomatic baggage.

At this point the Hungarian police and the Hungarian government made the most vigorous efforts to put an end to the entire investigation, but their resistance was broken by the terror of the French government. Then came new exposures. Prince Windisch-Gratz, one of the most prominent feudal princes in Hungary, one of the props of the old Hapsburg dynasty, was arrested as one of the chiefs of the counterfeiters' gang. His grandfather was the commander-in-chief of the Austrian army which in 1849 drowned out the Hungarian revolution in blood. He himself had been a minister in the Hapsburg government, a leader of the counter-revolution against the Soviet regime—and now chief of an international banknote counterfeiters' wholesale society. This is not enuf. Twenty-four hours later the Hungarian minister of police, Nadossy, the confidential agent of Horthy, the head of the national police, was arrested as an active par-

ticipant in the counterfeiting of the notes. The honorable police minister had conducted the investigation against the counterfeiters and at the end of the investigation it developed that he himself was one of the organizers of the band. He himself had taken the general staff colonel who was the band's agent in The Hague, to the Hungarian foreign ministry. He himself had applied for the diplomatic pass, he himself had had the suitcase filled with counterfeit banknotes stamped and sealed as courier baggage.

But even with this the story is not yet ended. It developed that the fake banknotes were fabricated in the state institute for the making of military maps and that the director of this institute, an officer of the general staff in the Hungarian army is also guilty. Evidence piled up against Count Csaky, the minister of war, and he fled with his wife. And still no end! Documents and confessions showed that Zadravetz, the Bishop of the Hungarian army, the confidential agent of Horthy and the Pope, is also involved in the counterfeiting affair and now the civil courts and military courts are squabbling as to which has jurisdiction over the examination of this "holy" bishop. This is not yet the end of the thread. At the end of the whole affair there stands the Hungarian fascist party, there stands Albrecht, the fascist grand duke of the House of Hapsburg, there stands Horthy, the Hungarian regent. The arrested men state definitely that they undertook the counterfeiting and passing of the banknotes not for profit but for political reasons. They wanted to organize a large scale putsch in order to put the fascist royal candidate, the Grand Duke Albrecht, on the throne. To organize this new kingdom they needed enormous sums of money and the counterfeiting was to furnish the sinews of war for this campaign.

Horthy was in agreement with this fascist putsch. His present position cannot be maintained and he wanted to assure his retirement with honors and riches. The exposure of the banknote counterfeiting had a catastrophic effect upon the whole fascist conspiracy. The legitimists, who advocate the son of the deceased Kaiser Karl as the future king of Hungary and who was supported by powerful elements of the big landowners and big bourgeoisie, are utilizing this deadly embarrassment of the fascist Horthy band for a powerful advance. At the same time however there is developing an unparalleled ferment among the worker and petty bourgeois masses of the whole country. Count Bethlen, Horthy's minister president, is now trying to go over to the legitimists and at the same time to make an alliance with the social-democrats. Nepsava, the central organ of the Hungarian social-democratic party admits that "all Budapest is in uproar" but nevertheless the social-democrats, instead of organizing the mass uprising of the workers, are placing their trust in the "strong hand" of Horthy's minister president. If Horthy is not overthrown, or if the Hapsburg big landowners supplant his rule, the social-democracy will be responsible.