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Undermine, or Bring Them Over: SOE and OSS Plans for Hungary in 1943

The history of the peace-feelers from the Axis satellites, and among them the Hungarian emissaries, is described in detail both in Hungarian historiography and in the general scholarship on the second world war. Much less is known, however, about the plans the British and American special services, the Special Operations Executive (SOE) and the Office of Strategic Services (OSS) — who also handled the peace-feelers — developed for special operations (SO) in Hungary. Using archival material from the UK, the US and Hungary, this article reconstructs the planning process between March 1943 and March 1944, probably the most crucial 12-month period during the war for East Central Europe. The American and British plans for Hungarian operations evolved within a changing strategic landscape. The arguments over the best course for waging the secret war sometimes reflected the dynamics of the allied strategic debate, but sometimes acquired their own life. This article presents the SO plans against the background of theses debates as they related to the possibility of a Balkan invasion and, with this, the fate of South-Eastern Europe and Hungary. The year 1943 is also when the OSS came of age and strove to establish a role in the region independent of the SOE and the British services in general. The restrained rivalry between the American and British organizations was also clearly observable in the Hungarian case. In the first section I present a sketchy overview of the Hungarian political context, while the second describes briefly the intelligence activities of Britain from the start of the war and the beginnings of the special operations plans. Section three is devoted to the strategic debates, while in sections four and five I analyse the British and American plans in greater detail. Section six describes the intensifying rivalry between OSS and SOE in the region. Section seven concludes the paper.

On 9 March 1942 Miklós Kállay accepted the nomination for premiership, but only after persistent prodding by the Regent, Miklós Horthy. His hesit-
tion was fully justified. The conservative *status quo* oriented policy of Pál Teleki (prime minister 1939–41) lay in ruins. Instead of keeping Hungary out of the war and trying to digest the regained territories that were recovered with German and Italian support, Hungary paid the price by aligning itself ever closer to Hitler’s Third Reich. From the armed neutrality of March 1941, within nine months Hungary found itself at war with three great powers simultaneously.

Kállay, who was a conservative nationalist but was known to have strong anglophile convictions, put forward a five-point programme to Horthy: (1) to preserve the remaining measure of independence of the Hungarian state; (2) to resist German demands both for aligning Hungary’s domestic politics to the German model and for increasing the Hungarian contribution to the war; (3) to develop and preserve the strength of the Hungarian Army until the end of hostilities; (4) to enter into contact with the British; and (5) to proffer pro-German gestures and — if necessary — antisemitic statements in order to lull the distrustful Germans. From this programme it naturally followed that the words and deeds of the Prime Minister were frequently out of sync. This certainly was less than helpful during the secret negotiations with the western Allies.

The Hungarian political public was split between ‘Germanophiles’ and ‘Anglophiles’. Their opposition became more antagonistic as news of the disaster to the Second Hungarian Army at Voronezh in January 1943 filtered through in the press, under heavy censorship. This was also the turning point in Kállay’s policy toward the Allies. There were a few semi-official initiatives at getting in touch with the British and Americans already in 1942, but most of them were clearly conditional offers (either concerning the regained territories or Anglo-Saxon military protection against the Soviets), which went dead against the unconditional surrender principle announced at Casablanca. From the spring of 1943 more serious peace feelers were sent out to Stockholm, Madrid, Berne, and — most importantly — Istanbul. Additional impetus was given to these efforts when Kállay learned that the Rumanians and Bulgarians had entered the same line of business. The final boost was given by the Italian campaign and the quick collapse of the Mussolini regime. By August 1943 the various channels toward the British were consolidated into the mission of László Veress to Istanbul. Kállay’s policy culminated in the symbolic moment when, on the night of 9 September, Veress signed the preliminary armistice agreement with the British on a yacht in the Sea of Marmara. Things started to

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go downhill from that point, though. As the Italian campaign yielded less spectacular results than was originally hoped, and as it became obvious that the Germans were able to put up a devastating fight in retreat and defence, the Hungarian government started to get cold feet. At the same time the split within the political public turned into something like a latent civil war.

The British secret services had by then been involved in Hungarian affairs for some time. Although we have no documentary proof of it as yet, it seems certain that SIS managed to maintain an unbroken presence in Hungary. Beyond the interesting, but still anecdotal derring-do stories from former SIS agents, we know somewhat more of the activities performed by Section D, the sabotage and subversion unit under MI6, in the early phases of the war. The major task of this section was to prepare stay-behind groups for sabotage in countries that were threatened by Axis invasion, or which would turn into satellites. Parallel to this, officers in Section D posts were supposed to engage in political warfare and propaganda work. In November 1939 Basil Davidson arrived in Budapest, his cover being as a journalist reporting to The Economist.

Davidson recruited about two dozen informants, contacts and agents, among them György Pálóczi-Horváth, who was later to join SOE and act as a conduit in Istanbul for the Hungarian peace feelers. In terms of political work, Davidson tried to make contact with all possible anti-nazi and anti-German groups and strove to make them co-operate with each other, but with little success. He had his links both to the left-wing groups (Social Democrats and the populist writers of sociography who after the war would form the Peasant Party) and to governmental circles, mostly in the Foreign Ministry.

As part of black propaganda work, Davidson ordered his agents to produce a large number of leaflets. One set for the catholic middle classes, one for the legitimist aristocrats, and another for the working class (which was Pálóczi-Horváth’s task). The idea behind this was to create the impression of a sizeable resistance movement. As a result of the German campaign against Yugoslavia and the resulting diplomatic break with Hungary, Section D had to leave the country in a hurry. Although Davidson tried to convince most of his agents to leave with him, only a handful took this option (including Pálóczi-Horváth) and arrived finally in the Middle East. Managing the few stay-behind groups from outside the country proved to be an impossible task. By the late spring of 1942 the SOE — the successor to Section D in the line of sabotage and clan-

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2 One such line was the ‘Z-network’ organized by Claude Dansey in the 1930s mostly from business circles: see Philip H.J. Davies, MI6 and the Machinery of Spying (London 2004), 74–5. Another SIS network, composed of Hungarian and Polish agents, was identified by László Ritter in a Hungarian documentary film Fedőneve Achilleus [Code-name Achilleus] (Duna TV, 2006).

destine warfare — had lost all of its agents and direct contacts inside Hungary.4

Black propaganda — euphemistically called ‘morale operations’ — was finally taken out of SOE’s control in the summer of 1941 and relocated to the newly created Political Warfare Executive. Until then some of Davidson’s émigré Hungarians were employed by the so-called Jerusalem Station. It was Colonel William Bailey, the former head of Section D in Belgrade, who conceived the idea of a network of ‘freedom stations’ set up in the Levant to broadcast propaganda into the Balkans, including Hungary.5 There were two Hungarian radio stations, one directed to a hypothetical upper-middle-class audience, the other geared to the working classes. This two-pronged strategy was — as we shall see later — fully in line with London’s ideas about work into Hungary. It could hardly have any perceptible effect, though, as the Jerusalem Station used only a 9 kW transmitter.6

The need to detach Hungary from the Axis through special operations was not formulated in a strategic void. By the time the British and American planning process was put into full gear, the major strategic debate within the US military and among the western Allies seems to have been all but resolved.

From the second half of 1942 onwards, the American Chiefs of Staff held ever stronger misgivings concerning British plans for a peripheral strategy focused on the Mediterranean. Still, at the Casablanca conference the British views once again prevailed and Operation Husky, the campaign in Sicily, was approved as the most logical development of the Anglo-American successes in North Africa. Not all British plans sailed through the negotiations, though. In preparation for the conference, the British Chiefs of Staff Committee drew up a memorandum, which foresaw the dispatch of Allied land and air forces to the Balkans ‘to act as a rallying point for offensive action of insurgent forces in this area’. Regarding the most opportune strategic moment, the Chiefs rather laconically wrote: ‘when the time is ripe’. This was more than what the American generals were willing to accept. Husky, the invasion of Sicily, turned out to be a workable compromise and both sides agreed that further plans for the Mediterranean theater should be specified later.7 By the time of the Trident conference in Washington (12–25 May 1943) between Roosevelt, Churchill and their respective military staffs, this specification could not be postponed any longer. As a compromise solution the British scrapped an elaborate plan to invade the Albanian coast around Durazzo in exchange for a decision to develop ‘Husky’, the invasion of Sicily, into a full-blown Italian campaign.8

Marshall and the American Chiefs of Staff were constantly irritated by the

4 For the creation and reorganizations of SOE, the best source is still: M.R.D. Foot, SOE. An Outline History of the Special Operations Executive 1940–1946 (London 1999).
persistence of the various British plans for Balkan operations. The Army chief was unshakably convinced that these ideas jeopardized the cross-Channel operation, the date of which was pinned down for 1 May 1944 at Trident.

Part of Marshall’s worry was about the President, whose attitude towards Churchill’s Eastern Mediterranean plans was as inscrutable as his views on the proper relations between military strategy and diplomacy in general. By the summer of 1943 the President seemed to come down on Marshall’s side in the strategic debate. On 9 August, the eve of their departure to Quebec for the Quadrant conference with the British, Marshall talked over the negotiating strategy with Roosevelt. It must have been no small relief for the Army Chief of Staff to learn that Roosevelt categorically excluded any operations into the Balkans and was ready to veto even a unilateral British expedition if it required American resources, such as ships or landing craft. The final agreement at Quebec confined operations in the Balkans to the supply of guerrillas, minor commando-type raids and bombing of strategic targets. It seemed that any landing was ruled out for good. Indeed, the strategic consensus, grudgingly accepted by the British chiefs, appeared to be binding. When in November Churchill raised the issue again and proposed a bridgehead on the Dalmatian coast to be established by the First British Airborne Division and all available commando units, the Chiefs of Staff Committee and even General Alexander turned him down.

Although the US military establishment was far less homogenous than the above brief summary may suggest, still the major fault-line over the issue of Balkan landings stretched between the British and the American chiefs. Ultimately, the American military position received full political sanction at the Tehran conference. Italy was effectively relegated to a secondary theater, and the Balkan plan seemed to dissipate into thin air, at least until the summer of 1944. Alexander Cadogan, the Permanent Under-Secretary of the Foreign Office, confessed sardonically to his diary: ‘the President promises everything that Stalin wants in the way of an attack in the West, with the result that Winston, who has to be more honest, is becoming an object of suspicion to Stalin, and much of the work of the Moscow Conference is being undone.’ In retrospect, nothing seems clearer and more self-evident than the tendency towards this outcome of the British and American strategic debate. As we shall see below, it is an entirely different question whether even highly placed contemporaries perceived the Balkan landing as a dead issue.

11 Barker, op. cit., 118.
12 For the debates between the Joint Strategic Survey Committee and Admiral William Leahy on the JCS meetings, see Mark A. Stoler, Allies and Adversaries. The Joint Chiefs of Staff, the Grand Alliance and US Strategy in World War II (Chapel Hill 2000), chap. 7.
By the late spring of 1942 SOE seemed to have lost all its sabotage agents in Hungary and many of the left-wing political contacts had also been arrested.14 Despite the dramatic setbacks, SOE policy — as much as it existed — was remarkably consistent from the autumn of 1941 onwards. Basil Davidson bombarded Cairo Headquarters and Baker Street with memoranda on policy from the Istanbul station, where he took over Hungarian affairs in August 1941. This experienced officer was fully aware of the uphill struggle any subversive policy in Hungary had to face. He wrote, for example:

So long as most Hungarians believe that a German defeat will mean a second Trianon [loss of all territories regained with German and Italian support — a reference to the peace treaty concluded with Hungary in 1920] — or something worse, if that is imaginable to the average Hungarian — they will do nothing for us; and nobody could blame them for that. It is not even as if they had suffered drastically at the hands of the Germans. They have scarcely suffered at all. The Germans have not tried to introduce the ‘New Order’ into Hungary; and so long as the present regime is subservient in foreign politics, there is no reason why they should try. They are getting all they want without this.15

The analysis was perceptive, but nothing tangible followed from it. Everything depended on the question of how widespread this attitude was. In subversive work he could not come up with anything better than trying to activate the group which he had left behind. As Davidson believed in the perennial revolutionary potential of the working class and the peasantry, he recommended strengthening the revolutionary line in clandestine propaganda. By default the views of Davidson dominated the official line of SOE on Hungary.

On 10 March 1942 Davidson sent an even longer memo to Cairo Headquarters. He now extrapolated the ‘two-pronged’ idea that governed propaganda work into Hungary into the realm of subversion as well. He stated that the aims were:

- to create a movement of organised sabotage and anti-German propaganda;
- to bring the Hungarian State out of the war at the earliest possible moment.

This was a tall political task, especially as Davidson thought to create two separate organizations for these functions. It is not entirely clear, though, whether he understood that the two aims were somewhat contradictory. As he himself observed, any meaningful political action group should be composed of ‘responsible and pro-Allied elements in the middle class and aristocracy that would be capable of overturning the present regime at a given moment’. How this would mesh with the revolutionary working-class sabotage group was a

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14 For the unsuccessful Győr sabotage case, see ÁBTL ‘Nílus’ Pálóczi-Horváth Interrogation Report, 385–6.; also Mackenzie, op.cit., 501; and the SOE liquidation files in PRO, HS4/129.
question not directly addressed in the 11-page memorandum. We should notice, though, that the primary aim is no longer regime change in itself. It is a possible means of detaching the country from the Axis fold.

In the summer of 1942 London Headquarters reversed the moderate approach proposed by Davidson in March. (It is unclear whether this was in part due to the personal rivalry between Davidson and Major Peter Boughey, the London desk-officer responsible for the Western Balkans, including Hungary). On 15 July a telegram to Cairo outlined London’s policy for Hungary. London’s main criticism of Davidson’s plan was that ‘the great majority of the bourgeoisie will always be deterred from giving us their active help because of their fear of communism and that the territory restored to Hungary by Germany will be lost in the event of German defeat.’ Therefore the task was to promote an organization that advocated social revolution and incited revolt in Hungary. If it succeeded, anti-Axis activities would naturally come forward ‘as a by-product’. The ‘detonator concept’, which SOE supposedly abandoned after Dalton’s departure, was still alive and kicking in the summer of 1942.

The obvious revolutionary fervour was probably not an ideological heritage carried over from the Dalton era. More likely it was simply a policy of desperation. As William Mackenzie aptly put it, ‘The weakness of SOE’s position . . . was that at each stage the initiative lay with the Hungarian Government . . . and SOE never possessed any independent leverage by which to force action upon it.’ Indeed, this was the period when the first serious peace-feelers established contact with various British outposts in neutral countries. This turning point weakened the appeal of the exclusive revolutionary policies and forced SOE to cultivate government contacts.

By the spring of 1943 Baker Street was entangled in Hungarian affairs in more than one way. The intermittent drip of peace feelers became a steady stream in Stockholm, Lisbon, Madrid, and Istanbul. This development greatly enhanced the importance of the Istanbul station, and a solution for the organizational control became urgent. There is no room to give the details of the complicated in-fighting within Cairo and between Cairo and London Headquarters. It is enough here to note that according to the compromise formula London reasserted its policy control, while Cairo was vested with operational responsibility. (This arrangement was parallel to the more general overhaul in Cairo Headquarters.)

16 Memo of D/H 18 to Cairo, 10 March 1942, PRO, HS4/131.
17 Letters of Davidson and Boughey to Pearson, 8 and 24 November 1942, PRO, HS4/131.
19 Mackenzie, op. cit., 503.
20 For an overview of the reorganizations instigated by Col. Gubbins when succeeding Hambro as CD, see Foot, op. cit., 53–6 and also Peter Wilkinson and Joan Bright Astlay, Gubbins and SOE (London 1997), 140–2.
Amidst the bureaucratic tug-of-war Baker Street produced a new policy memorandum on Hungary. Due to the changed circumstances, revolution was no longer a direct aim. In fact the paper put a slightly different gloss on SOE’s previous radicalism. Now the argument was only that when SOE started its work, Hungary was a neutral country with large traffic going through it towards Germany. In order to disrupt this flow of goods (especially oil), SOE had to rely on left-wing radicals, who were the only elements willing to engage in sabotage work. On the other hand:

To-day Hungary is an enemy state and the position is altered; whilst S.O.E. still maintains contact with the Leftist organisations in order to sabotage communications and hinder traffic to and from Germany, H.M.G. no longer fears a German occupation which would be a positive advantage by increasing the commitments of the German army. This advantage would be even greater, if political disruptions could be timed to take place at the same moment as an Allied landing on the continent; naturally its value would be greatly enhanced if that landing were in the Balkan peninsula.21

The policy of ‘the worse the better’ came back again, but at this time SOE at least admitted that contacts exclusively with the Left would not achieve the desired ‘political disruption’. They had to look to the Centre-Right for a group to take over government at the opportune moment. In short, London was back to the two-pronged policy of Davidson, but with more emphasis now on the Centre-Right. For the thorny question of who would risk a pro-Allied coup in Hungary, the paper proposed only the vague idea that contacting Colonel Rudolf Andorka might do the trick. (Andorka was a pro-Allied former head of Section II of the Hungarian General Staff — the Hungarian military intelligence organization — who belonged to the legitimist group but was also unshakably loyal to Horthy).22 The cover note by Colonel Boughey informs us that the paper had reached the top echelons of SOE and finally received the approval of CD. Ultimately it also reached the Americans, so seemingly it was considered an authoritative rendering of SOE’s Hungarian policy.

Cairo, however, held up its own version of the policy for Hungary. On 10 June 1943 Lord Glenconner, the chief of Cairo Headquarters, sent a telegram for London’s information and possible comments. It seemed to endorse the ‘use the Left for sabotage and the governing circles for political action’ principle. He added, however, somewhat ominously: ‘[no] action would be possible in Hungary until and unless the Hungarians were made to realize that the situation could only be remedied by action against the Axis of a far more positive nature than anything that they had yet undertaken.’

21 The memorandum entitled ‘Policy for Hungary’ survived among the OSS files. From the cover note of Col. Boughey it is clear that it must have been written sometime in early March. National Archives, College Park, MD (hereafter NA), RG226 Entry 210 Box 303.
22 In the early months of 1943 rumours spread in Budapest that Andorka was ‘the man of the future’; these reached Andorka himself, but he was reluctant to engage in active politics. See: Rudolf Andorka, A madridi követségtől Mauthauseng (Budapest 1978), 293.
Of course, the main riddle was to define ‘more positive action’ in a way that would appear an acceptable risk to the Hungarian government. Glenconner was not inclined to fathom the risk-attitude of the Kállay group. He was simply convinced that the Hungarians thought such action was not necessary ‘to save Hungary from the consequences of Allied victory’. He even returned to the earlier position, stating that a German occupation might even increase the chances of success, since ‘no good could come through our playing with the present ruling elements’. It is not entirely clear whether the slight discrepancies with the approved March policy had in any way contributed to the final decision of removing Hungarian policy and operations from Cairo’s control. This was finalized at the 25 July SOE Council meeting, in the presence of Glenconner. He tried to save a semblance of authority by arguing that when the British ‘re-occupy the Balkans’ not only the Hungarian, but possibly also the Polish section would need to be transferred to Cairo, but no one seemed to be moved.

The spring and summer of 1943 witnessed the most intense phase of inter-Allied strategic planning. The American Chiefs of Staff were much more assertive at the Washington and first Quebec talks, discussed below, so the half-hearted efforts of their British counterparts (despite Churchill’s affections and rhetoric) were insufficient to secure more than a secondary role for Mediterranean operations. With regard to Hungary, SOE continued its meagre planning process unmoved by the strategic shift of emphasis.

In the coming weeks the multiple signals emanating from Budapest became stronger and more consistent. By August all Hungarian overtures were consolidated into a single channel, the Istanbul mission of László Veress. The guesswork concerning the motives and intentions of the Kállay government had stopped. The goal was clear: unconditional surrender to the western Allies before the Russians reached Hungary. The ultimate authority of the Foreign Office to guide and monitor day-to-day political developments was reasserted. Hungary became a frequent item on the meetings of the Foreign Office–SOE Committee (augmented by a representative of SIS, often Menzies himself). Instead of broad policy questions, SOE went back to its original task: operational planning.

As a result, the mission brief for the British party to go into Hungary went along the lines of the March policy. The mission statement, which was to be learned by heart by the party, declared the following aim:

3) To induce the group with whom you are in touch to organise sabotage on transport and war factories on such a scale as not to provoke the occupation of Hungary by the Germans or the installation of a Quisling Government until you receive other instructions.

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23 Glenconner’s 10 June telegram is cited extensively in: SOE War Diary for the Balkans and Mediterranean, PRO, HS7/269, 703–4.
24 Minutes of the 25 July SOE Council Meeting, PRO, HS8/199.
25 FO–SOE Committee Meetings, PRO, HS8/197.
26 Sandy mission brief, 25 September 1943, PRO, HS4/106.
As we have seen, the unexpected setbacks in the Italian campaign diminished the resolve of the Hungarian government as the prospect of Allied presence in the Balkans became more and more remote. Then, at the Moscow Conference, Eden yielded to the preferences of Molotov and froze the mission, which by this time had acquired the code-name Sandy. While Major General Gubbins used every opportunity to push for a decision on the mission, the operational details became fairly clear. Major Henry Threlfall, who was liaising with the Foreign Office and was not directly involved in the haggling over pinpoints and reception committees, put together a lengthy paper, entitled ‘Appreciation of possible S.O.E. Operations in Hungary’.

The perceptive major worked out three alternative hypotheses of how things might play out (in today’s parlance this would be called ‘scenario building’): (1) the government remains firmly in power and increases resistance to Germany, partly with the help of Sandy; or (2) the government yields to pressure from the Army high command and sides more firmly with Germany; or (3) Hungary is occupied by the Germans. In the pessimistic mood of early December, Threlfall gave the biggest chance to the second case, which he considered the worst from the point of view of the Allies. Even a German occupation might prove to be more conducive to organizing some resistance within Hungary to undermine the German war effort. In such an eventuality the original aim of the Sandy mission should change. It was obvious to Threlfall that the useful elements would no longer be the ‘small and fragile group of upper-class Anglophiles’ of the ‘surrender group’, because they would either be liquidated quickly by the Germans or manage to flee to Allied territory and become of small use to the Allies. The good old revolutionary strategy would have to be revived in this case, and resistance must be instigated among the industrial and agricultural working class. Be it as it may, concludes the major’s analysis, SOE should make operational preparations for all three outcomes.27

On 14 March Eden gave his reluctant blessing for the mission, but it was already too late. Five days later Threlfall’s third scenario materialized. Hungary was occupied by German troops.

In June 1942 Brigadier General William J. (‘Wild Bill’) Donovan, the director of OSS, and Sir Charles Hambro, chief of SOE, signed a general agreement which ‘divided the world’ with respect to Allied special operations.28 The Hambro–Donovan accord assigned only a subordinate role to the OSS in the Balkans, but this part of the deal was never taken too seriously by Donovan’s planners. When in the summer of 1943 new opportunities for special operations seemed to emerge in this region, the general flung into action. The task appeared formidable. Donovan had to carve out a niche for American clandestine activities against opposition both from the British SOE, who

28 For the details see Jay Jakub, Spies and Saboteurs. Anglo-American Collaboration and Rivalry in Human Intelligence Collection and Special Operations (London 1999), 52–3.
thought the Peninsula to be their exclusive sphere of operations, and the plan-
ners of the American Joint Chiefs, who looked upon any US military involve-
ment in the region with holy dread.

When the OSS chief first broached the subject of Balkan projects with the
Joint Chiefs in early August, the proposal was geared towards a Bulgarian
scheme — the only country of the region where the British seemed to have no
interest whatsoever and with whom the Soviets were not even at war. Still, the
Joint Planning Staff and its subcommittees put the issue on the back burner,
claiming potential conflict with Russian interests and refusing any policy
change that could affect possible Quadrant decisions. However, the speedy
reply from the Joint Chiefs suggested that the idea was indeed timely.29

The general was anyway not the person to balk at administrative obstacles.
On 20 August, anticipating some of the counterarguments and having con-
sulted with Secretary Hull, he sent a memorandum directly to Brigadier
General John R. Deane, who was waiting for his instructions as designated
Military Attaché in Moscow. Starting from the sound premise that the collapse
of Italy ‘intensifies the fears of the Balkan ruling classes that the Axis will be
defeated and that Soviet Russia will dominate Eastern Europe’, it immediately
stated that ‘subversive pressures’ should be brought to bear on them with
Soviet and British agreement. This pre-emptive policy proposal was no longer
confined to Bulgaria; indeed the whole Bulgarian plan was painted as only one
representative case among those operations through which the British and
American governments could ‘negotiate with those elements of the ruling class-
es in Rumania, Bulgaria and Hungary which are not Axis collaborators to
induce them to abandon their Axis connections and to withdraw immediately
from the war’. In policy terms it was a major bid for a significantly enlarged
mandate. It claimed for OSS the right to dabble in back-door diplomacy. What
was more, Donovan now staked out a fully independent role for the office in
the memorandum.

9 (I) It is proposed to continue expansion along present lines of independent OSS activities in
the Balkans in coordination with the British with special attention to
(a) Penetrating areas where no intelligence net-works exist;
(b) Establishing communications between resistance groups as well as between field agents
and the field bases;
(c) Establishing a counter-espionage organization.
To develop guerrilla and sabotage activities in Axis satellite countries.
To make preparations for widespread interruption of Axis communications and destruction
of rolling stock desired by the theater commander.
To develop the subversive program for the purpose of exploiting the friendliness, fears,
sentiments and weaknesses of the population and individuals in the satellite countries to aid
in sabotage and other objectives.30

29 See Michael M. Boll, ‘U.S. Plans for Postwar Pro-Western Bulgaria: A Little-Known Wartime
Initiative in Eastern Europe’ Diplomatic History 7(2) (Spring 1983), 122.
30 ‘Memorandum for Brigadier General John R. Deane’, 20 August 1943. A copy of the docu-
ment survived among the files of the British SOE, PRO HS5/150.
The memorandum can be considered a rhetorical-bureaucratic masterpiece in the sense that it deliberately threw all clandestine activities, intelligence collection, psychological operations, political action and special operations into one inseparable mix. This was not against the charter of OSS, but it would have been more difficult to justify each of these activities in the region separately. Donovan also managed to recast a tenuous understanding over a tentative plan for a specific country into an overarching agreement with the British on general clandestine policy for the entire region. This was something he had yet to achieve.

On 7 September the JCS gave their blessing — with the express approval of the Secretary of State — on Donovan’s plan. They agreed that ‘the time [was] ripe to extend the conduct of subversive activities in the Balkans to include Bulgaria, Rumania and Hungary, provided that they are co-ordinated with the activities of the British S.O.E. And have the approval of the theater commander concerned.’ Regarding possible Soviet sensitivities the Joint Chiefs went against the proposal of their own sub-unit, the Joint Strategic Survey Committee, and required the OSS simply to inform the Soviet government through the Department of State on the proposed operations. Approval of Moscow was not regarded as vital.31

On the next day James Grafton Rogers, the head of the Planning Group, scribbled an enthusiastic note into his diary regarding the surrender of Italy and the JCS memo:

This is our first great victory! Now the Balkans will crumble. We can penetrate with irregulars helping Mihailovich and the partisans in the northern Adriatic. The Joint Chiefs approved a program today and said [told us] to penetrate Hungary, Rumania, and Bulgaria also but warn Russia and make no political commitments. I hope we have men. I dread our lack of organization. Here is a great chance.32

These emotionally charged words show that Rogers, who was rather well informed on major issues of strategy (and who was in regular contact with the JCS planners), envisaged an increased American presence in the Balkans — if not through an invasion force, at least with a sizable group of irregular warriors. Whether the Planning Group was up to this task was to emerge in the coming weeks and months.

Five days later Rogers broached the subject with Whitney Shepardson, the Director of Secret Intelligence (SI). The head of the Planning Group put forward a somewhat sketchy plan of infiltrating an agent from Switzerland, who could be used to collect information for further ‘morale operations’ or even SO work (though the latter was contemplated only outside Hungary). Rogers thought that a good opportunity existed, since the Hungarian middle

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31 Brig. General Deane to Brig. General Donovan, 7 September 1943, PRO, HS5/150.
classes and parts of the governing elite were anxious ‘to get out of the war without serious punishment’. He closed his inquiry with a restive appeal to SI: ‘[w]e must now move in these matters with rapidity, if at all.’ Shepardson tried to soothe the impatience of the planners and pointed out that Berné was already deep in Hungarian (and other Balkan) matters from the secret intelligence angle. He promised to tell the details personally but considered the matter ‘too delicate . . . to commit to paper at this time’.33

Within a couple of weeks the time for paperwork had also arrived. Donovan’s office archived a document that must have been composed sometime before mid-October, bearing the title: ‘Hungarian special plan’. At this point in time Bulgaria was top priority on the OSS list, because an early collapse of German military power in Italy was seen as a distinct possibility, and in this case the most reasonable defence perimeter for the Germans seemed to be a line stretching from the Po valley, via the Dalmatian coast, to Transylvania and the Carpathians. This eventuality would have left Bulgaria, which was not at war with the Soviet Union, in a strategic no man’s land. Compared with this seemingly unique opportunity, the other Balkan operations required a justification. The special plan started exactly there. Beyond its strategic location, Hungary seemed a desirable target, because it offered the possibility of ‘collaborating with the anti-Nazi elements of Hungarian intelligence services’. Beside this expected immediate intelligence bonanza, the country might offer a fertile recruiting ground for work into Italy, Germany and other Balkan countries. Last but not least, the presence of Poles was also considered a clear advantage. The core of the plan was rather simple: ‘If the Hungarian authorities provide cover, facilities and a “reception committee” for an OSS mission, a small but high-powered group should be dropped by parachute.’ The task would primarily be intelligence collection, but MO and SO activities were also envisaged in the longer run.34 Clearly, the Director’s plans did not involve the removal of the Kállay government.

The New York section of OSS SI Branch entertained a slightly different idea. They received a curious report from the Istanbul office on 18 September, entitled ‘Report on Situation and Recommendation for SO Work in Hungary’. The report was based on the conversations held with an anonymous Hungarian, who was supposed to be ‘in charge of subversive work into Hungary’. This person made the extravagant claim that there had existed an efficient and large subversive movement in Hungary for the last ten years, representing the agricultural and industrial working class. They were called the ‘People’s Front’, and the hub of the organization was the political weekly Szabad Szó (translated rather loosely by the source as Voice of Freedom). The alleged subversive chief also claimed that the reason why this organization was not very active was ‘because it is still tolerated by the government and does not

33 Rogers to Shepardson, 13 September 1943, and Shepardson to Rogers, 30 September 1943. NA, RG 226 Entry 92 Box 390.
34 Undated memo, ‘Hungarian Special Plan’, NA, RG 226, Entry 190, Box 608.
want to be persecuted, but immediately upon any German effort to take full charge of the country, this movement would be driven entirely underground and could become most useful in subversive work'.

The Hungarian source also stated with studied indiscretion that the British had worked with this group (the People’s Front), but they were aware of his contact with the Americans and tacitly approved it. This alleged British endorsement came forth despite the fact that they were uninformed about the details. As the author of the report stated: ‘Both we and they [the Hungarian organization] prefer to keep our present activities entirely separate from those of the British, who up to the present have been very lackadaisical about any S.O. work in Hungary and have not even endeavoured to set up radio communication.’ In a later meeting the Hungarian ‘SO chief’ elaborated further on British policies. He said that ‘at one time the policy of MO4 [one of the cover designations of SOE] was to encourage anything that might lead to official suppression of the People’s Front, in the belief that if its open activities were stopped, it would be driven underground and then . . . its members would no longer hesitate to take the risks involved in subversive work.’ British policy had changed, however. ‘Their aim is to do nothing that will help to force full German occupation of the country’. Although there is no direct evidence available about the identity of the Hungarian in Istanbul, his rather detailed knowledge of SOE’s policy of ‘the worse, the better’ and other details indicate an insider from the British organization. There was one person who had good contacts to the Szabad Szó circle, and that was none other than SOE’s own AH/6, György Pálóczi-Horváth.

By the time of the first OSS report, ‘Bobby’ (as he was known to his friends) was the designated SOE contact person for all Hungarian peace feelers in Istanbul. The role of go-between for the representative of the Horthy regime must have frustrated the radical Hungarian. Pálóczi-Horváth seemingly outdid in SO orthodoxy both Davidson and Glenconner, the two chief advocates of using the Left intensively for sabotage and future paramilitary operations. His ideal was a ‘single pronged’ programme of turning directly to the peasants and working classes. In his view this exclusive focus was to be the core of American policy towards Hungary. The Hungarian agent working for the British demanded that all US agencies, including the State Department, shun all ‘reinsurance envoys’ of the Kállay Government as they were representatives of the compromised ruling circles who simply would be unable to deliver when the

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35 ‘Report on Situation and Recommendation for SO Work in Hungary’, 18 September 1943, NA, RG 226, Entry 92, Box 87. In reality the ‘People’s Front’ was a loose network of radical opposition intellectuals and activists, far from being a tightly run underground organization. Their tangible activities before the German occupation mostly centred on information distribution and organization of student meetings.
36 Ibid., 2.
37 ‘Possibilities of Practical Cooperation with People’s Front’, 29 February 1944, NA, RG 226, Entry 92 Box 87.
time came. In a sense, Pálóczi-Horváth worked hard to undermine the very project for which he was responsible as SOE’s go-between in Istanbul.

The plans of the imaginative Hungarian did not stop at this general level. He outlined a possible propaganda programme that should be distinctly American, because — in his estimation — it was bound to be more effective than if it was associated with the British, who — according to his somewhat biased and certainly contorted argument — were much less trusted in Hungary because they were too close and not disinterested. The report also expected a detailed list of Hungarians working for the Gestapo and the Germans in general. Although there is no trace of this list among the Istanbul papers of OSS related to Hungary, other evidence indicates that his definition of a ‘German agent’ was rather loose and contained all sorts of conservative, right-wing public figures with no clear connection to Germany or proof of active collaboration.

But the most ambitious ideas of Pálóczi-Horváth related to sabotage and SO work into Hungary. OSS Istanbul was clearly most interested in this line of clandestine work. The core of the proposal was setting up 10–12 strong OSS teams, the members of which would be versed in Central European history, culture and politics, and at least half of each group was supposed to speak Hungarian. Their envisioned task was ‘to move into Hungary immediately when troops move in’ (emphasis in the original). The groups could then work offensively into enemy-controlled countries like Czechoslovakia and Austria, and could engage in counter-espionage against German stay-behind groups. Of course, they would be expected to work closely with the resistance group that Pálóczi-Horváth claimed to represent; therefore he thought he should be the one to brief them before their hypothetical departure. The forceful and at the same time sophisticated style of Pálóczi-Horváth, and his anti-British feelings, must have appealed to the American officer. He wrote at the end of the report: ‘It is obvious that in all this he has talked with extreme frankness and it would do him serious damage if his criticisms were known by the British to have been made to us.’

The New York Secret Intelligence branch of OSS was just as eager to jump into special operations in Hungary as Istanbul Station seemed to be. In fact they took over their suggestions almost immediately and put forward the programme of Pálóczi-Horváth as their own — almost unaltered. After some preliminary papers on 8 October 1943, New York SI already submitted a progress report. They admitted that the plan originated with the Istanbul chief of the ‘Popular Front’, and were satisfied to note that this link was established ‘with the knowledge and approval of our British allies’ — which was a slight exaggeration. The most important task was to establish radio communications with the group, as Pálóczi-Horváth suggested, for which an X-35 w/t set had

38 ‘Report on Situation and Recommendation for SO Work in Hungary’, 18 September 1943, NA RG 226, Entry 92, Box 87.
39 Pálóczi-Horváth compiled similar lists for SOE: see e.g. DH/13 to London SOE, 23 December 1944, PRO, HS4/128.
already been stacked away until a trustworthy courier could be found. The most ambitious section of the plan was concerned with ‘penetration’. This was to have three components: a single Hungarian-speaking American agent, who should be sent in as soon as possible to liaise with the ‘Popular Front’; a 10–12 strong undercover team that would work offensively into neighbouring countries and also help Pálóczi-Horváth’s group in counter-subversion against German-controlled resistance groups in Hungary; and D-day groups of 45–50 people each. This last component was certainly the most conspicuous element of the whole plan. These D-day soldiers were supposed to be composed of 50 per cent Hungarian speakers, and their main task would have been to ‘go in and seize key points when the time comes for occupation and can show the American uniform for moral effect’.41

It would be difficult to find a clearer case in which operational plans were based on the strong assumption that the United States Army might enter the Balkans in force. While the Chiefs of Staff thought they had persuaded the President of the dangers involved in a Balkan landing way back in August, some of the higher-ranking officers in OSS still thought in these terms in mid-October. Thus the possible Anglo-Saxon occupation of Hungary was not an exclusively British idea and neither was it pure misinformation fed to the Hungarian government. On the other hand, the idea of sending into Hungary a token OSS force as a morale-booster remained on the table way beyond the time when the Balkan invasion option was already history. This conception formed the kernel of the ‘Budapest City Unit’ project that was ready for start until it was finally vetoed by the Soviets in 1945.42

In the second half of 1943 OSS ‘came of age’, and the confines of the unequal partnership with the different British agencies became more of a hindrance than a help to the office. The Balkans was one of the contested areas where Donovan felt SOE tutelage less and less tolerable. His increased standing in the Washington hierarchy is shown by the fact that he secured intervention from the highest level. On 22 October Roosevelt sent a cable to Churchill, which must have astonished the Prime Minister. ‘The chaotic condition developing in the Balkans causes me concern,’ stated the President. ‘In the present confused condition the only hope I see for immediate favorable action is the presence of an aggressive and qualified officer. The only man I can think of now who might have a chance of success is Donovan . . . If we decide to send him all agencies of ours now working in the Balkans should be placed under his direction and the resources we put into this effort should be at his disposal.’43 This was indeed a high opening bid in a potentially tough bargain.

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41 ‘Report and recommendation on SO program for Hungary’, 8 October 1943, NA, RG 226 Entry 210, Box 74.
42 For the planned ‘Budapest City Unit’ see e.g. NA, RG 226, Entry 190, Box 172; also oral history interview with Colonel Abtam G. Flues, Association for Diplomatic Studies and Training, Foreign Affairs Oral History Project, (Washington, DC, 1998).
FDR wittily pretended as if the Hambro–Donovan accord, which placed the Balkans into an exclusive British operational sphere, had never existed. Churchill had no other choice than to try to dispel the President’s studied naivety concerning special operations in the Balkans. In his reply he had to emphasize that the British had 80 missions on the Peninsula. ‘Some of our officers’, he added, ‘there of brigadier’s rank are very capable and have in numerous cases been there for two years. I have great admiration for Donovan, but I do not see any centre in the Balkans from which he could grip the situation.’ In the end Churchill promised that if Donovan visited Cairo General Wilson would provide him with all the information that the President might want to know. In short, the brigadier would be treated as Roosevelt’s envoy and not as the head of an organization nominally subordinate to the theatre commander.

On the very same day that Churchill sent his reply to Roosevelt, something unusual happened at the Moscow conference of foreign ministers. Hull, who had so far been generally aloof on all questions relating to South-Eastern Europe, suddenly asked Deane to speak to the conference. The head of the military mission then expanded on the great opportunities the Balkans seemed to him to provide for subversive work. He skilfully wove into the speech the assertion that OSS was ready and able to use these opportunities to the hilt. The co-ordinated pressure on Britain was subtle but unmistakable.

After these preparatory moves it was hardly surprising that Donovan’s Cairo visit brought to a head the strains in OSS–SOE relations in the Balkans. He arrived at Cairo on 14 November and three days later he had his first contentious negotiation in Rustum Buildings. With the new JSC directive to back him, Donovan stated that SOE leadership in the Middle East was confined to special operations and he refused to acknowledge it in matters of secret intelligence. His most immediate demand was the establishment of completely separate and secret lines of communication with his agents in Yugoslavia. This was a high-level contest of wills, for which Major General Gubbins, the new CD, specifically travelled from London to Cairo. Whether Donovan took seriously FDR’s proposal that he be put in charge of all Balkan operations and therefore was aggrieved by Churchill’s polite but staunch refusal, as Peter Wilkinson maintains, or whether he used the high opening bid to force an advantageous compromise, is difficult to judge without direct evidence. It is obvious from later developments, though, that the centre of OSS operations into Bulgaria, Romania and (partly) Hungary was surreptitiously relocated from Cairo to Istanbul, where even nominal supervision on behalf of the Middle East Defence Committee was practically impossible.

44 Ibid., 554.
45 *FRUS 1943*, vol. I (Washington, DC, 1963), 620–1; see also Barker, op. cit., 118.
46 ‘Notes of a Meeting held at MO4’, 17 November 1943, PRO, HS3/199.
48 Boll, op. cit., 125.
Escott claims that after Christmas he and General Stawell, the new head of SOE Cairo, had a row with Donovan, who stopped over in Cairo on his way back from Istanbul, over the Bulgarian connection. But in Donovan’s interpretation the handling of peace feelers was outside the scope of the original agreement, so OSS had no obligation towards the British.49

Both SOE and its political masters had to realize that limiting the political activities of OSS in the Balkans was no longer feasible. On 25 November Gubbins sent a memorandum to General Maitland Wilson on the SOE–OSS relationship. The chief of SOE appraised the situation realistically:

it has been made clear to SOE by Brigadier General Donovan that he is certainly not going to accept SOE control regarding policy. For instance, he has already stated that he neither takes his orders from our Foreign Office nor is he interested in their policy. He has also made it clear that he takes his orders solely from the Joint Cs. of S. and not from the State Department . . . the complications and embarrassments which will result from such action are obvious. In short, we shall have an organisation in the Balkans bound in no way to carry out the policy of HMG.50

Gubbins was of course right; the issue had to be faced immediately, since SOE was not in a dominant position in all theatres. Therefore it could not oppose OSS without risking some of its programmes. His Majesty’s Government was compelled to work out some response. The Defence Committee came up with a characteristically British solution. It proposed more co-ordination through more working committees at all levels of operational policy. It sounded very much as if the British government was putting on a brave face and was hoping for the best. Balkans policy of clandestine operations was no longer exclusively British turf, and this had its consequences for the Hungarian operations as well.

In this narrower field, by the end of the year the Planning Group produced from the various inputs a master plan, the so-called ‘Implementation Study’, the preliminaries of which were widely distributed and commented upon within and outside OSS.51 The study set authoritatively the major objectives of the proposed OSS mission to Hungary:

a. Induce the Hungarian government to abandon its Axis connections and withdraw immediately from war.
b. Establish secret intelligence and counter-espionage networks in Hungary.
c. Encourage friction and hostility between people of Hungary and Germany.52

The paper also acknowledged that ‘Hungary’s leaders, menaced now by the impending collapse of their ally, have but one hope of national survival: to

49 Bickham Sweet-Escott, Baker Street Irregular (London 1965), 194.
51 The first ten pages of the document went through three thorough revisions before the final version was prepared on 31 December. See: NA, RG 226 Entry 144 Box 20.
52 ‘Implementation Study for the Over-All and Special Program for Strategic Services in the Balkans as they Pertain to Hungary’, 31 December 1943. NA, RG 226 Entry 92 Box 85, 2.
strike some sort of bargain with the Allies which will enable them to abandon
the war and yet retain some measure of independence, and to do this neither
too soon, to provoke German occupation nor too late, to exhaust Allied
patience’.53 This prescient political analysis was surprisingly level-headed. It
tried to understand the acceptable motivations of the Hungarian government
without becoming uncritical to its actions. Nevertheless, it did not label the
efforts of the government as simple reinsurance tactics. In all fairness, it has to
be noted that not only Davidson and Pálóczi-Horváth of SOE fell for this inter-
pretation. Allen Dulles unwittingly also shared this view when he wrote in an
often cited telegram to George Buxton on 17 December:

Personally sceptical of possibility detaching Hungary from Axis under present conditions.
Situation might change if we penetrated in force into Balkans . . . Hungarians are past
masters at walking tightrope and I do not believe they will come over to our side openly
unless they have some assurance from us vis-à-vis Russia which presumably is out of question
at moment or unless we penetrated Balkans.54

In opposition to the New York SI section analysis, the Planning Group
posited no significant underground organization. As the authors wisely
remarked, it was unlikely to develop when there were still legal ways of
expressing political opposition (including the parliamentary representation of
opposition parties). For this reason the proposed mission had no secondary
agenda of fomenting revolutionary activity if bad came to worse. Even the pro-
file of the mission’s leader was geared to the task of cajoling the government.
The OSS officer was to have an ‘ability to confer on equal footing with indi-
viduals of rank and to influence them in matters of the gravest importance’,
and the full personnel should consist of ‘men of wide experience in large
affairs’. While they should know the Hungarian situation intimately, they must
be ‘free from the prejudices of any special interest group in Hungary’.55

Compared with the almost partisan fervour of the various SOE plans that
we have seen, this sober analysis and programme was clearly an improvement.
But in its desire to remain straightforward it missed the underlying problem of
the entire mission. Not banking on a ‘secondary option’ of turning to an
imagined underground opposition to the regime if the surrender failed may
have been a wise and noble choice. But managing the withdrawal of Hungary
from the war with the largest possible damage to the German war machine,
but without provoking a German occupation was indeed a tall order, if not a
contradiction in terms. The Hungarian government was agonizing over exactly
this dilemma.

By the beginning of the new year the grandiose plans emanating from OSS
Istanbul regarding the Hungarian ‘Popular Front’ had also abated. The well-
meaning and highly motivated officer who cultivated the contact with Pálóczi-

53 Ibid., 2.
54 Telegram from Dulles to Buxton, 17 December 1943, NA RG 226, Entry 190 C, Box 6.
Horváth may have been somewhat naïve in the arcane business of East European conspiracy, but he must have seen in ‘Bobby’ a fellow soul keen on active subversion. Nevertheless, it began to dawn on him by February that Pálóczi-Horváth was unlikely to deliver in the foreseeable future. In a much less enthusiastic note, ‘Tobacco’ (the code name of the American officer) wrote on 21 February:

My impression of him has come to be that he is just as sound and sincere as we believed him to be but that he is not willing to be active in the particular line that interests us . . . I explained that we were asking nothing in the way of sabotage at present, that my idea was to have a certain number of men at key points who when they were given the word to go ahead would carry out certain jobs or guide other men sent to do those jobs . . . He said then that he never understood before exactly what I meant — though God knows I have explained the same thing often enough.

They agreed that Pálóczi-Horváth would try to bring out a responsible leader of the ‘Popular Front’ to Istanbul to brief the Americans on the current strength and organization of the movement.56 His main concern seemed to be, though, the creation of a separate w/t link with which he could establish an exclusive contact to ‘his people’. The left-wing Hungarian activist was obviously much less keen on sabotage and direct subversion as the chances of a Balkan landing became more and more remote. ‘Tobacco’ may have slightly revised his assessment on Pálóczi-Horváth’s integrity, had he known that the latter reported all the details of the negotiation between SOE and László Veress to the Soviet Commercial Attaché in Istanbul, a certain Baklanov.57

There were marked differences between the strategy emerging from the SOE plans and the OSS documents. Until the very last moment, the British organization maintained the ‘two-pronged’ outlook and — at least as a fall-back position — kept alive the option of fomenting revolutionary activity among the industrial and agricultural workers. Since this alternative approach was always on the cards, with varying emphasis, it is not entirely surprising that in the British planning and policy documents the German occupation is sometimes portrayed not as an eventuality to be prepared for, but the indirect aim of the mission itself. In the case of Hungary SOE had never for a moment discarded the Dalton strategy for neutral states. Contrary to the general tendency, there was no period when this approach completely disappeared from the organizational repertoire.58

58 For the general pattern of SOE plans in the region see Neville Wiley, ‘Ungentlemanly Warriors or Unreliable Diplomats? Special Operations Executive and “Irregular Political Activities” in Europe’, Intelligence and National Security 20(1) (March 2005), 98–120.
In many respects the same was true in the British SO plans and activities with regard to Romania. While the story ran essentially parallel to the Hungarian developments, the differences are as instructive as the similarities. From 1942 onwards SOE was trying hard to induce its primary contact in Romania, Iuliu Maniu, either to stage a coup against the Antonescu-regime, or at least to use his organization for sabotage in the Ploiesti oilfields, but neither goal was appealing enough to the seasoned politician. By the second half of 1943 even the government — more specifically Maihai Antonescu, the Foreign Minister — also stepped into the game and sent his own peace-feelers. The parallel with Hungary does not extend to the ‘detonator concept’, though. SOE did not plan to foment wholesale social and political revolution in Romania with the help of the radical left. The reason was simple enough: there was a credible traditional political force then in opposition — Maniu’s Peasant Party and Bratianu’s liberals. In general, though, Great Britain was always ready to give priority to Soviet interests in Romania, but not in Hungary. Ironically, Britain had the opposite dilemma in the two neighbouring countries. As an ironic twist of fate, Hungary seemed to the SOE to be more important, but less amenable to change its course without regime change, while a traditional coup in Romania seemed more hopeful, but British interests there were considered subordinate to Soviet plans and wishes.\footnote{From the numerous literature on Romania’s wartime history a fairly balanced account: Dennis Deletant, *Hitler’s Forgotten Ally: Ion Antonescu and His Regime, Romania 1940–44* (London 2006). For the SOE activities see Mackenzie, op.cit., 497–501 and the SOE War Diary for Romania in PRO, HS4/268–72.}

We have already noted the paradox that the American Chiefs of Staff were almost uniformly set against a Balkan invasion, and yet the officers of OSS at different levels saw it as a live option until well into November 1943. On the British side not only Churchill was unwilling to take the first Quebec decisions very seriously. On 9 September 1943, one day after Italy’s surrender, the Joint Intelligence Committee saw a German collapse imminent and recommended to focus attention on the attitude of the Axis allies.\footnote{Cited by David Reynolds, ‘Churchill the Appeaser? Between Hitler, Roosevelt and Stalin in World War Two’, in Michael Dockrill and Brian McKercher (eds), *Diplomacy and World Power. Studies in British Foreign Policy, 1890–1950* (Cambridge 1996), 217.} This unrestrained optimism dissipated by the end of the year, and after Tehran the ‘Balkan alternative’ lost its strategic appeal. This, however, was never communicated clearly to the ‘surrender groups’ of the various South-East European governments. This was part of the large-scale deception campaign called ‘Bodyguard’ that was also decided at Tehran. Churchill’s ‘Ljubjana gap’ proposal of 1944 was indeed just a lonely rearguard action of the Prime Minister.\footnote{For a reasonable evaluation of the military question involved, see Thomas M. Barker, ‘The Ljubjana Gap Strategy: Alternative to Anvil/Dragon or Fantasy?’ *Journal of Military History* 56 (January 1992), 57–86.}

We do not need to invoke the notions of a leftist conspiracy within SOE to explain the differences between the Hungarian plans of SOE and OSS. In fact,
it seems more over-determined than a genuine puzzle. Possibly the most persuasive explanation lies in the organizational characteristics and history of the two agencies. OSS was given a comprehensive mandate for secret intelligence, special operations, counterintelligence, and morale operations. This was an advantage over SOE, which after 1942 had to focus on sabotage and subversion alone. Though SOE would have loved to engage in secret intelligence as well, these efforts were all stymied by Menzies, who jealously guarded the turf of MI6. When the British got wind of Mission Sparrow, OSS could claim that their objectives were purely intelligence-related (this was of course a half-truth at best). SOE could never go in this direction, even if Menzies admitted that SIS could obtain mostly irrelevant information only from within the Hungarian Ministry of War.\textsuperscript{62}

The narrower British focus instilled in Baker Street the need to find the best contacts and potential networks for these tasks, which they were more likely to find among the Left opposition in Hungary. Indeed, we might say that SOE found itself mediating in high-powered diplomacy by chance and almost against its wishes. But it was not simply an abstract question of bureaucratic turf and legal mandate. SOE was also influenced by its own experience — and that of SIS — in Hungary from 1939 onwards. Since the Baker Street irregulars who had any contacts in Hungary knew mostly the left-wing anglophile intellectuals and labour-union leaders, they were more likely to turn up in the planning papers as potential links to groups that could be imagined at least to be willing to engage in sabotage. In the parlance of contemporary social science, it was not simply a case of structural forces but also of ‘path dependency’, or the inertia of past policies.

Though less important, we might also note that Hungarian policy in part was coloured by personal rivalries and was heavily influenced by the Cairo–London squabbles. At the end of the day this cannot be the decisive factor, as it would be hard to argue that the structure created by the idiosyncratic management style of Donovan was less conducive to in-house conflicts. What is more, both agencies had to struggle in the vast military and policy machines that emerged as the unique feature of world war two. Though neither of them was supposed to, both subversive and sabotage organizations found themselves in a situation of policy-making by default.

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\textsuperscript{62} Twenty-fifth Meeting of the Foreign Office–SOE Committee, 11 January 1944, PRO, HS8/197.