“And Now for the Rest of the Story”: The ITT and Vogeler/Sanders Case Revisited

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ABSTRACT

Robert A. Vogeler, an American businessman, served seventeen months in a Hungarian prison after being found guilty of espionage and economic sabotage. During his detainment and imprisonment, the US government used diplomatic and economic pressure to try to secure his release. Lucille Vogeler, a socialite, used personal diplomacy, the media, and contacts with underworld figures in Austria to pressure the US and Hungarian governments to release her husband. After their return to the US in 1951, the Vogelers became prominent critics of the Truman Administration’s policy of containment and urged their audiences, including many members of the US Congress, to wage a more aggressive campaign to defeat communism. Their experiences illustrate the ways in which the American business community and individual citizens contributed to the formulation of US Cold War policies. The case also illustrates the many ways in which media and public pressure could influence US foreign policy during the early Cold War years. (MMM)

KEYWORDS: corporate espionage, Cold War, Truman Administration, US and Hungary

In 1949, an American executive of a Hungarian subsidiary of International Telephone and Telegraph (ITT), Robert A. Vogeler, was arrested, tortured, tried without western defense counsels, and imprisoned for espionage and economic sabotage. The Hungarian government under Mátyás Rákosi also arrested Edgar Sanders, a British citizen who served as comptroller,
and several Hungarian nationals who were employees of Standard Electric in Budapest, and charged them with the same crimes.¹ All of the accused were found guilty of the charges and Vogeler was sentenced to fifteen years, while Sanders received a thirteen-year sentence; several of the Hungarian defendants received death sentences. In addition to its diplomatic efforts to secure the release of Vogeler, the US government closed Hungarian consulates in New York and Cleveland, denied licenses for exports to Hungary, imposed a travel ban on citizens traveling to Hungary, and froze Hungarian goods in the Western zone of Germany.² Despite these sanctions, Robert Vogeler served seventeen months in a Hungarian prison and ITT’s holdings in Hungary and elsewhere behind the Iron Curtain were subsequently nationalized. It was decades before the US Department of State and the US Commerce Department, with the assistance of US trade associations such as the National Foreign Trade Council, were able to negotiate terms of compensation for ITT and other American businesses doing business there.

Many Hungarians of a certain age recall the “Standard-per” (the Standard case) and the show trials that followed. Robert Vogeler and his wife, Lucile, were well-known in the United States and his plight was the central issue in Hungarian American relations for years. The Vogelers are largely forgotten today, despite their fame in early Cold War America. During a decades-long career that spanned radio and television, Paul Harvey, a journalist and newscaster, entertained and informed his audience in a daily program called And Now for the Rest of the Story. He provided context and background on popular figures and events, including little known facts and follow up on what happened in the aftermath. This essay will do the same for the ITT and Vogeler case.

ITT and Vogeler’s experiences have served as the grist for historians analyzing Hungarian-American and British-Hungarian relations; diplomatically, the ITT case reveals the limits of western nations’ ability to influence events behind the Iron Curtain. Politically, these events are also noteworthy for what they reveal about the emerging conservative critique of the
Truman Administration and Acheson State Department’s response to the Soviet bloc. The Republican Party platform of 1952, for example, featured staunch anticommunist rhetoric of rollback, inspired in part by sympathy for what had happened to Vogeler and ire that the Truman Administration had not been able to secure his freedom more quickly. Robert A. Vogeler, known as the “hero of Hungarian imprisonment,” became a vocal critic of what he considered a weak policy of containment and an ardent advocate for a more robust, and interventionist foreign policy designed not just to contain communism, but to roll it back. ITT, both directly and through its membership in trade associations such as the National Foreign Trade Council, collaborated with the Department of State and the Commerce Department to develop a program for seeking restitution for properties lost due to nationalization.

At the personal level, the case is also significant in understanding early Cold War culture in the United States. Less well known are the activities of Lucille Vogeler, the “blond bombshell,” who harassed State Department and Legation officials, rallied public and Congressional support, and reached out to underworld figures in Vienna and elsewhere to try to secure the release of her husband. Members of Congress, such as Charles J. Kersten (R-Wisconsin) and Jacob K. Javits (R-New York), outraged by how the US had failed both to protect the rights of its citizens and the properties of American companies doing business behind the Iron Curtain, promoted policies designed to punish the Hungarian government for its conduct, Kersten, especially, joined with Vogeler in promoting a “positive” policy designed to undermine communist control in the iron curtain zone. This essay will attempt to answer three central questions: What happened to Robert Vogeler after he was released from prison? Who was Lucile Vogeler and what was her role in the Vogeler case? What happened to ITT and its holdings behind the Iron Curtain? The ITT and Vogeler/Sanders case brought US-Hungarian and Hungarian-British relations to a low point. It also served as a rallying cry for critics of the Truman Administration’s policy of containment; and the experiences of Lucile Vogeler shed
light on the ways in which savvy and determined individuals could exert pressure on their governments to act. Thus, the rest of the Vogeler story is noteworthy in and of itself.

**What happened to Robert Vogeler after his release?**

The Minister of Austria, Walter J. Donnelly in a secret telegram to Secretary of State Dean Acheson, reported that Robert Vogeler was met at the Hungarian border by members of the US Legation in Vienna on 28 April 1951. Donnelly describes Vogeler as nervous and mentally alert, noting that during the two-hour drive from the frontier to Vienna, he talked almost continuously about his trial and confinement. Donnelly then provides a summary of the highlights and emotions that “poured out unsolicited.” These include the fact that Vogeler was interrogated continuously for seventy-two hours immediately after his arrest and placed in a wet cell with inadequate clothing and no heat. He received no physical beating but was subject to all kinds of mental pressure. Donnelly notes that Vogeler’s treatment by his Hungarian jailors was “markedly similar” to procedures described by Arthur Koestler in his novel *Darkness at Noon*. Vogeler was reunited with his wife and two sons in Vienna, an event that was widely covered by the international media. On 4 May 1951, he returned to the United States where he entered the Naval Hospital in Bethesda, Maryland for evaluation and treatment. In his message of thanks to President Truman, Vogeler indicates that he was unaware until reaching Vienna about the “great crisis which was forced upon the United States”; he was referring to the outbreak of the Korean War, a conflict about which he had no knowledge since he had had no access to newspapers or journals during the entire length of his incarceration. This made Vogeler much more appreciative of the efforts to secure his release. Vogeler, while still at the Bethesda Naval Hospital, also requested a meeting with Truman to express his appreciation in person. Scrawled across the bottom of Vogeler’s letter was the handwritten message: “Matt: Guess we can let him in. HST.” Matthew J. Connelly, Secretary to President Truman,
confirmed a June 6 meeting between Vogeler and the president, stating “we feel that it would be best to keep your appointment ‘off the record’”; indeed, Vogeler’s name did not appear on the President’s daily appointment sheet.8

The State Department also released the text of Vogeler’s telegram message of thanks to Secretary of State Dean Acheson in which Vogeler states, “I cannot but admire the constant intense effort” made by State Department officials on his behalf.9 During this time, Vogeler was interviewed several times by State Department officials to provide a complete record of his treatment and experiences at the hands of Hungarian authorities. He also asked to see the Secretary of State.

In a memorandum prepared for Acheson in anticipation of a visit by the Vogelers, Robert M. McKisson of the Office of Eastern European Affairs notes the significance of the Vogeler affair to events in Czechoslovakia where AP correspondent William Oatis had been arrested by the secret police on 26 April, just two days before Vogeler’s release.10 In the meantime, Vogeler had been invited to give a speech about his experiences at the National Press Club luncheon on 8 June 1951. L. Randolph Higgs, Deputy Director of the Office of Eastern European Affairs, reviewed a draft of the speech and raised concerns about the references in the speech to William Oatis. Specifically, he worried that if Vogeler ramped up public pressure in the US to get Oatis released, the Czechs might “jack up the price.”11 Vogeler responded that given the audience, they would naturally be interested in “one of their own.” While trying to reassure Vogeler that the State Department was not trying to censure his speech, Higgs reiterated that both the Department and Embassy staff in Prague believed that any mention by Vogeler of Oatis would lead the Communist Government there to believe they could “exact a greater tribute for his eventual release.”12 In his televised speech to the National Press Club, Vogeler discussed the abuse he suffered at the hands of AVO (the Hungarian Secret Police), including being beaten and dumped into a tub of ice water. He asked his audience to consider
him a case study for the “malady of [the] Communist war on the mind,” adding, “[t]here comes a time a person is faced with the utter futility of not complying with demands.” Consequently, one “feels abandoned, that death is inevitable, and that a confession will be put forward anyway, regardless of his actions.” Therefore, he agreed to “sign the rubbish.” For Vogeler the lesson to be learned is that “it can happen to anyone . . . No price is too dear to pay for our way of life.”

Within a relatively short span of time, Vogeler became much more vocal and critical in his comments regarding the Truman Administration’s handling of his case and that of William Oatis.

After his release from Bethesda, Vogeler and his family left for a six-week vacation in Colorado. During that time, he worked with journalist Leigh White on his memoirs, which were serialized by the Saturday Evening Post and published in six installments between 27 October and 1 December 1951. In the final installment entitled “The Terms of My Ransom,” Vogeler specifically criticizes the conditions for his release, claiming the price was too high and that the US had been “ignominiously forced to rescind” its own retaliatory measures taken in response to Vogeler’s arrest. He lambasted the Truman Administration for having “fumbled his release” and expressed his fear that the same would happen to William Oatis. He urged a more vigorous response and rejected the claim that the US risked going to war in defending the human rights of American citizens behind the Iron Curtain. He noted that just as the US would not go to war with Russia over one lone American prisoner, so too would the Russians avoid war to keep a lone American prisoner. By October, public officials joined in the vocal critique. For example, Congressman Allan O. Hunter (R-California) gave a lengthy speech in the House of Representatives in which he harshly criticized the administration and the State Department for failing to fight communism more effectively and less expensively. He specifically targeted the Department of State for failing to take advantage of the “best propaganda shots” relative to Vogeler’s case, an especially egregious failure given that all the major wires services of the
world had carried Vogeler’s story at great length. Stating that Vogeler had returned to the US after his seventeen months in prison as “nearly a whipped man,” Hunter called Vogeler’s speech to the National Press Club a “haircurler [sic].” He urged his audience to support a policy that would confront the Soviet bloc more forcefully.

The State Department was greatly concerned with claims that both Robert and Lucile Vogeler made in the memoirs and in their public appearances. Specifically, Acheson’s staff took issue with Lucile Vogeler’s account of a 12 May 1950 meeting she had with Acheson while he was in London for a Tripartite Conference of Foreign Ministers. Lucile Vogeler had traveled from Vienna and requested the meeting with Acheson to discuss the terms of an offer for the release of her husband “allegedly emanating” from the Hungarian government. Acheson expressed his doubt about the trustworthiness of the offer and urged Mrs. Vogler to keep this secret to avoid jeopardizing ongoing efforts to secure Vogeler’s release. Acheson indicated increased optimism and they also agreed on the text of the press release following their interview.

The Vogelers’ recollections of their meeting with Secretary of State Dean Acheson differed significantly from those of State Department officials. According to Vogeler, Mrs. Vogeler asked the Secretary of State point blank if he had “a feasible plan” for procuring her husband’s release, to which Acheson “admitted that he did not.” She urged him to negotiate and presented the ransom terms she had obtained from the Russian agents: $2,000,000 worth of ball bearings, radio tubes, and special steels from Western Germany, the reopening of the Hungarian consulates in New York and Cleveland, and the rescinding of the ban on private American travel to Hungary. According to Mrs. Vogeler, Dean Acheson replied that the proposal was “out of the question” and that the United States would not pay ransom. In response, Lucile Vogeler threatened to go directly to President Truman and to the press, noting that the Department of State failed, even after five months, to reach a decision about the ISEC
agreement, and accused the Secretary of State of “criminal negligence” for not having warned Vogeler in time to get out of Hungary. According to this account, Dean Acheson replied that Mrs. Vogeler was suggesting “sheer blackmail.”

Merritt K. Ruddock, the Secretary at the US Embassy in London, was present at the meeting between Acheson and Lucile Vogeler and prepared a memorandum of conversation. Ruddock responded to the Vogelers’ account in the 24 November 1951 issue of the Saturday Evening Post, calling their version “incomplete, inaccurate, and distorted.” For example, Acheson did not, as Vogeler claimed, state that the US would not pay ransom. Rather, he questioned the bona fides of the proposal and suggested that the agent may have been trying to take advantage of her. Later in the conversation, Ruddock acknowledged that Mrs. Vogeler did mention that she was stubborn and would persevere in her efforts to secure her husband’s release despite the Secretary’s expressed doubts regarding her plan. According to Ruddock’s version, Acheson had responded that he could be stubborn as well, noting that “he did so in the sense of perseverance in endeavoring to effect Vogeler’s release, not as implied, a means of indicating his counter-tactics to Mrs. Vogeler’s ‘stubbornness.’” Ruddock also challenged the Vogelers’ account that Mrs. Vogeler’s petition to the Secretary resulted in “immediate negotiation” for her husband’s release.

In a December 1951 broadcast, journalist Drew Pearson claimed that thirty-two Americans held in jail in China was just a “drop in the bucket” and estimated that some 6,000 Americans were being held against their will behind the Iron Curtain. Senator Joseph McCarthy (R-Wisconsin) amplified this claim, charging that Robert Vogeler was carrying out an “apparently hopeless battle to induce this Administration to do something about the other 5,000... Americans who are at this moment rotting in Communist prison cells throughout Russia and her satellite nations.” Philleo Nash, Administrative Assistant to Truman, labeled these charges as absolutely false, adding that McCarthy had misinterpreted the data gathered by the
State Department. Specifically, he noted that the vast majority of Americans behind the Iron Curtain were dual nationals. As a result, the State Department concluded that relations between the US and Hungary were “at an all-time low.”

There are multiple references in US diplomatic papers to the fact that the Hungarian authorities were carefully monitoring Vogeler’s activities. The many speeches, public appearances, and the publication of his memoirs, clearly also had an impact beyond the diplomatic corps. On 27 November 1951, for example, the Supreme Court upheld the manslaughter conviction of a Mexican national living in Nebraska. The two dissenting judges, Justice Hugo L. Black and Justice William O. Douglas, cited Vogeler’s experiences, stating “Americans justly complain when their fellow-citizens are pounced upon at will by state police, held in jail incommunicado and later convicted of crime on confessions obtained during such incarceration.” The dissenting justices argued that the same had occurred to a citizen of Mexico, who could neither read or write, and therefore his conviction should have been overturned.

*I Was Stalin’s Prisoner*, a dramatization of Vogeler’s memoir, was aired on NBC’s bi-weekly Goodyear Television Playhouse on 23 December 1951. NBC executives expressed their gratitude to the State Department for their “valuable assistance” and “whole-hearted cooperation” in the production of the drama. The Vogelers were able to reach millions of Americans through the publication and the broadcasts of their story.

By early 1952, Vogeler ramped up his criticism of the Truman Administration, cooperating with several staunchly anti-Communist Congressmen, including Charles Kersten (R-Wisconsin), O. K. Armstrong (R-Missouri) and others. In an address before a Conference on Psychological Strategy in the Cold War held in Washington, D.C., Robert Vogeler urged the US government to take the “calculated risk” of a fully organized psychological war against Russia and its satellites, including espionage, sabotage, underground activities, and propaganda. “We want to avoid war, but not at the price of eventual enslavement, and there we must take a
calculated risk. We must discount the Communist Party line that if we take a strong stand, we might precipitate a third world war, a war we can’t avoid if we continue our present policies.” Vogeler argued that Western leaders were too incompetent to realize that “we must use new weapons to fight a new type of war.”

Rep. O. K. Armstrong (R-Missouri) keynoted the conference and linked Vogeler’s suggestions to congressional efforts to “give assurances of hope to the new hopeless millions of captive peoples that we intend to work unceasingly for their liberation.” Armstrong made specific reference to the so-called Kersten Amendment to the Mutual Security Act of 1951 that appropriated $100 million annually for use on behalf of refugees from the Soviet Union and its satellites. In a confidential memorandum on the conference, Arthur G. McDowell charges that Vogeler, “the hero of Hungarian imprisonment,” made “directly partisan and misleading speeches.”

In the meantime, Vogeler sued his former employer for $500,000, claiming ITT had failed to warn him about the “dire circumstances [that] would surely flow from a failure of the discussions to produce an agreement after protracted negotiations.” He was referring to negotiations between the Hungarian government and International Standard Electric Corporation (ISEC), the parent company of ITT. The failure of the State Department to approve this agreement precipitated the arrest of Vogeler, Sanders, and the other defendants. According to Vogeler’s complaint, ITT officials knew the “mood and restiveness” of Hungarian officials and that the Hungarian courts had defined the US as an enemy, but they failed to warn him to leave Hungary or to protect him. Attorneys for the defendants in Vogeler’s case versus ITT met with State Department officials, requesting their cooperation in providing information to ITT for use in its defense. Specifically, they sought to determine the veracity of Vogeler’s claims made in his memoir that members of the US delegation in Budapest had received information that the pending agreement between ISEC and the Hungarian government had been disproved, and whether there had been any warnings to Vogeler by members of the legation.
Furthermore, they were interested in finding out about the escape attempt from Hungary (allegedly organized by US military intelligence) and Vogeler’s relations with military intelligence officers in Budapest and Vienna. Finally, the attorneys asked for information about Vogeler’s claims of having assisted people to escape from behind the Iron Curtain prior to his arrest. According to the memorandum of conversation from the meeting, the Department disputed the former and either had no information or no opinion it wished to express on the latter. [30] His lawsuit failed, and later Robert Vogeler taught science and mathematics at St. Mary High School in Greenwich, CT. He died in Horseheads Chemung County, NY on April 22, 1992. His former students mourned his passing, calling him “brilliant and approachable.”

Figure 1. The Vogelers Enjoy Their Time Together in Florida ©Bettmann via Getty Images

The blonde who “ripped a hole in the Iron Curtain”: Lucile Vogeler

Born in Belgium, Lucile Eykens met Robert Vogeler on a train to Switzerland on a Friday afternoon in 1939. According to her soon-to-be husband, he asked her to marry him by the following Monday morning. During her husband’s arrest, trial, and incarceration, she worked tirelessly to secure his freedom, often in contravention of advice from State Department
officials and ITT executives. When diplomatic efforts stalled, she reached out to what her husband later called the “Communist underworld,” offering to raise $500,000—by subscription, if necessary—to pay for Vogeler’s liberation.\(^{35}\) Believing it shameful that the US had allowed a defeated power like Hungary, in open violation of the peace treaty, to victimize one of its citizens, Lucile Vogeler was ready to defy the State Department. In a telegram to Acheson in late December 1949, she expresses her disappointment at the ineffectiveness of actions taken by the State Department and warns she will not sit idly by while the US government does nothing but exchange diplomatic notes with a government that was known to be moved “only by action which affects its own interest.”\(^{36}\) While in Vienna, she met with George Berenyi, a Hungarian national deemed to be a Soviet agent by US authorities. Berenyi listed several conditions, including being given the power of attorney authorizing him to negotiate with Hungarian and Russian authorities. He also demanded a statement from ITT indicating their willingness to pay $2,000,000 upon the release of Vogeler and a binding commitment from the US that they would return materials of Hungarian origin located in Austria and the western zone of Germany. He warned Mrs. Vogeler that failure to act upon these conditions could result in Robert Vogeler’s death.\(^{37}\) Mrs. Vogeler presented these conditions to the State Department in an aide-memoire. As noted earlier, the Department of State refused to deal with these suspect individuals.

Once Vogeler was released and she was reunited with him in Vienna, she appeared with him on 4 May 1951, in a brief Universal Newsreel Interview with Ed Herlihy, noting how difficult it was for her husband to say many things at the moment and expressing in his stead his gratitude to all who had supported him during his ordeal. She mobilized both glamour and femininity during and after her husband’s imprisonment to persuade, cajole, or otherwise force officials to pay attention. She was a media darling—the Toledo Blade called her “a small, blond dynamo who succeeded in calling the bluff of the biggest cloak-and-dagger specialist in Joe
Stalin’s bully brigade.” Through her interviews and appearances on numerous television shows, she was able to reach a wide American audience. For example, on 23 May 1951, she was a guest on *The Don McNeill TV Club*, and less than a week later, on 26 May, she appeared on *The Laraine Day Show* as the wife of an American POW. She and Robert Vogeler were honored guests at the Republican National Convention in 1952, the first political convention to be telecast coast-to-coast. The plank of the Republican platform prominently featured rollback, a more vigorous and positive policy *vis-à-vis* the Soviet bloc, a position that the Vogelers actively and enthusiastically supported.

Her friend, Bob Ruark, credited her with “coldly and cannily” withstanding all offers and demands for her husband’s memoirs until they were able to exact maximum compensation.

The Acheson State Department took umbrage at many of the claims made by the Vogelers in the memoirs and in their many public appearances. In a telegram that is still redacted, Acheson notes that Mrs. Vogeler had been warned to “abstain [from] mysterious involvements” with shady characters, which she had acknowledged but refused to do. According to the Secretary of State, Mrs. Vogeler’s attempts to pay bribes of $200,000 created tension within the Hungarian government and caused “extraordinary precautions to be taken, including surveillance [of] her and associates” by the Hungarian Intelligence Services. He concludes that despite the Vogelers’ recent statements to the contrary, Mrs. Vogeler had acted in a way that was “unwise and impractical.” Later that summer, Acting Director of the Office of Eastern European Affairs Ray Thurston wrote to her, once again challenging the veracity of her public claims. In this case, Thurston took issue with her claims, as reported in the *Arizona Republic*, that she had had conversations with representatives of the government of the Netherlands, Belgium, Switzerland, France, and the UK in regard to their imposing sanctions against Hungary and that the State Department had refused to endorse these actions. Thurston
categorically denied her claims and added that absolutely no documentary evidence existed to support them. Further, he noted that the Department had always had the utmost respect for and understanding of her anxiety for her husband, while at the same time questioning the wisdom of her private activities on his behalf. He also points out that the US Government treated Vogeler’s case as “the dominant issue in United States-Hungarian relations.”

Newspaper accounts almost unanimously credited both her private and public efforts to secure her husband’s release, and all emphasized her staunch anti-communism. In February 1953, Lucile Vogeler, in an effort to stop the flow of dollars to Iron Curtain countries, urged the formation of a housewives’ boycott. Described as the “movie-star-pretty wife” of Robert A. Vogeler, she continued her anti-communist crusade from “lecture platforms,” including a speech at Detroit Town Hall. A few months later, the New York County Council of the Veterans of Foreign Wars crowned her “Miss Liberty” and announced she would participate in a parade wearing a red, white and blue gown. On 4 May 1953, Cardinal Francis Spellman and Mayor Vincent R. Impellitteri of New York officiated a Loyalty Day parade to honor Korean prisoners. As the wife of an American once held prisoner by the Reds, Mrs. Vogeler was crowned queen. The parade and her prominent role in it were featured in a Universal Newsreel story. Catholic newspapers also featured interviews and multiple stories about her.

Lucile and Robert Vogeler later requested a meeting with incoming Secretary of State John Foster Dulles to discuss information that confirmed reports of “certain extraordinary connections with [his] imprisonment with Hungarian Communists.” A memo dated 24 April 1953 prepared by John Hanes (Office of the Secretary) records a telephone conversation with Lucile Vogeler in which she called demanding a meeting with Dulles, specifically stating she did not wish to speak with any members of the “old” State Department. According to Hanes, she demanded to speak only to Dulles about a subject matter that she wished to handle very quietly and discretely. Hanes adds that he had gathered a “certain implied threat to use other
means with more publicity” if they did not meet with Dulles. This exchange is indicative of Mrs. Vogeler’s iron determination.

In an interesting sidenote, Lucile Vogeler also attempted to interfere with New York Republican Party politics. Jacob K. Javits, a Republican Congressman from the twenty-first Congressional District, served on the House Committee on Foreign Affairs and took an active interest in Vogeler’s plight. He disagreed with Dean Acheson’s response to the arrest and subsequent events in Vogeler’s case, arguing this was not just the case of an individual American, but rather a case of the “people of the United States in demanding the ‘respect for and observance of human rights and fundamental freedoms,’” a matter of the greatest interest to every American. Javits criticized US diplomatic pressure on the Hungarian communists, calling it “quite ineffective” and urged the Department of State to increase pressure through economic sanctions. He supported using frozen Hungarian assets for a fund against which claims for indemnity in the Vogeler case could be established and collected. Javits also recommended that the US file a complaint about the treatment of Vogeler before the UN Commission on Human Rights. Later, Javits met with members of the Department of State in what he called a “frank, off-the-record discussion” regarding Hungarian restitution and its possible connection with the Vogeler case. They discussed the possibility of using seized Hungarian property in the American zone in Germany as a bargaining chip, as well as the feasibility of additional economic pressure against Hungary. Javits later supported the economic sanctions imposed against Hungary. While Javits was critical of Acheson’s handling of the Vogeler case, he was generally supportive of Truman’s Cold War policies, especially the Marshall Plan. Despite his earlier efforts on Vogeler’s behalf, Lucile Vogeler attempted to derail Javits’s nomination to run on the Republican ticket for the US Senate in 1956. She petitioned the New York state committee to put forward the name of General Douglas MacArthur instead. The committee unanimously consented to allow her to present the petition
and speak on his behalf. When they voted for Javits, she told reporters she was “outraged” by their “uncourageous and un-American” decision. The New York Times article notes that General MacArthur was neither a candidate for the office nor had he authorized the use of his name on the petitions.51 The Vogelers later settled in Connecticut where Lucile Vogeler died of cancer in Stamford, Connecticut on 2 September 1979.

The ITT and its holdings behind the Iron Curtain

Even before the outbreak of World War II, trade groups such as the National Foreign Trade Council (NFTC) and the Chamber of Commerce of the US (USCC) were concerned about the security of their foreign assets, particularly the threat of expropriations by hostile nations. From time to time, the NFTC appointed one or more agents or attorneys to conduct negotiations and enter into contracts, intervening on behalf of American creditors, exporters, investment interests, and others.52 In similar resolutions, the NFTC and the USCC reiterated the need for nations seeking outside capital to “give assurance that investments thus made are assured protection and stability.”53 These resolutions also warned that expropriations unaccompanied by “sure and effective compensation within a reasonable period” would violate basic principles of international law and could well lead to a complete stoppage of investment capital movements into the expropriating country.54 Representatives of the NFTC met frequently with officials at the Treasury, Commerce and War Departments and made recommendations regarding tax deductions for property confiscated or sequestered because of World War II. The NFTC also provided names of American foreign traders whose information and services might be useful to the prosecution of the war.55 As the war progressed, members of the NFTC’s Foreign Property-Holders Protective Committee collaborated with the Department of State, War, and the Treasury regarding the rehabilitation of liberated areas, urging the use of American properties and its personnel, arguing their local knowledge of industrial conditions in each area

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would be essential in assisting the government in the rehabilitation of the area while simultaneously protecting American interests prior to the time when owners may be granted access to their properties.56

The NFTC urged the US government to take the lead in reducing trade barriers and increasing international trade, all the while recognizing that trade in the Soviet orbit was conducted by the state. In 1944, the Board of Directors of NFTC anticipated the problems of postwar rehabilitation when it adopted a resolution on international business agreements and regulatory measures affecting American foreign trade.57 The resolution recognized that nearly all other countries permitted some form of private combinations to regulate and expand their economic production. It was common for members of the Board of Directors to serve on multiple and sometimes overlapping committees of the various trade and industrial associations. For example, Dr. Alexander V. Dye was the former director of the Bureau of Foreign and Domestic Commerce. He served on the Foreign Property-Holders Protective Committee of the NFTC and on the Postwar Advisory Committee of the National Association of Manufacturers, both of which were concerned about developing a national policy to improve the competitive position of the US in connection with world trade.58 ITT executives also served on various NFTC boards. The NFTC resolution warned that if American participation in such agreements were to be prohibited, Americans would be deprived of trade opportunities and limited in their ability to respond to cutthroat trade practices. The NFTC recommended that American participation in such restrictive agreements should not be indiscriminately banned, but rather that means should be developed to determine to what extent these practices represented an unreasonable restraint of trade. The concerns expressed in these resolutions soon became a reality for many doing business in the Soviet zone of occupation, such as in Hungary.

Western companies operating in Hungary in the aftermath of World War II encountered an increasingly hostile business environment. The communists consolidated their control of the
economy, instituting a centralized procedure for purchasing raw materials, fixing prices, and requiring foreign-owned companies to sell 90% of their production to state-owned institutions. A series of trade and collaboration agreements concluded between the Soviet Union and Hungary, Rumania, and Bulgaria in the winter of 1945 highlighted the threat to American business interests. A State Department Intelligence Report notes that the Hungarian-Soviet economic collaboration agreement signed in Budapest on 20 December 1945, followed by the creation of joint Soviet-Hungarian stock companies in the bauxite, oil, shipping, and civil aviation industries, would create “specific and implied monopolies” in their respective fields. The analysts believed the economic domination of the satellites by the USSR was being carried out through the use of the joint companies and through the channeling of trade in the direction of the USSR.59 A Resolution on the Protection of American Foreign Property adopted by the NFTC echoed these concerns. The May 1946 resolution points out that in some cases American properties had been seized as war booty, while in others nationalization programs “ha[d] engulfed American properties.”60 As a consequence, the NFTC recommended that the US government should make no loans to and freeze the assets in US banks of any country that engaged in such unfair practices.

When it became clear that the restoration of American-owned properties was highly improbable, the Foreign Property-Holders Protective Committee (FPHPC) took up the question of compensation and urged the Department of State to support legislation under which losses resulting from seizure or forced surrender would constitute a just claim permitted in the US Court of Claims.61 The NFTC provided feedback to the Department of State regarding proposed peace treaties with Bulgaria, Hungary, Italy, and Rumania. Additionally, board members shared their concerns with members of the Senate Foreign Relations Committee. The NFTC also sought a meeting with the Department of State to explore the possibility of adding a chapter in the International Trade Organization (ITO) charter to provide a code on foreign investments.
Present at the meeting were representatives of the National Association of Manufacturers, the US Associates of the International Chamber of Commerce, the Chamber of Commerce of the US, American Bankers Association, International Bankers Association of America, and the Foreign Bondholders Protective Council. They issued a joint cable to Undersecretary William L. Clayton, the head of the US delegation to the Geneva Trade Conference, urging the provision in the charter for the protection of foreign investments. The Board also recognized the importance of commercial intelligence, noting that the Council’s proposals to the government were “strengthened materially when supported by intelligence received directly from representatives of American business interests in foreign countries.” In the case of ITT in Hungary, there is compelling evidence to suggest that Robert Vogeler was guilty of at least some of the charges of espionage and economic sabotage leveled against him by the communist regime. By 1947, then, the program of the Foreign Property-Holders Protective Committee included providing feedback on peace treaties with the satellite nations, developing national programs abroad, and influencing US legislation bearing upon American foreign property. Also noteworthy is the way multiple associations were able to have their views heard through the overlapping membership of the trade groups.

They succeeded with the passage of the Foreign Claims Settlement Act of 1949. The NFTC sent a letter in support of the bill which would establish an International Claims Commission of the US under the auspices of the Department of State, whose responsibilities would include the adjudication of claims of the US government and US nationals stemming from nationalization or other forms of taking of property. It was based on the Yugoslav Claims Agreement of 1948 that set up a fund of $17 million (from blocked Yugoslav assets) from which payments were made on the awards granted in the claims. The NFTC also worked with the Department of State and US congressional committees to expand the process established by the Yugoslav Claims Agreement to include Bulgaria, Hungary, and Rumania. In fact, the Foreign
Claims Settlement Commission “indirectly communicated with the NFTC” urging the organization to submit a statement of support for the proposed amendments, noting that “lack of such action of NFTC conceivably might be interpreted by interested Congressional members as an indication of disinterest on the part of business.” In a letter dated 6 April 1955 to Joseph B. Brady, Director of the Foreign Property Division of the NFTC, William A. Crawford, Deputy Director of the Office of Eastern European Affairs, Department of State, includes a statement by Walworth Barbour, Deputy Assistant Secretary of State for European Affairs before the House Committee on Foreign Affairs in which he strongly endorsed the proposed amendments to the International Claims Settlement Act. Barbour, in his remarks before the committee, noted that under the terms of the peace treaties with Bulgaria, Hungary, and Rumania, the US was entitled to seize and liquidate their assets in the US which were blocked during World War II. A Wall Street Journal headline, “Uncle Sam Sets Payday for American Holders of Iron Curtain Bonds,” anticipated the passage of the legislation. Although eight years had elapsed since the conclusion of the peace treaties, all efforts by the US government to secure the satisfaction of American claims had proved fruitless, and these countries gave no indication that they intended to satisfy any claims for property damaged during World War II or seized as a result of nationalization. Because Bulgaria, Hungary and Rumania had defaulted on these agreements, the US government had responded by freezing their assets in the US. The act would authorize the Department of State to seize those blocked assets and to apply the proceeds of the liquidation of those properties to satisfy American claims. Once again, members of the NFTC Foreign Property Division collaborated with the State Department in fleshing out the procedures by which American businesses could seek redress for lost assets. In the case of Hungary, more than 2,700 claims, asserting more than $225 million dollars in losses, were filed between 30 September 1955 and 1 October 1956, resulting in at least a partial compensation. These
precedents were subsequently followed by American nationals seeking redress against the government of Cuba under Fidel Castro after the seizure of their properties.69

In April 1967, teams of negotiators representing the US and Hungarian governments met for weeks regarding restitution claims and US claims for debt claims of American companies, such as ITT, Mobile Oil, and the Singer Sewing Machine Company. These included claims stemming from the nationalization of US holdings. The Office of the Legal Advisor in the Department of State pointed out the discrepancies between the valuation made by the Foreign Claims Settlement Commission (FCSC) and the 1947 balance sheets provided by the Hungarian Ministry of Finance. The FCSC estimated that of $47.6 million, roughly $30.7 million would go to Standard Electric, ITT, and Socony.70 At the 28th session on 21 April 1967, Mr. Réti, the Hungarian negotiator, reviewed Standard Electric’s balance sheets at the end of 1948, showing assets worth about 26.3 million Forints, from which 16.4 million for losses incurred during 1947 and 1948 should be subtracted, leaving a net worth of 9.9 million Forints. Réti suggested a 20 percent proportional rate for the cleared claims.71 Despite the claims of the Hungarian government that it had agreed to “consider a fair and equitable compensation taking duly in account the possibilities of the Hungarian economy,” the negotiations continued intermittently until a final agreement was signed in Washington, D.C. on 6 March 1973. Ultimately, Hungary agreed to pay a lump sum of $18,900,000 to settle claims arising from war damage, nationalization, and other debts owed to American nationals.72

Conclusion

Examining what happened to both Robert and Lucile Vogeler provides a broader framework from which to understand the emerging political climate in the US, as Republicans ramped up their critique of the Truman Administration’s policies designed to contain the spread of Communism. The Vogelers and the perceived failures of the Acheson State Department in
responding forcefully enough to secure Vogeler’s early release and protection for the properties of American nationals behind the Iron Curtain inspired the vocal criticisms of staunch anti-communists in Congress, the business community, and in the media. Whether it was her much-acclaimed beauty or her unrelenting drive to pressure the American and Hungarian governments to release her husband, Lucile Vogeler’s role in obtaining his freedom has been overlooked and unacknowledged. Both Robert and Lucile Vogeler had many supporters in Congress and in the military, and they became the public face of an episode in Hungarian-American relations that inspired a determination to do better in protecting the civil liberties and property of American nationals living in foreign lands. Their interviews, public and media appearances, and the publication of Vogeler’s memoirs, first in serialized form and then in two book editions, promoted a great deal of public sympathy for their anti-Communist crusade. State Department officials worked feverishly behind the scenes to respond to what they considered to be mischaracterizations of their actions, revealing that individual citizens could exert pressure both on the formation and the implementation of policies in early Cold War America.

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69 See for example S2625/HR Bill 10278, 88th Congress, 2nd Session, Bill to Amend the International Claims Settlement Act of 1949 to provide for the determination of the amount of claims of American nationals against the government of Cuba.

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