THE POSITION OF THE FREEDOM OF CONTRACT IN THE HUNGARIAN LAW ON MIGRATION (1903)

BALÁZS PÁLVÖLGYI

Széchenyi István University, Deák Ferenc Faculty of Law and Political Sciences, Győr, Maďarsko

Abstract
By the turn of the century, the number of migrants from Hungary touched new peaks and the government launched a new legislation-program to handle the situation. The problem remained extremely complex and it seemed that there is no solution acceptable for all. The lack of real border-control, the complicated relation between Austria and Hungary and the augmenting tension concerning the ethnic minorities posed the Hungarian politics the great question: whether it is possible to touch the freedom of contract and it is possible that the state could determine in detail the contain of a contractual relation. Having seen the failure of the first legislation concerning the migration-agents in 1881, the Hungarian government tried to rethink its migration-policy. As the number of migrants increased till the turn of the century, and the activity of the non-authorized agents remained a constant problem, the government opted for the licensing-policy with state-control. It meant not only the authorization of a company for creating a direct line between the Hungarian port Fiume and New York, but also the block of other ways. The only official entrepreneur became the Cunard Line company (with the Hungarian partner Adria company) which had an exclusive right in maintaining the Fiume – New York line. In the end that wasn’t the government’s migration-policy (with the legislation of 1903 and 1909) which blocked the flux of migrants to the United States from Hungary. The changes of the American economy and the American legislation could only slow down the migration, and finally that was the First World War, which closed the American ports.

Key words
Migration; Austria-Hungary; United States; freedom of contract.

By the turn of the century, the number of migrants from Hungary touched new peaks and the government launched a new legislation-program to handle the situation. The problem remained extremely complex and it seemed that there is no solution acceptable for all. The lack of real border-control, the complicated relation between Austria and Hungary and the augmenting tension concerning the ethnic minorities posed the Hungarian politics the great question: whether it is possible to touch the freedom of contract and it is possible that the state could determine in detail the contain of a contractual relation.
I.

In the second half of the 19th century, we could observe an increasing proportion of births with decreasing proportion of deaths in Hungary. The developing health-care system and the old family structures (high number of births) gave an élan to the demographical boom by the end of the century. This phenomenon with the development of the industrial production made a new situation from point of view of the migration as well.

The migration from Hungary to the neighbouring countries (especially to Austria¹ and Rumania²) and to the United States is the phenomenon of the second half of the 19th century.³ Although we don’t have exact data of the number of the migrants till the end of the century, precisely till 1899, but from the reports submitted by the local authorities the central government concluded on the increasing migration which touched at the beginnings only certain parts of the country but it became more and more intensive during the few decades from the second half of the 70’s.

As the typical Hungarian migrant came from the underdeveloped regions of the country and those people were mainly analphabetic, poor and uninformed. The long trip to America formed a dangerous adventure through the big Empire of Austria-Hungary and Germany to the Northern ports. No wonder that they were seeking help to get all the tickets in advance and to have a guide during the trip to arrive safely. The migration became a sort of business not only for the great steam ship companies and not only for its agents and agencies but for the so-called „small agents” or „secret agents” as well. The great majority of the big foreign companies tried to find the way to the future migrants so they hired local agents who spoke the language of the local people and who made them aware of the new opportunities and gave tips how to find the „best, shortest and cheapest way” to America.⁴

Having realized that the increasing migration would affect not only the Hungarian economic growth but also the military capacity of the country, the government decided to make efforts to block the migration somehow. This point became extremely controversial question not only in the press

---

¹ MOL K150-370-1874-VI-7-1518
² MOL K150-952-1882-I-10-32040
⁴ HEGYI JENŐ: A magyarországi kivándorlás állapota és rendezése. Fiume, 1902, Unió ny. 9.
reactions and commentaries but in the parliament as well. The main question: whether it is acceptable to restrict the liberal rights of free movement and consequently the freedom of contract.

The government chose the way of restrictions. With the 1881 law of Migration Agents the government tried to control or rather to eliminate the activity of the agents which action remained absolutely unsuccessful because the agents could continue their activity maintaining bases in abroad (mainly in Vienna) from which they could use their contacts with the local agents in Hungary who could work secretly. In the last two decades of the 19th century the flux of migrants continued from Hungary and the movement even accelerated not only by the activity of the so called “secret agents” but by the private, non-paid publicity of the returned migrants as well. Although there was no concession issued to migration agents in Hungary and – in theory – the authorities had to prosecute all form of activity of the agents; neither the ministries nor the local authorities managed the problem.\(^5\) The law of 1881 wasn’t capable to resolve the extremely complex problem of the migration. The local authorities could show only a few culprits who gave information-sheets or sold tickets to the migrants, or who accompanied a group of them\(^6\), but the big fishes remained untouched in abroad in spite of the hardly hid publicity even in big newspapers.\(^7\)

The complex internal relations within the Empire made the whole situation even more complex because the lack of border-control and the different regulation concerning the migration-agencies in Austria opened a loophole not only for the agents but also for the migrants as well. Several migrants got the necessary papers from abroad to make the embarkation.\(^8\)

The big agents tended to exploit this situation working in Austria and in other Western countries. Among the three bigger agencies, it seemed that F. Missler (based in Bremen) who tried to persuade the Hungarian government of the necessity of the liberalisation. Missler’s argumentation was based on two bigger pillars. On the one hand, he tried to prove that it was not the activity of the agents, which accelerated the migration in Hungary but only the economic situation. It is unnecessary to make efforts to block the migration with administrative tools, added to which that the migration was very lucrative for the country with the amounts sent back by the migrants working abroad. On the other hand, he referred to the uncertain situation of


\(^6\) MOL K150-2770-1896-VII-14-4864

\(^7\) Kivándorlási Értesítő, 1904. ápr. 1.

\(^8\) MOL K150-2486-1894-VII-14-35156
the migrants – who departed mainly with an illegal contract – which was the base of the frequent cases of fraud to the detriment of them. As a plausible solution he had a plan of the introduction of a new tax paid by the migrants and from this would be possible to finance the action of the government to make the migration-ways more secure.\(^9\) Later he wrote that the maintaining of the restrictions concerning the activity of the agents contributed to the exploitation of the migrants because of the Hungarian restrictions the migrants were heading mainly to Vienna to buy their tickets there. As the Bremen way was more popular than the others the agents were inclining to cheat them with the direction and several migrants were misled to other ports.\(^10\) We could observe that the early efforts of the government to slow down the flux of migrants didn’t succeed and even the information of the Austrian Minister of Interior concerning the escape-way of Hungarian migrants through Austria remained rather useless.\(^11\)

II.

Apart of interests of the migrants (which were in fact the second in the argumentation during the debates concerning the migration), the mass-migration affected the military interests of the country.\(^12\) As from the reports of the local authorities emerged that there was a considerable number of migrants without accomplished their military service\(^13\), the government tried to find a solution to the problem and launched a serial of negotiations with the Austrian partner.\(^14\) Those negotiations naturally didn’t have direct connections to the freedom of contract in Hungary but at that time the government launched a new legislation-program and tried to rebuild somehow the till that time rather simple regulation.\(^15\)

The government avowed that its migration-policy wasn’t effective at all and at the turn of the century tried to widen the domain of the migration-policy. As the main line of the regulation remained in using the rules of the criminal law somehow, there were only modest results. The agents found the way to

\(^9\) MOL K150-2486-1894-VII-14-13381
\(^10\) MOL K150-2486-1894-VII-14-72621
\(^11\) MOL K150-2770-1896-VII-14-27326
\(^12\) KN 1878-391 (1878-XVIII-362)
\(^13\) MOL K150-2486-1894-VII-14-5586
\(^14\) MOL K150-3609-V-20-1904-5339
\(^15\) FI-1901-3 (1901-I-7)
reach the Hungarian migrants, they sent their publicities by post, and worked with the local agents. Because of this the Hungarian government tried to control the those kinds of letters and packets and by the end of the 19th century the issue of regulations aimed to inform the future migrants became more and more frequent.\(^\text{16}\)

The new legislation tried to surpass the previous, rather restrictive rules and in the preamble of the new law of 1903 defined the new approach as well. Therefore, it was admitted that the phenomenon of the migration could not be repressed in an administrative way, notwithstanding that it formed a disadvantageous process. On the one hand, the state’s task in this domain remained the same: to diminish of the number of migrants – with respect of the self-determination and free movement – and on the other hand, as a new part of the official Hungarian migration-policy: to create a new system for canalizing and protecting the migrants and to help them to return to Hungary.

Although we examine only the aspects of the freedom of contracts and the restrictions and prescriptions of the new law concerning the contracts concluded by the migrants, we have to shortly overview the main clauses of the law of 1903.

The law defined the notion of the migrant, so in this relation this legal status depended on the intention of working abroad for a longer period. The law enumerated the cases of restriction concerning the migrants, which contained the point of view of the defence of the state, in brief the military aspects and some points, which aimed to protect the migrants (e.g. children and those who didn’t have enough money for the trip and those who were to transport and to hire by a foreign company or state for free). In these cases, the migrant can’t get his passport, can’t leave the country, consequently can’t conclude treaty with the migration-entrepreneurs or the agents of the companies.

As in the previous period, the illegal activity of the so-called “secret agents” caused problems for the authorities and as in the debates concerning the migration all participants referred to this phenomenon, the law regulated the activity of the agents as well. Therefore, while the law of 1881 introduced the concession in domain of the migration-agents and the official policy didn’t tolerate this kind of activity, the new law re-regulated the situation of the entrepreneurs, and instead of having legalized the agents’ activity, gave distinct rules for the trustees of the foreign companies in Hungary as well. As there were no Hungarian experiences concerning the legally working

\(^{16}\) e.g. BM 13.868/1896
agents and agencies, the legislator took the German and Italian law as a model to regulate those kinds of activity. Therefore, that was the reason why the agent or entrepreneur became the central actor in these situations. In this liberal period the founding an enterprise mustn’t have touched so the legislator decided to determine the legal possibilities of it activity. In accordance of the new law the trustees of the entrepreneurs could work only in a well-determined county of Hungary and there was no possibility to hire more than one trustee in one district. The new law excluded the rake-off on the concluded contracts, so the previous (and illegal) practice of the agents became prohibited, and excluded the engagement of teachers, priests and the members of the local administration from this activity. As the essential point of the previous – one of the still existing - practice of the illegal agents the prestation of small credits for paying the ship ticket was, the new law forbade for the entrepreneurs and trustees that kind of activity. This point of the new law tended to press back the widespread practice of usury in connection of the migration, which especially affected the poorest regions of the country.

In the third part of the law contained the rules of the contract between the entrepreneurs and the migrants. In the preamble, the legislator gave an explanation to the strict form and the obligatory parts of the contract. Firstly, the contract must have been concluded in written form, in Hungarian language and in the language spoken by the migrants as mother-language. Secondly, the contract must have contained precisely all data referring to the service fulfilled by the entrepreneur on basis of the contract. The passport-obligation, the presentation of a copy of the concluded contract showed the enforced control of the government in the domain, and the obligatory parts of the contract aimed to assure the security of the migrants and contributed to the detailed data collection of the local authorities as well. In accordance with the law, the migrants didn’t have the possibility to pay during the trip with any kind of work or to pay after the arrival to the destination. The new law defined the cases of the cancellation of the contract and the trip by the migrant: it touched the cases of default on the scheduled time of departure or cases of illness.

The new law reserved the right of restriction of migration in some countries which it estimated dangerous for the migrants. This rule meant that the government could inform the migrants concerning the prohibited destinations and could deny the issue of the passports to the prohibited destinations. Consequently, in case of this the migrants didn’t have the possibility to conclude a contract with the entrepreneur or with its trustee. With the obligation of the passport for the migration and the possibility of revision of the possible destination, the government had in theory the tool for influencing the direction of the migration, and naturally, the migrants who aimed to go to a prohibited country had to choose non-official ways to reach the forbidden destination.
The new law aimed to create a new fond to help the poor migrants to return to Hungary and to build house of refuges for Hungarian migrants mainly in the United States. This fond was to create from the fees paid by the migrants and entrepreneurs. The government intended to resolve the problem of the non-secure transfers of funds from the United States to Hungary, and declared its goal to find the ways of a money transfer based in a Hungarian bank.

III. The questions of the accomplishment of the law

In an answer given to an interpellation in the parliament on 13th April 1904, the Prime Minister Tisza, explained the new policy of the migration of the government. From 1901 simultaneously with the preparation-work of the bill, the government launched a serial of negotiations with the big steamship companies. This action aimed to create a direct connection between the Hungarian port of Fiume and the North American ports, especially New York, which was the most important condition of the accomplishment of the new governmental policy concerning the migration. The Prime Minister reported that all of the big companies would have undertaken to maintain the direct connection with America with the support of the Hungarian state and with the guarantee of a high number of passengers. As the offers of the companies contained similar tough conditions in a way, the previous government decided to get a proportion in a Hungarian company, which would be able to fulfil the task of transportation of migrants. In brief: the whole business would have nationalized. As the plan of this became clear, the government received a rather acceptable offer from a company, which didn’t contain the point of support and the point of the fixed number of passenger touched only the guaranteed income of the company not the real number of them. In brief: having finished the negotiations, the Prime Minister estimated it favourable to contract with the Cunard Line – Adria companies. In the argumentation of the Prime Minister this treaty gave a cheaper possibility to the migrants than the North European way (mainly to Bremen or Hamburg), which was the main way to America for the Hungarian citizens. The Prime Minister referred to the fact, that from the conclusion of the treaty there were several attack against the new Hungarian solution and he proved his argumentation with a citation of Missler’s publicities.

The Prime Minister referred to the fact, that the new law gave the possibility to the government to define the way of the migration to the port of

embarkation. That possibility covered the use of different tools such as the
denial of issue of passports and other pressures. He added that the use of
those tools should be used as last resorts, because in case of this the liberal
right of free movement would be affected. He declared that till the Fiume –
New York line would be strengthened sufficiently he won’t issue
concessions for those entrepreneurs who would tend to canalize the
migrants to the Northern ports. He referred to the information concerning
the attacks against the new Hungarian law, especially the rumours of the
eventually American reaction against the point of guarantee of the new law.
He explained to the House that it must have been a mistake concerning the
core of the law, which didn’t aim to guarantee a certain number of migrant
to the Cunard Line company.

The mentioned Cunard Line–contract formed a crucial point in the
migration policy of the government, and this point was in spotlight enough
to give munitions to the rough attacks against the Prime Minister and his
migration-policy as well. The rumours concerning the guaranteed number of
migrants and the supplement promised for the Cunard Line company caused
a serious serial of attacks and gave the United States’ government reason for
sending a migration commissioner to Hungary as well. The experts
remained divided in the question of the state’s involvement to the relation
between the migrants and the companies though, and despite of the
increasing migration some of them claimed a bigger participation of the
state in this domain. Although during the argumentation in the parliament
the Prime Minister clarified the main number of the costs of the migration-
policy, in the critics they tried to prove the opinion that with buying own
ships, the Hungarian state could have spare a great amount of money in the
end.

The Cunard Line-contract and the point of the presumed subvention for the
company and the (false) information of the guaranteed number of
passengers took a great effect on the mainly German steam ship companies
and the American migration policy as well. In the Hungarian press in the
United States several information were published referring to the news
appeared in the American press as well. One of the biggest American-
Hungarian newspaper, The “Amerikai Magyar Népszava” paid particular
attention to all information concerning this domain. The newspaper had
special reports on all events in connection to the migration and published
the changes in the Hungarian migration-policy as well. Therefore, the

18 Cunard Hajók. Amerikai Magyar Népszava [AMN], 1903. okt. 9.
19 FARKAS PÁL: Az amerikai kivándorlás. Budapest, 1907, Singer és Wolfner. 35.
20 LÖHERER ANDOR: Az amerikai kivándorlás és a visszavándorlás. Budapest, 1908, Pátria.
195.
newspaper gave information not only from the preparation of the treaty21 but from the aftermaths of the agreement as well. It caused a real anxiety that the American press published information concerning the guaranteed number of passengers and the subvention as well, and criticized the Hungarian government’s new policy.22 The newspaper referred to the fact that the point of the agreement could be contrary to the American regulation, as the guarantee provided by the Hungarian government could be qualified as state-backed migration23 (or in worst case forced migration) which would form a basis for exclusion of those migrants. After those articles published in the United States and the circulating rumours concerning its new law and migration-policy, Hungary became slightly suspect in the eyes of the American authorities as well.

Therefore, the American Immigrant inspector Marcus Braun with an official appointment made a round-trip in the countries most affected by the migration, and visited naturally Hungary and gave information concerning the new Hungarian rules as well.24 The Inspector tried to find an explanation to the increasing Hungarian migration to the United States and the “Hungarian business” of the great companies and he pointed at the effects of the new Hungarian law and the Cunard Line-contract. He referred to the fact that the big steam ship companies were extremely active in Hungary and despite of the strict regulation and the new law there were several publicity of the competitors in the Hungarian newspapers as well and it had been developed a strong rebate-race on prices between them. As he wasn’t sure whether the new law (and the Cunard-contract) conformed to the American legal system he tried to get information concerning the details of it. He had a meeting with the Secretary of State and questioned him of the attacked points of the new regulation, and the ambiguous points of the Cunard-contract. The Secretary of State declared that there is no problem with the law and with the contract either, and to the question relative to the guaranteed number of passengers he explained that in that time when more than 100,000 migrants left the country per year a promise concerning 30,000 passengers didn’t count. The Inspector succeeded in receiving the texts of

21 AMN 1903. okt. 9.


the law and the contract as well, and having examined he found out that there was no legal problem with it. Finally, Braun met with the Prime Minister Tisza as well, who admitted of the existence of the “30.000” clause of the treaty with the Cunard Line company.\(^{25}\) By that time appeared information of the elimination of the controversial points of the Cunard-treaty in the Hungarian press in the United States.\(^{26}\) However the situation was quite opaque the text of the contract was published, so we can examine its points whether the claims against it were well-based or not.\(^{27}\)

Having examined the official version of the contract, we could say, that the document didn’t contain points concerning the guarantee provided by the government to give a certain gain to the company. The document enumerated the details of the service of the company: 1) the sailing-table of the Fiume – New York line, 2) the exact itinerary of it 3) the right of the company to canalize the migrant’s flow to the Northern ports on case of lack of place on the ships 4) the accommodation of the migrants in the port for 2 days and the medical service for free during the crossing 5) and the exact table of fees which contained all costs of the crossing, including the tax to be paid in the Hungarian “Migrants Fund” and the American head tax, and the above mentioned costs of the eventual medical care. In accordance with the contract the Interior Minister had strong positions in the control of the activity of the company: the Cunard Line had to submit the exact sailing-table in advance and the Minister had the right of endorsement, and in case of delay or lack of sailing the Minister had the possibility to impose a fine on the company, which was to pay from the deposit of the Cunard Line. Otherwise the government could assure some points which reinforced the national interests of the country: so the company was obliged to hire naval officers who accomplished their studies in the Naval Academy of Fiume, and among the crew it was obligatory to hire as much Hungarian sailor as it was possible. On the whole, it was clear that the contract served the interests of the Hungarian migrants.

The government even stipulated that the company had to give a cheap return-ticket for poor Hungarian subjects and had to undertake to help the return the Hungarian migrants as well, consequently it was adjusted to the government’s migrations policy plans, which aimed to control the migrants through the Hungarian associations in the United States and to encourage the return of the Hungarians from America.

\(^{25}\) BRAUN, 1906, 7.


\(^{27}\) FI 1910. XXI. kötet (1019-1155. sz.) 1910-1110 (1910-XXI-297)
As the government aimed to make a clearer situation in this domain we have to examine how the government’s goals were realized, and above all, how could affect those measures the freedom of contract in the practice.

After the Hungarian legislation became more exact on the domain of migration, there appeared more frequently the Interior Minister’s regulations as well, and it seemed as if the Hungarian migration policy gave more attention to the changes of the American situation as well. Therefore, apart from the law of 1903 and the Cunard Line-contract there were the regulations from which we could observe a more or less exact direction of the Hungarian migration policy respecting the development of the contractual relations in this domain. Having increased the migration from the Central- and Southern part of Europe, the migration-policy of the United States got in spotlight in the press and in the high-politics as well. There were great debates about the function of the migration and about the ideal migrant as well. The American rules were getting tougher and tougher and all points in the (Central- and South) European legislation, which could display a state-backed migration or every form of the influence of the state in the flow of migrants, became suspicious. In brief the United States started to give attention to the European migration-policy.  

The crucial point of the Hungarian migration-policy was not only the legislation-work, but also the accomplishment of the new rules, and that was what the Hungarian experts and the American inspector Marcus Braun examined as well.

On the whole we could admit that the reduction was the most important point for the government, and the regulation given to the local authorities aimed to control the migrants and to canalize them to Fiume, to the port from which the state-backed Cunard Line company’s ships sailed. Although in a regulation issued in 1904 concerning the fulfilment of the law of 1903 the Home Office declared that the migrants shouldn’t be forced to the southern way (via Fiume) but in favour of the migrants it was the local authorities’ task that the migrants would choose the Fiume-direction “of they own accord”. 

---

28 WHELPLEY, J[AMES] D[AVENPORT]. The problem of the immigrant :a brief discussion, with a summary of conditions, laws, and regulations governing the movement of population to and from the British empire, United States, France, Belgium, Switzerland, Germany, Italy, Austria-Hungary, Spain, Portugal, Netherlands, Denmark, Scandinavia and Russia. London : Chapman & Hall, 1905. 11.

29 BM 1904/85.163

30 BM 1904/64.041
In accordance with its migration-policy the government created checkpoints in the border railway stations and built up the border-warden service as well, toughened the control of migration-way, and ordered the local authorities that they to make their activity more effective in this domain. 31 The local authorities became sometimes rather confused because they obviously didn’t have enough information concerning the details of the contract of the Cunard Line, so the opportunity of the company to canalize those migrants to the Northern ports who didn’t have place in the ships in Fiume.

The government made the paths of migration definitely narrower: prescribed for the authorities the passport-control relating the migration even to Austria (which remained a foreign country from point of view of the Hungarian migration-policy) 32 and made severe steps for blocking the using of the ship-tickets bought from non-official entrepreneurs. Concerning the tickets sent by the member of family, which remained a constant problem not only for the Hungarian but also for the American authorities 33, the government tried to restrict the activity of the so called secret agents, and made an effort to canalize and control the using of tickets coming directly from the United States. The possessor of a ticket sent from America could use it only with the attestation of provenance. The government informed the migrants in the United States that the tickets valid not for the Fiume – New York line should have been sent not for the member of family but the local authority which would examine the provenance of it. The tickets endorsed by the local authority could be used without any problem. The tickets bought from non-official entrepreneur should be confiscated with the promise that the customer would receive compensation. 34 In fact, the great majority of the tickets sent from the United States was sold by the agents of the big steam ship companies, and were valid for the trip not from Fiume (Hungary) but rather the Northern ports. Therefore, it became practically impossible to exclude the companies without permission from the Hungarian market. 35

Conclusions

31 BM 77336/1905
32 BM 1906/33.926
33 BM 1904/82.912
34 BM 85195/1904
35 Kivándorlási Értesítő, 1904. szept. 20. Versengés a kivándorlókért.
Having seen the failure of the first legislation concerning the migration-agents in 1881, the Hungarian government tried to rethink its migration-policy. As the number of migrants increased till the turn of the century, and the activity of the non-authorized agents remained a constant problem, the government opted for the licensing-policy with state-control. It meant not only the authorization of a company for creating a direct line between the Hungarian port Fiume and New York, but also the block of other ways. The only official entrepreneur became the Cunard Line company (with the Hungarian partner Adria company) which had an exclusive right in maintaining the Fiume – New York line. This solution caused problems in the American relations and the United States decided to send an immigration inspector to clarify bases of the Hungarian migration policy. Although Marcus Braun revealed that the Hungarian rules weren’t contradictory to the American legal solution, there remained serious problems with its accomplishment. The activity of the so called secret migration agents remained a constant problem while the state-backed Fiume-New York line didn’t resolved the increasing flux of migrants to the Northern ports. The Hungarian authorities blocked the freedom of contract, forced the migrants to take the Fiume-way with direct pressure and with administrative tools as well.

In the end that wasn’t the government’s migration-policy (with the legislation of 1903 and 1909) which blocked the flux of migrants to the United States from Hungary. The changes of the American economy and the American legislation could only slow down the migration, and finally that was the First World War, which closed the American ports.

Contact – email
bpalvolgyi@yahoo.com