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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE  
30 October 1956

TO : Deputy Director (Intelligence)

SUBJECT: Situation in Hungary, as of 1600 Washington time,  
30 October 1956

1. Reports from reliable eyewitnesses in Budapest indicate that as of 1400 (Budapest time), Soviet forces were withdrawing from the city, but apparently only into the outskirts. At noon, Soviet tanks withdrew from the Killian barracks which were still occupied by armed nationalist insurgents.

2. According to the same sources and the American legation in Budapest, the population of the city has reached a state of "psychological frenzy." A large crowd of unarmed demonstrators was marching on the parliament building at 1600 (Budapest time) demanding that (1) Cardinal Mindzenty be rehabilitated; (2) Colonel P. Malater, who commanded rebel forces in the Ulloi Ut Barracks, be made minister of defense; and (3) Soviet troops return to garrison by midnight and withdraw from the country by 15 November.

3. In an attempt to gain full support throughout the country, the Nagy regime is currently engaged in an all-out campaign to convince the insurgent forces that their "national revolution" has triumphed. Some observers view this tactic as a ruse designed by Nagy or by the Soviet Union to lure the rebels into at least de facto surrender.

The USSR had been demanding that the insurgents in Budapest must lay down their arms prior to any Soviet evacuation of the city, but may no longer be insisting on these terms. Nagy's attitude toward this Soviet demand was unclear, and Radio Budapest had made conflicting reports concerning both the question of arms surrender and Soviet troop withdrawal. Nagy clearly implied, on 30 October, however, that insurgent

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forces in control of the provinces should retain their arms, adding, however, that he expects these forces to become part of the regime's newly-organized national guard.

4. Premier Nagy in a speech at 1428 hours (Budapest time) stated that he specifically recognized regional governments and asked them to maintain order, thus implying that they should remain armed. He also appealed to the Soviet forces to withdraw from Budapest immediately, and repeated an early statement that he is negotiating for the withdrawal of Soviet forces from the entire country.

5. In the same speech Nagy also announced that the one-party system in Hungary has been abolished and that a coalition government consisting of representatives from the Communist Party and from the other parties existing in 1945 (presumably the Smallholders, National Peasant, Citizens' Democratic, Radical and the Social Democratic) would be formed. An appeal was issued simultaneously for the reorganization of these parties.

The presidium of this new cabinet, according to Nagy, will include national Communists Nagy, Kadar and Losonczy; Smallholders leaders Kovacs and Tildy; ostensible Peasant Party leader Erdei (a hold-over from previous Communist governments); and one or more persons, as yet unnamed, from the Social Democratic Party.

The new "inner cabinet" seems to be a further effort by the regime to give the appearance of surrendering to rebel demands without actually giving up control or committing itself to meeting the basic demand of all revolutionaries, Soviet troop withdrawal from Hungary. The failure of the regime as yet to enlist Social Democrats in the government reveals its continued unwillingness to satisfy Social Democratic demands, which probably include an immediate call for free elections.

Only regime spokesmen have made statements concerning the new coalition government and its policies. The one non-Communist figure of stature, Bela Kovacs, said to be in the Presidium of the new cabinet has made

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only one statement--two days ago--and the genuineness of this is now suspect. Since that time he has not been heard from. He has, however, been reported in insurgent-held Pecs, where he allegedly is assisting the rebels in their opposition to the Nagy regime.

6. In addition to the announcement of the coalition government, the Hungarian regime has attempted to give the appearance of an identity of interests with the insurgent forces by hailing the events of the past week as a "national revolution" and classifying the rebel workers and youth as "patriots." Further tribute to the "revolution" came from regime spokesman Zoltan Tildy, who proclaimed on 30 October that the date of the Budapest uprising will become a national holiday.

Continuing this line, Szabad Nep on 30 October condemned as an insult to the Hungarian people Pravda's branding of the uprising as an "unpopular adventure."

Radio Budapest at 1536 (Budapest time) on the 30th declared that it is common grief and common shame that wo official decrees had called Soviet troops into Budapest and had declared martial law; the broadcast asserted that Nagy had had no knowledge of these decisions and that they had been the work of former premier Hegedus and former party leader Gero.

7. This latter statement was made just 20 minutes after Radio Budapest began claiming at 1505 (Budapest time) that it was opening a new chapter in the history of Hungarian radio, that the era of lying day and night on all wavelengths had ended. "The fighting in the streets which managed to secure the nation's freedom and independence spread to the radio as well....From this moment on those who were the mouthpieces of the lies are no longer among the staff....We who are now facing the microphone are new men....We shall tell the truth, the whole truth and nothing but the truth... (and) think of ourselves as the mouthpieces of the Hungarian revolution as a whole."

8. Unity of purpose among the rebel forces--who have no central authority and who remain only in tenuous contact with one another--appears to be confined largely to the question of Hungarian independence and the need for an immediate Soviet troop withdrawal from the entire

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country. Since actual fighting in the countryside apparently has ceased and since the present moves of the Nagy regime may be causing some confusion among rebel groups, political maneuvering is probably already underway between various insurgent factions, particularly between Communist and non-Communist elements. The Communist insurgents apparently retain their confidence in Nagy--insisting, however, that he must implement his promised deeds before they will actively support him--, but non-Communist rebels probably remain considerably more suspicious of both Nagy and his intentions.

9. Unconfirmed press reports from both Budapest and Vienna state that an ultimatum issued at 1500 hours (Budapest time), signed by "all the personnel of the National Air Defense Command," threatened an attack on Soviet forces involved in the battle of Budapest unless they leave the capital within 48 hours.

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