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1. THE SITUATION IN HUNGARY (information as of 0100, 3 November)

Comment on:

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The reinforcement of Soviet units in Hungary during the past three days, coincident with the movement of Soviet troops already within the country and a recent switch in the USSR's propaganda line concerning Hungarian political developments, indicate an imminent Soviet move to block Hungarian efforts to sever virtually all ties with Moscow. These developments also suggest that the USSR

is now prepared to resume hostilities if the present show-of-force fails to "correct" what Moscow has already called an alarming situation.

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Budapest now accept the validity of Premier Nagy's complaint to the United Nations that the USSR is sending heavy Soviet troop reinforcements into Hungary. These sources credit reports that at least 600 Soviet tanks have recently entered the country from the USSR and Rumania. The USSR, probably reacting to Hungary's sudden and unilateral withdrawal from the Warsaw pact and its request to the United Nations to guarantee Hungary's neutrality, has apparently deployed Soviet forces throughout the country in strategic areas and has surrounded or occupied key urban centers.

According to the American army attaché in Budapest, Soviet troops in western Hungary have in effect sealed Hungary's border with Austria and thus have severed all contacts with the West except for existing electrical communications facilities. The attaché also reported the beginning of sporadic firing by machine guns and heavier weapons

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in Budapest, beginning at 1830 hours (Budapest time), and noted that present Soviet troop dispositions in the area render the situation "critical for the nationalists."

Hungarian forces under control of the Nagy regime and insurgent forces in the provinces are reportedly preparing for action, but indications of hostilities have been limited to the attaché's report of firing in Budapest. The Nagy regime has pressed its fight for United Nations action--sending three notes to that body on 1 and 2 November--but is not yet ready to assume that the USSR has committed "an act of provocation." Hoping for the best, the new first deputy minister of defense, insurgent hero Major General Pal Maleter, informed the press on 2 November that Soviet first deputy premier Mikoyan promised in Budapest on 31 October that Soviet troops other than those stationed in Hungary under the Warsaw pact would be withdrawn from the country.

Possibly in preparation for a new Soviet move in Hungary, broadcasts from Moscow during the evening of 2 November stated, in thinly-veiled language, that the USSR views with alarm the present "tense" and "chaotic" situation in Hungary and warned Budapest "against a wrong step." Condemning Hungarian declarations of neutrality and asserting that "reactionary counterrevolutionaries"--strengthened by reinforcements arriving from Austria with American connivance--have scored at least partial successes, the broadcasts pointed out that such events are not questions which concern "only a single socialist country."