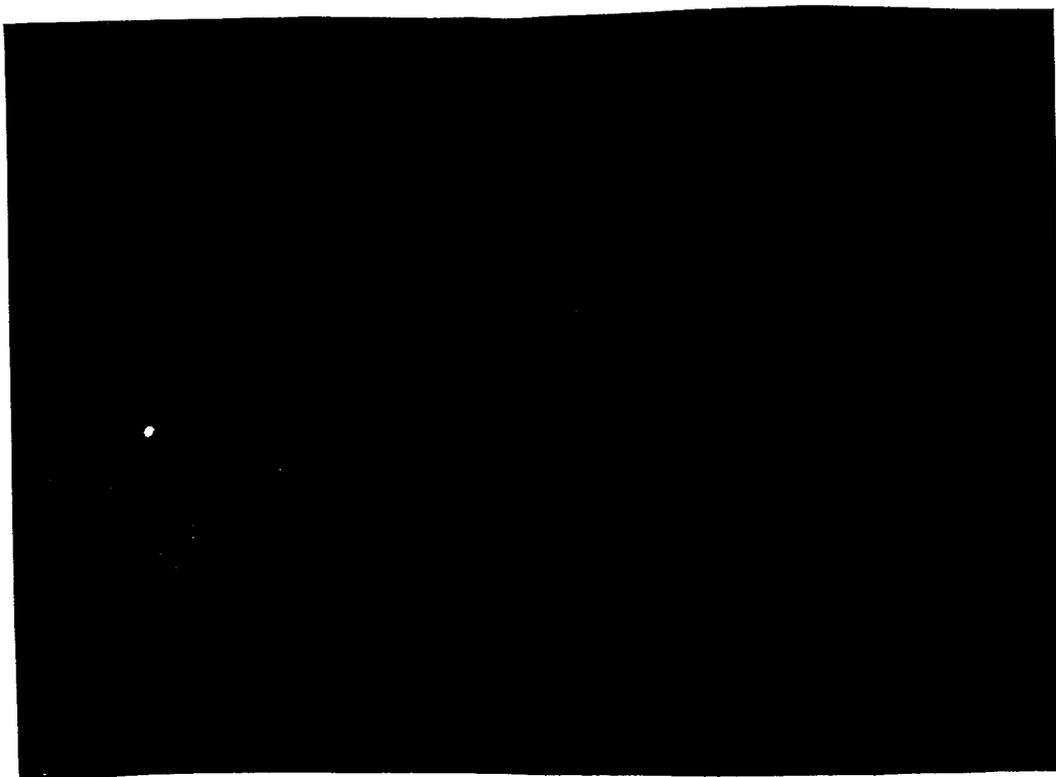


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THE SITUATION IN HUNGARY
(As of 0900, 1 November)

The fighting ended in Budapest and Soviet troops withdrew from the city on 30 and 31 October. The Soviet Union on that date had virtually capitulated to the demands of the Hungarians rather than use force to crush them. The provisional government of Premier Imre Nagy, succumbing to many of the principal rebel demands, has promised free elections, agreed to form a new army from insurgent units, and has asked for Hungary's withdrawal from the Warsaw pact.

Military Situation

There are conflicting reports concerning the withdrawal of certain Soviet troops from the country as a whole. Soviet troops did, however--after

several days of threats, counter-threats and promises by Moscow, the Hungarian government and the insurgents--complete their withdrawal from the beleaguered Hungarian capital on 31 October. These troops are reportedly camped on the Budapest outskirts; there are no firm indications that any Soviet forces have as yet returned to their garrisons. Hungarian army, police, youth and worker brigades have taken over the task of maintaining order within the capital. Various Soviet units remained deployed in the provinces but these forces are not intervening in local affairs.

Major elements of at least four Soviet divisions totaling approximately 40,000



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men were within the borders of Hungary as of 27 October. The two mechanized divisions normally stationed in Hungary were augmented by major elements of a Soviet division at Timisoara, Rumania, which arrived in the vicinity of Budapest on 24 October. Early on 27 October, an unidentified element normally stationed in the Carpathian Military District, USSR, was reported near Miskolc in north-eastern Hungary.

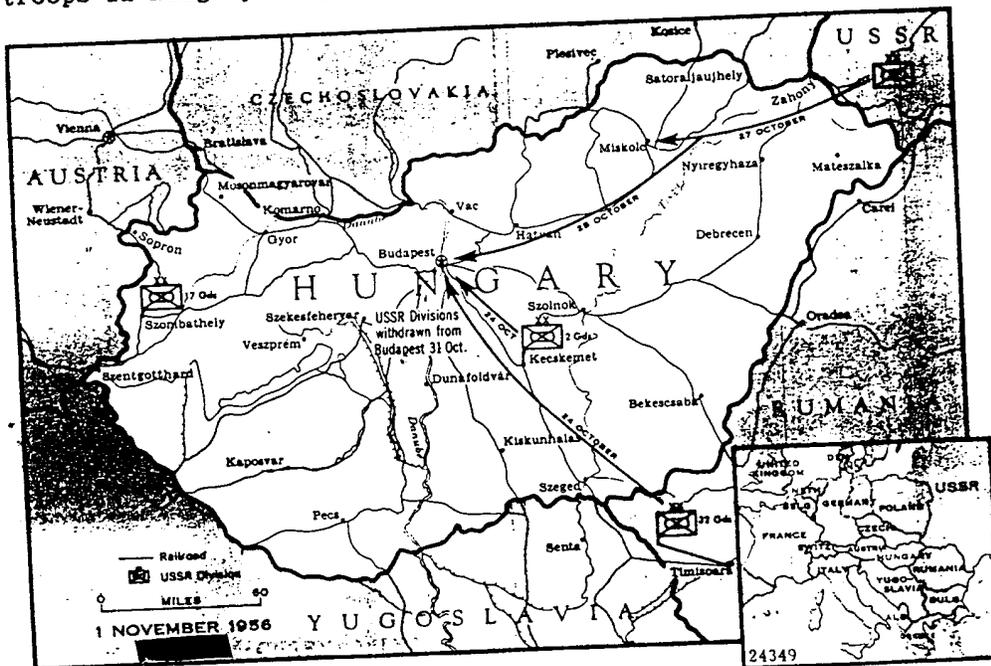
In a speech the afternoon of 30 October, Nagy repeated his earlier statement that he was negotiating with the USSR concerning the question of Soviet troop withdrawal from the country. Moscow's announcement on 30 October that it is "ready to enter into relevant negotiations...on the question of Soviet troops in Hungary" suggests

that agreement may be reached soon concerning this question.

The Soviet Union apparently realized that it faced a clear choice in Hungary: either a cease-fire--allowing Nagy to try to salvage whatever Communism he could--or a full-scale war against the entire Hungarian nation.

Hungarian Army

The formation of a Revolutionary Military Council of the Hungarian Army was announced on 30 October. This council, consisting of representatives from the army, air force, police and insurgent groups, has been recognized by the Nagy regime. It has announced approval of demands made on the government by workers' councils and dismissed a number of high military



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officers, including General Toth, the armed forces chief of staff. Colonel Pal Malater, hero of the Kilian barracks stand against the Soviet troops, was named first deputy minister of defense.

Subsequently it was indicated that the council would be responsible for maintaining order throughout the country until a new popularly elected government takes office. The council--or organs now subordinate to it--has probably gained wide popular support by threatening on 30 October to attack Soviet units if they did not withdraw from Budapest "within 12 hours," and from the entire country by 31 December.

Nagy Regime's Concessions

The key concession from the Nagy regime came late in the evening of 30 October when it announced free and secret elections, without, however, specifying a date. Earlier in the day Nagy had stated that he specifically recognized the regional governments and asked them to assist in maintaining order, thus implying that they should remain armed. In the same speech he announced that the one-party system in Hungary has been abolished and a coalition government would be formed consisting of representatives from the Communist Party and from the other parties existing in 1945--presumably including the Smallholders (57 percent of popular vote in 1945), the Social Democratic (17 percent), and the National Peasant (6 percent).

Nagy announced that the presidium of this new coalition

cabinet will include national Communists Nagy, Kadar (party first secretary), and Losonczy; Smallholders leaders Bela Kovacs and Tildy; Peasant Party representative Erdei (a hold-over from previous Communist governments); and one or more persons, as yet unnamed, from the Social Democratic Party.

The Nagy regime has hailed the events of the past week as "a national revolution" and classified the insurgent workers and youths as "patriots," and a spokesman proclaimed that the date of the Budapest uprising would be a national holiday. Szabad Nep, the Communist party organ, on 30 October condemned as an insult to the Hungarian people Pravda's branding of the uprising as an "unpopular adventure."

On 31 October Nagy made a speech in Kossuth Square, blaming ousted party boss Gero and former premier Hegedus for calling in the Soviet troops. Nagy also repeated his call for Soviet troops to leave the country and announced his intention to ask for Hungary's withdrawal from the Warsaw pact, apparently in answer to demands by the Hungarian Army Revolutionary Committee.

On the same day, the Nagy government restored all civil and ecclesiastical rights to Cardinal Mindszenty, who had been freed by a rebel army unit the night before.

Nagy appears to be trying to reach an accommodation with sufficient elements of the insurgents to end the chaos in Hungary. He presumably is counting on the Communists

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being a prominent element in the present coalition and hoping that the organizational strength of his party will give it an advantage over the newly organized parties, enabling it to thus retain some position in the government even after an election.

The Insurgents

Virtually all of the insurgent demands on which there was fairly unanimous agreement have now been promised. The question of timing and a guarantee of these promises, however--particularly regarding the Soviet troop withdrawal and free elections--will be the governing factor in the extent of co-operation with the Nagy regime by the insurgent groups and the non-Communist parties.

Since actual fighting--the major unifying factor--has now ceased and since the present moves of the Nagy regime may be causing some confusion among rebel groups, political maneuvering is already under way between the various insurgent factions. The Communist insurgents apparently retain some confidence in Nagy--insisting, however, that he must implement his promised deeds before they will actively support him--but the non-Communist rebels probably continue to regard him as suspect and tainted.

At least one major regional government--that centered at Gyor--is attempting to line up support from insurgents elsewhere to withhold recognition from the Nagy regime until their demands are met. This group calls itself the Trans-Danubian National Council and

was established on the night of 30-31 October. It claimed the support of the national councils of several western counties and military units in the area, including the Hungarian army's 9th Division, and is apparently now supported by the insurgents at Miskolc. The council is negotiating with Nagy for an official proclamation of Hungarian neutrality at the UN, a guarantee that general secret elections be held by the end of January 1957, and greater representation of "freedom fighters" in the interim government.

Political Parties

The National Peasant, the Smallholders and the Social Democratic parties have all re-established their national organizations, according to Budapest announcements. The Social Democratic Party, which reopened its headquarters on 30 October, has taken over publication of the trade union journal, Nepszava. It elected Ana Kethely--who never compromised with the Communists--as provisional president, and excluded from high posts those members who had favored fusion with the Communists in 1948. The Social Democrats made no statement in support of Nagy's coalition attempt, and the attitude of the other parties remains obscure. It is evident that for active co-operation and a realistic coalition, Nagy will not only have to guarantee a date for free elections but will have to include genuine minority party leaders in the temporary coalition which will steer the government until a new one is formed after the general election.

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REACTIONS TO POLISH
AND HUNGARIAN DEVELOPMENTS

Eastern Europe

Poland and Yugoslavia have declared in favor of the demands of the Hungarian insurgents--the Albanian, Bulgarian, Czech and East German regimes having condemned them as counterrevolutionaries. Popular sympathy with the insurgents, coupled with unrest, is reported in order of magnitude in East Germany, Czechoslovakia, Rumania and Albania. The security forces have been alerted in Rumania, Czechoslovakia, East Germany and Bulgaria. The Czech and East German regimes reportedly have plans to raise wages in response to worker demands, and the Rumanians have already raised wages.

The Polish central committee has publicly proclaimed the legitimacy of the demands of the Hungarian insurgents, insisting that they are neither anti-Socialist nor inspired by Western elements. It has also openly urged the removal of Soviet troops from Hungary. Public demonstrations in Poland on behalf of the Hungarian workers came close to violence, and the Polish press has criticized the misleading Czech press treatment of events in Poland.

Officials in Rumania have revealed privately a lack of agreement with the Soviet analysis of the situation in Hungary but in the press have followed the Soviet line. Rumanian leaders who were in Belgrade for talks with the Yugoslavs reportedly departed convinced of the necessity of internal reform and they have already announced a new wage and pension scale.

There are reliable reports that Rumanian public opinion favors the Hungarian workers,

and unconfirmed reports of isolated demonstrations. Rumania has alerted its interior guard forces.

In Czechoslovakia--where Yugoslavia has sent veteran correspondents in expectation of important developments--there is a hint of disagreement among the top leaders. Publicly, the Czech leaders have been unanimous in castigating the insurgents and have declared that no such developments will be tolerated in Czechoslovakia. The Czech regime is the only Satellite to have publicly condemned the new Hungarian coalition government.

A propaganda barrage condemning the Hungarian developments, frequent public meetings called for the purpose of pledging loyalty to the party, and quick denials of any rumored demonstrations, indicate official concern with a restive citizenry, which has expressed widespread sympathy for the Hungarian insurgents. The Czech party reportedly plans to raise wages in deference to worker demands. Czechoslovakia alerted its security forces during the Polish leadership changes and, according to press reports, has since alerted army units and moved troops to the Hungarian border.

Popular unrest, coupled with widespread sympathy for the Hungarian insurgents, is also evident in East Germany. Party officials reporting popular attitudes to the central committee indicate that the East German worker strongly believes that the Hungarians are fighting for national independence from the Soviet Union and are being crushed by Soviet military forces and a handful of Communists loyal to

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them. He is described also as believing that the East German regime cannot ignore developments in Poland and Hungary and that the party's leadership in Berlin is incapable of putting its house in order.

Security forces and army units were alerted following the events in Poland and party leaders have made clear that disorders will not be tolerated. At the same time, the party is considering higher wages and other ameliorations for East Germany's workers.

Albania and Bulgaria have published only limited and derogatory news of Hungary. There have been unconfirmed reports of isolated demonstrations in Albania. Bulgaria alerted its interior guard forces following the revolt.

Bulgarian diplomats abroad have reportedly expressed the belief that the Hungarian events prove Stalin's policies were correct.

Yugoslav officials have made both public and private statements of sympathy for the Hungarian rebels. Tito has declared in favor of Hungary's present policies of broad liberalization and democratization and, privately, favors the removal of Soviet troops from the country. A public appeal made by the Yugoslav League of Communists to the Hungarian people on 29 October urged them to halt the bloodshed and to support the new government and party. Although the declaration contained the admission that it constituted an intervention in Hungary's internal affairs, Yugoslavia justified its action on the grounds that the revolt threatens socialism in Eastern Europe.

Tito probably fears that if the fighting continues, the Nagy-Kadar regime will be overthrown by one with Western democratic views, or that Soviet forces will engage in large-scale repression and replace the present government with one of Stalinist coloring.

Peiping

Communist China has taken no public position--in support of either the USSR on the one hand, or Poland and Hungary on the other--in the evolution of new Soviet-Eastern European relationships. Although Chinese Communist leaders probably sympathize with Polish and Hungarian efforts to achieve a larger degree of independence, Peiping will almost certainly support Soviet efforts to keep Poland and Hungary in the bloc.

Peiping's news reports have minimized the scale of the "excitement" in Poland and the "riots" in Hungary. Chinese dispatches from Warsaw have noted both Polish intentions to work out a new relationship with the USSR and Polish statements about the importance of the "Polish-Soviet alliance." Peiping's only editorial on the subject thus far denounced American and British statements as designed to "aggravate" Soviet-Polish relations, and emphasized Western speculation that changes in bloc relationships will not be "dramatic."

Peiping's broadcasts to the Chinese people have suggested that the eventual relationship it would like to see between the USSR and the European Satellites is approximately the one the Peiping regime itself enjoys. These broadcasts, for example, have noted Polish "concern" over the Khrushchev delegation's visit during the Polish

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party central committee's plenary session and Polish demands for the defense of Poland's "national sovereignty." At the same time, they have reported in detail alleged popular demands that the Polish-Soviet "alliance" be the "foundation" or "fundamental principle" of Polish policies.

Some private remarks by Chinese Communist leaders in September may have been interpreted by Polish and Hungarian leaders as encouraging their views on nationalism. Chou En-lai is reported to have told Polish party leader Ochab at the Chinese party congress that he appreciated the Polish desire for independence and that the Kremlin should not dictate to Poland. The present Hungarian party leader, Janos Kadar, was in Peiping at the same time and might have had a similar conversation. Moreover, Mao Tse-tung is said to have sent Gomulka a telegram of "congratulations" after the latter's appointment as the Polish party's first secretary.

It is questionable, however, whether the Chinese wished to encourage either the Poles or the Hungarians to go as far as they have gone in asserting their independence of Moscow. In this connection, Mao's telegram to Gomulka has not been published in Warsaw, which suggests that Gomulka did not receive an unequivocal statement of support from Mao.

Regardless of developments in Eastern Europe, the Chinese Communists themselves will almost certainly try to avoid moves which would harm their own relationship with Moscow. Despite Chinese sympathy with the Eastern European states, the Chinese Communist leadership can be expected to continue to act on the principle that--

as Liu Shao-chi said in September--the maintenance of the Sino-Soviet alliance is the Chinese party's "supreme international duty."

Asia and the Middle East

The non-Communist press in Asia and the Middle East has welcomed the uprisings in Eastern Europe as a victory for the forces of anticolonialism and independence, and as a forerunner to similar developments in other satellites. Except for South Korea and Taiwan, both of which called for strong action by the free world, official comments has been guarded.

South Korea's President Rhee expressed the hope that the free world would "launch a great crusade" to overthrow Communist strongholds in Poland, Hungary and other enslaved countries, and called on the United States to oppose any Soviet attempt to suppress the uprisings. Demonstrations, probably officially inspired, have been organized to urge an uprising in North Korea. Seoul radio is broadcasting similar appeals to the North. Chinese Nationalist foreign minister George Yeh announced that his government "stands ready to give support to any movement or action in or outside the United Nations in condemnation of the Soviet violation of the principles of national independence and human rights."

The important Tokyo daily, Asahi, stated that Moscow's attitude will afford an excellent opportunity to judge the USSR's respect for national sovereignty. The Japanese Socialist Party reportedly plans to raise the issue of the Soviet satellites at the Asian Socialist Conference to be held in Bombay from 1 to 10 November and to call for

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self-determination of all peoples oppressed by colonialism.

A nationalist paper in Indonesia, which sometimes reflects National Party thinking, interpreted the East European developments as a victory for Tito. It hailed him as a Communist leader who had charted a new way to socialism, permitting every Communist country to develop according to its respective methods and national interest. The same paper claimed demonstration in the revolts of the USSR's oppression of its allies was food for Indonesian thought. Two anti-Communist dailies saw the revolts largely as liberation movements aimed at Soviet colonialism.

Indian prime minister Nehru's public reaction to events in Hungary and Poland has been guarded. Both he and the Indian press, however, seem to interpret them as steps in the "wholesome process of liberalization" and "democratization." Nehru, particularly, seems likely to take these events as proof of his contention that Communist China and other Communist nations are not bound irrevocably to the USSR.

India's largest opposition group, the Praja Socialist Party, has exploited the opportunity to embarrass the Communists by reminding the USSR of its adherence to the "five principles" of peace and coexistence and by deploring its "flagrant intervention" in the internal affairs of Hungary and Poland.

The smaller Southeast Asian nations have given considerable press attention to the events, but have made little editorial or official comment. The Burmese press has expressed strong support for the rebel forces in Hungary, and forcefully condemned

Soviet military intervention there.

Only the Communist daily in Indonesia has so far echoed the Soviet line that the revolts resulted from US-financed subversive activity. Japan's Communist Party paper, Akahata, attempted to refute reports that there exists "an insoluble factional struggle in the Polish Communist Party and that the party has a fundamental antagonism against Khrushchev."

The only anti-American comment in the non-Communist press was noted in Yomiuri, Tokyo's third largest daily. It deplored the American move to place the Hungarian issue before the UN. It asserted that the uprising was a domestic issue, adding that the United States was attempting to cover up the "disadvantageous situation brought on by Bulganin's message on nuclear tests."

The Turkish press regards the uprisings as a favorable sign that Moscow's "formidable power has started disintegrating." It recommends all possible help to those revolting against Soviet domination and cautions the West not to "lose the initiative to the USSR in facing up to the Polish developments." Greek comment stresses the theme that the USSR is unable to suppress the forces working for greater freedom in its empire, and most papers add that this situation demonstrates the correctness of the Greek view concerning self-determination for Cyprus.

The attention of Arab officialdom to the uprisings has been diverted by developments in Egypt and Algeria. The Egyptian government-financed press has played down the European developments, and press reaction has been generally mild

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and hesitant. Anti-Soviet editorial comment appear in the Lebanese and Ethiopian press, with the "Voice of Ethiopia" seeing the events as the beginning of the end of Russian influence in the Satellites and East Germany.

Western Europe.

The revolt in Hungary is almost universally regarded in Western Europe as symptomatic of a fundamental, and perhaps enduring, change in the relationship of the Soviet Union with its Eastern European Satellites. Most influential press organs and politicians urge, however, that no hasty or drastic action be taken by the West that might work to cancel the advances toward freedom achieved by the Hungarian rebels.

The British Foreign Office stated on 30 October that it does not believe Nagy can continue to rule in Hungary. British Labor Party leader Gaitskell has publicly expressed the hope that the other Satellites will follow the example of Poland and Hungary.

In West Germany, Chancellor Adenauer has expressed the belief that the uprisings in Hungary and Poland may ultimately promote a more compromising attitude on the part of the Soviet Union toward negotiations on German unification. He pledged that no military action would be taken against Poland to settle differences over the Oder-Neisse boundary. The West

German Socialist opposition has called for diplomatic relations with Poland and Hungary and increased West German trade with the Eastern bloc.

The Austrian cabinet has appealed directly to Moscow to stop its intervention and "restore freedom" in Hungary. Anti-Communist demonstrations have occurred in Rome and other Italian cities to protest against the Soviet forces in Hungary.

The West European Communist reaction to the violence in Hungary reflects the continuing stresses on national party unity in almost every country. The Italian Communist newspaper has abandoned its support of the Soviet line blaming counterrevolutionaries for the violence. On 29 October party leader Togliatti cited Hungary's failure to develop Communism on an adequate national base and to make reforms quickly enough.

In contrast, the French Communists have adopted a rigidly Stalinist public attitude. The American embassy in Paris reports that on 29 October, the French Communist press surpassed itself in defending the Soviet Union and gloating over the "defeat" of the insurgents.

The London Daily Worker continues to equivocate on the issue, both abhorring the "necessity" for Soviet military intervention, and referring to the Hungarian workers' "just demands."

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