

A.A.I.
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DISPATCH NO. MGL-A-7575

SECRET
CLASSIFICATION

TO: Chief, Foreign Division M

DATE: 31 July 1951

FROM: Chief of Station, Karlsruhe

SUBJECT: GENERAL— Operational

SPECIFIC— Hungarian New York Committee

1. USACE recently had a long conversation with his subsource XX-4, and was given the information which follows. Much of the substance probably represents the personal viewpoint of XX-4, and the accuracy of what he reports as facts cannot be vouched for. It is reported simply as the gossip it is, on the off-chance that interest may exist somewhere.

2. The New York Committee is an informal creation of the State Department, which for diplomatic reasons created an intermediary, the Free Europe Committee. The Free Europe Committee received a sum of \$8,000,000 in 1950 for the financing of the different national committees. Of this sum, \$130,000 was placed at the disposal of the Hungarian National Committee. The Free Europe Committee intends to create a top committee of three persons who will represent the main political divisions of Hungary. Ferenc NAGY will represent the peasants; Karoly PEYER the laborers; and Istvan BARANKOVICS the Christian middle classes.

3. While the New York Committee attempts to represent as many Hungarian elements as possible, an outspoken antipathy exists towards ZAKO's MBER. (Mr.) KEREKES, described as a U.S. citizen of Hungarian descent and an employee of the State Department in Austria, is said to advocate replacement of ZAKO by (Col.) Mihaly NAGY. BARANKOVICS, however, claims that the New York Committee favors replacing (General) ZAKO with (former Hungarian Fieldmarshal) Jozsef VASVARY, and further predicts that the breach within MBER caused by the disagreement and consequent exodus of KORPONAY, will soon become apparent.

4. VASVARY is described as being on intimate terms with the French (General) BETHOUARD, whose wife VASVARY saved from German arrest in Belgrade in 1941. Through BETHOUARD, VASVARY has an excellent connection to (General) JUIN, deputy to EISENHOWER in SHAPE. Intelligence-wise, VASVARY is claimed to have an active line to a former Smallholders Party representative still holding an important position within the Hungarian government. One Oedoen ANTIL, a refugee former Smallholders representative now living in the US, also has access to this internal Hungarian information, and collaborates with VASVARY in its collection. The material is believed to be carried across the border in a diplomatic pouch, probably French.

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2 - File

TO: (FDM) 14 Aug. 1951

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33-6-7-1070

FORM NO. 51-28A
MAR. 1949