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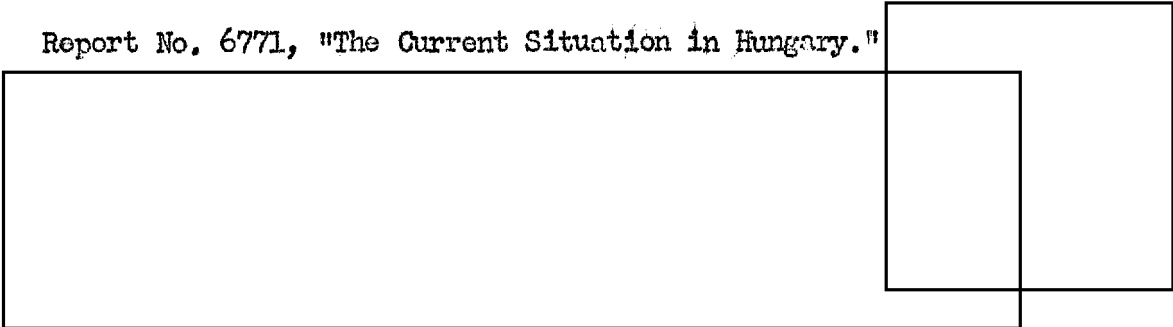
CENTRAL INTELLIGENCE AGENCY

17 December 1954

MEMORANDUM TO THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Comments by the Board on OIR's Intelligence Report
No. 6771, "The Current Situation in Hungary"

The following are the Board's comments on OIR's Intelligence
Report No. 6771, "The Current Situation in Hungary."



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1. The Board of National Estimates believes that the account of political and economic developments in Hungary given in IR 6771 is, in the main, objective and accurate. The Board also believes that the judgments made in the paper, -- that the disharmony and confusion within the regime are not now a threat to its security, and that it is likewise not seriously threatened by present levels of popular resistance, -- are sound.

2. The Hungarian regime is unlikely to make any substantial progress in the near future in overcoming its economic difficulties.

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It is possible that the regime may decide to provide greater incentives by increasing production of consumer goods, even at the cost of a temporary loss in total production. It is unlikely, however, that the regime will be able in any short period, or willing in the long run, to provide sufficient concessions to overcome popular discontent.

3. Even if the economic situation in Hungary does not improve during the next six months or year, we believe that the regime will still be capable of controlling any active resistance and maintaining itself in power. Moreover, the USSR is unlikely to allow the security of the Hungarian regime to be seriously threatened, and would, if necessary, take whatever emergency economic and security measures were required to maintain the Communist power. The USSR has about 30,000 troops in Hungary.

4. The USSR would not be deterred from a radical intervention by the fact that any active resistance which might develop was receiving material and/or moral support from the West. The USSR would probably be willing to incur serious risks of war to preserve Communist power in Hungary, since it almost certainly considers its control of the whole Satellite area essential to its own security.

FOR THE BOARD OF NATIONAL ESTIMATES:

SHERMAN KENT

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