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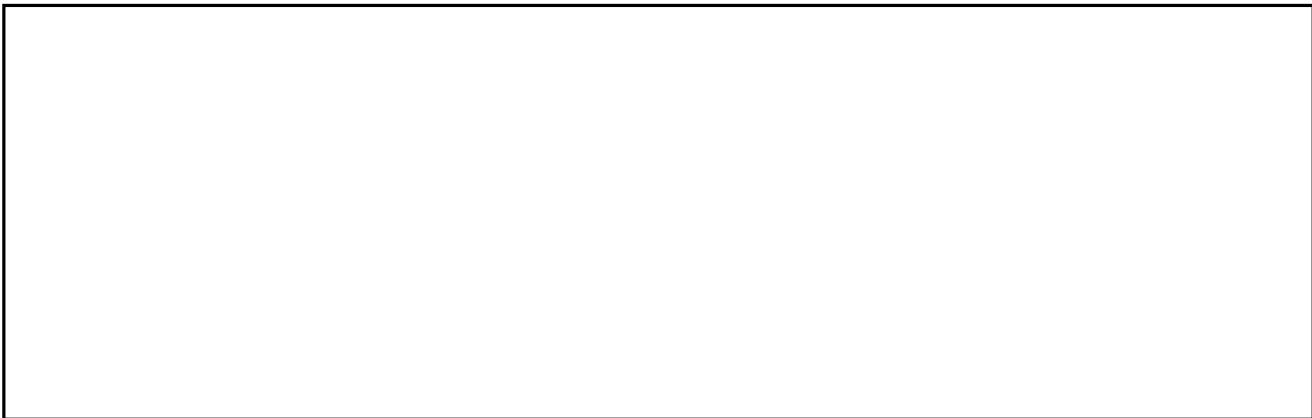
CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE  
17 March 1955

TO : Deputy Director (Intelligence)

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SUBJECT: Soviet Policy Changes Reflected in Hungary

The Hungarian Workers' Party central committee resolution published on 8 March, which redefines Hungary's political and economic policies, reflects recent changes in Moscow, but in a more extreme form. Unlike public statements in the Soviet Union, it stresses the necessity for re-establishing the "unity of the party." Since the new Hungarian line was probably approved in Moscow in mid-January, it may serve to cast additional light on the nature and direction of future Soviet developments. 25X1



The central thesis of the March central committee resolution was that the unity and discipline of the party must be restored and new course liberalism restricted. The basic precepts of the June 1953 announcements and the May 1954 party congress were re-endorsed, but as in the case of the Soviet Union the execution of these general policies is to be more in keeping with orthodox Marxism-Leninism-Stalinism, with a greater stress on heavy industry, socialization, and the defensive posture of the country. It specifically sets forth the following problems and directives for action:

1. Liquidation of right-wing anti-Marxist deviationists: This deviation has distorted the party's correct decisions of June 1953 and has been responsible for the shortcomings of the

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economy. At the same time the party must fight against "left-wing extremists and those who violate state legality."

2. Expansion of heavy industry: The second five-year plan, beginning in 1956, will emphasize heavy industry, particularly the manufacture of the means of production, and agricultural equipment. Any further improvement in the working people's living standard must result from a steady increase in production and labor productivity and a lowering of production costs.

3. National defense: "The growing tension in the international situation" requires greater emphasis on defense, which would not be possible without a constant development of heavy industry.

4. Formation of new co-operatives: The need to utilize the production of individual peasant farms is recognized but the necessity of forming new agricultural co-operatives and the recruitment of new members during 1955 "on the basis of the Leninist principle of voluntary affiliation" is stressed.

5. Policy towards industrial workers and peasants: Nagy erroneously denied the need for the party to depend for its support primarily on the industrial working class. Among the peasants, the main reliance must be placed on the poor peasantry, but the party must continue to work to gain the support of the medium peasantry and to fight against the kulaks.

6. Leading role of the party: Strong rightist views have undermined the party's supremacy in the Patriotic People's Front and various mass organizations. The party must direct and inspire the entire society and all mass organizations and control their activity.

7. Limits of Communist criticism: Rightist elements are attacked for hurting Party prestige and influence by exaggerating Communist criticism and self-criticism of Party policy and leadership. The resolution calls for the continued development of constructive Communist criticism while guarding against the irresponsible exercise of this function.

8. Manifestations of nationalism and chauvinism attacked: "A merciless ideological battle must be waged against all manifestations" of excess of nationalism and chauvinism.

The zealous attacks on Nagy and the rightist deviation by Hungarian party leaders and press since 8 March strengthen the belief that party officials, particularly on a middle and lower level, may go to extremes in implementing these directives.

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Stringent measures to restrict new course liberalism and strengthen party discipline coupled with a renewed domestic vigilance campaign, are certain to increase popular tension. An extreme interpretation of the central committee resolutions would probably sharpen the disaffection of the population, and resistance, though still passive and unorganized, might become more widespread. Such a reaction would make it exceedingly difficult to meet the regime's aim of strengthening the national economy through increased production and labor productivity.

On 12 March, Rakosi, apparently alert to this danger, re-stated his belief in the basic policies of June 1953 and warned against the danger of extreme leftist deviation at this juncture.

The Hungarian attack on "rightist anti-Marxist deviationists," while it is similar to such denunciations in the Soviet Union, is unique at this time in that it is more vehement and specifically names the Hungarian premier. A number of personnel changes are expected. However, the fact that Budapest Party Secretary Kovacs said recently, in a speech endorsed by Rakosi, that the deviationists are not to be treated as "enemies" indicates that disciplinary action may not be as severe as the resolutions suggest. Some top leaders may be removed, but may be returned to lesser posts. Kovacs' statement, however, does not seem to include Nagy, who appears to be singled out as the scapegoat and individual responsible for the promulgation of the dangerous "rightist, opportunist, anti-Marxist" views in the party and government apparatus.

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