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[REDACTED]

2. ANTI-COMMUNIST DEMONSTRATIONS SEEN POSSIBLE IN HUNGARY AND POLAND

Comment on:

[REDACTED]

Communist and anti-Russian demonstrations may occur in Hungary and Poland during the next few days.

The Hungarian party, apparently in symbolic rejection of Soviet domination, has announced a ceremonial funeral procession in Budapest on 6 October bearing the remains of Laszlo Rajk, the former Titoist and "national deviationist" now hailed as an "outstanding leader of Hungarian labor," and three Communists executed with Rajk. Before the Communist takeover, 6 October was traditionally celebrated as a day of mourning for 13 Hungarian generals executed by the Austrians in 1849 as a direct result of Russian intervention in Hungary's struggle for liberation.

The public, which has not been involved so far in the party's disputes, may use the occasion to demonstrate its dislike for the Communists and the Russians.

In Poland, tension reportedly is high in Poznan as the city awaits the 8 October verdict in the trial of three youths accused of murdering a secret police corporal. Western newsmen in Poznan claim that many groups, and particularly young workers, feel they must indicate their solidarity with the accused by demonstrating when the verdicts are announced. The government is prepared, with reinforced security forces in Poznan, to quell any disturbances quickly. [REDACTED]

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3. SOVIET LOAN TO HUNGARY

Comment on:

[REDACTED] The \$25,000,000 Soviet credit to Hungary announced on 4 October was granted at a time of political unrest and economic need in the country, as was also the case in the 23 September loan in the same amount to Poland. It is probably designed to rebut the arguments of Hungarian party "moderates" who have been claiming that the USSR is draining the country's economy. Moscow probably believes that Soviet financial assistance would bolster the Moscow-oriented position and policies of Hungarian party leader Gero, who has been engaged in talks with Soviet leaders in the Crimea.

Fifteen million dollars of the grant will be in raw materials, the remaining \$10,000,000 in convertible currency. This sum will do little to alleviate Hungary's economic problems; these are caused by a perennial shortage of foreign exchange, heavy dependence on imported raw materials, a commitment to increase average real wages during the next five-year plan (1956-60) by 25 percent, and existing obligations to the USSR totaling approximately \$340,000,000.

By granting loans to recalcitrant Satellites such as Poland and Hungary in an attempt in part to deal with the internal ferment in these countries, the USSR may stimulate demands by other Satellites for additional economic assistance. [REDACTED]