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1. THE HUNGARIAN SITUATION (information as of 2330)

Comment on:

[REDACTED] The complete failure of Soviet troops and Hungarian forces still loyal to the government to prevent the spread of the Hungarian rebellion has apparently forced the central regime of Imre Nagy to revise drastically its over-all policies and to abandon attempts to force the insurgents to surrender. Instead Nagy, calling for a cease-fire on the basis of the status quo, has ordered both Soviet and Hungarian forces not to fire unless fired upon by the rebels, and has been increasingly concessionary toward insurgent demands. The Nagy regime has also assured the insurgents that it is already negotiating with the USSR for the withdrawal of all Soviet troops from the country. By so doing, Nagy has, in effect, shifted the basis for whatever authority he now possesses from reliance on Soviet support to hoped-for insurgent support.

The Soviet attitude toward this shift remains completely unclear. The USSR may now have only two choices: full-scale war against a Hungarian rebellion which would be supported by virtually all Hungarians, including Nagy, or withdrawal within the near future of all Soviet military forces in the country. The first alternative would necessitate massive reinforcement of the Soviet troops which are now in Hungary.

[REDACTED] three Soviet armies totaling 27 divisions are converging on Hungary from Rumania, Czechoslovakia, and the Ukraine. There is no confirmation of this or similar reports of Soviet and Czech forces moving toward the Czech-Hungarian border. Major elements of at least four Soviet divisions are now within the borders of Hungary. In addition to the two mechanized divisions normally stationed in Hungary, major elements of the

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Soviet division at Timisoara, Rumania, arrived in the Budapest vicinity by mid-day on 24 October. Early on 27 October an element of the Soviet 38th Army normally stationed in the Carpathian Military District, USSR, reported being near Miskolc in northeastern Hungary. This element reported on the 27th that the insurgents had weapons, tanks and grenades and that a breakthrough would require immediate reinforcement.

The rebel forces, acting independently with no central leadership, appear to be in control of most of Hungary outside of Budapest. The independent provisional committee of Miskolc on the evening of the 28th called for a unification of the activities of the numerous provisional committees which have been established throughout Hungary. Attacking the Nagy government appointed 27 October as one "relying on a foreign power," the Miskolc committee is demanding the immediate formation of a new provisional coalition government under Nagy which would exclude all ministers who served under Rakosi. This government would be pledged to establish "a truly democratic free and socialist Hungary," and to hold general elections within two months in which several parties would participate. The Miskolc committee stated the provisional government's first act must be the immediate removal of Soviet troops from Hungary.

A few hours earlier Premier Nagy, in a desperate effort to meet rebel demands, announced that Soviet forces were now observing a cease-fire in Budapest and that after a Hungarian militia was formed to maintain public order, the Soviet units would move out of the Budapest area. Nagy also acceded to basic economic demands of the workers' councils, but he made no reference to freedom of religion or elections. In a subsequent Budapest radio broadcast, results of a cabinet meeting were announced in which the government body called for a revision of collectivization policies, a revision in the status of small craftsmen, changes in the system of produce collection, and basic changes in educational processes.