

ITEM No. 7835/56

/Published only in Translation/

SPECIAL ATTENTION: Political Advisor

SN
Aug 11
MC-1773

HUNGARY

<u>STATE APPARATUS</u>	/4400/
Government	/4403/
<u>FOREIGN RELATIONS</u>	/1500/
With Yugoslavia	/1506/

DAYS OF GERO-HEGEDÜS RULE BELIEVED NUMBERED
BECAUSE OF TITO'S DISAPPROVAL.

SOURCE MUNICH/B: Confidential source.

DATE OF OBSERVATION: Current period.

EVALUATION COMMENT: RAKOSI, FARKAS and GERŐ were the Hungarian signers of the June 1948 Cominform-resolution condemning TITO and his regime. During the RÁJK trial the Court laid particular stress on obtaining from the defendants full confessions of having schemed to arrest and eventually assassinate the same leaders, on the special insistence of TITO and his collaborators. This accusation, too, has recently been declared a lie. After the dismissal of RAKOSI from his paramount position and the "dishonorable" discharge of FARKAS, the third of the "torika," GERŐ has remained alone at the peak of the Hungarian Communist Party. Since then it has been asserted in the Regime press that the major obstacle has been removed on the road toward establishing brotherly relations between the Hungarian and Yugoslav Parties while the relations between the two Governments have already attained a high degree of normalization, especially in view of the financial agreement under which Hungary undertook to pay war reparations and compensation for other damages to Yugoslavia.

Whether or not, TITO is prepared to accept GERŐ as an opposite number for a full-fledged "normalization" of Party relations is open to conjecture. It is true that MAROSAN and KADAR have been admitted to the Politbureau and the latter also to the Secretariat of the CC. But in the Secretariat there is still Lajos ÁCS who at the 1951 Congress of the Party,

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in his capacity of County Somogy secretary /bordering on Yugoslavia/ launched a particularly vicious attack against the Yugoslav Regime.

HEGEDÜS is currently labeled a "RAKOSI-man." He became Prime Minister after the ousting of NAGY in April 1955. But as the future development in Hungaro-Yugoslav relations concerns the establishing of inter-Party relations, his prominence in the Government may be less important in TITO's eye than GERŐ's István KOVÁCS has played an outstanding role both under Imre NAGY and since his rebuffal in the spring of 1955. He won international notoriety, however, by coming out first for the "rehabilitation" of the "comrades unlawfully persecuted by Gabor PETER and his accomplices" /see "Szabad Nép" of October 14 1954./ The recent appointment of Ferenc MÜNNICH as Minister to BELGRADE seems also to indicate that the Hungarian Regime is anxious to bring about a definite improvement in inter-Party relations. MÜNNICH is one of the old "moscovites" who fought in Spain. During the RAJK affair it was rumored that he had in some way been compromised and therefore relegated abroad. After the RAJK affair he was sent as Minister to Finland whence he was later switched to SOFIA and finally, in September 1954, to MOSCOW.

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BUDAPEST political circles continue to agree that the GERŐ-HEGEDÜS team is temporary and cannot maintain itself more than three or four months. In the first place, the fate of their policy is decided by their connection with TITO. According to information received from the Ministry of Foreign Affairs, the BELGRADE Hungarian Legation sounded the Yugoslav government about its opinion on the planned October visit of a Hungarian government delegation to BELGRADE.

According to further information, Hungarian minister in BELGRADE got an evasive answer at the Yugoslav Ministry of Foreign Affairs. This means that the GERŐ-HEGEDÜS team has not succeeded in winning the entire approval of TITO and therefore could not restore friendship between the two governments.

BUDAPEST continues to harp on the BELGRADE visit, but it is questionable whether TITO would be willing to accept a government delegation headed by GERŐ and HEGEDÜS. TITO's

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resistance would seal the fate of the GERŐ-HEGEDŰS political course, because MOSCOW does not wish to interfere with the friendship between the two countries to such an extent as she did it in the past.

In the case of the resignation of the GERŐ-HEGEDŰS team, former minister of the interior János KÁDÁR has the greatest prospects to become first secretary of the CP, whereas István KOVÁCS, member of the Political Committee would be appointed prime minister.

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