

2. There seems to be little doubt that the Soviet troops, under pressure from the almost universal revolt against Soviet domination, did withdraw from Budapest. The entire Hungarian army and air force went over to the rebels and only remnants of the secret police sided with the Russians. The present government is a coalition, still headed by Nagy. The old Communist Party of Hungary has been dissolved and reformed as the Hungarian Socialist Workers Party of which Janos Kadar, the closest equivalent to a Hungarian Tito, is First Secretary. Four other parties are now represented in the government. The most important are the Smallholders Party and the Social Democratic Party. Public pressure is continuing for the resignation of three former Stalinists from the key portfolios of the Interior, Iron and Steel, and Coal and Electricity.

3. It is still uncertain how much prestige or authority this government has, since revolutionary committees, both civilian and military, appear to have been set up in other cities of Hungary, and their aims and ideas concerning tactics vary enormously. The main thing they all seem to have in common is their violent anti-Russian and anti-Communist feeling.

4. With regard to the military situation, it is reported that Soviet armoured columns have entered from the U.S.S.R. and Roumania. Our military intelligence estimates Soviet strength in Hungary has increased to at least three divisions. Armoured columns have closed off the Austro-Hungarian border and telephone communications between Vienna and Budapest appear to have been cut. The main airports, railways and highways are said to be controlled by Soviet forces.

5. Radio Budapest has announced that the Hungarian government has communicated three notes to the Soviet Ambassador in Hungary concerning a protest about the entry of new Soviet troops into the country; the immediate withdrawal of all Soviet troops from Hungary; and the commencement of immediate negotiations to determine the relations between the U.S.S.R. and Hungary on the basis of equality and independence.

6. Nagy has also sent a message to the United Nations Security Council announcing Hungary's withdrawal from the Warsaw Pact and Hungary's permanent neutrality, calling on the United Nations for support. Our information is that the Warsaw Pact has no provision for withdrawal of any State before the expiration of the twenty year period under which it is valid. We have not yet secured the text of the resolution which the United States delegation intends to submit to the Security Council.

7. The vacillation of the Soviet authorities over the Hungarian situation are due, in my opinion, to the following factors:

(a) The speed with which the Titoist movement in Hungary spread into a violent anti-Russian and anti-Communist revolt;

(b) Probable divisions of opinion in Moscow as to the course of action to be followed by the U.S.S.R.;

(c) The diversion caused by the Suez crisis, giving time and excuse for the Soviet leaders to return to a policy of force in Hungary;

(d) The strongly anti-Soviet attitude adopted by the Hungarian government, probably under strong popular pressure;

(e) Fear of western intervention in Hungary, accentuated by the willingness of the British and French to risk war by actually attacking an important member of the United Nations.

8. Our latest reports are that the Russians have commenced negotiations with the Hungarians in Budapest. We have no more information than that, but I would suspect that the Russians will now demand as a minimum the stationing of Soviet troops in Hungary and the formation of a government which maintains at least the pretence of being partially