

ITEM No. 7724/56

SN  
Aug 7  
II-4202

HUNGARY

MORALE AND GENERAL MOOD /2000/

GERO'S RISE TO POWER HELD TO SIGNIFY NO  
CHANGE IN BUDAPEST POLITICS.

SOURCE STOCKHOLM: Confidential source.

DATE OF OBSERVATION: July 31 1956.

EVALUATION COMMENT: The views expressed in this report on the various personalities are, on the whole, consistent with current opinion.

As to the consequences of "decentralization," the report appears to strike a somewhat gloomy note. It is likely that a "decentralization" and the ensuing elimination of unnecessary red tape will have beneficial repercussions on the country's economy provided that the respective measures will be implemented with intelligence and courage.

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Communist diplomats stationed in the West regard the significance attributed by the Western press to the changes at top level in Hungary as unfounded. They describe Ernő GERO as a very capable man with great faculties for organization, but as faithful to the orthodox Communist doctrines as RAKOSI ever was. Moreover, they say, GERO will not have much time to attend to the situation in the country, as he is expected to be very busy bringing order to the Hungarian Communist Party, as dissension is quite rife there, particularly among the more or less intellectual members. Possibly GERO will be able to give directives to the administrators now and then, but he will reportedly not do more in the next several months.

András HEGEDŰS is described as the greatest RAKOSI-partisan in the government circles. HIDAS is said to be a comparatively new man, risen from the Party ranks, a loyal Communist with outstanding talent for organization. Although MAROSAN has been a member of the Social-Democratic Party, he

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was, and is still, a fellow-traveler, sources maintain, and although having sat in a Communist concentration camp, he has not changed his views and certainly could not be called a representative of the Social-Democrats.

What would have meant a real change in Hungary would have been NAGY's coming to power again, but this is not likely, sources said, as long as GERO holds the strings.

What they rather dreaded was a prospective decentralization of Hungary's economic life which is now contemplated. The over-all plan is to remain in force, but the leaders of industry are to be allowed to undertake minor deviations from it when circumstances so require. Sources said that it is not possible to predict at this juncture what the results will be because every single movement in the country's economic life is at present so intimately linked with the total economy of the country that repercussions might take any directions.

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