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CIA HISTORICAL STAFF

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HUNGARY

VOLUME II

EXTERNAL OPERATIONS

1946 - 1965

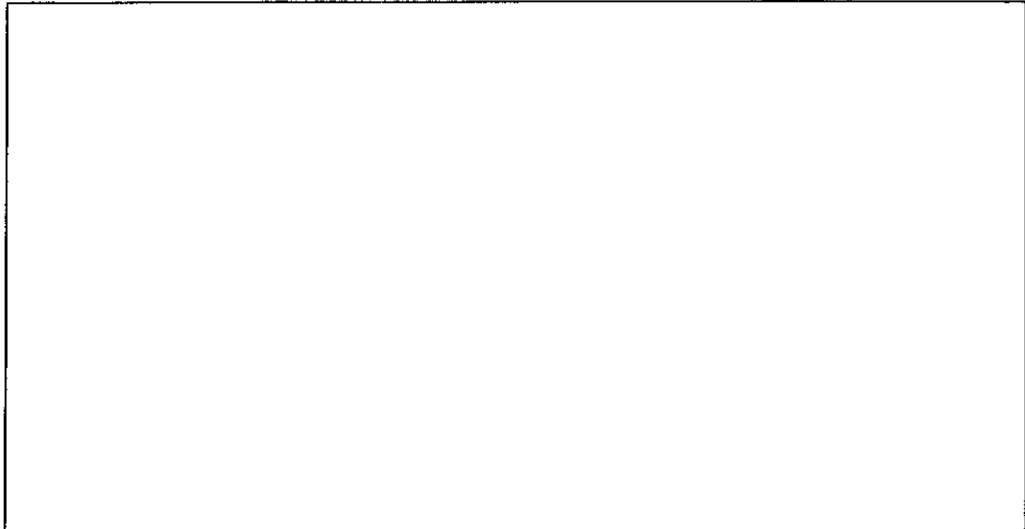
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B. The Plan for Hungary

Planning for OPC activity against Hungary began shortly after the establishment of OPC on 1 September 1948. By 11 April 1950 the final draft of the Plan of Operation for Hungary was approved.^{25/} Applicable US policy for the Plan of Operation for Hungary was stated in NSC 58/2 in the following paragraphs:

47. ...US should maintain as its objectives the development in Eastern Europe of non-communist governments willing to accommodate themselves to, and participate in, the free world community.

50. ...As the most feasible course of action available at this time, the US should attempt by methods short of war, to disrupt the Soviet-satellites relationship and bring about the gradual reduction

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and eventual elimination of preponderant Soviet power and influence from Eastern Europe.

53.The United States should be alert to any opportunity to further the emergence of non-communist regimes in the satellite states, providing such non-communist regimes would have a reasonable prospect of survival.

54. ...The United States should do what it can practically, particularly through covert operations and propaganda, to keep alive the anti-communist sentiment and hopes of those making up the non-communist majorities in the satellite countries. To do less would be to sacrifice the moral basis of US leadership of free peoples.

In its estimate of the situation, the plan stated that overt methods of US policy toward Hungary were limited to normal diplomatic pressures in addition to the VOA (Voice of America) and certain economic measures. The plan noted that, if a diplomatic break between the United States and Hungary occurred, the effectiveness of overt methods of pressure would be reduced, but there would be less embarrassment to the United States in the event an OPC operation was uncovered or compromised.

Among elements favorable to OPC operations were the antipathy of the people toward Communism

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in general; signs of discontent, disillusionment, and opportunism among the Communist Party (CP) rank and file members; and the presence of US occupation forces in Austria which eased the problems of setting up bases for operations into Hungary.

The most significant elements unfavorable to operations in Hungary were the virtual control of the country by the CP because of its police state apparatus, the presence of about 50,000 Soviet troops in Hungary, and the probability that the Red Army would intervene if an overthrow of the Government appeared imminent.

The plan noted that without outside help the Hungarians could not prevent the eventual accomplishment of the objectives of the Communist government. It pointed out that the United States and other anti-Communist nations possessed limited means to exert pressure because they had a less and less important role in Hungary's political and economic life, and because the basis of its economy was agriculture. Therefore, the objectives for OPC operations in Hungary were to develop indigenous nationwide opposition based on the Roman Catholic

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faith and the resistance of the peasants to collectivization. Opposition of the Hungarian people, and the peasants in particular, was considered to be the cornerstone for all OPC activities in the near future and was to be aimed at strengthening hopes for eventual liberation, stimulating the people's hatred of the Government and, additionally, give impetus to the creation of a nationwide underground.

The plan set forth activities which could be undertaken in less than six months and those which could be undertaken within a year to 18 months. At the head of the list was propaganda. The summary of underground and refugee elements within the country stated frankly that very little was known about such activity inside Hungary. [REDACTED]

[REDACTED]
was considered the most suitable one with which to work.

In general the plan recommended:

1. Continued support of the Hungarian National Committee (HNC).
2. Development of an underground

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apparatus as soon as possible. (An initial budget of [] was suggested. This would not be used to its fullest in the early stages of underground development.)

3. Economic warfare.

4. The inception of a large-scale propaganda and psychological warfare campaign to be conducted by:
(a) HNC radio; and (b) Covert OPC radio.

Specific points concerning formation of the underground were:

1. Small groups of agents were to be selected and trained for OPC. This would be accomplished about 90 days after the arrival of an OPC chief []

2. The agents were to be sent inside Hungary to evaluate the situation, to contact the existing underground organizations, to set up courier lines, and to set up W/T

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facilities. The estimate was that this would take about 90 days more.

3. At the end of six months, the apparatus would be operating on a limited scale and be ready to expand if necessary.

Members of the underground committee of the HNC were to be informed individually: (1) That OPC would develop the underground through its initial stage; and (2) that once stage one was completed, the committee was expected to plan an active role. ^{26/}

An annex to the plan was a proposal for PW activities in Hungary which set forth objectives and listed targets in their order of vulnerability: peasants, labor, middle class, youth, women, potential Titoists within the Hungarian Workers Party (HWP), and the regime.

The proposal outlined themes and listed the means of exploiting them through use of the following: handbills, airborne leaflets, overt radio broadcasts (VOA), covert broadcasts (using land-based transmitters outside and/or inside Hungary),

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broadcasts over the radio broadcasting facilities of the National Council for a Free Europe to launch attacks on personalities by radio, clandestine presses (inside and/or outside Hungary), rumors, and newspapers and magazine articles planted by OPC stations abroad.

The document suggested the use of the following as cover for propaganda activities: underground organizations as deemed advisable; Hungarian National Committee; and front organizations. ^{27/}

C. Operational Activities

1. Psychological Warfare (September 1948 - September 1950)

During the period 11 September 1948 to 1 September 1950, PW activities comprised the initial endeavor directed toward Hungary. Chain letters mailed from Switzerland and Hungary were designed to encourage young Hungarians to leave the country*, undermine confidence in the currency, and encourage peasants to hoard crops by forecasting hunger conditions. The anti-Communist publication Buzakerest,

* There is no evidence that the chain letters succeeded in inducing Hungarian youth to leave their homeland.

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with death and warning others of im-
pending danger from the police.^{39/}

D. Plans for Paramilitary Activities [redacted]

In [redacted] 1951 [redacted] senior case of-
ficer for Hungarian OPC operations in Europe, ar-
rived [redacted] began an assessment of PW efforts
directed at Hungary, and prepared to establish bases
for other types of operations directed against the
country.

About the time [redacted] arrived, plans to es-
tablish a Hungarian Guard Company [redacted] were
under way and had made considerable progress.

Briefly, the plan sought to create a Hungarian
labor service unit [redacted]

[redacted] which would have
normal duty assignments such as guarding military
supply depots. [redacted]

[redacted] OPC and OSO would use this unit as an obser-
vation and evaluation center for prospective Hun-
garian paramilitary (PM) personnel. Negotiations
were under way [redacted] for
final agreement on the plans.

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While the above plans were in process, an overall PM project [] designed to translate into action the various PM annexes of the Strategic Country Plan for Hungary, was written and submitted for approval in November 1951.

[] was conceived as the nucleus of a Hungarian PM organization capable of expansion and executing the establishment of a covert headquarters unit [] staffed with Hungarians [] [] The unit was to be small, comprising four to six persons, but potentially capable of developing and directing the Hungarian resistance movement. OPC staff personnel were to exercise exclusive control over the organization. The PA and his staff would develop plans and advise the American staff. Actual operations were to be under immediate American direction.

[] [] was recruited as the PA for the project and was to be charged with the recruitment, training, and indoctrination of indigenous forces for the unit. ^{40/} The first operational mission planned for the group was the setting up of

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communications contact with Hungary. Creation of a secure and efficient organization was to be the primary objective. The project proposal recommended that [] be provided to set up the group in []
[]^{41/} As 1951 ended the project still awaited approval.

E. The Hungarian National Council

Utilization of the Hungarian refugee political movement in the form of HNC made up a significant portion of OPC plans for operations against the Hungarian target. A major effort was directed toward developing close ties with the movement []
[]

HNC was made up of representatives from all the recognized major anti-Soviet elements within the refugee political movement and reflected considerable adjustment of political differences in the interest of an overall program. Its executive committee consisted of eight prominent Hungarian emigres headed by its president, Monsignor Bela Varga, who enjoyed the strongest position of any of the individual leaders within the group. His prestige

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recontact in October after his son's discharge, indicating he would then be willing to work. ^{51/}

A second mission was attempted at the end of October 1952. This time the team was trapped by Hungarian border guards after crossing into Hungary. In the ensuing confusion, [] lost [] and fled, swam across the Baba River, threaded his way through the mine field and barbed wire at the border, and returned safely to []. He was terminated in 1953 and taken to a refugee camp in [] to undergo processing for immigration to [].

b. [] Operation

Although there had been no significant improvement over 1951 in terms of intelligence produced, prospects looked good for the [] operation in the spring of 1952. Four letters had been received from []. The last one, received in early March, contained a number of reports on Soviet and Hungarian troop movements in the Mohacs region in southern Hungary ([] home area). G-2, USFA, had designated this locale as a probably build-up area for any offensive which might be

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launched against Yugoslavia. [] had high hopes that it had its first reporting source established in a critical area of Hungary.^{53/} The hopes were premature, however. Analysis of the letter received in March showed clearly that the letter had been opened surreptitiously and resealed. Another letter received the following month showed a strong likelihood that it too had been covertly opened.

Later, in December 1952, after [] [] and was being debriefed by [] stated that he had been warned by an acquaintance to stay clear of [] as the latter was an American spy who was under close observation by the Russians. [] was a young [] who carried messages between [] and the latter's family. He became operationally involved with [] whom he knew, when the latter recruited him to serve as courier between himself and [] On one occasion [] had been questioned by a Russian, who was the chief of the Danube Steam Shipping Company, concerning his connection with []

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[redacted] an army major and father-in-law of [redacted] was another agent in whom the station had high hopes. [redacted] [redacted] recruited him in March 1952. [redacted] who himself had been recruited by [redacted] in late December 1951, [redacted] [redacted] until June 1952. After that he maintained contact by mail. Two letters received from him indicated that he was under control. In October [redacted] learned that [redacted] had been arrested by the AVH in June and had not been seen since. [redacted] began to receive suspicious telephone calls and noticed that he was under surveillance. To avoid the possibility of his being harmed, the station evacuated him to [redacted] where [redacted] [redacted] used him as a debriefer until his termination in 1954.

[redacted]

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formulated. [] was approved in the amount of

[]

By 1953 the Hungarian border had become progressively more difficult to penetrate. An extensive defensive system of fences, mines, guards in depth, and special documentation for the border area had built up and been in effect for some time. Internally, the AVH had established a highly effective system of controls, which constituted an unusual hazard and imposed severe limitations on the chances for establishing long-range resident agents, and no sound method for evading Hungarian controls had yet been devised. Matters had reached a point where potential agents whom CIA agents attempted to recruit were more often than not reluctant to collaborate. Although prospective agents continued to be sought out, assessed, and recruited, not many panned out. For example, [] was dropped for fabrication; [] was dropped as a security risk following his arrest for stealing a bicycle; [] was dropped after failing a polygraph test and doing poorly under assessment.

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A low point was reached when the mission of [redacted] and [redacted] was cancelled while they were in training. Ostensibly the operation was halted because the agents were unwilling to travel unarmed. In fact, however, the decision to cancel was taken in the broad context of what could be gained by running such operations with the meager talent available and the base's probable inability to follow up one such low-level communications-seeking operation with enough agents of a similar quality to build a communications mechanism to be an asset in more ambitious operations. The decision to cancel was in effect a recognition that CIA was coming to the end of the road in its attempts to mount illegal border-crossing operations into Hungary.

During the remainder of the 1953 operational season, [redacted] was directed to follow up all leads to border crossers in the hope of finding one with access to valid targets and at best some hope of success. Any future operation not meeting these standards was to be cancelled.^{67/}

With the decreased emphasis on illegal cross-

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border operations, there was a corresponding decrease in the need for large-scale training facilities. These had been provided for under Project [redacted] originally approved for the period 1 May - 31 October 1952 and renewed through October 1953. Under the project, two outdoor sites in [redacted] [redacted] had provided areas for agent training under [redacted] cover. Despite occasional trouble by agents and trainers with [redacted] and American police authorities, the training sites had proved to be very useful. Not only had they met training needs, they had also enabled maintenance of around-the-clock control over the trainees. This project was terminated on 31 October 1953.^{68/}

C. Operational Activity (1953-1957)

1. 1953

a. FI

In 1953 [redacted] no clear-cut distinction existed between [redacted] assignments; the majority of available case officers [redacted] were engaged, to varying degrees, in some phase of Hungarian affairs. In [redacted] however, there was a small Hungarian Operations Unit,

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consisting of three staff case officers and one stenographer. When Hungarian operations [] [] were curtailed drastically, the main operational effort shifted to [] Two officers devoted full time to Hungarian operations, one in [] the other in [] In Headquarters the Hungarian Branch T/O was six in-^{69/}telligence officers and two clerk typists.

Early warning of Soviet and Hungarian preparations for aggressive military operations against the West continued to be the highest priority target. Communications problems had not been solved; CIA had no reporting source or regular contact of any sort []^{70/} As a result of the failure of efforts (courier-agent operations, etc.) to establish lasting communications systems with people inside, operational emphasis had shifted completely to legal travel operations (ZODIAC and ZOMBIE programs). The ZODIAC program, spelled out in March 1953 in Field Notice [] aimed at the use through recruitment (or if this was not feasible, through induced defection) of satellite nationals traveling legally outside the iron curtain. The

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