

April 10, 1946

**Record of Conversation between I. V. Stalin and the
Hungarian Governmental Delegation**

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Summary:

Stalin and the Hungarian delegation discuss economic issues, and the situation of Hungarians in Slovakia.

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Record of I. V. Stalin's Conversation with the Hungarian Governmental Delegation regarding Economic Issues, and the Situation of Hungarians in Slovakia.

Moscow

10 April 1946

21:00

SECRET

PRESENT: V. M. Molotov, G. M. Pushkin, B. Va. Grigoriev (USSR Ministry of Foreign Affairs), Prime Minister Nagy Ferents, Deputy Prime Minister Sakasbich Arpad, Minister of Foreign Affairs Diendesbi[1] Janos, Minister of Transportation Gero[2] Emo, and Hungarian Envoy Sekfu Dula[3]

Nagy says that on April 4 they celebrated the first anniversary of Hungary's liberation from Nazi rule. Hungary was liberated thanks to the heroic Red Army and Generalissimus Stalin. The Hungarian government understood that one year after the liberation they had to visit Generalissimus Stalin in order to express their gratitude for the liberation of Hungary, for the freedom of Hungarian political life, and for the independence of the Hungarian motherland. According to Nagy, the Hungarian government must not only express its gratitude, but also report on how the Hungarians use the freedom granted to them thanks to Generalissimus Stalin's good will. Nagy asks for permission to briefly describe the situation in Hungary. He says that Hungary makes its policies by coalition, because the political parties that won the right to take part in the government both want to be responsible for the future of the Hungarian democracy. All the political parties accepted all the requirements of democracy. The Hungarian coalition rests on a wide political base, and that wide base gave it an opportunity to implement extensive reforms. They have implemented the land reform. The ruling elite was changed twice. The Hungarian Government has punished and continues to punish war criminals. The consolidation of economic life is being carried out according to a left program. The mines are being nationalized, and the big industries are being put under state control. The National Bank and the largest banks of the country are also under state control. An economic plan has been developed and a Department for Distribution of Raw Materials created. The Hungarian government does everything in its capacity in order to put the liberated Hungarian people on their feet economically. The Hungarian national policy is the most modern one, which has already been implemented in the Soviet Union and in Yugoslavia. The reaction is constantly attacking the Hungarian democracy. The government undertakes everything possible in order not to allow the reaction to organize. The economic bases of the reaction are being liquidated. Hungarian democracy is still going to face struggle in the future, but this struggle will be successful. The invincibility of the Hungarian democracy will be ensured by reeducating the Hungarian people.

From the moment of Hungarian liberation Hungary's official foreign policy has been a pro-Russian policy. By educating people in this direction, the government strengthens democracy. This foreign policy - one of the sincere and profound friendship with the Soviet Union -- is being incorporated into the soul of the Hungarian people. Apart from the feeling of gratitude, Hungary is obliged to pursue a realistic policy determined by its geographical and ethnic situation. The direction of this realistic policy leads toward the Soviet Union. Nagy says that precisely because of this realization he can inform Generalissimus Stalin with a feeling of deep satisfaction that they signed agreements on April 8 creating Soviet-Hungarian joint ventures in bauxite and petroleum production, and that they had concluded agreements on civil aviation and navigation even earlier in order to further strengthen the economic ties between the Soviet Union and Czechoslovakia .

Then Nagy says that the current leaders of the Hungarian policy were persecuted in

the past, and that they seriously believe in their political principles. These leaders learned a lesson from the foreign policy, which was implemented by reactionary Hungary. Nagy emphasizes that Hungary fully trusts the Soviet Union and Generalissimus Stalin, and that he, as Prime Minister of Hungary, made his short report on the occasion of the first anniversary of the country's liberation on the basis of this trust.

Comrade Stalin says that Prime Minister of Hungary does not have to report to him, because the Soviet government considers Hungary an independent country, and, therefore, the Soviet government considers what Mr. Prime Minister just told us as information. Comrade Stalin thanks Nagy for the information.

Comrade Stalin asks, what is the Hungarian government doing to stabilize the Hungarian currency, and asks him whether the Soviet troops offend the Hungarian population. Comrade Stalin suggests that Nagy should speak about it openly and sincerely.

Nagy says that he would like to respond to the last question of Generalissimus first. In his words, the occupation army now does not experience any contradictions with the Hungarian population. Nagy states that he can say with a sincere joy that in the recent past there were only very rare incidents between the population and the occupation army. Often dishonest Hungarians abuse the occupation army themselves. Nagy says that the stay of a considerable number of Red Army troops remains a serious burden for the Hungarian economy.

Comrade Stalin says that, according to Mr. Prime Minister's words, the Hungarian population cannot complain about the Red Army in moral terms.

Nagy confirms that the Hungarian population cannot complain about the Red Army in a moral sense--they only experience some economic difficulties.

Then Nagy reports that the Hungarian government undertook a number of steps to rebuild the economy. On April 7, the Hungarian government published its economic program. The Hungarian government, however, does not expect to achieve a complete improvement of the economic situation as a result of that program's implementation, but hopes to prevent further worsening of economic life, and to create conditions for its improvement. The government plans to prepare a state budget first. Autonomous administrative units will be obliged to work under a strict budget, and will not be allowed to spend above the budget limits. This represents the beginning of a big economy, which starts with a significant decrease in the staff of the state apparatus and the Hungarian Army. This measure pursues not only economic goals but also aims at removing the remaining reactionary elements from the state and administrative apparatus. The Hungarian government anticipates serious benefits from transferring big plants working on reparation supplies under the state control. Those enterprises are financed by the state and, therefore, the control will be more effective.

Nagy says that currently in Hungary they are engaged in a serious struggle for increasing the extraction of coal and increasing the production of steel. The workload of the plants and the fulfillment of Hungary's obligations to the Soviet Union will depend on how they manage this task.

Comrade Stalin asks whether Hungary has sufficient amounts of coal.

Nagy says that Hungary is experiencing shortages of coal, and Minister Gere adds that the daily extraction of coal in Hungary is currently 22 thousand tons.

Nagy states that Hungary makes serious efforts in the area of agricultural production. Hungary experiences serious shortages, does not have any reserves, and that determines the deterioration of the Hungarian currency.

Comrade Stalin asks what reserves do not suffice.

Nagy responds that there are shortages of consumer goods and raw materials. Then Nagy says that the Hungarian government is hoping to stabilize the Hungarian currency under the condition if they can get a good harvest, and if the equipment, various properties, and gold, shipped by the Germans and the Salashists to the West, is returned to Hungary, and, finally, if the Hungarian government manages to improve the foreign trade situation of the country in order to provide Hungarian industry with raw materials.

To comrade Stalin's question about the volume of Hungarian property shipped away by the Germans and the Salashists, Nagy reports that according to the estimates of experts and specialists, that property is valued approximately at two billion American dollars. According to Nagy, this sum is getting smaller and smaller every day, because the Germans and the Austrians are squandering that property.

Comrade Stalin asks where is the Hungarian property shipped away by the Germans stored.

Nagy responds that the major part of the property is kept in the American occupation zone, and partially in the French zone.

Comrade Stalin asks who is authorized to resolve the issue of returning the Hungarian property.

Nagy reports that the American government decided to return an insignificant portion of the Hungarian property, which was taken to the West, and as far as the remaining part of the Hungarian property is concerned, they were told that the decision on that issue depended on the Great Powers.

Comrade Stalin says that the Soviet government will not be against returning that property to Hungary, and points out that not to return the Hungarian gold reserves would be against the law. Comrade Stalin says that the Soviet government will try to raise this issue at the conference of Foreign Ministers.

Nagy thanks comrade Stalin for this statement.

Comrade Stalin says that part of the Soviet troops will be gradually withdrawn from Hungary, and points out that all the troops cannot be withdrawn right away. Comrade Stalin states that some small number of troops will remain in Hungary and, therefore, part of the burden would be removed from the Hungarian economy. Then comrade Stalin says that in order to improve the Hungarian economic situation, the Soviet government could extend the Hungarian reparation payments.

Nagy expresses his deep gratitude to comrade Stalin for this statement. Then he says that even small expenses represent a serious burden for the Hungarian economy. Nonetheless, Hungary is trying to fulfill its obligations before the Soviet Union, and at the same time would be very grateful for any relief in these obligations.

Comrade Stalin asks if Hungary has iron ore.

Nagy informs comrade Stalin that Hungary has little iron ore.

To comrade Stalin's question about the percentage of iron in the ore, Minister Gere says that the ore extracted in Hungary contains 32% of iron.

Comrade Stalin notes that it is a lot.

Nagy points to the fact that Hungary has to produce predominately industrial goods in order to fulfill its reparation obligations before the Soviet Union. In order to produce industrial goods, Hungary needs raw materials, mainly coke and iron ore. Iron ore could be supplied by the Soviet Union, Poland, Czechoslovakia and Yugoslavia. The same relates to non-ferrous metals. The shortages of coke and metals complicates the production of reparation deliveries. Nagy states that last year Hungary was considerably behind in fulfilling its reparation obligations before the Soviet Union, and thanks to the measures that they undertook, the reparation supplies for the months of the current year have already surpassed the total sum of deliveries of the last year. Nagy adds that in the sphere of agricultural deliveries, Hungary was able to do considerably more than in deliveries of industrial products.

Then Nagy asks a permission to raise several economic questions before the Generalissimus. He says that last year the Soviet Union and Hungary concluded an agreement on exchange of goods. Cotton is the major part of deliveries from the Soviet Union. Hungary is paying for it with finished textile products. The Hungarian government is asking the Soviet government to postpone the deadlines for deliveries of finished textile products by half a year.

Comrade Stalin says that he will talk to his colleagues about this question, and will try to do everything possible.

Nagy says that the Hungarian government will be very grateful for this.

Gere reports that in August of last year they concluded an agreement on railroad communications. Under that agreement Hungary took upon itself to pay for railroad repairs and for the railroad cars, including the trophy cars. In this connection, the Hungarian Minister of Transportation has recently received a bill for a big sum in American dollars from the International Department of the Transportation Ministry of the USSR.

To comrade Stalin's question, what should Hungary pay for, Gere informs him that the bill that they received was for the rebuilding of the Hungarian, Austrian, Yugoslavian and Czechoslovak railroads, and even for one railroad that simply does not exist.

Comrade Stalin asks who sent that bill.

Gere responds that the signature on the document was illegible, but the bill was received from the International Department of the Ministry of Transportation of the USSR.

Comrade Stalin asks whether they had an agreement with the Hungarian government on that issue.

Gere responds that last year temporary rules were introduced, and it was agreed that in the future we would conclude an agreement on this issue. Then Gere informed Stalin that Hungarian industry has already rebuilt more than 10 thousand damaged

and half-destroyed railroad cars and more than 600 engines.

Comrade Stalin asks if Hungary has any engine-building plants.

Gere reports that they have the plants and the repair shops.

To comrade Stalin's question why they never spoke about it up until now, Gere explains that the bill was received on 13 March 1946.

Comrade Stalin suggests that Gere should talk with the Ministry of Transportation of the USSR on this issue and to put an end to this disorderly affair. Comrade Stalin says that we need to discuss it and to sign an agreement. The question should be settled in such a way that Hungary keeps a sufficient number of railroad cars and engines. Comrade Stalin notes that the trophy cars do not belong to Hungary, and that all these questions should be decided and resolved here in Moscow. Comrade Stalin promises to help, so that this question could be resolved, taking into account the interests of the Hungarian economy.

Nagy thanks comrade Stalin for his support on this issue.

Then Nagy asks for permission to describe the views of the Hungarian government regarding the peace [treaty] goals of Hungary to the Generalissimus. Nagy states that the Hungarian government understands that Hungary received its independence and freedom as a gift, and first of all, as a gift from the Soviet Union. Nagy assures comrade Stalin that Hungary is not trying to achieve any chauvinistic or revisionist goals. The Hungarian government starts from the following considerations, as far as the Peace Treaty is concerned. First of all, the Peace

Treaty should serve the Great Powers' aspiration to establish a stable peace. Secondly, the conditions of the Peace Treaty should ensure opportunities for development for the Hungarian people. And thirdly, the peace [treaty] results should assist in strengthening democracy. The determination of the Hungarian government to achieve not only a good peace for itself, but to gain good neighbors, is dictated by these considerations. To achieve these goals, the Hungarian government asks for the support of the Soviet government and Generalissimus Stalin.

Nagy says that he can make a statement on behalf of the Hungarian government that Hungary does not have any disputes with Yugoslavia. As far as two other neighbors of Hungary-Czechoslovakia and Romania--are concerned, the Hungarian government is concerned with the situation of the Hungarian population living in the territory of those countries. In regards to Romania, there is even a question as to democracy's future there. Then Nagy says that Generalissimus Stalin and Minister of Foreign Affairs Molotov obviously noticed that Czechoslovakia wanted to wipe away the national minorities with means so far unknown, and the Czechoslovak government was transferring thousands of Hungarians to Hungary without any preliminary consultations with the Hungarian government. 650 thousand Hungarians live in Czechoslovakia, and many hundreds of thousands of them live along the Hungarian border in a compact enclave next to the Trianon territory of Hungary. The rest of the Hungarians live in separate villages, diminishing in number to the North into Slovakia. The Hungarian government sees two possible solutions to the issue of the fate of the Hungarian people living in Czechoslovakia. First, a Peace Treaty should obligate Czechoslovakia to guarantee the Hungarian minority conditions of equality, under which the Hungarians would be able to live and develop freely, as it was done in Yugoslavia, and in accordance with how the nationality question was resolved in the Soviet Union. However, taking into account the fact that many responsible Czechoslovak state leaders repeatedly made statements to the effect that the Czechoslovaks intended to get rid of the Hungarian minority, the Hungarian government is forced to raise the issue about two alternatives. The second possible solution would involve possible return of a part of purely Hungarian districts

compactly populated by Hungarians, so that if the Czechoslovaks further aspire to get rid of ethnic minorities, they would have an opportunity to resettle those people. Nagy states that a correct implementation of either of these options would pacify the Hungarians, and create a basis for good neighborly relations between Hungary and Czechoslovakia

Comrade Stalin asks if the Hungarians want to choose the method of population exchanges. Comrade Stalin says that if you choose to exchange populations, then quantitative equality is not essential. Poland signed a treaty with Ukraine and Lithuania on population exchange. The Poles who desire to return to Poland do not have any problems in doing so, and the Lithuanians who wanted to move from Poland to Lithuania should also have assistance in doing that. There might be up to 200 thousand Poles who wish to move, and only 20 thousand Lithuanians. Comrade Stalin says that the number does not play any role. Whoever wants to return to their Motherland can return there, and whoever wants to stay -- should enjoy freedoms and rights.

Comrade Stalin explains that the Czechs want to satisfy all the requests of the Slovaks, who only reluctantly decided to remain in a part of Czechoslovakia. The Slovaks want to get rid of the Hungarians, and the Czechs do not interfere with that. This is unfair that the Hungarian population is not given any rights, or schools, etc. Exchange of population could be done, doing so would be analogous to the solution of this issue between Poland and Lithuania. Comrade Stalin says that it would be better for Hungary to receive the Hungarians from Czechoslovakia, otherwise they would be denationalized. Therefore, from the point of view of the nationalities policy, it is more expedient to take back those Hungarians. Comrade Stalin asks how the Hungarian government feels about such a solution, and adds that he does not know what the Czechoslovaks think about it. Comrade Stalin asks whether they practice the exchange of population.

Diendeshi informs Stalin that an agreement on this issue was achieved between Hungary and Czechoslovakia, and that they did everything in order to resolve this issue to both sides' satisfaction. The agreement involves exchange of population on a voluntary basis and on the principle of parity. The Slovaks entertain great hopes that between 150 and 200 thousand Slovaks will want to voluntarily move from Hungary to Slovakia. Currently, they are trying to register those Slovaks. On April 14, the propaganda campaign, undertaken by the Czechoslovak commission, will be completed, but even from the preliminary information, one can expect that no more than 50 to 60 thousand Slovaks will agree to move to Czechoslovakia. The rest of them do not want to leave Hungary, because they are more loyal to their land than to their language. These Slovaks are already assimilated to a significant degree. After the exchange of population about 600 thousand Hungarians will remain in Czechoslovakia. The Czechoslovaks would like to grant Czechoslovak citizenship to 200 thousand Hungarians on the condition that those Hungarians call themselves Slovaks and cite their Slovak origins, even in cases where they do not know the Slovak language. The Hungarian government cannot approve of such a measure. On top of that, approximately 200 thousand more Hungarians would still remain in Czechoslovakia, and the Czechoslovaks plan to relocate them to Hungary. Those Hungarians represent ancient inhabitants of that territory, on which they initially settled and have lived for over a thousand years already. Also, it would be difficult to compensate the Hungarian population, which is subject to relocation. The density of population in Hungary is very high for an agrarian country. Hungary would be able to accept such a large number of people only if its industry develops with considerable success, or if it is able to guarantee appropriate economic opportunities for this population. The essence of the problem is in being able to guarantee civil rights for the Hungarian minority. In this case there would be no disputes between Hungary and Czechoslovakia. However, if Czechoslovakia intends to relocate the Hungarians to Hungary, in such a case it would be necessary to provide for their living conditions, which could be only achieved by transferring part of the territory to Hungary, and by economic compensation for those people who are going to be relocated.

Sakashich, for his part, adds that each nation should aspire to increase its population. In his opinion, if 650 thousand Hungarians remain in Czechoslovakia, and if they do not enjoy any rights, and if the economic conditions for them are not be provided, then those Hungarians will become carriers of irredentism and revisionism, as it has already happen in Transylvania and in other regions alienated from Hungary. If Hungary had good economic conditions, then the Hungarian government would not even think twice about these questions and accept this population from Czechoslovakia, because the workforce is the most valuable resource.

Comrade Stalin states that it follows that the Hungarians would like to include the issue of the Hungarian national minority into the Peace Treaty.

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Nagy says that the trust that Hungary feels toward the Soviet Union obligates the Hungarian government to raise this issue before the Soviet government.

Comrade Stalin notes that consequently, they were not able to resolve this issue with Czechoslovakia.

Diendeshi reports that negotiations between these two countries are going on, but the results are dubious, because Hungary cannot agree with the Czechoslovak: position on this issue, and the Czechoslovak: government cannot accept the Hungarian proposals, because of internal political difficulties.

Nagy appeals to comrade Stalin and comrade Molotov asking that the Soviet government devote attention to this issue.

Comrade Stalin states that the desire to ensure civil rights for the Hungarian national minority is the correct position, and expresses his opinion that the Czechoslovaks will not agree to give the territory to Hungary. Comrade Stalin promises that the Soviet government will try to settle this affair. Comrade Stalin points to the fact that the Czechs are afraid of the Slovaks, and make concessions to them on all issues, including this one. Comrade Stalin repeats once again that the Soviet government will try to assist in resolving this dispute.

Nagy thanks comrade Stalin for his statement.

Comrade Stalin notes that he cannot promise success, but that measures would be taken in order to settle this issue.

Nagy states that in regard to Romania, the problem is even more important and significant than in regard to Czechoslovakia. The Romanian and the Hungarian nations do not have ethnic ties with other peoples. To establish peace between these two nations, would be the most important factor of peace in South-Eastern Europe. We should not leave any of these peoples a reason for contradictions that might lead to the emergence of factions. As a result of the last World War, Romania received Transylvania, and part of Banat and Partsiium, as a result of which more than 1.600 thousand Hungarians found themselves under Romanian rule. This number later became smaller, because approximately 200 thousand Hungarians ran away from Transylvania, and then the number of the Hungarian population increased again. Therefore, there are approximately a million and a half Hungarians living currently in Transylvania. The situation is made more difficult by the fact that purely Hungarian settlements -- Sekler settlements - are located deep in the Eastern part of Transylvania, near the territory of old Romania and far from the Hungarian borders. In all of Transylvania, there are no compact ethnic settlements, except for the Sekler ones. There is a small territory with a Hungarian minority along the Hungarian and Romanian border. However, you cannot establish a border, even in this region, which would resolve the entire Hungarian problem. Nagy states that the Hungarian

government does not want to weaken Romanian democracy and the Groza government by raising this issue. At the same time, to completely abandon the territorial claims toward Romania would represent an unbearable burden for Hungarian democracy. The Hungarian government puts the question of territorial rearrangement between Hungary and Romania in a direct fashion, but only to the extent to which it would not be a threat to the cause of democracy in both countries.

Comrade Stalin asks what is the essence of the question.

Nagy responds that in the opinion of the Hungarian government, part of the Transylvanian territory should be returned to Hungary, so that the territorial settlement in the Peace Treaty would calm the Hungarian people.

Comrade Stalin asks how was the question of Transylvania formulated in the armistice agreement, which was concluded with Romania.

Comrade Molotov responds that that agreement specified that all or most of Transylvania should belong to Romania.

Comrade Stalin notes that that phrase gives some grounds for Hungary to be able to receive something, but what exactly, which part - this remains to be seen. Comrade Stalin says that this question is currently being discussed in London by Deputy Foreign Ministers. Comrade Stalin explains that in the armistice agreement, which was signed with Romania by three Great Powers, it was stipulated that all or most of Transylvania should be transferred to Romania. That phrase gives Hungary an opportunity to get a part of Transylvania. This question will be discussed. Comrade Stalin informs Nagy that comrade Molotov will go to Paris for the conference of Foreign Ministers, which will take place on April 25, and says that this question will be raised and discussed at that conference.

Nagy thanks comrade Stalin for his response and says that this answer gives the Hungarian government hope that the conditions of the Peace Treaty will answer the concerns of the Hungarian people.

Diendeshi shows comrade Stalin a map of Transylvania, which shows new borders in accordance with the Hungarian proposals. Diendeshi explains that under this territorial settlement 80 thousand square kilometers of Transylvanian territory would remain in Romania and 22 thousand square kilometers would be transferred to Hungary. Also, the map specifically defines a territory of 11.800 square kilometers, on which the Hungarian population outnumbers the rest with the total number of 960 thousand people. 52 percent of them are Hungarians, 48 percent - Romanians. In the territory of 22 thousands square kilometers, which might be transferred to Hungary, the overall population is 1.550 thousand people, and 850 thousand people are Romanians. Diendeshi says that when this proposal was being developed by the Hungarian side, they were trying to divide the Transylvanian territory in such a way that there would be the same number of Romanians in Hungary, as there are Hungarians in the Romanian part of Transylvania. Such a settlement would create a balance between the national minorities. Should the Hungarian and Romanian governments not be able to resolve the issues of national minorities under the proposed territorial division, then both countries would be able to negotiate on the exchange of population, and Hungary would have an opportunity to relocate the Hungarian population to this territory, which would be transferred from the Romanian part of Transylvania. Diendeshi adds that apart from the considerations of ethnic character, they also took into account the economic issues, where the natural resources of the territory, which was marked for transfer to Hungary, could substantially help the Hungarian economy. In particular, there are non-ferrous metals and sulfur around Nadban; besides, there are forests in this part of Partium, which are in short supply in Trianon Hungary. Diendeshi says that the Hungarian proposals

are not based only on the ethnic principle, but are also directed at resolving the Romanian-Hungarian dispute over Transylvania.

Comrade Stalin expresses his opinion that the Romanians would not agree to such a territorial concession to Hungary, and notes that no government that made such a concession would be able to stay in power, and the Romanian King could retire.

Diendeshi says that the Hungarian government also takes a huge responsibility upon itself, and shows courage, because it would not stay in power, if it does not present certain territorial claims to Romania. In Diendeshi's opinion, the Hungarian government would be taking a big responsibility upon itself under such a solution of the issue, because in a situation of exchange of population, the Hungarian population would be transferred to the Hungarian part of Transylvania, and Hungary would lose the opportunity to raise the question of revision of borders forever.

Nagy points to the fact that the Hungarian government would not have any regrets if the Romanian King resigned, and says that Romania should also establish a republic.

Comrade Stalin explains that the Soviet Union and Poland exchanged population, and Poland received more than a million Poles, while only 400 thousands Ukrainians and Belorussians returned from Poland to the USSR, because there were no more of them in Poland. Comrade Stalin notes that this was also a courageous step, and probably there is no government in the world that would agree to such a resolution of the issue.

Diendeshi says that he would like to ask whether the Hungarian proposals regarding the return of a part of Transylvania to Hungary contradict the interests of the Soviet Union.

Nagy and also Sakashich propose that Diendeshi should not raise this issue before the Soviet government.

Then Nagy asks comrade Stalin to inform them if the Hungarian prisoners of war, imprisoned in the Soviet Union, could engage in correspondence with their relatives.

Comrade Stalin says that there is such a possibility.

Nagy asks comrade Stalin to allow him to begin negotiations on this issue with the Soviet authorities.

Comrade Stalin responds affirmatively.

Nagy says that comrade Stalin inquired about the perspectives for stabilization of the Hungarian currency. In this connection, Nagy asks comrade Stalin to tell them whether the Soviet Union could send one or two big specialists-experts to Hungary, who would be able to study the Hungarian economy and to give the Hungarian government advice for the purpose of improving the financial system.

Comrade Stalin says that he will think about it. Regarding the prisoners of war, comrade Stalin proposes that the Hungarian government begin negotiations with the Foreign Ministry of the USSR.

Gere says that in accordance with the armistice agreement, the Romanians arrested enemy property, including Hungarian property. There are significant Hungarian

investments in Transylvania, in particular in the coal mines of Petroshani, located in Southern Transylvania, in the sum of approximately 30-50 American dollars.[4] Gere asks whether they could propose these investments to the Soviet Union as a part of the Hungarian reparation obligations. The stock packet for the coal mines is in Budapest. Gere explains that they extract coking coal of high quality in Petroshani.

Comrade Stalin states that the Soviet government will think about the proposal regarding the coal mines of Petroshani, and says that comrade Molotov will inform them about the answer of the Soviet government on this issue.

Before leaving, Nagy expresses his hope that he would have another opportunity to be received by comrade Stalin.

The conversation lasted 2 hours and 15 minutes.

Recorded by GRIGORIEV

[1] As in the original. Should be Diendieshi

[2] As in the original. Should be Gere

[3] As in the original. Should be Diyula

[4] Apparently, they mean millions of dollars