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Folder Title:
Hungary 7/89 [OA 8489] [1]

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Davis/Martin
June 29, 1989
Title: Hungary
Draft: One

PRESIDENTIAL ADDRESS: KARL MARX UNIVERSITY
(Date, Time)

Ladies and gentlemen, Dr. Csaki (CHAH-kee). It's a pleasure to be back in Budapest, as the first American President to visit Hungary.

Some might find it ironic that I am speaking at a university named after Karl Marx. ((And I have to admit, from my vantage point, he does seem to be staring right at me . . .)) But those who know this great university know just how fitting this forum is for an American President to address the people of Hungary.

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May his funeral be remembered a thousand times longer than it was deferred.

As that slow procession moved through Heroes' Square, the rising voice of Hungary was heard in the singing of the Szozat (SO-zat). And in this simple, somber reburial, the world saw something more than a dignified act of reconciliation. We witnessed an act of truth. It is on this foundation of truth, one more solid than stone, that Hungarians have begun to build a new future . . .

While Hungary rediscovers its natural role in the affairs of Europe, America is rediscovering you. One of the ((bestselling)) non-fiction books in my country today is entitled Budapest 1900. Dr. John Lukacs lovingly describes the Budapest of memory, the golden age when the broad tree-lined boulevards of this city were alive with color, when . . . ((Quote to come))

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Hungary's new openness at home is reflected abroad. Your government has opened relations with South Korea and may recognize Israel before long. More than one hundred thousand Americans visited Hungary last year -- and more than 20,000 Hungarians have come to America. This very university operates

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The Soviet Union has withdrawn many troops, which I take as a first sign that Moscow truly respects your sovereignty. And as they leave, let the Soviets know they have everything to gain, and nothing to lose or fear, from peaceful change. **Nor should we fear new thinking from Mr. Gorbachev. We can work together to move beyond containment, beyond the Cold War.**

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This is possible because brave men and women have formed opposition parties. And this is possible because Hungarian leaders are showing the ultimate political courage -- the courage to submit their names before the people.

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The United States believes aid should accelerate change, not delay it. So this our guiding principle -- the United States offers aid not to prop up the status quo, **but to propel reform.**

Of course, the dead weight of the past still burdens Hungarian enterprise. The remnants of the Stalinist economy, with its huge, inefficient industrial plants; the bewildering price system no one understands; the massive subsidies that cloud economic decisions -- all of this slows what you could otherwise achieve. It's an economic Rubik's Cube that defies solution.

And, ultimately, it's a burden to be discarded. To make the transition to a market economy will test your mettle as a people. The prices of some commodities will rise. Some inefficient factories will close. Many hard choices already await you. But the creative drive of the people, once unleashed, will create a momentum of its own. This will eventually bring you something greater than riches -- though riches you will create. It will give you control over your destiny . . . **a Hungarian destiny.**

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are forming a single market. Soon you will have the chance to trade with this new economic colossus. But the United States will also be your partner in this transformation to a successful competitive economy.

So with trade in mind, once your future Parliament legalizes the free movement of its citizens, I will inform Congress that Hungary is complying with the 1974 Trade Act. This will entitle you to the maximum most-favored nation tariff status possible under U.S. law. Simply put, you will have more open access **to the largest single market in the world.**

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direct private-sector investment in Hungary -- investment where it counts, in Hungarian **factories, products and jobs.** ((PAUSE))

I am pleased to note the recent U.S.-Hungarian agreement to promote the formation and development of small, private businesses all across your country. Called the Hungarian Enterprise Group, this center will match venture capital, both foreign and Hungarian, with entrepreneurs -- the small businessmen and -women with the grand ideas.

I have also asked the U.S. Congress to authorize the Overseas Private Investment Corporation to encourage American investment in private enterprises in Hungary. So far, little encouragement has been needed. Consider the American investment company, Bears-Stearn, which has already established a special "Hungary Fund." This private pool of investment will purchase shares in Hungarian companies, helping to develop a Hungarian stock market.

What does private investment mean for Hungary? Yesterday, at Kossuth Square, I quoted the words of that great Hungarian patriot. But it was another Hungarian patriot, a contemporary of Kossuth, Count Szechenyi (Say-chaney), who coined a phrase in his great work on economics: "Magyarorszag Nem Volt, Hanem Lesz."

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In fact, our student exchange programs are the most successful. They have grown fast and can still accommodate thousands more. For this reason, I am pleased to announce that the United States Information Agency is going to initiate six new youth exchange programs in Hungary. I hope that some of you here today will soon have the opportunity to visit the United States.

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((Substance to come))

Pollution is no respecter of borders. Let us work together to save our common heritage.

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I see a great Hungarian future in the bright faces of your students. But not all young people in the East Bloc have as much freedom as you do to plan their future. Certainly not your brothers in Transylvania. Certainly not anywhere in Romania.

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Because of your courage, that is the Hungary we can see before us; a better Hungary, a greater Hungary, a place any countryman of freedom could call home.

Thank you and God bless you all.

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Davis/Martin
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# # #

Marothy Rejects Criticism

LD0206224389 Budapest MTI in English 1722 GMT 2 Jun 89

[Text] Budapest, June 2 (MTI)—In the debate over the controversial Gabcikovo-Nagymaros barrage system, Laszlo Marothy, minister for the environment and water management, made an impromptu speech in which he categorically rejected the accusations against him which suggested he had misled parliament in the motions presented earlier.

Mr Marothy reported that nowadays many responsible leaders were thinking seriously about the limit to remaining in public office in the present state of affairs. He himself had been pondering on this, but now was not the time to take stock.

Nemeth Answers Questions on Phone-in Show

LD0406151489 Budapest Domestic Service in Hungarian 0700 GMT 4 Jun 89

["Calling telephone 338-378" phone-in program, presented by Istvan Vizinger, with Prime Minister Miklos Nemeth as guest—live in studio]

[Summary from poor reception] The first part of this interview deals exclusively with Nemeth's private life, questions being put by Vizinger relating to Nemeth's family, his hobbies, and so on. Nemeth says obviously his responsibilities mean he has less time to spend with his family than before, but at the end of the week they do discuss the week's successes and failures with his children. He and his wife like going to concerts; he discusses his work with his wife. He outlines how he spends Sundays, adding that nowadays he often has work to do on both Saturdays and Sundays. He goes on to say they have a modest flat, bought with parental help. Asked about the decision to suspend the construction work at Nagymaros, Nemeth again outlines the points made in his National Assembly speech, saying that investigations are being carried out during the period of suspension.

A listener asks Nemeth if he has ever thought of leaving the Politburo and carrying out his premieral duties as a simple party member, with greater independence. Nemeth replies that the present situation is a transitory period of breaking with the party-state structure, but in a future coalition government, in which everyone represents some party or platform, the question will not be so important. Thus it will resolve itself after the next elections, which will be contested by all parties.

Asked how he can carry the burden of responsibility in so many matters, Nemeth replies this is why the government has advisors and advisory bodies, and why the government attaches greater importance than before to the opinions of scientists and academicians. Vizinger points out the contradiction that Nemeth, when working for the party Central Committee's Economic Policy Department, gave advice to ex-Politburo member Ferenc Havasi, whose economic policy activity Nemeth now is forced to criticize. Nemeth replies that Havasi was a reform politician working to the best of his ability in a certain environment, and it is the decision-making mechanism rather than the individual that should be criticized.

Nemeth is asked the reason for haste in economic matters. In reply he refers to the great burden this government has had to take on as a legacy from the past, and to the gravity of the current situation.

A listener asks if the government intends new legislation with regard to pensions. Nemeth replies that work on a new pension law has been going on for some time, it is obvious that this law is needed within the framework of radically reforming the social policy system.

Vizinger then says: "Let us look ahead to 16 June. How do regard this?"

Nemeth says this day will be a watershed, a day of national reconciliation and mourning, the opening of another phase in which energies must be turned to the tasks of the future. "The government also felt itself obliged to insure conditions connected with the study of the trial documents. it is my current view that the supreme state prosecutor will be able to express his legal stance before the burial. In essence, it can be seen from the investigations to date that this whole (?crime) contained conceptional elements and was unlawful, even according to the legal regulations existing then. Taking all this into account, I can say that with this, the legal and in essence political rehabilitation of Imre Nagy and his companions will take place. If all this is so—and I would say it will be so—then before the funeral we would like in a government statement to urge everyone to behave responsibly. This is not an occasion for parties to compete with each other in (?how true) Imre Nagy was. The day of the burial of Imre Nagy and his companions, as I emphasized, must be a day of reconcoliation and accord.

Vizinger: "Will you be there in Heroes' Square and the cemetery on 16 June?"

Nemeth: We have continually worked together in the preparatory work with the families and the Committee for Historical Justice, and one of our guiding principles is to do everything according to the wishes of the family.

Vizinger: "National Assembly Speaker Matyas Szuros said yesterday on the'168 Hours' program that he considered it probable that Miklos Nemeth would place a wreath on behalf of the government, with the two state ministers present."

Nemeth: "I would place the emphasis on the word probable. We still must consult with the family members. We will find the way to do this next week. I, too, consider it probable."

Vizinger: "What happens if the Committee for Historical Justice does not (?allow) the government to participate?

Nemeth: "Then I say now, if such a sentence were to be voiced, that we respect the indication and stance of the Committee for Historical Justice or of the family. At the same time, as a private individual, anyone, even a Central Committee member or a government member, can participate in the funeral. This is one thing; it is something else for him to place a wreath on behalf of the government.

Vizinger: "So, does this mean that whatever happens in the coming days, Miklos Nemeth will definitely be there in person?"

Nemeth: "In all probability, yes."

Vizinger: "We have received a question without a name: "What is your opinion on the evaluation of 1956?"

Nemeth: A long task of investigation lies ahead of us. "What is certain is that on 23 October there was an uprising, a popular uprising against a Stalinist system, a system of despotic rule, an uprising that formulated rightful and just demands, but in the course of time, the events became more complicated, both internally and externally. As to what evaluation can be given of these events, we still need numerous internal and external pieces of information, facts, and documents. I dare hope and trust that the socialist countries concerned will help in this work. It would be very good if this were to reach a resting place as soon as possible, and be given its place in our history. However, a long, long time is needed to prepare an evaluation that will put everyone's mind at rest, for individual people lived through these days and the events in different ways.

"What is certain is that this was a national tragedy. It also is certain that a fratricidal war was fought in the country, and that both sides were convinced they were right. However, we must not forget one thing: Hungarian blood was spilled on Hungarian soil, so these events must be looked at dispassionately, soberly, and very factually, and so must the statements by Imre Nagy and Janos Kadar, and the way these statements changed, so that the events may never be repeated. We must carefully examine the changing circumstances at the time and why the (?attitudes) of the individual sides changed. I would not like to go too deeply into this here on this radio program. I only want to convey how great is the responsibility of historians and political scientists, and that they must be given every opportunity to give the most [word indistinct], precise and nuanced evaluation of events possible. In general, the people, public opinion, have their own opinion, their own stance on every event. Often the official interpretation of an event does not coincide. We must work so that the two become closer and coincide. An evaluation can be condemned; it can be disagreed with, say in the case of public opinion or the people, but there can be no argument regarding anybdoy's right to evaluate in a certain way."

Vizinger: "I respect your indication that this short space of time is not really sufficient for us to talk about this period in detail. We will hold a short break, but first, one more question in this connection: Is it planned to make 23 October a holiday?"

Nemeth: "We still have to talk about many things, both among ourselves and with the alternative organizations. I think it is still too early to raise the question of whether or not 23 October will be a national holiday. I would consider it too hasty to say a determined yes, but just as hasty to reply with a determined no." [break for music]

Asked the definition of a reformer, Nemeth replies that a reformer is someone who, in the existing conditions and taking reality into consideration, wants faster progress in achieving a breakthrough. However, every reformer also has a yearning for stability, and thus can be accused of being a fundamentalist. Let everyone decide for himself whether he is a reformer or a fundamentalist.

Asked when, in his opinion, the elections should be held, Nemeth says that this should be agreed between the parties. There are many arguments in favor of early elections, particularly the uncertainty in the country, but the parties must be given the chance to prepare themselves organizationally.

Vizinger: "With the elections there will be a division of power. Can you envisage that the Hungarian Socialist Workers Party [MSZMP] might let go of the ministries of defense, interior, or foreign affairs? If so, how can the Warsaw Pact conduct talks with a defense minister who belongs to the opposition?

Nemeth: "I have never heard of a party anywhere in the world which approaches elections not wanting to win. Well, let us return to this question after the elections. I believe that the MSZMP will remain in power, even if sharing power with coalition partners. This is in the interest of the country as well, and it is also in the interest of international politics. It will then be a question of negotiations who gets which ministries. Naturally, the three ministries mentioned are key ones, but as to which will go to whom, this is not something I can predict at the present time."

Nemeth is asked for his estimate of how much support the opposition has in the country. He says that there is no way of telling; the elections will reveal the answer.

On the question of whether there can be a reform dictatorship, he says that a firm reform line is not a reform dictatorship, it is in the fundamental interest of the country.

Vizinger: "Laszlo Szegoe, from Szeged, asks: When will it become timely for the country to become neutral and to leave the Warsaw Pact?"

Nemeth: "Well, this is not a decision for a country alone. Much depends on the position and interests of the great powers. Thus, it is not just a matter of what Hungary thinks on this matter. We must endeavor to stabilize the balance of strength at the lowest possible level of armaments. We must work on eliminating the existing military alliances; then, if I may say so, it is almost as a matter of organic development that we will achieve neutrality. For this, the East-West dialogue must be strengthened. We are progressing in the right direction. We must strengthen the economic relations because if the trade and economic relations are strong, then these military and military-political questions take a back seat.

"I regard it as very important to move toward neutrality, but let us be realistic; let us be objective, this is what I wanted to stress when I mentioned the great powers, the balance of strength."

Asked when this generation of Hungarians will come to the point of making their own decisions on the country's future, Nemeth says that he is confident this is imminent. Fortunately, the international background is promising in this respect.

Vizinger: "Melinda Botta, mathematics teacher, asks: Would you profess friendship with Karoly Grosz in front of public opinion, or are you one of those who want to become popular by denying him?"

Nemeth: "Well, in politics categories such as friendship and personal links are not the most appropriate, in my opinion. At the very beginning, when the National Assembly elected me premier, people said that I was not independent, that I was Karoly Grosz' man. Nowadays, when I hear criticisms, they ask why there is not greater unity within the leadership and why there are conflicts on certain issues between Karoly Grosz and Miklos Nemeth."

Vizinger: "Are there really conflicts between you?"

Nemeth: "This is what public opinion says, but I would like to say the following in this connection: First, the time is past—and it is a very good thing that it is past—when a leadership had to show monolithic unity on every issue, using the same words in the same way before public opinion. I mention only in parentheses that there were conflicts inside the old leadership as well, in earlier politburos, too, only they did not become public. However, publicity is different now from what it was even 10-12 months ago, and it is right that it should be different. It provides greater social control: it insures that people can decide which ideas by which politicians contain a kernel of truth.

"Second, it is very important for leaders to be able to say what they think on basic issues. If this differs from the views of another leader, if the emphases are placed differently, then this is not a matter of conflicts, friendship, or personalities, but of a different type of thinking, a different system of values, and so on. Our society also will gradually have to become used to the idea that on given issues there can be differences between leaders, but that nonetheless they are in the leadership of the same party, they serve the same policy, and so on. In this sense, I consider that the question put to me is exaggerated, and that the fact that it is put to me so sharply and so often is connected with the level of our political culture."

Vizinger: "In that case, I will not question you further about this conflict, but it is perhaps no exaggeration to say that for someone who reads the papers, watches television and listens to the radio, it appears that the power situation today is that there are three outstanding, strong politicians: Karoly Grosz, Imre Pozsgay, and Miklos Nemeth."

Nemeth: "I think we should include Rezso Nyers."

Vizinger: "One could, naturally, include others as well. I think that these names can be linked in various configurations. The question is this: Do these people belong to the same power center—they are Politburo members—or do they represent different forces within it? Is it the case that they each support someone and consequently do not support someone else, even if they actually happen to agree? [words indistinct]

Nemeth: "The government is a policy-making executive power center, which sets the pace of reform, both politically and economically. In this respect, there can be links as well as conflicts between the people working in the political sphere, the party leadership, and those in the government. After all, the party pursues the right policy when it restricts itself to the strategic direction, whereas in the government it is the specifics that are dealt with. I think that in this reform spirit there is scope for the development of a new type of unity, but let me stress once again, this will contain different shades: the different approaches will manifest themselves and people will line up behind them. This is what we wanted, that it should be more colorful, that differences in interest should manifest themselves, that platforms should appear. It is my conviction that this will lead to better decisions on the questions of the future."

Nemeth is asked whether he has plans for a government reshuffle soon. He says that there is no need for a reshuffle now. At the same time, "It is no secret that we are working on the reorganization of government work in the functional areas, meaning planning, the budget, prices, wages, and so on. If the organizational changes bring forth a need for further personnel changes—and this is something that we will be able to see at the end of

this year or the beginning of the next—then there will be changes, but I trust that the present team is united and knows what it wants; it does not need to be reshuffled."

Vizinger notes that the questions not answered on this program will dealt with in MAGYAR HIRLAP and the UJ TUEKOER.

French Daily Interviews Foreign Minister Horn

PM0606105889 Paris LIBERATION in French 1 Jun 89 pp 29-30

[Interview with Foreign Minister Gyula Horn by Pierre Haski—date and place not given]

[Text] LIBERATION: Do the Warsaw Pact countries still have a common view of human rights?

Gyula Horn: This general common view of human rights did not even exist in a monolithic way in the past. Each country had its own national peculiarities depending on the style of the ruling party. What is very important is that the civilized interpretation and practice of human rights has begun in a number of countries—in the Soviet Union, in Poland, and in Hungary. This is a great step forward, primarily in these three countries.

LIBERATION: This gives rise to major discrepancies among the speeches by the East European countries at the CSCE.

Gyula Horn: These countries do not have any concerted positions. The Warsaw Pact is not concerned with human rights issues, it has other functions. There are no norms to follow in the human rights sphere. We think that the path to be followed is that of the civilized implementation of the international norms of human rights.

LIBERATION: Does the fact that you are developing differently from your partners cause problems for you?

Gyula Horn: It would obviously be desirable for our thinking to go in the same direction. It is not a good thing to have disparities. But Hungarian policy is not concerned with measuring the differences. We are following our own path with our own people and our own demands.

LIBERATION: In your speech you mentioned the question of minorities, referring to Romania. How are you continuing your action in favor of the Hungarian minority in Transylvania?

Gyula Horn: It is obvious that we are not able to achieve results in the sphere of bilateral relations with Romania. The Romanian side is not prepared to discuss these problems. We are making proposals which they reject without even negotiating. What we are doing is talking as much as possible in international forums. We did that in Vienna, Geneva, and New York, and expressed our position, because Romania is a party to international agreements.

LIBERATION: Do you intend to invoke the CSCE's monitoring mechanisms in the human rights sphere against Romania?

Gyula Horn: Yes.

LIBERATION: But Romania refuses to bow to the rules contained in the text signed in Vienna.

Gyula Horn: That is unacceptable. I expressed my position in my speech: The pledges which we signed apply to all countries. I hope that Romania will change its position in the light of international stances.

LIBERATION: What do you think is preventing Romania from moving toward greater freedom?

Gyula Horn: (He smiled—LIBERATION editor's note) You will have to put that question to the Romanian delegate. But in every society it is politics which decides things and you may have to seek the reasons for this behavior in politics.

LIBERATION: There is a dispute between you and another of your neighbors—Czechoslovakia—following the cancellation of the construction of the Nagymaros dam in Hungary. How do you plan to settle that?

Gyula Horn: Our prime minister visited Prague recently. We want to find a solution to this problem through negotiation. Our aim is to change the agreement, not to cancel it. There is no question of violating the agreement, but it must be modified to take account of ecological dangers. My feeling is that there is a desire to open such negotiations on the Czechoslovak side.

LIBERATION: To what extent has Gorbachev's restructuring helped the Hungarian reforms?

Gyula Horn: The Hungarian process started independently and, even now, it is continuing on the basis of our own decisions. At the same time, events in the USSR are a major contribution. For instance, the USSR began to practice openness before us. Glasnost in the USSR is a stimulus for Hungary. The important thing is that the Soviet leadership is open to the modernization of bilateral relations between Hungary and the USSR.

LIBERATION: Is the "Brezhnev doctrine" (of limited sovereignty in the Eastern bloc—LIBERATION editor's note) finished?

Gyula Horn: I do not think it could ever return.

Budapest Urges Postponement of Visits to PRC

LD0406175889 Budapest Domestic Service in Hungarian 1630 GMT 4 Jun 89

[Text] The Hungarian Foreign Ministry has stated that our Beijing Embassy has taken the necessary steps to protect the Hungarian citizens staying in the Chinese capital. At the same time they call on all those who want to travel to China in the coming days on an official or private trip to postpone their journey in view of the tense situation.

Citizens in Beijing Warned

LD0506105589 Budapest Domestic Service in Hungarian 1000 GMT 5 Jun 89

[Text] The 20 Hungarian students studying on scholarships in the Chinese capital have been moved into the Hungarian Embassy, because rumors have been spreading that the Army might enter the universities.

The 60 Hungarian citizens staying in Beijing are otherwise safe and sound. However, our embassy has appealed to them not to leave their places of residence if possible.

The Foreign Ministry in Budapest has declared that if the severity of the military measures in Beijing is further increased, then wives and children may have to be recalled. They reminded people that similar measures were taken at the time of the Chinese Cultural Revolution.

Poszgay Interviewed by FRG Television Station

Says Hungary Not To Leave Pact

LD0306090189 Budapest Domestic Service in Hungarian 0500 GMT 3 Jun 89

[Text] Bonn—Our homeland will not try to leave the Warsaw Pact because despite the existence of the military blocs. it still is possible to conduct an open foreign policy, said Imre Poszgay, minister of state and member of the Hungarian Socialist Workers Party Central Committee Politburo in his statement to West Germany's ZDF television station. The politician emphasized: We are open economically, we are taking part in regional unions, and we are not hindered in these by the Warsaw Pact.

On those guilty in the Imre Nagy trial, Imre Pozsgay said that another judicial calling-to-account is unlikely, for then the affair never could be closed. Speaking about the role of Janos Kadar, he emphasized—the Hungarian leader must be judged by a later age. According to Poszgay, Janos Kadar was a contradictory personality, who can also be accused of compromise, but at the same time must be credited with the consolidation and upsurge in Hungary.

Views Romanian Problem

LD0306083589 Budapest Domestic Service in Hungarian 0800 GMT 3 Jun 89

[Text] The FRG could help set the Hungarian economy to rights with entrepreneurial capital. Imre Pozsgay, minister of state, spoke about this in an interview given to the West German ZDF television. The Politburo member made the statement at the end of his visit to the FRG. In connection with Romania, he declared that in the eyes of the Hungarians, Nicolae Ceausescu embodies the policy of trampling human rights underfoot, resulting in tens and hundreds being deprived of home and country. He added that it is not a question of a Hungarian-Romanian, but a European problem.

In reply to the question of whether he has chances for the post of general secretary, Imre Pozsgay said that he is not striving for the office, but if the forces of renewal have to be led, then he will accept this post.

Comments on Reform

AU0306201189 Frankfurt/Main FRANKFURTER RUNDSCHAU in German 3 Jun 89 p 12

[Interview with State Minister Imre Pozsgay by ZDF journalists Klaus Bresser and Klaus-Dieter Siegloch in Mainz, based on an interview aired by Mainz ZDF television network in a program entitled "What next, Mr Pozsgay?" at 2055 GMT on 2 June. FRANKFURTER RUNDSCHAU "reprints the ZDF interview on the basis of a copy received from the broadcasting station"]

[Text] Bresser: What next Mr Pozsgay? Hungary is regarded as the most important country of reform within the communist bloc, and you are seen as the driving force. Some people call you the "Hungarian Gorbachev." In reality, however, you go much further than Gorbachev. Is communism dead? This is my first question.

Pozsgay: The type of communism that was created during the Stalin era is certainly dead. Proof has been furnished that this type of communism does not work. Its human side is not acceptable for the people who live under this type of communism. It cannot be reformed. For this reason, what was created by Stalin, which is described as the Stalinist model, must be abolished. It cannot be reformed. This is the essence of Hungarian reforms, which deviate considerably from other reform efforts. However, I must add that the Soviet Union has to tackle quite different tasks and that it is pursuing quite different goals from Hungary. Hungary is more in a position to operate as a ferryboat, both because of its size and flexibility.

Siegloch: Mr Pozsgay, you have started a number of reforms to abolish this Stalinist model. You made possible the founding of other parties, besides the Communist Party. You wanted to participate as a candidate in

free elections next year. However, do you really think that the Communist Party will accept a possible loss of the majority in these elections?

Pozsgay: This is the only way, if it accepts and takes into consideration the status of the minority or the opposition. Of course, nobody can seriously expect a political party to enter an election campaign or elections with the intention to suffer a defeat. However, the new electoral law must ensure that all groups are given the same chances, that open competition becomes possible. The rules of this competitive situation must include that we, the Hungarian Socialist Workers Party [MSZMP], struggle for a majority.

Bresser: Mr Pozsgay, this means that you risk the dismantling of the communist system. You consciously accept the risk that communism and this system, which you have had since the war, will no longer exist after the election, during which others may emerge as the winners.

Pozsgay: Yes, we definitely calculate this risk. However, those who want free elections must be prepared to take this risk. You are quite right: If the MSZMP wants to be consistent in this electoral system, it must take into consideration and be prepared to accept the dismantling, the failure of the system. However, I am confident that Hungarian society would accept a democratic socialism that ensures democracy, a socialism that is not created on drawing boards in laboratories, but that grows from below on the basis of human rights and of human freedom. This is my idea of a democratic society, where the market, the market economy, and enterprises exist, but where solidarity among the people also assumes an important role.

Bresser: Are you sure that the Communist Party will get the majority of the votes?

Pozsgay: Yes, I hope so and I am confident. However, this will no longer be a party of the old style, but a renewed party that has come to terms with its past, which has reappraised its past, which has come to terms with its sins, which supports the above-mentioned European socialist values, and which is no longer based on certain ideological principles, but a political party that is prepared to wage a political struggle, and which offers ideological positions to its members that can be supported by the people, that seem authentic and legitimate to the people, and which are in a position to provide new accents to this policy. Those who are responsible for the sins of the previous system will be pushed into the background.

Siegloch: Mr Pozsgay, all this sounds very good. However, quite a number of members of the Hungarian opposition are skeptical about whether you are serious about what you are saying. Your democratization is a mere show for Western money lenders, Hungarian opposition members have claimed. Do you want to save Hungary's ailing economy with Western capital?

Pozsgay: Democracy in a showcase is useful. I would like to stress this. And if real democracy is displayed in this showcase, this can be attractive for the people. I understand the distrust of the opposition; it has good reason for not trusting the party, particularly if we recall the period between 1945 and 1948, a period when pluralism was abolished and dismantled in Hungary, for which this party is responsible. However, I would like to add that we really need Western capital, but we do not make our society more democratic and human with this in mind. Capital is not overscrupulous in choosing social or political systems. If this were not the case, how could one explain the fact that more foreign capital is being invested in Burundi, for example, than in Hungary? I would not say that Burundi has a more civilized system than Hungary.

Siegloch: Let us take a look at reality. For the population in Hungary, the reforms mean first of all lower wages and runaway inflation; there is even unemployment, a phenomenon that has so far been unknown in socialism. Are these the sacrifices that you expect the population to make for the reforms?

Pozsgay: These sacrifices are necessary; we cannot carry out the reforms without them. This is why we need democracy. In my view, there is nobody else in our country who could make these sacrifices other than the people themselves. However, in this case the people should have the right to determine who is to be called to account for what happened in the past and for whom it is ready to make sacrifices in order to catch up with the world economy. This will be a difficult path which will require real sacrifices. Western political and economic support may have a moderating effect, and the West may also benefit from the resulting changes. Hungary does not want any alms. Hungary wants to prove to Europe that it really fits into the picture of a unified Europe. Hungary would also like to point out that the European balance would be endangered if the Hungarian crisis were to end in a catastrophe.

Bresser: You have toured the FRG during the past few days. How can Bonn and the Germans support your reform course?

Pozsgay: In various ways. In political terms, they can help by following and observing the development in Hungary attentively, and by making the public aware of what happens in Hungary. This television program is a very good example of this. I believe that the media could help us a great deal today. World attention must continue to focus on events in Hungary. This is the fourth attempt in Hungary during the past 45 years to find a way out of the existing situation. For this reason, Hungary is currently playing a role that goes far beyond its geographical size and its political significance. We must be aware of this; we must start from this basis. There is another aspect to financial support: If active capital is invested in Hungary, if investors are ready to invest capital in Hungary, it can be guaranteed that the profit

can be transferred back in convertible currencies. Another thing should be borne in mind: The FRG could also provide credit capital to help us establish strong medium-sized enterprises in the private sector, which need loans to acquire modern technologies, know-how, et cetera, so that strong medium-sized private enterprises can be created in Hungary.

Siegloch: Well, this was an appeal to the German enterprises to become active in Hungary. You said that the reforms you want to tackle now are an admission ticket for Hungary to Europe, to Western Europe. If the the single market becomes effective in the EC countries at the beginning of 1993, would you like to participate?

Pozsgay: Hungary has no illusions. What I say is, of course, an appeal to the German economy, to the German enterprises, to become an active Hungary. I think that entrepreneurs usually like to take risks, and that they recognize advantages that may result in the form of compensation deals and from competition. They should carefully think things over. Concerning closer relations with the EC, we have already concluded a limited agreement with the EC, which, however, is of outstanding political significance. It will be very difficult for Hungary to go beyond this agreement. Considering the huge crisis package that we are carrying on our backs, it will hardly be possible for Hungary to be accepted by the EC. We are well aware of this fact. We are realistic in this respect. On the other hand, in order to learn how the market works and to learn how to produce competitive goods, we must and would like to participate in a tough market like that of the EC, even if we will not become a member. Of course, we would not reject membership, but I would like to repeat that we are realistic. We do not believe that the EC is very keen on our membership. As far as the European institutions are concerned, such as the Council of Europe or the European Parliament, we would like to participate.

Bresser: That means you would welcome closer ties. You started something else in your country. On your 340-km border with Austria, you started to dismantle the Iron Curtain, to remove the signaling installations and the barbed wires. Where will this lead? Will you continue to be a member of the Warsaw Pact or do you consider it possible to withdraw from it?

Pozsgay: The dismantling of the Iron Curtain, as you called it—let us use the technical term of the elimination of the technical frontier barrier—is a real political act on the part of Hungary. This is an expression of the fact that the Hungarians citizens are free. They have a passport that is valid for the whole world, and they are free to leave the country whenever they want. For this reason, the Hungarian Border Troops do not defend the Hungarian border against Hungarian citizens. We wanted to demonstrate that we observe this basic principle, and I believe that the elimination of the technical frontier barrier is a symbol of our attitude.

The question concerning the Warsaw Pact is something completely different. I think that the start of the withdrawal of Soviet troops from Hungary is an important factor of international detente, and this has apparently been noticed by the international public. However, I would also like to state that Hungary considers itself to be sufficiently sovereign. The opponents to the reforms in our country cannot rely on support among the population. On the other hand, Hungary does not want to disturb the balance on major international issues. For this reason, Hungary expects the large, opposing military blocs to develop sooner or later into bodies for international dialogue and to finally abolish themselves. At this point, Hungary will know what place to occupy in this new European order.

Siegloch: Mr Pozsgay, this is a very future-oriented perspective. To define your government's room for maneuver, let me specifically ask how far Hungary can go. Is it possible for Hungary to leave the Warsaw Pact against Moscow's will?

Pozsgay: Hungary does not want to make such an attempt, and Hungary does not want to answer this question. We have had certain experiences in this respect which suggest that a sovereign policy can be pursued already at this point, now that more understanding has been achieved between the military blocks, and that one can act without taking into consideration the logic of the blocks. I have already stated that we have opened up our economy, that we are present in the world market, with all our deficiencies, of course. We have established contact with all European institutions, and we also participate in certain regional cooperation. The Warsaw Pact does not interfere with this. For this reason, the Hungarian public does not consider this a decisive question at this point that would determine the fate of the Hungarian reforms.

Bresser: Mr Pozsgay, you have arrived here as a transit traveller from the GDR. What do you tell the comrades in East Berlin who are concerned that GDR citizens might escape to the West across the open border in Hungary?

Pozsgay: This issue was not raised. They did not ask me questions in this respect. However, if they were to ask me I would recommend to them that they trust their own citizens. They should not be afraid of granting exist visas to them for visiting Hungary. There they will be accepted with hospitality. I do not think that the elimination of technical frontier barriers has a decisive impact on the life of citizens of a country or that it changes their lives. On the other hand, it is not our task to concern ourselves with the citizens of other countries. Hungary will continue to extend hospitality to GDR citizens.

Bresser: It has become common practice in this program to mention some issues to which we ask you to reply spontaneously and briefly, with one word, for example. The first one is Solidarity.

Pozsgay: Cooperation among workers comes to my mind, and the first attempt that was made in Eastern Europe to bring about changes by peaceful means. In Hungary this takes place through the establishment of parties, in Poland on the basis of a trade union movement.

Siegloch: The Berlin Wall.

Pozsgay A long-lasting episode in European history, an expression of the suffering of the German people.

Bresser: Ceausescu, the head of state of your neighboring country, Romania.

Pozsgay: In the Hungarian's view, he embodies an arrogant and misanthropic policy that tramples on human rights, and as a result of which tens of thousands and hundreds of thousands become refugees. This is not a Hungarian-Romanian conflict but a European problem. We are dealing with a self-sufficient system that ignores the fact that we live in the 20th century.

Siegloch: My dream.

Pozsgay: That we enter a historic period in Hungary where it will be boring to be a politician, and where it will be very cheerful and beautiful to be a citizen.

Bresser: Austria and Hungary.

Pozsgay: Relations between the two countries have never been as good as they are now. The joint Austrian-Hungarian history, the suffering, and the negative aspects belong to the past, and a promising future lies ahead of us.

Siegloch: Demonstrations in Beijing.

Pozsgay: Weapons are powerless if they are used against the people's will.

Bresser: The Prague Spring.

Pozsgay: The first attempt that was made to bring about reforms on the basis of communism within the party's inner circles. More patience would have been required and the outcome should have been awaited.

Siegloch: What happened in Prague in 1968 took place in Hungary as early as in 1956: Soviet tanks against demonstrators who called for freedom. Is there agreement now among your party about how the 1956 events are to be interpreted, as a counterrevolution or a popular uprising?

Pozsgay: No, we have not reached complete agreement. There are still many people today who insist on a false evaluation of history, but I believe, on the basis of my experiences, that the majority of the basis, the majority of our members, think that the 1956 events were a popular uprising. In this way, the party is acquiring a new identity.

Bresser: At the time, the insurgents made the former prime minister, Imre Nagy, again prime minister. After the failure of the uprising, he was executed. Now, in 2 weeks' time, he will be buried again in a ceremony. Will those who were responsible at the time be called to account after 30 years?

Pozsgay: I do not think that one should call them to account by taking them to court. In this way, the process surrounding Imre Nagy would never come to an end. What took place at the time was a judicial murder. Legal proceedings were instituted on the basis of controversial political issues, and a death sentence was passed. If a trial were opened again because of the same issue, this would mean that we will never achieve national reconciliation.

Bresser: In such a case, it would also be possible to summon former party chief Kadar before court.

Pozsgay: For this very reason, I believe that this is not necessary. Those who were responsible at the time should be removed from power, but they should not be brought to trial. Future generations will judge Kadar. He was an inconsistent politician who can be accused of many wrong steps, and wrong decisions, such as in the case of Imre Nagy, for example. However, on the other hand, he introduced a period of consolidation, during which he realized all of the demands of the popular uprising. This is also linked with his name.

Siegloch: Janos Kadar was removed from power last year. He does not even hold a honorary position in your party now. The position of his successor, Grosz, is not very solid either. At least, this is how things present themselves here. Do you consider it possible that the new man at the head of your party will be Imre Pozsgay this fall?

Pozsgay: This is an open question, just like the question as to who would have been able to manage to bring about the political transition, the political changes, last year. This is also an open question. It is not my personal ambition to become party chief. However, if this were necessary to help ensure the renewal of the country and the party, I might not reject such a call.

Bresser: Radical changes in Hungary, a multiparty system, free elections, the rule of law, religious freedom, private ownership, private economy—in view of all these aspects, in what points do you differ from a social democrat?

Pozsgay: I must admit that I do not think about things like that. What I am interested in is that these goals and projects are realized. I myself have no identity problems. Let the social democrats have identity problems if they

things bigger small

Symbols like B.W. down to things that we take for granted

Examples

copies, typewriters, etc.

~~Missiles~~ family

(1) Insert for Alcorn speech - referring to just yesterday announced "REINTEGRATION"

VERSION #

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(2) "REINTEGRATION" BEYOND CONTAINMENT - TITLE

LONG

too long page or two

(X) PEACE through Strength - tried. ←

(Y) Allies throughout

(Z) Tone / clearly should take the next step - IRONASS part TOO BEGRUDGING

✓ ✓ ✓ ✓ ✓

can a Soviet citizen (John Q. Public) visit their relatives

whole family

Yeah, were making progress no
Can you buy a NYT, a Le Monde, no
By this book, this book — no

How can S.U. denounce these openness what goes beyond mere words

The Communist Manifesto is ~~nine years to~~ day of its 150th birthday. When written, Karl Marx was

codify emigration laws - illustrate

~~The~~ One hundred and forty-one years ago, Karl Marx wrote that the spectre (CAPITALIST) of communism was haunting Europe. But Today, the spirit of freedom is

~~The~~ Karl Marx wrote that the spectre of communism was haunting capitalist Europe. But today, it is ~~a~~ spirit of freedom that is sweeping the world. Hungary, Moscow/Peking Marxism is discredited, disgraced ... vied

On the Day of Karl Marx, the spectre of communism haunted capitalist Europe. But today, it is a spirit of freedom that is sweeping the communist world. ~~In Hungary~~ ~~Poland~~ ~~a Political~~ Marxism is discredited, ~~exiled~~ The religion without a God, loosing a faith without followers.

A common European home is a Western proposal. ~~It was resisted~~ There would be a common European home if it were not for the presence of Soviet tanks, ~~Soviet~~ menancing the Berlin Wall, and the chilling shadows of the Brezhnev Doctrine.

When will we see Le Monde, Dateline, the NYT When will we see NYT trains on newstands in Moscow - like hundreds of other cities When will see (book) on ~~the~~ S.U. is totally committed to openness.

MEMO

(1) [redacted] Whimp line

(2) Title FACT sheet [redacted] "BC" or "BC... Rein."

[redacted]

(3) Examples "NYT," etc.

Pozsgay Addresses West Berlin European Academy

AU1306125289 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 29 May 89 p 5

[Report by Jochen Winters on speech by Hungarian State Minister Imre Pozsgay at the European Academy of Berlin: "Human Rights, Civil Liberties, Multiparty System"; date not given]

[Text] Berlin, 28 May—The director of the European Academy of Berlin, Kraetschell, had hardly dared hope that such a bold idea could become reality. He had invited the Hungarian State Minister Imre Pozsgay, who has also been a member of his party's Politburo since last year, to deliver a festive speech on the occasion of the 25th anniversary of the European Academy of Berlin. Despite all difficulties, the reform-minded politician had driven by car directly from Budapest, traveling through the GDR. The 55-year-old Pozgay was probably more surprised at the fact that the GDR authorities allowed him to cross the borders without any problems than at the lack of official welcome during his journey through the GDR: The old gentlemen of the GDR party and state leadership have had little respect for him for quite some time.

In contrast to that, Pozsgay was greeted with a great deal of approval and applause in West Berlin. Many who listened to him considered the fact that this communist reformer had come here, without visiting East Berlin, to speak about Hungarian reforms in the shadow of the Wall and to declare his support for the cultural and political values of Europe—above all tolerance, freedom, and justice—a great historic moment. They recalled the Berlin blockade, Khrushchev's ultimatum, the erection of the Wall, and all the suffering that had been inflicted upon them by ruling Communists since the end of the war, and they could hardly believe what a ruling communist was now saying about human rights, civil liberties, a multiparty system, social pluralism, and the development of a market economy. Contrary to communist tradition, Pozsgay spoke without notes. He did not have a manuscript, and he was very plain-spoken.

Opening of Borders

The Hungarian candidly advocated the opening of borders. Hungarian citizens do not have to look for escape routes if they want to get in contact with the world. Every Hungarian can obtain the newly introduced passport for the world, and travel wherever he wants to. For this reason, the decision was made to remove barriers along Hungary's Western border. It is not the Hungarian Border Guard's task to defend the border against Hungarians, Pozsgay stated, referring to the GDR, which does not at all approve of Hungary's measures. The state minister announced a Hungarian emigration law and stated that it would, of course, be painful if a Hungarian citizen decided to emigrate, but it would not be treason but an expression of human freedom. For this reason, it must be possible for him to return to the country.

Officially, Pozsgay's visit to West Berlin was a private visit. He was invited as a "European personality" who, "more than any other figure in the sphere of journalism, culture, and politics, embodies the will to overcome outdated structures of society that divide peoples, and to convincingly work toward the materialization of the vision of the 'common European home'," the director of the academy, Kraetschell, pointed out. The political significance of Pozsgay's appearance in West Berlin, however,—increased by the talks with Mayor Momper and opposition leader Diepgen—must not be underestimated.

With its reforms and the renewal of the country, Hungary wants to "buy an admission ticket to Europe," the state minister, who is responsible for coordinating Hungary's reform policy, stressed at the European Academy of Berlin. His country wants to enter the "common European home" by way of the stage of "central Europe." This intermediate stage means a lot for Hungary in connection with the finding that the peoples living in this part of Europe, who have suffered a lot during past disputes, cannot become a united entity at once but must first expand contacts with each other and establish closer ties.

Pozsgay painted a fascinating picture of Hungarian reforms during his speech. He spoke of the search for a new identity in view of the deep crisis of a political system that has basically not yielded any results during its 40 years of existence, and has never been accepted by the people. What is needed in Hungary now is the conversion of a Stalinist dictatorship into democracy, including political pluralism, a multiparty system, and a government that is legitimized by the people. The reforms must lead to a social order that works, which allows the people to develop their own identity, and makes it possible for intellectual forces, the economy, and production finally to unfold. This was the most radical rejection of "real existing socialism" that one can imagine.

Pozsgay said that in recent European history there have been examples of dictatorial systems changing back into democratic ones. However, there is no model in history where a Stalinist-type system has been transformed into a pluralist democratic constitution in a peaceful way. Hungary is now trying to change a tyrannical Stalinist rule, which has absorbed all functions of life and has virtually taken a sacred shape, into a law-governed state with all legal guarantees for the citizens, and with functioning democratic institutions. Thus, everything that is taking place in Hungary and in other Eastern European countries is unique and unprecedented, Pozsgay said. However, the international situation—the return to a policy of detente and the fact that in the USSR and in China reform movements have gained the upper hand—are favorable for attaining the "replacement of the old model" that Hungary is aspiring.

China as Example

Pozsgay believes that the current developments in China are confirming his view that this replacement of the old model can be achieved in Hungary in a peaceful way. "The

current events in Beijing are encouraging for us, even though they may give the impression of a rebellion, and even if they appear to be chaotic, because they most consistently prove one thing, namely that a forceful solution against the desire of the people and of society is no longer possible, and can no longer be possible." Pozsgay said that he does not believe that there will be another Russian intervention in Hungary. Gorbachev is busy enough with difficulties at home and, moreover, he has clearly said the "Brezhnev Doctrine" is no longer valid.

According to Politburo member Pozsgay, the socialist experiment, which has brought about dictatorial Stalinist patterns in Eastern Europe through the degenerated exercise of power and distorted structures, is passing through a crisis everywhere. This crisis can be overcome only by changing the structures and replacing the old model. Hungary has drawn this conclusion from its own development. All attempts of bringing about reform have failed to date because the political structures have always remained the same. With regard to Western concern that Hungary is rushing its reforms and focusing too much on political changes instead of first increasing its economic output, Pozsgay said that without radical and consistent political reform there is no hope for economic development. Thus, the most important institutional changes have to be carried out first.

Pozsgay mentioned the initial steps of political reform in Hungary, the adoption of the law on association, which is to give the citizens the right to freely form coalitions, and the corporation law, which is to provide business and capital the possibility to become active in Hungary. Central to the draft of the new constitution is the respect for and the guarantee of human rights and basic liberties, as well as the strict separation of the legislative and executive powers, as well as judicial autonomy. He said that a party law was being prepared, one which will bring about a multiparty system in which differing parties will be able to engage in fair competition. There will be free elections, which might even cause a situation where the party that has been in power up to now will no longer be able to maintain its power.

In a subsequent address to members of the Berlin Press Club, Pozsgay pleaded for freedom of the press and the freedom to openly and publicly discuss socialism and its degenerated dictatorial form. The term socialism has to be reconsidered, he said and added quite frankly that he did not consider the division of his party as a disaster. There is a majority of reformers in his party and one can easily do without the conservative dogmatists. The Hungarian Politburo member does not contradict the thesis that a reformed Hungarian Communist Party would ultimately be identical to a Western-style social democratic party.

Those who listened to Pozsgay in West Berlin were asking themselves what would happen if the Socialist Unity Party of Germany [SED] were to follow the example of its Hungarian "fraternal party?" The SED would become a social democratic party and it might be possible to overcome the division of Germany.

Pozsgay on Political, Economic Reforms

AU1006164589 Hamburg DIE ZEIT in German 9 Jun 89 p 14

[Interview with Hungarian State Minister Imre Pozsgay by Haug von Kuenheim and Theo Sommer: "We Start Again at Point Zero"; place, date not given]

[Text] DIE ZEIT: Mr Pozsgay, as a Hungarian state minister and member of the Politburo of the Hungarian Socialist Workers Party (MSZMP) you granted an interview to Radio Free Europe and in it stated that communism cannot be reformed. What is happening in Hungary?

Pozsgay: A reform is being carried out in Hungary; a radical change, a complete change of models. I said in the mentioned interview that the communism achieved by Stalin cannot be reformed. Our society is not motivated to carry out real actions and achievements, the profitability of the capital is slowed down, and there is neither cooperation nor solidarity among the people; instead everything has been replaced by bureaucratic coordination. This state communism cannot be reformed. It does not have any more reserves. This was what I meant in my interview.

DIE ZEIT: The old model is Stalinism. What should be the new model?

Pozsgay: We have to leave the dead end road and go back to the starting points. Our objective should be democratic socialism, while using the institutions of European political culture and Western political techniques.

DIE ZEIT: Is "democratic socialism" and social democracy the same?

Pozsgay: Considering the order of values of social democracy and European civilization, I also understand social democracy by it. However, in my opinion, democratic socialism is in the first place a negation: the negation of the arrogant missionary zeal which characterized the communist parties for a long time and with which the party exercised a strange pedagogical function and regarded the people only as educational subjects. For in this case a Jacobinic intellectual elite rules the whole society from above. Stalin's example demonstrated that this could not be continued on an intellectual basis for a long time.

DIE ZEIT: The old model was the dictatorship of the proletariat on the one hand and centrally planned economy on the other. Is the new model pluralism and the market?

Pozsgay: Yes, pluralism in politics, market in the economy.

DIE ZEIT: Pluralism within the party or pluralism of the parties?

Pozsgay: The Hungarian model has the pluralism of the parties in mind. However, the Socialist Party has also achieved a kind of pluralism within its own ranks: It has already recognized the legitimacy of several platforms.

DIE ZEIT: Pluralism of the parties could mean that your party will be voted out of office in free elections.

Pozsgay: Yes, if it were to be in the minority after elections and were to be incapable of forming the government, it would be prepared for these consequences. At the same time, however, I want to make it clear that the MSZMP is certainly not striving for defeat.

DIE ZEIT: However, if you were to suffer a defeat, what about the party's leading role?

Pozsgay: We have stopped to talk about it long ago. The party is rather following the people's demands. The people have already achieved the turn, the change—it is high time for the party to follow them.

DIE ZEIT: Will the party surrender its leading role to the people?

Pozsgay: Yes. The time has come for the party to be legitimized by the people, not by the theory of its omnipotence and omniscience.

DIE ZEIT: In this case you will need a new constitution, a new parliamentary construction, and a completely new legal structure. You will start at point zero.

Pozsgay: Yes, we will start again at point zero. This is new construction, not only restructuring.

DIE ZEIT: Perestroyka means restructuring in Russian.

Pozsgay: Yes, I know. Pluralism existed in Hungary until 1948. That is, our new construction is not completely without antecedents.

DIE ZEIT: The antecedents are those of burgeois democracy.

Pozsgay: Yes, the values of burgeois democracy which belong to the technique of freedom which I mentioned in the beginning.

DIE ZEIT: Have the last 40 years been a big mistake?

Pozsgay: Yes, it was a big mistake to adopt the Stalinist model in 1948/49, without making any distinction between Hungary and the Soviet Union. I do not mean that no values have been created in Hungary during the past 40 years, and that there were no regulations. However, if all this happens in an open, democratic system, progress is even larger and even more significant.

DIE ZEIT: Which structures of these 40 years could be saved and would be worth retaining? Which parts from the old building could be reused in the new building?

Pozsgay: To answer this question, I must go back to the pre-war period: At the turn of the year 1944/45, a revolution took place in Hungary, by which an anachronistic old structure was destroyed. The land reform resulting from it must at any rate be retained as a basic value of our system. The cooperative movement is also such a value as a form of enterprise in which individual initiative and collective thinking have jointly produced and created something. You cannot compare our cooperative system with the Soviet kolkhoz system. I would also consider the democratization of the educational system as such a value—education as a basis of new qualities and as an opportunity for all sections and all classes of society to rise to higher positions. Finally, I would also retain as a value the way of thinking that is oriented toward interests and at the same time differentiates between various interests—the way of thinking in which the various groups of society have articulated themselves since the beginning of the sixties. These are the elements from the old building that we could use for the new building. However, we must check each brick to see whether it is really suitable.

DIE ZEIT: In what stages will the new building be set up? When will you have the roofing ceremony?

Pozsgay: To begin with, the foundation walls have to be built—and that is the building of the state. I am confident that we will be able to have the roofing ceremony in June of next year.

DIE ZEIT: Would that be the first elections?

Pozsgay: Yes, they would be the framework of the whole structure, so to speak. Then the assembly work would begin, the real construction work, and the apartment would have to be furnished.

DIE ZEIT: But the apartment would be furnished very much in the taste of the owners who were elected to power, would it not?

Pozsgay: Yes.

DIE ZEIT: So you do not know today in what taste it will be furnished afterward?

Pozsgay: No, I cannot know that today. Nor would I like to dictate it, because then we would have returned to the dictatorship that we are about to abandon.

DIE ZEIT: Your party general secretary has said that the Communist Party should remain in power for another 5 years.

Pozsgay: Here our opinions differ. I accept the thesis in principle that the Communist Party, more precisely, the Hungarian Socialist Workers Party [MSZMP], should

remain in power. However, I do not think that a Polish solution involving certain quotas that are fixed for the parties in advance, is right. The party must renew itself and must reorganize itself in a way that enables it to attract the majority of votes. That should then be decided in free elections.

DIE ZEIT: Is one of the indispensable building principles the separation of the party and the state?

Pozsgay: Definitely. Otherwise, transition to a multiparty system would be impossible. In this respect, the MSZMP has already made important steps. The party's most important decision in my view was to abolish the nomenklatura, the list of posts held by the party.

DIE ZEIT: Will a second building principle be the separation of the party and the economy?

Pozsgay: Yes.

DIE ZEIT: Now you must implement your political reform amid a serious economic crisis. Some people in your country say that political change will in the end lead into a dead end, unless it is accompanied by economic change. A critic says that "political change without economic change only gives us the freedom to criticize what we cannot change."

Pozsgay: That is an entirely wrong approach. The basic question much rather is how to free the economy of the chains of extra-economic constraints. In Hungary we do not have a transition from a dictatorship to democracy, as was the case in Greece and Spain where there was a real and functioning market economy even during the years of dictatorship, during the years of suppression.

Some people are now calling for economic reform first: what kind of an economy is this in which they desire this reform? The essence of the Stalinist structure consists in the fact that there is no real economy, no real market, and no real money. Politics swallows all walks of life, including the economy. It makes property an abstraction of the state and abolishes it. Competition ceases to exist, there are no competitors. What remains is a distribution system, which leaves everyone jealous. Thus, the civil society is practically abolished, citizens are turned into subjects and are classified into a mutually dependent hierarchy. The necessary cooperation among producers is thus eliminated and replaced by bureaucratic coordination. Where then is the element that can be reformed in this economy and can be developed in parallel with political reform?

That is precisely why our chronology is the only correct approach: At first we must free the entire structure from their political chains, the political handcuffs.

DIE ZEIT: There is an undisputed connection between political reform and economic reform. In Moscow there are political reforms, there is glasnost. However, so far, this reform has not considerably paid off for the citizens economically. Conversely, the Chinese have first liberalized their economy, but have changed nothing about the political mechanisms. Now the boiler has exploded, and they have once again brutally suppressed the aspirations for freedom. How can these different dangers be avoided?

Pozsgay: We have tried it all. However, in Hungary a certain communication between the power and the people, between the power and the society has never entirely broken off, not even during the darkest years. Therefore, I hope that we will be able to discuss with the people in a businesslike way that such a transition also has its price. It will not be possible without sacrifices. However, since the people must pay the price, they must at least have the freedom to decide to whom they are going to pay. Certainly not to the existing clique; then the matter would change into open revolt.

DIE ZEIT: This means that you are promising the people a long haul for the time being.

Pozsgay: Yes, 2 or 3 lean years. However, the people would not accept this from everybody. Therefore, we must pursue an open policy, and therefore, we need authentic politicians in the leadership.

DIE ZEIT: That means practically that you must abolish subsidies to restore the financial soundness of the state budget.

Pozsgay: Yes, the subsidies must be abolished; they must at least be cut back considerably.

DIE ZEIT: When subsidies are abolished the real income decreases, prices rise, and unemployment probably also rises. Do you believe that the people will support the reform nevertheless?

Pozsgay: Yes, that is what we believe. However, it is clear that in an articulate society with open structures you can find various conditions to come to an arrangement with the various groups. For instance, I do not believe that it is necessary to generally announce to all social groups now that they must tighten their belts. In the next phase, there must already be certain groups who profit from the development. So, the people who actively contribute to innovation in the entire economy must alreay feel a favorable development in their standard of living. Those who participate in or help set up small or medium-size enterprises by investing their own capital, must also profit. Generally, we must promote the development of medium-size enterprises.

On the other hand, we must put up a very closely knit and well considered social network to protect those social groups and sectors that are now in danger of falling. They include primarily the old people who have become increasingly poor. But they also include the very young people who are starting their careers and who must be well educated and well trained in order to have

an opportunity for financial improvement. Unemployment will certainly be structural unemployment, because qualified labor is still much in demand.

DIE ZEIT: Do you see the danger of a counterreform?

Pozsgay: In principle, this would be possible. However, under the current conditions on Hungarian soil the triumph of counterreform is impossible for many reasons.

DIE ZEIT: Thirty-three years ago the counterreform was brought to your country by Soviet tanks. What limits do you see imposed on you by the membership in the Warsaw Pact and CEMA? In April PRAVDA plainly warned the Hungarian party against abolishing socialism.

Pozsgay: Basic changes have taken place in Europe and also within the socialist countries since 1956 and 1968. The most important new factor is, without doubt, the course of glasnost and perestroyka and the attitude and views of the leadership around Gorbachev in general. I am convinced that they are leaders who know exactly that Hungary does not want to abolish socialism—unless one equates socialism with the constant shortages and lack of goods, with unmotivated, inefficient activities, with a decline of economic growth. However, if one does not equate socialism with mass poverty and lack of freedom, one need not fear anything. We want to get rid only of these things.

Of course, in such a situation there are also certain foreign policy traditions that have to be taken into account. Most important, perhaps, is the fact that a general process of detente has started all over the world. Europe is still an explosive place. For the Soviet Union the countries here that are its best friends and best neighbors are the ones that build their own development in a sovereign way and in line with their own ideas.

There are two thresholds that the Hungarian reform must not cross: First, Hungary must not come to a state of civil war, because this would endanger and destabilize the entire European area. Second, Hungary must not take unilateral initiatives so as not to disturb the European balance and the alliance systems.

DIE ZEIT: Thus no withdrawal from the Warsaw Pact as in 1956?

Pozsgay: No.

DIE ZEIT: Unless the alliances dissolve in the course of the general development?

Pozsgay: I hope that this development will take place. There are certainly good chances that the development will proceed in this direction.

DIE ZEIT: If you look ahead to the year 2000—what will Hungary be like in 11 years?

Pozsgay: Even though I always speak my mind frankly, I would prefer to be very careful regarding this question. However, I can certainly imagine that Hungary will be a democratic constitutional state, which uses its democratic rights and opportunities in a sovereign way; that it will be able to solve its economic problems with the active participation of foreign capital, but in a sovereign way; that until then it will have embarked upon a solid, irreversible course of growth; and that it will be a society that already suffers from the difficulties of freedom instead of from the malice of dictatorship; and, not least. I think that the people will prove their ability to rule themselves.

DIE ZEIT: How should the West, how should we in the FRG, help so that the reform process, which we wish success, is indeed successful?

Pozsgay: From the political viewpoint you could help us by continuously keeping the Hungarian reforms in the minds of the public. Europe has to know that Hungary has accepted a role that goes far beyond its geographic size. Because if the Hungarian experiment succeeds, this will provide new opportunities for the entire European system.

From the economic point of view, we need not so much financial aid but investments by enterprises in three fields of the national economy:

The first field is the contribution of active Western capital into existing large enterprises and turning them into joint ventures or other forms of enterprises. In this case, the state accepts guarantees that the invested capital can be withdrawn at any time and that the profits can be transferred in freely convertible currencies.

Second, we need loans to establish a strong and efficient stratum of small and medium-sized enterprises—with the strict regulation that these loans must not be used to fill in financial gaps in the state budget or to repay debts. Crisis management and servicing of debts should be the business of the National Bank.

The third field involves preparations to make the forint convertible.

DIE ZEIT: What will Europe be like in the year 2000—all of Europe? Will the Wall or the Iron Curtain still exist? Will there be a German problem? Will there be an East Bloc?

Pozsgay: To begin with the latter aspect: I do not think that there will be an East Bloc in the year 2000. I believe that a united Europe will be reality by the turn of the millennium. I could imagine that Hungary will be an associated EC member. I fully share the vision of a "common European home." There will be no Iron Curtain, neither on the Hungarian nor on the Czechoslovak border with the West. As you see, I am approaching the German problem very slowly and very vaguely. I must say that I do not know what will happen until the turn of the millennium. But I know what I would wish. I would

wish that the Wall did not exist any more by that time. I would wish that the people of the two German states could freely communicate with each other.

DIE ZEIT: In Budapest by the year 2000, will there be an Imre Nagy street or a square carrying the name of the prime minister who was executed in 1958?

Pozsgay: Definitely.

DIE ZEIT: Maybe even this year?

Pozsgay: I do not know. However, there is every indication that in addition to the juridical rehabilitation, the political rehabilition is inevitable. I personally think that a judicial murder was committed in the case of Imre Nagy.

DIE ZEIT: Hungary is the first socialist state to start tearing down the Iron Curtain. Now the work has been suspended for lack of money. Is this typical of the situation in your country?

Pozsgay: Yes, absolutely typical. In order to solve this problem, which is really only a financial problem, I would have no objection if some good Western businessmen were ready to dismantle the Iron Curtain on their own account. In that case they could sell individual parts as souvenirs—like relics from Christ's cross.

DIE ZEIT: Formerly, after a monarch's death people used to say: "The king is dead, long live the king!" Could your position be reduced to the formula: "Socialism is dead, long live socialism"?

Pozsgay: With a minor modification: Stalinism is dead, long live socialism!

Soviet Military Unit Departs Szombathely 12 Jun

LD1206164289 Budapest MTI in English
1459 GMT 12 Jun 89

[Text] Budapest, June 12 (MTI)—There was a farewell ceremony to mark the departure of a Soviet military unit stationed at Szombathely, a town in western Hungary, on Monday.

Tibor Elek, chairman of the town council, said, 'the pulling out of Soviet troops from a 100 km stretch of the western frontiers of Hungary is of historic importance.' Then he presented the commander of the Soviet unit with various souvenirs, including a pocket-size model of the liberation monument in Szombathely.

Major Sergey Petrov, political deputy of the commander of the unit, told MTI that the Mechanized Infantry Regiment, which has been stationed in Szombathely since 1958, is not to leave the country for the time being. They are to move to Debrecen. The withdrawal is to be completed by June 23. The living quarters and 230 service flats will be given over to the Hungarian People's Army.

Joint Committee With ROK Reviews Economic Ties

AU1206121289 Budapest MTI in English
1847 GMT 7 Jun 89

[Text] Budapest, June 7 (MTI)—The session of the Hungarian-South Korean Joint Committee ended on Wednesday with the signing of a protocol. In the course of talks Zoltan Gombocz, secretary of state at the Ministry of Trade, and Yi Tong-ho, South Korean deputy minister of Finance, the co-chairmen of the Committee, reviewed the commercial and economic relations set up between the two countries to date, the interstate agreements, and the opportunities of economic cooperation.

Relations between the two countries show a dynamic development, as was reported at a press conference held following the signing ceremony. The trade and economic cooperation agreement has been in force since February 1, 1989, which can be clearly seen also in the development of trade: In the first four months of the year, Hungarian companies exported to South Korea in a value of 3.5 million dollars, imports from there were valued at 6.4 million dollars. Exports in the first four months are almost three-times higher than in 1983, imports 60-times more.

The Joint Committee session also discussed the assembly of cars, production of television picture tubes, and the building of hotels in Hungary, in joint venture form. Two South Korean banks are to open branch offices in Budapest in the course of the year.

Israeli Economic Delegation Visits, Holds Talks

TA1106115589 Jerusalem Domestic Service in Hebrew
1100 GMT 11 Jun 89

[Text] Members of the Israeli economic delegation visiting Hungary made dozens of deals with their Hungarian colleagues. The delegates held hundreds [as heard] of meetings with government officials and with Hungarian businessmen. Our correspondent Gadi Sukenik reports that tomorrow the delegation will leave for Poland.

[Sudenik] Two of the delegation heads—Dani Gillerman, Chambers of Commerce president, and Moshe Zanbar, chairman of the Bank Leumi board of directors—participated in a large economic convention in Moscow, where they conversed with senior members of the Soviet financial establishment. The two also took messages to the Soviets from Israeli Government elements.

Demonstration Under Way

LD0806064289 Budapest Domestic Service in Hungarian 1630 GMT 7 Jun 89

[Text] [Announcer] A demonstration is under way in Budapest. It was ogranized by the Federation of Young Democrats and started at 1700. Our reporter, Zsuzsa Kun, reports from in front of the Chinese Embassy building.

[Kun] An opening speech, a poem, the lighting of candles, and finally a petition to be submitted to the Chinese ambassador. This is the agenda of the demonstration. I have the text of the petition in my hand. Allow me to quote a few sentences from it:

We, the members of the Federation of Young Democrats, who have been following the peaceful but determined fight of the Chinese students for human rights with anxious confidence, we, who ourselves fight for constitutional democracy in a crumbling communist dictatorship, are profoundly shaken by the news that the conservative, militarist wing of your leadership, which has grabbed power for itself, pushing aside leaders who think more sensibly, and in the interest of their own narrow-minded purposes and guided by sheer fear for their position, has ordered the shooting of a peaceful, unarmed crowd.

The opening speech has just finished and it was received with enthusiastic applause. Several hundred, perhaps several thousands of people are present. But I will continue reading the text of the petition: The act committed by your faceless leadership is a crime. It is impossible to move in front of the building. Naturally, the building is protected by a police cordon. It is forbidden even to step on to the sidewalk. I have managed to speak to one of the embassy secretaries but he did not give any opinion about either the Beijing events the Hungarian demonstrations. The organizers do not know yet how the demonstration is going to proceed or when is it going to finish. I hope it will end just as peacefully as it started and as it is going on at the moment.

[Announcer] The Hungarian Government has expressed its deep worry in a communique regarding the events in China, emphasizing, however, that it has no intention of interfering in that country's internal affairs.

At the same time, the government confirms its positiion that respect for general and fundamental human rights is a mutual affair and the international responsibility of all of us. Therefore, it cannot be an exclusive internal affair of any country.

Our shock regarding the tragic events is only increased by the fact that they are happenning in a friendly socialist country which has pledged itself to the modernization of society, to democratic development and reforms.

The Hungarian Government sincerely hopes that the Chinese crisis will finally be solved and that the continuing political reform will create the possibility for the further advancement of the country.

Pozsgay Anticipates Implementation of Change

AU0706121489 Hamburg DIE WELT in German 7 Jun 89 p 10

[Carl G. Stroehm report: "Pozsgay: There Will Be a Change in Hungary in Any Event"]

[Excerpt] Budapest—The bloody events in Beijing have increased the concerns of the reformers among the Hungarian Communists and of the opposition groups that something similar might also happen in Hungary. Answering a question asked by the Budapest magazine KEPES of whether there is an impending danger from those forces "who are even ready to defend their privileges and the past with weapons in their hands," Politburo member and State Minister Imre Pozsgay stated: "This is conceivable."

"Hungary wants the change," Pozsgay continued. This change will either be brought about by peaceful means—that is, by a real national consensus—or without it. However, the country will also implement the change if the latter happens. But then it will come to "tragedies," Pozsgay stated. [passage omitted]

Grosz Meets With Israeli Bank Leumi Chairman

TA0706125089 Jerusalem Domestic Service in Hebrew 1200 GMT 7 Jun 89

[Text] Moshe Zanbar, the chairman of Bank Leumi's Board of Directors, met with Karoly Grosz, the general secretary of the Hungarian Communist Party in Budapest.

The meeting was also attended by Ze'ev Ben-Tzur, the secretary of the Public Committee for the Preservation of the Heritage of Hungarian Jewry.

No information was given regarding the issues discussed during the meeting.

Military Industry Budget Cuts Cause Problems

AU0706131089 Budapest NEPSZAVA in Hungarian 2 Jun 89 p 5

[Report by Correspondent Robert Gal: "Will There Be Further Manpower Cuts in the Military Industry? — Some 8,000 to 10,000 Jobs To Be Eliminated in the Country—State Orders Could Drop by Half—Large Stocks of Products Accumulated in Warehouses"]

[Text] Defense expenditures are to be further cut according to the package plan submitted by the government on 1 June. The National Assembly made a similar cut in December 1988. A total of 8,000 to 10,000 jobs will become redundant in some 20 to 25 enterprises in the Hungarian economy.

Rainer Stefan, representative of the Austrian People's Party, and Janusz Rozek, representative of the Polish Peasant Solidarity, were foreign guests of the rally of the People's Party.

Pozsgay on 'Movement for Democratic Hungary'

LD0806091389 Budapest Television Service in Hungarian 1730 GMT 7 Jun 89

[Text] [Announcer] The various forces of the order party dictatorship [as heard] and revenge are dangerously present and can become stronger. Among other things, this is what the draft appeal which was formulated today by the organizers of the Movement for a Democratic Hungary contains. This movement wishes to gather those people who undertake the national ascent, European progression, and the values of democratic socialism together. Laszlo Juszt reports from the founding session.

[Begin recording] [Juszt] What could this organization be called, to the founding of which you have just arrived?

[Pozsgay] I do not even know whether it is an organization or perhaps a movement, but the initiators have already given a name to it: Movement for a Democratic Hungary.

[Juszt] Who were the initiators? According to the news, you were the initiator.

[Pozsgay] I was also asked to take part in this movement but this was talked about first in Szeged, at the meeting of the reform circles.

[Juszt] Several people believe that this could be the core of a future party, too.

[Pozsgay] I do not necessarily believe that one always should think in the category of a party when gathering of political strength is carried out. Here, now, the force of reform are gathering regardless their party membership or ideological belonging.

[Juszt] So, do you reject the assumption that this is the basis of a future party?

[Pozsgay] I do not consider it impossible, but I do not think that this intention would have brought the participants of today's meeting together.

[Juszt] I read in MAI NAP [TODAY] that his new organization is to be founded for the democratic transformation.

[Szuros] That is right.

[Juszt] But there one such organization has already been founded, the New March Front. Do you not participate in that?

[Szuros] I take part in that as well, and also in this one.

[Juszt] So what is the difference?

[Szuros] Well, the situation is that I, as chairman of the National Assembly, have to exhibit unbiased behavior. I look and listen to this as well, I consider its objectives practical and correct. However, on Saturday, I will participate in the founding session of the New March Front, on Sunday, I am going to participate in the founding of the people's party, etc.

[Juszt] So, practically, you pay attention to everything.

[Szuros] The chairman of the National Assembly has to pay attention to everything.

[Juszt] Do you take part in any of these organizations as a member?

[Szuros] No, not as a member.

[Juszt] The appeal says that it is the founding of the Movement for a Democratic Hungary. Both you and Imre Pozsgay occupy a position in the government power in which, it is not only your possibility but, I think, it is also your duty to fight for democracy and for the constitutional statehood. In that position—that is, as minister of interior or as minister of state, do you not have the possibility?

[Szuros] Today, I think that the possibilities are increasingly better for this and the gates are opening forever wider. There was doubtless an earlier period, I was in similar position then too, when in a different structure, these possibilities were much more closed. [end recording]

Participant Views Discussions

LD0806095689 Budapest Domestic Service in Hungarian 1630 GMT 7 Jun

[Text] Today those wanting a democratic Hungary convened in Budapest for a session to prepare its foundation. Imre Pozsgay gave the introductory speech and among other things he emphasized that the movement intends to pull together people who accept simultaneously the values of the rise of the nation, European progress and democratic socialism regardless of the participants' party affiliation or organizational membership. The discussion was chaired by university lecturer Ferenc Gazso. Andras Kerekes interviewed him.

[Begin recording] [Kerekes] What is the aim of such a movement?

[Gazso] The movement's objective is to open a road for people committed to social transformation and democratic change in society and to change in the social model of politics and participation in politics regardless of party affiliation. In other words, it is not a movement which is intent on becoming a party but it wants to ensure a platform and means for those groups and individuals belonging to any party or even independent

Pozsgay To Establish New Political Movement

LD0606205689 Budapest Television Service in Hungarian 1730 GMT 6 Jun 89

[Text] Imre Pozsgay is to open a meeting tomorrow the purpose of which, according to our information, is the establishment of a new national political association, organization or movement.

In the past weeks, the need has risen several times and at several places to form an organization which would gather those Hungarian citizens—regardless of their party membership or their political stance—who want mutual consensus, [word indistinct] and peaceful transition and who are willing to take an active role in attaining this.

The organizers have invited more than 100 personalities for the founding session and it is expected that they are going to decide tomorrow on the organizational form to choose for the new political [word indistinct].

Workers' Militia Cuts, Reorganization Studied

LD0706015789 Budapest MTI in English 1904 GMT 6 Jun 89

[Text] Budapest, June 6 (MTI)—The staff of the Workers' Militia will be reduced by 30 per cent by September. With respect to the future of the organization, a conception is being worked out which would make it possible for the Workers' Militia to operate as the voluntary complementary militia of the Hungarian People's Army—it was announced at the session of the Defence Committee of the Hungarian National Assembly, held on Tuesday in Budapest, in the Petofi barracks of the Danube flotilla.

Parliament should determine the direction of the government's activity, and even issues as, for instance the aetivity of the armed forces and bodies, considered 'delicate' in the past, cannot be excluded from this, it was stressed at the session.

According to MP Dezso Borcsok of Budapest, the Army is still thinking in the category of extensive development. In this context, the idea of creating a smaller, but better equipped and more efficient Hungarian Army was raised.

Laszlo Winkler (MP from Gyor-Sopron County) requested information about the Soviet barracks being vacated. Officials of the Ministry of Defence said that coordination work about the future of these facilities is still in progress. Most of them will be sold, as the Army intends to cover its already planned revenues of 1,000 million forints partly from these.

Pozsgay Interviewed by Radio Free Europe 24 May

AU0606114589 Budapest MAGYAR NEMZET in Hungarian 29 May 89 p 3

[Interview with MSZMP Politburo Member and Minister of State Imre Pozsgay by unnamed Radio Free Europe correspondent in Budapest on 24 May: "The Next Parliamentary Elections Can Be Only of a Multiparty System"]

[Text] Imre Pozsgay gave an interview to Radio Free Europe in Budapest on 24 May which was broadcast on 27 May:

[Question] Mr Minister! At the general meeting held in Szeged on the occasion of the first national conference of the reform circles of the Hungarian Socialist Workers Party [MSZMP], an elderly lady said that "this Pozsgay is a nice fellow and what he says is good too, but, unfortunately, one cannot believe him because he is also a communist." I think this is not the first time that you hear such or similar things. Is your party not a burden for you? Is it not difficult for you when many people question your trustworthiness because of your party?

[Pozsgay] It is difficult now for everyone who is member of this party because the public regards it as a party that lost its prestige, a ruling party in times of crisis, and, to a certain extent, a party that has caused this crisis. At the same time, I also have to say that the greater part of my life has been connected to this party.

I believe that this organization can be changed and renewed, and then the public will perhaps understand my persistence and coexistence with the MSZMP, or whatever its name will be after its renewal. But I also understand the elderly lady who made such an observation in Szeged, as this was not the first time I heard this, even in the form of such observations like: "I would vote for you with both hands, but not for your party," and so on. One has to face such things today.

[Question] Is there anyone close to you or perhaps in your family through whom the people's voices and reactions to the government or party measures can reach you, like the voice of the elderly lady?

[Pozsgay] I could even say that our entire social structure is represented in my family or my close relatives, because all kinds of social groups are represented in my family, from scientists and intellectuals to honest skilled workers. This is both good and fortunate because I am living in a critical environment where people are not at all intimidated by my position, views, or thoughts, and constantly challenge me with their experiences and judge me in accordance with my ability to understand these experiences.

I suspect that no one would have been able to manage this period without making mistakes and being above criticism. I hope this will also be considered in preparing the congress.

Honesty Is Valuable

[Question] Let me stay with this problem for a while. One could read in the Western press and in the press agency reports that, at your latest news conference in Vienna, you did not exclude the possibility of Karoly Grosz' removal at the party conference or party congress in the fall.

[Pozsgay] I presented this in the same spirit and in the same way as I have just done here, but this risk and this chance is inherent in every important decision. Besides, I mentioned this as a possibility in principle by starting from the premise that a movement is now emerging in the party in which the members want to determine the party's policy and its leading figures. I repeat, I regard this as such a possibility in principle.

[Question] Let us still remain with the personnel issues. Speaking about the problems surrounding yourself, people find it peculiar that there is a contradiction between your popularity in society and your popularity within the party leadership.

[Pozsgay] I can live very well with this both intellectually and spiritually, precisely by being able to feel that the people appreciate me and society follows my activity and appreciates my consistency. This consistency does not mean that I would stubbornly stick even to my mistakes, but if I make a mistake, I will not hesitate to admit it. Besides, I think that honesty has become very valuable in a depreciated policy and in a country drifting toward a crisis.

I think that if I consider all these things here and I enjoy the support of the public, I will be able to face the smaller problem that the members of some narrow or broader bodies might not think the same as the rest of the country, irrespective now of myself. The party apparatus, its elected bodies, and their various members who might now have reservations concerning myself will also rationalize the situation by overcoming their emotional prejudices, and will also say that one who is good for the people is good for the party.

[Question] Mr Minister! We have already touched a little the problem of a party split. This was a permanent issue at the meeting of the MSZMP reform circles in Szeged. This is a fictitious question, but I will ask it nevertheless: Would you accept the position of general secretary of a reform communist party separated from the MSZMP, something that—referring again to the meeting in Szeged—many people already regard as an accomplished fact?

[Pozsgay] If is difficult to answer this question because I did not prepare for this but, as I expressed my views above, I did not change my views in this respect. However, precisely in connection with this, I can say that, in that case, this party would no longer be called a reform communist party but would be a party belonging to the concept of European socialism, no matter how the current party would change into this new organization, either uniformly or by way of a party split.

I consider a party to be efficient and successful only if it can adjust to the people and to the European way of thinking, and this does not emerge from the communist experiences that are sticking to abstract ideas, but from a way of European socialist thinking which can be found in an Italian or French social party or in a Swedish, Austrian, or German social democratic party, with the addition that the party for which I struggle would be a party strongly committed to our nation and would not forget that it has to find its roots in the Hungarian nation and work out some kind of long-term program by living together with this nation.

[Question] There is talk today that, if this issue comes forward in the fall, you would replace Karoly Grosz as the MSZMP general secretary. People also say that it would be a good thing to have you as the next president of this country, if the institution of the president of the Republic is established.

[Pozsgay] The same dilemma, namely that—without naming the positions now—I am also part of this organization. If I am part of this, this organization should also use me and decide which position I can fulfill most efficiently and most successfully. At the same time, I cannot deny the fact that I find it extremely gratifying that the people and society appreciate me. In this case, I would gladly accept a position—I repeat, no matter what they would call it—which gives me opportunities for such broad areas of contact? a system of contacts, relations, and forms of contact in which I will never run the risk of being in contradiction with this nation.

Nineteenth Century Models

[Question] Society here and in the West consider you a statesman. Thus, I believe, my question is justified when I ask you about your political idols?

[Pozsgay] I tried to shape some kind of model from figures of the Hungarian history and the life of various Hungarian statesmen, and this again has nothing to do with the current situation, because, if I go deep inside myself, with my activity and "tribunitian" mission, I could imagine myself somewhere between Kossuth and Petofi, but the current needs of this country would rather demand figures like Szechenyi and Deak; and thus, all the most representative figures of the reform and revolutionary movements of the 19th century together are my idols, as if a single personality could somehow be shaped from all these figures.

[Question] A transition from dictatorship to democracy is under way in Hungary now. Parliamentary elections will be the next great and important step. What do you think these elections will be like?

[Pozsgay] We agreed that there would be a multiparty election. These elections should be free, something that also has risks for the current ruling party.

However, I would like to say—and I also mentioned this in Szeged—there can be no party that would be so stupid as to prepare for defeat from the outset. This would also mean a violation of the rules of the game. I will add, however, that I could not support any election tricks and cheap tactics of making use of the others' weakness, unpreparedness, identity problems and search for a basis. Therefore, I can imagine the preparation for elections only in the form of a settlement in which organizations with the most authentic social and popular programs decide together to run in the elections.

[Question] In conclusion, allow me a very personal question. How does your family handle the fact that your time is fully engaged in a daily schedule from 7 a.m. to 8 p.m. and that you are running from one end of the country to the other, taking trips abroad, or just coming back from one of your trips?

[Pozsgay] I do not have much free time, and I always regard free time as an accident and a gift, but this has been so ever since my childhood. Therefore, lack of time does not cause me anxiety and agony. If it did, I would constantly be standing on my head. My family has become used to this and demonstrated great understanding and patience.

I have been living this lifestyle with my wife for 33 years, and this has been a great burden for her particularly in the last 10-15 years. In spite of this, I have two grown-up children and grandchildren too. I am surrounded by a warmth and family environment that makes it seem as though we are constantly and naturally in contact with each other.

Pozsgay Interviewed on Recent FRG Visit

AU0506132189 Budapest NEPSZABADSAG in Hungarian 1 Jun 89 p 3

[Interview with Imre Pozsgay, MSZMP Politburo Member and Minister of State, by Bonn Correspondent Sandor Gyori in Bonn; date not given: "The FRG Appreciates the Changes in Hungary"]

[Text] Concluding his talks in Bonn, Imre Pozsgay received our correspondent and answered his questions.

[Gyori] What was the reason for your current visit?

[Pozsgay] Over 6 months ago, I received an invitation from the Konrad Adenauer Foundation to participate in a conference on the issue of reform in Central-Eastern Europe, primarily in Poland, Hungary, and the CSSR. Obviously, the professional representatives of the countries in question were also present at the meeting, including political scientists, economists, and social scientists from all over the world. I decided to use this occasion to take advantage of other occasions, namely the 25th anniversary of the European Academy in West Berlin and another invitation from the Catholic Academy in Hamburg. All this activity, I believe, represents in itself a goodwill trip for Hungary. I tried to do my best to give an accurate report on everything that is happening in Hungary and to obtain support for our reforms by convincing the participants that the importance of these reform efforts goes beyond Hungary's borders and that these reforms affect cooperation in Europe, the all-European prospects, and even the security of Europe.

[Gyori] Has the fact that your trip has taken place simultaneously with national domestic policy events not affected your visit?

[Pozsgay] Let me mention the fact that we agreed upon this visit 6 months ago. One cannot subordinate one's international contacts and responsibilities to spontaneously decided body meetings, because one could then gain the reputation as being unreliable. I do not think that our nation's prestige would increase if our politicians and social scientists were regarded as unreliable. Besides, I dared to take this trip because my political convictions and positions are very well known at home. I also saw to it that my opinions on the issues under debate were not left hidden from various meetings.

[Gyori] Exactly 6 months have passed since your last visit to the FRG. Since then, events have accelerated and deep changes have taken place in Hungary. How did your negotiating partners, including the highest ranking FRG leaders, evaluate Hungary's current situation?

[Pozsgay] Without exception, everyone I met spoke in positive terms about the events in Hungary, and declared their readiness to support these events. Chancellor Kohl also pointed out the importance of the Hungarian reform efforts and the comprehensive changes under way in Hungarian political life, changes for which the entire democratic world has great appreciation. To a large extent, in the wake of the FRG initiatives, the various European organizations have recognized the importance of Hungarian reform in world politics and their responsibility for this reform. Starting from this, they promised support on economic, political, and cultural policy levels alike. The heads of various parties offered partnership with the parties emerging in Hungary. This includes not only the supply of experience but also the intention to increase their international cooperation. In other words, the decisive political forces in the FRG are ready to help the Hungarian political parties in their appearance on the international stage and in obtaining knowledge and information. Great care was taken by everyone to make sure that this offer was not interpreted as some kind of

[Fodor] Were invitations issued specially for this occasion?

[Horn] We did not invite anybody separately, as to whether the Historic Justice Committee has invited anybody specially from abroad, we do not know.

[Fodor] You are not going to put any obstacle in the way of the invitations?

[Horn] No, we will not put any obstacle, either to the invitations nor to the announcement. Thus, those who announce that they wish to travel to Hungary for the funeral service, will get their visa without any problems.

[Fodor] At this moment, the Historic Justice Committee is in session with the relatives as to whether the government or the Hungarian Socialist Workers Party [MSZMP] can participate in the funeral. What is your personal position, or the government's position on this matter?

[Pozsgay] Those who do not offend reverence should take part, and the government itself is not a body whose participation would offend reverence. I agree with Miklos Nemeth in this matter.

But without an agreement, the affair cannot be conducted, therefore I personally have decided, regardless of how the talks between the government and the Historic Justice Committee end, that I myself will pay my respects at the funeral service.

[Forro] Thus, the government respects the stance of the Historic Justice Committee.

[Pozsgay] Yes, it does and it will not go beyond the agreements. [end recording]

Council of Ministers Hold Session 5 Jun

LD0506222689 Budapest MTI in English 2114 GMT 5 Jun 89

[Text] Budapest, June 5 (MTI)—The Council of Ministers held a session on Monday. The government accepted and approved the reports on the talks of Prime Minister Miklos Nemeth in Warsaw, Vienna and Prague.

Government spokeskan Gyorgy Marosan said: It became obvious in the course of the Warsaw talks that the objectives of Hungary and Poland are similar. The Hungarian prime minister's visit to Prague proved to be more successful than expected. They managed to find a common ground in such delicate matters as the suspension of the Nagymaros dam project. His talks with the Austrian chancellor were characterized by an atmosphere of shared responsibility, calmness, objectivity and a readiness for cooperation.

The government also dealt with the rehabilitation of the people who had been interned between 1945 and 1949 (55,000), 1949 and 1953 (25,000) and after the 1956 people's uprising (12,900).

The employment and pension of the people interned in the period between 1949 and 1953 will be decided on by June 30, 1989, and further measures are expected in the matter of those interned between 1945 and 1949, and after 1956, as early as September.

Mr Marosan announced his resignaton, because as he said his honesty had been questioned in connection with a statement he had made on measures hitting the population at a press briefing in early May, which he claims to have been distorted.

Miklos Nemeth Addresses National Assembly 2 Jun

LD0206194289 Budapest Domestic Service in Hungarian 1025 GMT 2 Jun 89

[Address by Premier Miklos Nemeth to the National Assembly session in Budapest—live]

[Excerpts] Esteemed National Assembly. First of all I would like to express my thanks for the understanding and support for the package plan now submitted by us. I also wish to express my thanks for the critical observations; these can be utilized in the future work of the government and we shall learn from them. [passage omitted]

Several deputies who spoke in the debate touched upon our relations with the international financial institutions. Does the IMF blackmail us? Or does the World Bank blackmail us? What is the situation in this respect? What detailed information is necessary for a correct evaluation? Permit me to talk about the past as well in this connection.

It is well known to you that we asked to be admitted to these two international financial institutions at the end of 1981, and when we were admitted, thereby we succeeded in avoiding the most serious outcome, namely the danger of Hungary joining by the middle of 1982 those countries asking for their debts to be rescheduled. Unfortunately, this would have happened. It also belongs to this information that from 1979 to 1982 a particular reorganization occurred in the world, which contained political, financial-political and long-term elements of politics and practice which one can dislike, one can excoriate, but one cannot ignore.

What do I have in mind? Besides many arguments and considerations, which I do not want to go into on this occasion, what played a role in the indebtedness of the socialist countries was the belief that these countries were backed up by the Soviet Union and if one of these countries were to get into trouble, the Soviet Union, on the basis of some sort of umbrella theory, would help it

out, if necessary with billions of dollars and if necessary with other means. When Poland fell among the countries asking for rescheduling, this umbrella theory collapsed from one day to the other.

However, parallel with this, another umbrella developed in the world. This was the endeavor of the financial institutions, or, if you like, of the banks and bankers, to go strictly by the international financial institutions in their search for greater security, becoming more cautious, and hardly entering into talks with countries in a critical situation unless so advised by the international financial institutions. [passage omitted]

The agreements which we reached with the IMF and later with the World Bank were always at the initiative of the Hungarian Government, and were always based on the Hungarian reform endeavors and reform programs. This initiative was often insufficiently decisive and courageous and this has also played a part in the fact that between, say, 1984 and 1988 the country was not able to pursue an economic policy or a reform policy which could have prevented the almost doubling of our debts in a, so to speak, third wave of indebtedness.

I would like to stress the words, at our initiative, since we came to agreements on the basis of our economic policy and our annual plans. I would like to add that these agreements were not reached without debates. After all, an international financial organization, such as the IMF, has a different outlook, sees the world through different glasses, from a country such as Hungary, where, let us admit, we are only now beginning to strengthen and expand the market mechanisms and, let us admit, international life has not yet experienced such a determination on our party which would have made it possible, as an advance confidence, for us to acquire larger than the absolutely necessary sums.

I can reasonably state that without these agreements Hungary would have been one of the countries asking for a rescheduling without this necessary support, however clever the previous or present leadership of the Hungarian National Bank, it could not have raised these sums.

We are going to change these things in regard to the mechanism and our openness. We would not like this to happen in secret. What we would like is to discuss, in the government and elsewhere, the principles on the basis of which negotiations can be carried out with these organizations, and when we are seeking a longer-term agreement, as we are now trying to reach one with the IMF to ensure the financing of a 3-year program, then we shall submit to you the outlines, the basic elements, of this program.

What are their main proposals and what is the subject of debate? The observations and demands put forward by them—which are far from what could be described as blackmail—can be summarized in four points. We think, and this is what they think as well, that in Hungary market methods and not administrative methods must be employed in working out a market economy in Hungary, whether one talks about the external or the internal market or the creation of an equilibrium. I think that this aim is correct; this is what we profess as well. The debate is in general about the extent and the rate of progress. Just think of such things as import liberalization, price liberalization and the liberalization of the wages mechanism.

The second observation is that there should not be over-spending or, if there is—as there is in our budget—then the government should finance the deficit from the market; it should ensure the financing of the deficit through the means of the market rather than from external loans through the Hungarian National Bank. This goal is present in our program as well. On this point the debate concerns how quickly and at what rate and magnitudes we should comply with this.

The third is that there should be a realistic rate of exchange in the economy so that we should be able to connect with the world, that we should achieve convertibility as soon as possible, which is a fundamental condition for our participation in the European and world economy. Once again, our debates generally concern the extent and the rate of progress.

Then, let there be a competitively neutral economic policy, neutrality between sectors, large enterprises and small entrepreneurs or, in a different grouping, private and community property, state and cooperative sector; let them all start on an equal basis. There is no debate between us regarding the goals and the endeavor in this sphere either. However, we are aware of the difficulties. Let me add, some of the objections are based on ideological grounds. We start along the path of a more marked import of working capital, and it is immediately said in chorus that the government is selling off the country. We start out along a political line whose basis is that between 1945 and 1950 we over-nationalized, we try to correct this over-nationalization—that is, we want to launch a reprivatization program within the framework of a program for livening up enterprise, and there is immediately protest, opposition, with at times personal, leadership interests behind it.

Well, this is in brief the situation. We are conducting tough negotiations; they are tough and correct partners, but breaking off relations at the present state of the country's indebtedness would be tragic and I would not recommend it to anyone. I am convinced that the joint building of these relations benefits the Hungarian reform process and, indirectly, every one of the socialist countries.

Where the debates are misunderstood is that where we reach joint agreement on the basis of our annual plan and budget and these financial organizations from time to time review the implementation of the Hungarian program points, the experience is that if we fall behind in the implementation of the goals that we have formulated, they

bring this up. Sometimes they do this in a tougher manner, and this is how it is in the case of our program for the current year. In this system of relationship there is an obligation to provide data in every quarter, in the interest of security, particularly as regards the criteria that have been undertaken. If they do not see guarantees for certain steps, then in line with the mechanism, something which we accepted when we joined, they either suspend the issuing of the loans signed for or wait till the governments—since this is so not only in the case of Hungary—take the necessary correcting measures.

I would not like to leave anything in the dark concerning this whole question; our policy in relation to them is that we should remain in touch with them in the interests of ensuring the necessary resources, let them help in the expansion of the Hungarian reform and through it the improvement of the lending instincts or abilities of the Hungarian private banks, commercial banks.

As a connected question, I would like to deal with the issue of what has happened with the tremendous amount of money, debt, that I have spoken about. I do not wish to go into any economic discourse here, however, let me set out some points in the interest of better understanding. [passage omitted] I would like to state that between 1984 and 1988 there were only 2 years, 1986 and 1987, when the Hungarian balance of trade was in a deficit. In the other years we had a positive balance. What is more, there was an overall positive balance. This means that despite the enormous debts, we were not importing but exporting resources.

This is a very paradoxical phenomenon. It is connected with the two factors: First the extremely high cost of the interest payments on the accumulated debts. [passage omitted] Second, another cost that may be involved in the management of a stock of debt is that the reevaluations of certain currencies sometimes results in gains and sometimes in losses for a country. Thus, I would like to end this mistaken belief that this money was invested in the economy. Some of it was invested in it—in September I would like to give a precise account of how this developed since 1971, how much of the accumulated debt went into the economic structure and investments and how much burden came about as the result of the accumulated debt. [passage omitted]

Several speakers touched upon the question of defense, and further reduction of the support given for the expenditures of the armed forces and social organs. I would not recommend to the esteemed National Assembly that reductions greater than those proposed by the government should be effected in either area. At the same time I would like to state in connection with the reformulation of the security policy and defense doctrine of the country—on which we are working together with the military and foreign political leadership, and where we can see the end of the tunnel—that, naturally, the demand that there should be a smaller Army—let me say it like that for the sake of simplicity—but one which in terms of its equipment, geographical location, is more modern and more mobile is justified. One has to look at this and think about this in a responsible manner, because the defense of the country, based on its defense doctrine, and ensuring the minimal requirements necessary for it, is, I think, one of the fundamental criteria and requirements on a government. This is true of any government, not only the present one. Once we have come to the end of this review—and this will not be much longer by now—we shall determine, taking the country's ability to bear burdens, its social problems, also into consideration, that smallest sum which is adequate to meet the just-mentioned requirement. However, before completing this work I would not regard it as advisable to modify this sum. Naturally, it is right of the National Assembly to adopt a position in accordance with its best convictions, however, I would like you to take into consideration what I have just said.

I was asked how much aid we give to other countries. [passage omitted] In the 4 years between 1984 and 1988 we devoted 5.2 billion forints to these aids. This practice is present internationally in every country; this sum in the period indicated shows that we have not taken this to excess and will not do so in the future either. In the plan for 1989, or in the budget, two billion forints are allocated to this purpose and the reduction relates to this figure. [passage omitted]

Nemeth, Austria's Vranitzky Discuss Nagymaros

AU2605081189 Vienna DIE PRESSE in German 26 May 89 p 1

[Text] Vienna—On Thursday [25 May] in Vienna Hungarian Premier Miklos Nemeth affirmed his country's readiness to stick to the contract on the delivery of electricity to Austria despite the probably final stop to the construction of the Nagymaros Danube power plant. After a meeting with Chancellor Franz Vranitzky in Schwarzenberg Palace, Nemeth said that, within the framework of the new Hungarian energy program, plans are being developed on how the energy demands of both Austria and Hungary can be met with smaller power plants.

As during his visit to Prague on Wednesday [24 May], preconditions for a joint international study of ecological and economic aspects of the reservoir project were established in Vienna, Nemeth said. However, the amount of potential payments has not been discussed.

Chancellor Vranitzky said that the essential basis of further negotiations is Hungary's assurance that the contract on the delivery of electricity remains valid and that any payments or costs that Austrian companies have to incur because of Hungary's cancellation of the power plant project will be met by the Hungarian side. The principle of "strict calculation, good friends" is valid.

Davis/Martin
June 29, 1989
Title: Hungary
Draft: One

PRESIDENTIAL ADDRESS: KARL MARX UNIVERSITY
(Date, Time)

Ladies and gentlemen, Dr. Csaki (CHAH-kee). It's a pleasure to be back in Budapest, ~~as~~ and I am proud to be the first American President to visit Hungary.

Some might find it ironic that I am speaking at a university named after Karl Marx. ((And I have to admit, from my vantage point, he does seem to be staring right at me . . .)) But those who know this great university know just how fitting this forum is for an American President to address the people of Hungary.

After all, it is said that Tramline Number Two runs the nation, since it originates at Karl Marx and makes stops at the National Center, Parliament and the Central Committee. Many great Hungarian leaders have also moved along this same route, including Miklos Nemeth (Namath) and Zsigmond (Zig-mund) Jarai (JAR-ree). But before any of them, there was a teacher at Karl Marx University, and his name was Imre ((EEMH-ray) Nage (NAZH) . . .

May his funeral be remembered a thousand times longer than it was ~~deferred~~ delayed.

As that slow procession moved through Heroes' Square, the rising voice of Hungary was heard in the singing of the Szozat (SO-zat). And in this simple, somber reburial, the world saw something more than a dignified act of reconciliation. We witnessed an act of truth. It is on this foundation of truth, one more solid than stone, that Hungarians have begun to build a new future . . .

While Hungary rediscovers its natural role in the affairs of Europe, America is rediscovering you. One of the ((bestselling)) non-fiction books in my country today is entitled Budapest 1900. Dr. John Lukacs lovingly describes the Budapest of memory, the golden age when the broad tree-lined boulevards of this city were alive with color, when . . . ((Quote to come))

This was a city that rivaled Paris in splendor, Vienna in music and London in literature. This was a center of learning that enlightened the world, and gave America one kind of genius in Joseph Pulitzer, and another in Bela Bartok. But for decades, this great city, this great nation, so central to the continent in every respect, was torn from Europe and the West. This distance was still apparent to me even six years ago.

But the city and country I see today is again opening to the West, again becoming a leading light in European culture. I see

people in motion. I see color and creativity replacing grey conformity. I sense an atmosphere that is electric, alive with optimism.

This is happening because your people and your leaders -- government and opposition alike -- have the courage to break with the past, to act in the spirit of truth. And what better example of this could there be than one simple fact: Karl Marx University has dropped Das Kapital from its required reading list . . .

This 19th Century German philosopher may no longer be relevant to most students, certainly not to students of business . . . Still, Marx deserves to be remembered as the first scholar to see the past not in the usual terms of great personalities, Caesar or Charlemagne, but in terms of economics and class -- slave and master, serf and lord, laborer and guild. Yet Marx's class vision was flawed, and it failed to offer an accurate prescription for our century. ~~Why is this? Let me venture one explanation.~~

Karl Marx traced only one thread of human existence, and missed the rest of the tapestry -- the rich and varied tapestry of civilization. Marx saw Man as only homo economius. But Man is more than an economic being.

He is artistic Man. He has an innate need to create and enjoy beauty.

He is a loving member of a family, and a loyal patriot to his people.

And Man is something else which cannot be denied . . . **he is a creature of God . . .**

The creative genius of the Hungarian people, long suppressed, is again flourishing in your schools, your offices, your churches. This is more than a fleeting season of freedom for Hungary. It is a Renaissance.

Voices long stilled are being heard again. An independent daily newspaper is now sold on the streets. Commercial radio and television stations, financed by American companies, will soon broadcast everything from the news . . . to Huey Lewis and the News. And even Radio Free Europe is opening its first Budapest bureau.

Hungary's new openness at home is reflected abroad. Your government has opened relations with South Korea and may recognize Israel before long. More than one hundred thousand Americans visited Hungary last year -- and more than 20,000 Hungarians have come to America. This very university operates

exchange programs with 23 U.S. schools. **For the first time, the Iron Curtain has begun to part. Hungary is changing the world.**

The Soviet Union has withdrawn many troops, which I take as a first sign that Moscow truly respects your sovereignty. And as they leave, let the Soviets know they have everything to gain, and nothing to lose or fear, from peaceful change. **Nor should we fear new thinking from Mr. Gorbachev. We can work together to move beyond containment, beyond the Cold War.**

But all of these developments, as significant as they are, pale before this -- Hungary is at the threshold of doing what no other Communist power has done in history. You are going to become the first Warsaw Pact nation to ever hold a truly free election.

This is possible because brave men and women have formed opposition parties. And this is possible because Hungarian leaders are showing the ultimate political courage -- the courage to submit their names before the people.

While Hungary moves toward a greater future, the United States will stand by you. We are ready to ~~do what we can to~~ help promote lasting change in Hungary in three vital spheres -- economics, cultural exchange and the environment.

ECONOMIC EXCHANGE

The United States believes aid should accelerate change, not delay it. So this our guiding principle -- the United States offers aid not to prop up the status quo, **but to propel reform.**

Of course, the dead weight of the past still burdens Hungarian enterprise. The remnants of the Stalinist economy, with its huge, inefficient industrial plants; the bewildering price system no one understands; the massive subsidies that cloud economic decisions -- all of this slows what you could otherwise achieve. It's an economic Rubik's Cube that defies solution.

And, ultimately, it's a burden to be discarded. To make the transition to a market economy will test your mettle as a people. The prices of some commodities will rise. Some inefficient factories will close. Many hard choices already await you. But the creative drive of the people, once unleashed, will create a momentum of its own. This will eventually bring you something greater than riches -- though riches you will create. It will give you control over your destiny . . . **a Hungarian destiny.**

The Hungarian government has already started to leave the business of running shops to shopkeepers and farms to farmers. As you privatize, so will you integrate into the world economy. Just look to the West of the Danube -- your European neighbors

are forming a single market. Soon you will have the chance to trade with this new economic colossus. But the United States will also be your partner in this transformation to a successful competitive economy.

So with trade in mind, once your future Parliament legalizes the free movement of its citizens, I will inform Congress that Hungary is complying with the 1974 Trade Act. This will entitle you to the maximum most-favored nation tariff status possible under U.S. law. Simply put, you will have more open access **to the largest single market in the world.**

America is also prepared to include Hungary in the generalized system of preferences, which provides duty-free entry for certain goods. **Hungary can -- and should -- develop the same trade access to the American market that your Western neighbors enjoy.**

The United States will offer some government assistance, including an entrepreneurial fund for economically depressed regions of your country. In years past, loans were written and accepted with little thought paid to their utility. We've learned that massive government and institutional loans **hobble whole nations with debt, while private investment liberates creditor and debtor alike.** The U.S. government **can** and **will**

direct private-sector investment in Hungary -- investment where it counts, in Hungarian **factories, products and jobs.** ((PAUSE))

I am pleased to note the recent U.S.-Hungarian agreement to promote the formation and development of small, private businesses all across your country. Called the Hungarian Enterprise Group, this center will match venture capital, both foreign and Hungarian, with entrepreneurs -- the small businessmen and -women with the grand ideas. Perhaps some of you here today.

I have also asked the U.S. Congress to authorize the Overseas Private Investment Corporation to encourage American investment in private enterprises in Hungary. So far, little encouragement has been needed. Consider the American investment company, Bears-Stearn, which has already established a special "Hungary Fund." This private pool of investment will purchase shares in Hungarian companies, helping to develop a Hungarian stock market.

What does private investment mean for Hungary? Yesterday, at Kossuth Square, I quoted the words of that great Hungarian patriot. But it was another Hungarian patriot, a contemporary of Kossuth, Count Szechenyi (Say-chaney), who coined a phrase in his great work on economics: "Magyarorszag Nem Volt, Hanem Lesz."

~~MAHDJ-a-orsog/ Nem/ Volt/ Hah-nem/ less~~

((Hungary was not, but will be)).

CULTURAL EXCHANGE

These are the economic proposals I will discuss with your leaders. But I am also here to meet the Hungarian people. I hope this visit leads to a wider exchange between East and West. Let our scientists, our artists, our environmentalists share the knowledge that can benefit us all. **Let our soldiers discuss peace and our students discuss the future.**

In fact, our student exchange programs are the most successful. They have grown fast and can still accommodate thousands more. For this reason, I am pleased to announce that the United States Information Agency is going to initiate six new youth exchange programs in Hungary. I hope that some of you here today will soon have the opportunity to visit the United States.

I am pleased to announce two agreements with your government -- on tourism and civilian air exchange.

The United States will also open, within the next two years, an America House in the center of Budapest. The celebrated American architect Robert Stern will design the plans for this center, which will promote bilateral trade by helping Hungarians to learn American culture.

And when it comes to the language of America, the teaching of English is one of our most popular exports. As students you know that English is the lingua franca of world business, the key to clinching deals from Hong Kong to Toronto. So to give Hungarians greater entree into the global marketplace, I am pleased to announce that the Peace Corps will, for the first time, operate in a European country. And our Peace Corps volunteers will come to Budapest and all 19 counties **to teach English.**

ENVIRONMENT EXCHANGE

Six weeks ago, in Mainz, I proposed cooperation between East and West on environmental issues. I said that my generation remembers a Europe ravaged by war. And, of course, you have long since rebuilt your proud cities and restored your majestic cathedrals. But what a tragedy it would be if your continent was again spoiled, this time by a more subtle and insidious danger -- that of poisoned rivers and acid rain.

Hungary has led Eastern and Central Europe in addressing the concerns of your citizens for cleaner air and ~~more pristine~~ water. And you are leading the way in environmental agreements with the West. The U.S. Environmental Protection Agency and the Hungarian government have just agreed on new programs for exchanges and joint training of environmental experts.

((Substance to come))

Pollution is no respecter of borders. Let us work together to save our common heritage.

In economics, culture and the environment, we have much to share and learn from each other. The United States is especially determined to stand by Hungary as you meet an enormous challenge. No Communist nation has yet attempted what Hungary is already doing -- to build democracy and a free market.

((Substance on Democracy consortium/help from great parties of the West to come))

I see a great Hungarian future in the bright faces of your students. But not all young people in the East Bloc have as much freedom as you do to plan their future. Certainly not your brothers and sisters in Transylvania. ?

Your press recently reported that a Hungarian fisherman plying the waters of the Maros River discovered the body of Romanian girl. We are not exactly sure how she died. But we know that if she had been traveling from Hungary to Austria, she would have received nothing more than a friendly wave from the border guard. But she attempted to cross the Maros, and paid with her life . . . Her two brothers made it across safely.

LOST IN the River

I do not know this girl's name. I do not know the torments that drove her to risk her life. But we do know her heart. It is the heart of Anne Frank and Hertelendy (HERT-lindy) Jamos (Yamosh). It is the heart of youth determined to live in freedom . . .

Throughout the Communist world today, as a younger generation prepares to assume power, a great debate is underway. In this debate, Moscow advocates limited political freedom, but without economic rights. Beijing practices limited economic freedom, but without political liberty. Where are political **and** economic liberty peacefully advancing together? ~~Only in Hungary~~. C.E? ? Poland

The people of Hungary know it is not enough to let a man **purchase** what he wants, or to cast a symbolic vote. ~~He~~ a woman must be allowed to **say** what ~~he~~ she believes. ~~He~~ They must be allowed to **choose** ~~his~~ their government. Limited freedom, whether it is economic or political, **will not provide sufficient room for the restless human spirit.**

I cannot help but wonder what the Hungary of the year 2000 will be like. Your capital will surely reflect the grandeur of a full century before -- the Budapest of 1900. But, beautiful though it may be, Budapest, like all Hungary, will be more than a restored work of art.

Benjamin Franklin, the sage of the American Revolution, said that love of liberty and the rights of man should someday become so widespread, "that a philosopher may set his foot upon anywhere on the surface (of the earth) and say: 'this is my country.'"

Because of your courage, that is the Hungary we can see before us; a better Hungary, a greater Hungary, a place any countryman of freedom could call home.

Thank you and God bless you all.

# # #

PRESS RELEASE

THE VICE PRESIDENT
OFFICE OF THE PRESS SECRETARY

FOR RELEASE: 11:00 a.m., Austrian time
Wednesday, September 21, 1983

CONTACT: 202/456-6772

ADDRESS BY GEORGE BUSH
VICE PRESIDENT OF THE UNITED STATES
VIENNA, AUSTRIA
SEPTEMBER 21, 1983

It is a pleasure for me to come here and speak to you today; and it is appropriate that the setting be the Ceremony Hall of the Hofburg, a hall which has witnessed both the full horror of dictatorship and the glistening promise, the abundant actuality of freedom. This beautiful country of Austria is now in the full bloom of democracy; but others are not so fortunate. I have just come from the countries to your East, and I have seen in the faces of the people there a yearning for the same freedoms and democratic rights enjoyed by the people of Austria. I know that this is a subject of particular concern to Chancellor Cinowatz, whose home in the Burgenland sits only a few miles from Austria's eastern border.

Last January I travelled to Germany, and in the course of my trip paid what for me will always be an unforgettable visit to the small village of Moedelreuth. Down the main street ran a high concrete wall topped with densely packed barbed wire. On the near side, the villagers were peacefully going about the ordinary business of their daily lives. On the far side, soldiers stood watch with machine guns and attack dogs ran along the wall on chains.

As I looked out to the East, I had the momentary impression that I was standing in a lonely outpost on the edge of Western civilization. Given the harsh reality of the wall, the impression is perhaps understandable; but how true is it?

Historically, of course, it couldn't have been more false. That wall, that wound which in one form or another spans the breadth of the continent, runs not along the edge, but cuts through the very heart of Europe. The diverse and complex region through which I have just travelled, a region so rich in history and culture, has always been a part of the European mainstream.

You Austrians so aptly call this part of the world Mitteleuropa -- Central Europe. Can a wall, can guard dogs and machine guns and border patrols deny hundreds of years of European history? Can they create and enforce this fictitious division down the very center of Europe?

When we think of that monstrous wall, we think first of the very personal violence it expresses: Families divided, a people

held prisoner in their own country. But what of the violence -- just as real -- it does to our history and traditions?. What of the violence it does to Europe?

Czeslaw Milosz, the Nobel Prize-winning Polish poet, is one of the many dissident artists, writers, and intellectuals, who were forced to choose exile from the language and country they loved, rather than be exiled from their history and cultural traditions within their own country. In Milosz's famous book, The Captive Mind, he writes about the "extinguishment" he sees in the face of Eastern European intellectuals. Their countries, they know, are rightfully part of an ancient civilization, one that is derived of Rome rather than Byzantium. "It isn't pleasant," he writes, "to surrender to the hegemony of a nation which is still wild and primitive, and to concede the absolute superiority of its customs and institutions, science and technology, literature and art. Must one sacrifice so much. . .?", he asks.

Over a hundred years ago, some Tsarist historians spoke with a contempt born of envy of the "decadent West." One example of such decadence was, no doubt, the music of Frederic Chopin. In a recent essay, the Czechoslovakian author, Milan Kundera, tells of how 14 years after Chopin's death, Russian soldiers on the loose in Warsaw hurled the composer's piano from a fourth-floor window. "Today," writes Kundera, "the entire culture of Central Europe shares the fate of Chopin's piano."

It has often been remarked that of the three great events in European history -- the Renaissance, the Reformation, the Enlightenment -- Russia took part in none. But Mitteleuropa, the region that gave birth to Jan Hus, took part in them all. This region has always looked west, not east. I was struck by the close ties in even its easternmost quarter when I heard the beautiful romance language, so similar to French and Italian, spoken by the people of Romania.

Fortunately, we are beginning to see fissures in the wall. During my visit I saw that, more and more, the natural forces which bring people closer together, rather that push them apart, are beginning to reassert themselves.

We in America feel strong and unbreakable ties with the people of Central Europe. So many Americans came to our country from this region to escape poverty and religious and political persecution. Many still do. America was built in great part through the industry of Hungarians, Germans, Czechs and Poles. Across the street from my office in the White House stands a statue of Tadeusz Kosciuzko, a hero of our revolutionary war, whose brilliance as a military engineer helped free my country from foreign domination. The United States, in fact all of the civilized world, remembers with the deepest gratitude the part played by the

free Polish forces in World War II, the brave fighters who rejected Hitler's and Stalin's infamous pact to partition their country. And we will never forget the courage of the Poles who, after years of suffering the ravages of war and the ruthless suppression of their people, rose up again in Warsaw -- they fought to the end, while those who they called themselves their allies cooled their heels on the east bank of the Vistula river.

The ties of my country to Central Europe are many, our histories are often intimately intertwined. The founder and President of the first Czechoslovak Republic, Thomas Masaryk, married an American. Sixty-five years ago this October, he wrote the Czechoslovak Declaration of Independence, a document founded on the same "historic and natural" rights that guided our own forefathers in writing our Declaration of Independence. To quote from that document written by Masaryk: "We accept and shall adhere to the ideals of modern democracy, as they have been the ideals of our nation for centuries." The "nation of Comenius," he said, accepts "the principles of liberated mankind, of the actual equality of nations, and of governments deriving all their just power from the consent of the governed."

The Czechoslovak Republic, which lasted from 1918 until 1938, was one of the most prosperous countries in Europe; its charter guaranteed "complete freedom of conscience, religion and science, literature and art, speech, the press, and the right of assembly and petition."

Today, according to their own constitution, the Czechs are promised the same freedoms; so, too, by written law and international treaties to which the Soviet Union and the governments of Eastern Europe are signatories, are the people of other countries in the region promised these basic human rights. But we have seen how often governmental deeds diverge from official promises. The people in many parts of Eastern Europe must now carry on their culture, their traditions, underground and in fear.

But there are groups, such as the Charter 77 movement in Czechoslovakia, and Solidarity in Poland which have sought to persuade their government to abide by their own laws and international commitments. Because of these individuals, who courageously demand their human rights, and because of the more imaginative leaders in some of these countries who have listened to the just wishes of their people and have sought to democratize their social and economic systems; European culture on the eastern side of the continent will never die.

The United States shares with these people a vision of Eastern Europe in which respect for human rights becomes the norm and not a rare concession to international pressure, where prosperity and advancement replace economic backwardness, and

openness overcomes barriers to human contacts and economic cooperation. In approaching the problems of the region, United States policy is guided by certain constants: First, we recognize no lawful division of Europe. There is much misunderstanding about the substance of the Yalta conference. Let me state as clearly as I can: There was no agreement at that time to divide Europe up into "spheres of influence;" on the contrary, the powers agreed on the principle of the common responsibility of the three allies for all the liberated territories. The Soviet Union pledged itself to grant full independence to Poland and to all other states in Eastern Europe, and to hold free elections there. The Soviet violation of these obligations is the primary root of East-West tensions today.

A similar misunderstanding exists about the Helsinki Accord. Some argue that Helsinki endorses the status quo, the present division of Europe. We reject this notion. At review sessions in Belgrade, Madrid, and the upcoming session here in Vienna in 1986, we have stated and will continue to insist that the heart of Helsinki is a commitment to openness and human rights.

Let me stress here that the United States does not seek to destabilize or undermine any government, but our attitude toward the region is informed by a sense of history -- of European history. For this reason we support and will encourage all movement toward the social, humanitarian and democratic ideals which have characterized the historical development of Europe. We appreciate the special role of countries such as Yugoslavia and Austria which have contributed so much to restoring historic patterns of trade and communications.

We share with the people of Eastern and Central Europe three basic aspirations; freedom, prosperity, and peace. We recognize the diversity and the complexity of the region. Of Austria's neighbors to the East, some have shown a greater measure of independence in the conduct of their foreign policy. Some have introduced greater openness in their societies, lowered barriers to human contacts, and engaged in market-oriented economic reforms. Others, unfortunately, continue to toe the Soviet line. Their foreign policy is determined in Moscow, and their domestic policies still flagrantly violate the most fundamental human rights.

In our relations with the countries of Eastern Europe, we take these differences into account. Our policy is one of differentiation -- that is, we look to what degree countries pursue autonomous foreign policies, independent of Moscow's direction; and to what degree they foster domestic liberalization -- politically, economically and in their respect for human rights. The United States will engage in closer political, economic and cultural relations with those countries such as Hungary and Romania which assert greater openness or independence. We will strengthen our dialogue and cooperation with such countries.

We are not saying that countries must follow policies identical to those of the United States. We will not, however, reward closed societies and belligerent foreign policies -- countries such as Bulgaria and Czechoslovakia, which continue to flagrantly violate the most fundamental human rights; and countries such as East Germany and, again, Bulgaria, which act as proxies to the Soviets in the training, funding and arming of terrorists, and which supply advisors and military and technical assistance to armed movements seeking to destabilize governments in the developing world.

Let me stress once more that our hopes for Eastern Europe are peaceful. But we believe that reform is essential. Over the span of many years the United States has provided hundreds of millions of dollars of loans and credits for the Polish economy in the hope that this aid would help build a more plentiful and open society. We cannot, however, be expected to shore up a nation's economy when the government refuses to institute the most basic economic reforms. If countries insist on following the Soviet economic model, even dollars, francs and marcs cannot prevent the certain failure of their economies.

It is by now abundantly clear that highly centralized, command economies cannot fulfill the basic needs of their populations, let alone remain competitive in world markets or keep pace with technological advancement. Just as retarded industrial development relegated much of nineteenth century Central Europe to a backwater of agricultural poverty, there is ample evidence that the unfolding information revolution will sweep past an unprepared Soviet Union and much of Eastern Europe -- unless there is basic change. For example, Hungary's relative prosperity demonstrates the practical, positive results that follow on social and economic liberalization.

The countries of Eastern Europe have a choice to make. They can close themselves off, or they can open up and join the world economy positively, as traders rather than debtors. Think about this: 25 percent of all Soviet farm output comes from private plots that occupy less than 3 percent of the Soviet Union's agricultural land. It's doubtful whether Soviet agriculture could survive without this concession to private enterprise.

Freedom is the essential component of progress -- the freedom of each individual to bring his knowledge and wisdom to bear on the economic decisions that will directly affect his life. This

requires freedom of information, the free flow of ideas and the free movement of people. We take these freedoms to be fundamental, moral precepts; but they are also practical necessities. If a society revises history to suit ideological needs; if it censors information; if it punishes imaginative and creative individuals and discourages initiative in its people -- that society condemns itself to ignorance and backwardness and poverty.

Just as freedom and prosperity go hand in hand, so, too, are freedom and prosperity linked to peace. I know that the people of Central Europe, who have such an intimate experience of the waste and horror of war, ardently yearn for peace. President Reagan and I and the American people share in your hopes and desires. Our commitment to nuclear arms reduction -- not just arms control, but the reduction of these terribly destructive weapons -- is unshakeable. The United States has already unilaterally withdrawn 1,000 nuclear warheads from Europe. The implementation of the 1979 NATO decision to deploy INF will not increase by even one the number of nuclear weapons in Europe. But while we've been withdrawing nuclear weapons, the Soviets have been engaged in an unprecedented and relentless military buildup in conventional and nuclear arms.

One of the most dangerous and destabilizing new elements is the Soviet Union's monopoly of intermediate-range nuclear missiles -- missiles which can strike any target in Europe within a few minutes. The Soviets have already more than sufficient INF weapons in place to meet their security requirements, and yet they seek to further intimidate the people of Europe by dire warnings of counter-deployments in Eastern Europe should NATO go ahead with deployments in December

It is our hope that the Soviet leadership will have the courage and vision to reverse their dangerous arms buildup. If they show some flexibility at the bargaining table and a balanced approach is adopted, and agreement in Geneva is still possible before the end of this year. Here in Vienna, at the negotiations for Mutual and Balanced Force Reduction, after many years of stalemate, there are some signs of movement for verifiable reduction in conventional forces in Central Europe.

But a prerequisite for peace is respect for international law. Regrettably, the Soviet Union and most of the Warsaw Pact countries continue to flout the human rights agreements to which they are all signatories. And the world is still in shock from the brutal murder of 269 civilians aboard a commercial airliner which strayed off course and was unlucky enough to pass over Soviet territory.

Let me ask you this question: Would the United States, would Austria, ever wantonly shoot down a commercial airliner? Never. But the Soviets resolutely state they would it again. These are not

the actions and words of a civilized system. The European tradition stresses above all things a respect for human life. Those traditions, sadly, are not universal.

What are we to think of leaders who compound such brutal deeds with bald and careless lies and who respond to the just inquiries of the international community with utter contempt? This use of brute force is exactly the kind of Soviet behavior in Eastern Europe that the United States has been protesting for years.

Recognition of the true nature of the Soviet system doesn't make our desire for peace any less strong. If anything, it makes it stronger. But we enter all negotiations with the Soviets with our eyes open. We will never give up in our attempts to use reason and whatever reassurances we can give to persuade the Soviets to truly, constructively join the community of nations. Our desire for peace is strong and unfailing. With your help, with the help of all nations, I'm certain we can make that hope a reality.

I'd like to close with the words of a great Mitteleuropean, His Holiness Pope John Paul II. In just three lines he pointed out the road toward a better future;

Persons over Things
Ethics over Technology
Spirit over Matter.

I have visited four important nations in Central Europe -- nations rich in culture and history; nations with differing systems and perspectives. But in my talks with the leaders and people of these countries, I've become convinced that we all share a common goal -- to heal the wounds that separate us, to remove the artificial barriers which divide us, and to reduce the level of fear and terror in the world through arms reduction.

I come away from Eastern Europe with a strong sense of its diversity, a strong sense of the uniqueness of each country. With some, our ties are already greatly improved -- my visit is one indication of that. But we are not about to write off a single country. We are ready to respond to each to the extent that they are meeting their own people's aspirations, are pursuing their own, independent foreign policy, and are willing to open up to the rest of the world.

I am an optimist. I see a brigh future for Central Europe -- a future of peace, prosperity, and freedom. I am positive the barriers will come down and that the desire of our neighbors to the East to once more become a full part of Europe will finally, after many hard bitter years, be fulfilled. In this spirit of reconciliation, we must all work together to make this optimistic vision a reality -- to once again make Europe whole.

Thank you.

# # #

June 23, 1989

MEMORANDUM

TO: SPEECHWRITERS

FROM: McGROARTY

SUBJECT: MEETING WITH POTUS RE EUROPE TRIP

Attendance: POTUS, Gov. Sununu, Gen. Scowcroft, Blackwill, Cicconi, Gates, Demarest, Winston, McGroarty.

On themes:

Gen. Scowcroft and Amb. Blackwill recommended "Europe whole and free" as the running theme for trip.

DD suggested as a "subtheme" for use whenever possible the linkage between economic freedoms and political freedoms.

On Poland:

POTUS would like to credit Gen. Jaruszelski without condoning brutal measures under his rule.

Gen. Scowcroft suggests: "Gen. J doing a statesmanlike job of working forward at a time of great difficulty...." (Focus on present actions.)

POTUS on General Jaruszelski: "Gen. J. thinks of himself as Gorbachev's closest friend in East. Europe."

Gen. Scowcroft on Poland's future/expectations: "Poland has a long way to go -- lots of belt tightening."

POTUS on what he's looking for in speeches:

"I don't want to win the rhetorical excess award and lose the policy battle."

"Don't challenge the Soviet Union while in Eastern Europe." (See Gorbachev: words of praise for the U.S. while in West Germany.)

Gen. Scowcroft suggests a formulation such as: "We watch with interest as the Sov. Union encourages welcome changes...."

POTUS and Gen. Scowcroft cite several times that our approach in Poland and Hungary must encourage but not incite.

Miscellaneous:

Gen. Scowcroft: Look for opportunities to make point that Poland and Hungary's paths may be different. ("Differentiation" policy: each country proceeds from its own experience.)

Gates suggests praise of Poland/Hungary presents an opportunity to send a message to retrograde regimes (GDR, Romania, Bulgaria, Czechoslovakia) that change is inevitable.

June 23 / 10 A.M.



Dan Fried - Polish Desk Officer

Put substantive elements totally in BRACKETS.

POLAND

- President will be first to address Parliament/ No longer East Bloc Commie Rubber Stamp -

upper house Senate - 99 of 100 seats Solidarity + 1 millionaire. Solid. - some econ./business/ Solid. Union different than Solid coalition for example, Paslinsky - entrepreneur, economist -

lower house Sejm (same) Communist ~~controlled~~

~~Upper Senate~~ / Sejm 38% commies + peasant parties / 65% Dem. party + 5% lay Catholic (some stooges + some indep.)

The peasant party breaking away from Communist creators, working w/ Solidarity. Sejm not guaranteed of 68% or 2/3 votes to control Senate.

President will be elected by Upper Senate

Walesa wants to win quietly and not fail gloriously. He doesn't want to be a martyr.

Presidency based on French model.

Speech to Parliament a moment of considerable drama.

- Solidarity does not want Ministries - no Portfolio - no coalition as of the moment. Afraid of cooptation - Fears of power - police and army, still in control of [redacted] nation/gov./departments.
- Could turn sour very quickly. The Poles are exhausted, [redacted] scared.

4 quantum / FREE ELECTIONS EXPECTED 1993

Solidarity a labor union / party - tech. division.

- There are elements of coalition in this deal - But only the gov. supports idea of a true, lasting coalition.

Situation still fluid before 1993 - Both sides have publicly said free elections 1993 - but not formalized in Round table Agreement

Communist Party in Hungary overrun by Social Democrats. Few reformers in Polish Communist Party. - Danger of Polish Communist FRACTURE

Assone Jaruzelski wins

Gen. Kosk. has a patronizing ring

Copernicus /
Mickiewicz /

- Compare Roundtable Agreement Renaissance Republic of Poland } Polish Const. Genius
May 3rd - Enlightenment

GDANSK encourage, applaud but not incite.

[redacted] Expectations high for billions

We cannot save you/ only you can save you - We are going to help you as you solve your problems.

POLAND - Christ of nations / [redacted] Martyr

Message must be sobering

Dichotomy

PERONISM is the IDEOLOGY of the HARDLINERS/ IRRESPONSIBLE 100% wage indexation — VS. a desire for democracy -

CHRISTIAN METAPHORS WORK great

"BLIND LOVE," IS THE EXPRESSION MOST [redacted] POLES HAVE FOR AMERICA.

EVERYONE has an uncle or AUNT in Detroit

POPE is NUMERO UNO.

SCENARIO'S FOR DISASTER: VATICAN AN OBSERVER OF ROUNDTABLE - ENDORSED. Priests CIRCULATED Solidarity REGISTRATION's. Church has always wanted to be guarantor of nation. Church is Court of Last resort. CHURCH ROLE ~~not~~ positive - Elements of Church hate [redacted] Solidarity - the secular power leftists. [redacted] ABORTION issue cuts right down middle of Solidarity

JARUZ - Army man - at least a computer at first Jaruz. / [redacted] ith. / Soviet LABOR CAMP / & FATHER STARVED

FRIED's best guess He is after historical vindication

WEINBERGER hurt J. BADLY when he SAID: "A RUSSIAN GENERAL IN A POLISH UNIFORM." [redacted]

Reports of depression; very vain man.

Not yet announced for President.

We want to appeal to Jaruzelski's vanity - don't stiff him.

Not love for Jaruzelski - but respect.

] except for a few analysts in CIA/STATE predicted current situation - fulfillment of Round Table.

Jarul. may resign as First Sec. of Party - if he becomes President.

[danger - Jarul may be overthrown by Party.]

Fried
647-1070

Poland has open border - ord. Poles free to travel / Lodz now has Passports.

Element of Solidarity - violent, anti-Communist, ready for terrorism, seeing [redacted] Walesa as a com-symp. Unholy alliance w/ Communist hard-liners + Solidarity Right - using extremists to overthrow process.

"Poland is no longer a totalitarian Communist country. It is an authoritarian regime? I don't know. No one knows." (electrician working-class accent)

Walsea not a polished intellectual. But he is a natural. Shrewd. Powerful. [redacted] "I love victory!" Walesa. He does not have the Polish martyr complex.