Originally Processed With FOIA(s):
S; 1998-0194-F

FOIA Number:
S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Backup Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13677
Folder ID Number: 13677-005

Folder Title:
Hungary 7/89 [OA 8489] [3]

Stack:	Row:	Section:	Shelf:	Position:
G	26	19	2	4

Davis 2/5

WHITE HOUSE SITUATION ROOM

PRT: HUGHES KELLER STUDDERT
SIT: BENKO BLACKWILL RICE VAX

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG> 251253Z MAY 89

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC IMMEDIATE 5700

EXDIS

~~C O N F I D E N T I A L~~ SECTION 01 OF 06 BUDAPEST 05597
EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
2. THE FOLLOWING ARE THE EMBASSY'S SUGGESTED REMARKS FOR THE PRESIDENT'S ADDRESS TO BE MADE AT KARL MARX UNIVERSITY DURING HIS VISIT TO HUNGARY.
-
3. BEGIN SPEECH. QUOTE.
-
LADIES AND GENTLEMEN. DOCTOR CSAKI:
-
I THANK YOU FOR YOUR KIND INVITATION TO SPEAK HERE AND THIS WARM WELCOME. MAY I ADD THAT THOUGH AT FIRST GLANCE IT MAY SEEM SURPRISING TO SEE AN AMERICAN PRESIDENT SPEAKING AT A UNIVERSITY CALLED KARL MARX. AT THIS TIME IN THE DEVELOPMENT OF EAST-WEST RELATIONS I CANNOT BUT THINK IT IS A VERY APPROPRIATE PLACE AFTER ALL.
-
THIS COUNTRY HAS CHANGED AMAZINGLY SINCE MY VISIT IN 1983: THERE HAVE BEEN MAJOR CHANGES IN THE POLITICAL

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By ___ NARA, Date 06/01/23

CLIMATE; THERE IS NOW STARTLINGLY OPEN POLITICAL DEBATE IN THE PRESS: THE SOVIET UNION HAS -- IN WHAT WE HOPE IS JUST A FIRST STEP -- WITHDRAWN SOME OF ITS TROOPS FROM HUNGARIAN SOIL; THE FIRST MEASURES TOWARD AN EFFICIENT, MARKET-ORIENTED ECONOMY HAVE BEEN TAKEN; THE BORDERS TO THE WEST HAVE BEEN OPENED TO ALL ORDINARY CITIZENS WHO WANT TO VISIT ABROAD; AND THE UGLY BARBED WIRE OF THE IRON CURTAIN IS BEING TORN DOWN.

EXDIS

-

WE IN THE UNITED STATES HAVE WELCOMED THESE FIRST EFFORTS TOWARD THE LIFTING OF THE POLITICAL AND ECONOMIC RESTRAINTS ON THE PEOPLE OF HUNGARY. WE HAVE REJOICED TO SEE THE WAVE OF DEMOCRACY, NOW SURGING AROUND THE WORLD, BEGIN TO SWEEP OVER THIS COUNTRY, TOO.

-

EXDIS

IT IS MY AIM, AND THAT OF THE AMERICAN PEOPLE, TO HELP THE PEOPLE OF HUNGARY WORK TOWARD THE TIME WHEN YOU ARE FREE TO TAKE AN ACTIVE PART IN THE PEACEFUL DEVELOPMENT OF YOUR COUNTRY, WHEN YOU CAN ACHIEVE A FULL DEMOCRACY AND THE PROSPERITY THAT HISTORY HAS SHOWN ONLY A MARKET-ORIENTED ECONOMY CAN PRODUCE.

AS I HAVE SAID BEFORE, WE WANT FREEDOM TO SUCCEED. AND I SAY NOW WE WANT IT TO SUCCEED HERE.

-

EXDIS

HUNGARY TODAY STANDS ON THE VERGE OF A NEW ERA. OPPORTUNITIES ARE HERE FOR DEMOCRACY, AND FOR AN EFFECTIVE ECONOMY THAT CAN PROVIDE A BETTER STANDARD OF LIVING FOR ALL HUNGARIANS. THE PATH TO A RETURN TO DEMOCRACY HAS BEEN TREAD BEFORE BY OTHER NATIONS. BUT IT IS NOT AN EASY PATH. IT TAKES POLITICAL AND MORAL COURAGE TO GO FORWARD, TO AVOID THE TRAP OF COVERING STAGNATION WITH POLITICAL RHETORIC, TO TAKE THE DIFFICULT STEPS THAT ARE NECESSARY TO TURN THIS

COUNTRY AROUND.
-
WE BELIEVE THIS NATION HAS THAT COURAGE.
-
WE BELIEVE IN THE FUTURE OF HUNGARY.
-
AND WE WILL SHOW OUR CONFIDENCE IN THIS COUNTRY THROUGH CONCRETE STEPS TO ENCOURAGE THE PROCESS OF REFORM.
EXDIS
WE WILL BACK THE PROCESS, ALREADY BEGUN, OF GETTING THE GOVERNMENT BUREAUCRACY OUT OF THE BUSINESS OF RUNNING THE HUNGARIAN ECONOMY, AND OF RETURNING HUNGARIAN BUSINESS, INDUSTRY, AND AGRICULTURE TO PRIVATE HANDS. WE WILL DO THIS THROUGH PROMOTION OF SENSIBLE INVESTMENT IN WELL-RUN ENTERPRISES. WE WILL HELP YOU TO TRAIN THE BUSINESS MANAGERS AND FINANCIAL EXPERTS THE COUNTRY NEEDS. WE WILL ENCOURAGE MORE TWO-WAY TRADE. MY ADMINISTRATION HAS MAPPED OUT A
EXDIS
SERIES OF MEASURES TO MOVE FORWARD IN ALL OF THESE AREAS. I AM HERE ON BEHALF OF THE PEOPLE OF AMERICA TODAY TO OFFER YOU A HELPING HAND.
-
ONE HUNDRED YEARS AGO, HUNGARY WAS IN THE MIDST OF ITS GOLDEN ERA, WITH UNPRECEDENTED PROSPERITY AND DEVELOPMENT. AT THAT TIME HUNGARY WAS A WELL-RESPECTED AND ACTIVE MEMBER OF THE EUROPEAN COMMUNITY OF NATIONS.
BT
#5597
BT
EXDIS
~~C O N F I D E N T I A L~~ SECTION 02 OF 06 BUDAPEST 05597
EXDIS
DEPT P/.5 WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH

EXPORTING ALL OVER EUROPE ITS INDUSTRIAL AND AGRICULTURAL PRODUCTS, ITS IDEAS, ITS ART AND CULTURE. IT WAS A COUNTRY KNOWN NOT ONLY FOR THE BEAUTY OF ITS CAPITAL, BUT ALSO FOR ITS RELIGIOUS TOLERANCE, AS A PLACE WHERE PEOPLE OF DIFFERENT COMMUNITIES LIVED AND WORKED TOGETHER IN PEACE. WESTERN VALUES OF DEMOCRACY AND FREE ENTERPRISE WERE RESPECTED, AND HELPED TO BUILD THE NEW HUNGARY.

-

EXDIS UNFORTUNATELY, THE ERA OF PROSPERITY AND PEACEFUL DEVELOPMENT WAS SHORT-LIVED. THE TWENTIETH CENTURY HAS SEEN A SUCCESSION OF EXTRAORDINARILY DIFFICULT

TIMES FOR THIS NATION: THE DESTRUCTION AND LOSS OF TWO WORLD WARS, THE ECONOMIC DEPRESSION OF THE 1930S, THE PERSECUTION AND NEAR-ANNIHILATION OF TWO MAJOR COMMUNITIES--THE JEWS AND THE GYPSIES, AND THE IMPOSITION OF AN ALIEN AND REPRESSIVE GOVERNMENT, WITH TRAGIC CONSEQUENCES IN 1956.

-

EXDIS AS WE NEAR THE END OF THIS CENTURY, HOWEVER, AND PREPARE TO ENTER A NEW ONE, WE CAN SEE AT LAST THE BEGINNING OF A NEW ERA OF OPPORTUNITIES FOR PEACE, FOR PROSPERITY, AND FOR FREEDOM OF THE PEOPLE OF HUNGARY.

-

EXDIS WE IN THE UNITED STATES, WITH MORE THAN TWO HUNDRED YEARS OF EXPERIENCE WITH A WORKING CONSTITUTION, HAVE COME TO APPRECIATE THAT A DEMOCRATIC SYSTEM IS FULL OF CONFLICTS AND OFTEN MESSY. THE RETURN TO DEMOCRACY AFTER A PERIOD OF REPRESSION IS OFTEN NOT STRAIGHTFORWARD OR EASY, BUT THE PROCESS OF STRIVING FOR A TRULY DEMOCRATIC SYSTEM MUST GO FORWARD.

-

WE HAVE BEEN IMPRESSED BY THE PUBLIC DEBATES IN THE

MEDIA HERE ON THESE SUBJECTS. WE APPRECIATE THE DRAMATICALLY INCREASED SCOPE FOR PRESS FREEDOMS NOW ENJOYED IN HUNGARY, RECENTLY DEMONSTRATED BY THE START OF THE COUNTRY'S FIRST INDEPENDENT DAILY NEWSPAPER. THE DEGREE TO WHICH HUNGARY HAS OPENED UP TO THE WEST IN THIS REGARD IS SHOWN BY A VERY RECENT AND WELCOME DEVELOPMENT -- I AM PLEASED TO NOTE TODAY THAT THE HUNGARIAN GOVERNMENT HAS AGREED TO ALLOW AN OFFICE OF RADIO FREE EUROPE TO OPEN HERE IN BUDAPEST AND THAT IT IS ALREADY FUNCTIONING. I AM ALSO ENCOURAGED THAT PERMISSION HAS BEEN GIVEN FOR THE OPENING HERE OF A PRIVATE COMMERCIAL AMERICAN RADIO STATION. WE ARE ALSO PLEASED THAT WHITE COLLAR INDEPENDENT UNIONS NOW FUNCTION HERE; WE HOPE THAT SOON SUBSTANTIAL INDEPENDENT BLUE COLLAR UNIONS WILL REPRESENT HUNGARIAN WORKERS. LIKE MOST HUNGARIANS, WE ARE ENTHUSIASTIC OVER THE PROSPECT OF THE COUNTRY'S FIRST FREE MULTIPARTY ELECTIONS SINCE 1945, AND BY THE PROSPECT OF THE COUNTRY'S TRANSITION TO A GENUINE MULTIPARTY SYSTEM. HUNGARIAN-AMERICANS PARTICULARLY SHARE OUR GRATIFICATION THAT THE PROCESS OF NATIONAL RECONCILIATION AND HEALING FOLLOWING 1956, WHICH SEEMED INCOMPLETE AND STALEMATED A FEW YEARS AGO, HAS TAKEN MAJOR STEPS FORWARD WITH THE PEACEFUL REBURIAL AND REHABILITATION OF IMRE NAGY.

-

IN THE FOREIGN POLICY AREA, WE ARE ALSO GRATIFIED BY HUNGARY'S STEPS TOWARD FULL PARTICIPATION IN THE INTERNATIONAL COMMUNITY AS A SOVEREIGN STATE: ITS ESTABLISHMENT OF RELATIONS WITH SOUTH KOREA, ACCESSION TO THE UNITED NATIONS REFUGEE CONVENTION, AND ITS PARTICIPATION IN UN PEACEKEEPING ACTIVITIES. WE HOPE YOU WILL HAVE FULL DIPLOMATIC RELATIONS WITH ISRAEL BEFORE LONG. IN ITS TROUBLED RELATIONSHIP WITH ROMANIA, HUNGARY HAS OUR SYMPATHY AND SUPPORT BECAUSE WE SHARE HUNGARY'S HUMAN RIGHTS CONCERNS

EXDIS EXDIS EXDIS

AND SUPPORT THE INTEGRITY OF THE HELSINKI PROCESS

WHICH THE ROMANIAN GOVERNMENT HAS SOUGHT TO UNDERMINE.
-
THESE CHANGES ARE IMPORTANT. WE RECOGNIZE THEY ARE INCOMPLETE, AND REPRESENT A BRIEF PERIOD IN A LONG PROCESS. WE SUPPORT THE PROCESS AND IN DOING SO, WE BELIEVE THE MAIN ISSUE IS NOT WHETHER THE PROCESS IS GOING TOO SLOW OR TOO FAST, BUT THAT IT CONTINUE. WE DO NOT WANT INSTABILITY. AT THE

EXDIS

BT
#5597
BT
~~CONFIDENTIAL~~ SECTION 03 OF 06 BUDAPEST 05597
EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E.O. 12326: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH

EXDIS

SAME TIME, STABILITY WITHOUT CHANGE IS NOT POSSIBLE.
-
A MAJOR AND VERY DRAMATIC PART OF THE LIBERALIZATION OF THE HUNGARIAN POLITICAL SYSTEM AND THE RETURN OF RIGHTS TO THE PEOPLE HERE HAS BEEN THE DECISION LAST YEAR OF THE GOVERNMENT OF HUNGARY TO LIBERALIZE THE RESTRICTIONS ON THE TRAVEL OF ITS CITIZENS. WE WELCOME THE DRAFT LEGISLATION THE GOVERNMENT HAS PREPARED THAT WILL RECOGNIZE THE FUNDAMENTAL RIGHTS OF HUNGARIANS TO EMIGRATE LEGALLY IF THEY SO WISH. ON THE BASIS OF THIS CHANGE IN HUNGARIAN LAW, MY ADMINISTRATION WILL SUPPORT THE EXTENSION OF MULTI-YEAR MOST-FAVORED-NATION STATUS TO HUNGARY.

EXDIS

-
MEANWHILE, WE ARE DOING ALL WE CAN TO PROMOTE THE

VISITS OF AMERICANS HERE AND OF HUNGARIANS TO OUR COUNTRY, IN THE BELIEF THAT SUCH PRIVATE CONTACTS STRENGTHEN THE CAUSE OF PEACE BY BUILDING PRACTICAL COOPERATION IN A THOUSAND DIFFERENT FIELDS AND MUTUAL INTEREST. I UNDERSTAND THAT LAST YEAR OVER ONE HUNDRED THOUSAND AMERICANS CAME HERE, AND THAT OVER TWENTY THOUSAND HUNGARIANS WENT TO AMERICA. WE ARE DELIGHTED TO SEE THE PEOPLE OF HUNGARY EXERCISING THEIR RIGHT TO TRAVEL AND TO HAVE FREE CONTACT WITH PEOPLE FROM OTHER COUNTRIES. IN ORDER TO MAKE SUCH CONTACTS EASIER ON BOTH SIDES, I AM PLEASED TO ANNOUNCE TWO NEW AGREEMENTS WITH YOUR GOVERNMENT--ON TOURISM AND CIVILIAN AIR TRAFFIC.

EXDIS

-

ON ALL FRONTS WE ARE ENCOURAGING THIS KIND OF DIRECT CONTACT. HUNGARY HAS BEEN ONE OF THE LEADING WARSAW PACT NATIONS IN SUPPORTING CONTACTS BETWEEN OUR RESPECTIVE MILITARY PEOPLE. THROUGH THESE CONTACTS, AMERICAN AND HUNGARIAN MILITARY PERSONNEL ARE STEADILY IMPROVING THEIR KNOWLEDGE OF EACH OTHER'S FORCES AND THEREBY GAINING CONFIDENCE THAT NEITHER NATION'S FORCES POSE UNKNOWN THREATS TO THE OTHER.

EXDIS

-

AMERICAN MILITARY PERSONNEL HAVE IN THE LAST YEAR OBSERVED MILITARY EXERCISES HERE, AND NOTED THE FULL COOPERATION AND OPENNESS OF THE HUNGARIAN COMMANDERS.

OTHER CONTACTS ARE TAKING PLACE AT VARIOUS LEVELS. AND I AM VERY PLEASED AT THIS TIME TO ANNOUNCE THAT COLONEL GENERAL PACSEK, COMMANDER OF THE HUNGARIAN ARMY, HAS ACCEPTED OUR INVITATION TO VISIT THE UNITED STATES IN OCTOBER AND MEET WITH THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF. THIS WILL BE THE FIRST TIME THAT SUCH A HIGH RANKING MILITARY OFFICER FROM HUNGARY WILL MAKE SUCH A VISIT.

EXDIS

-

I WOULD LIKE TO TURN NOW TO ONE OF THE MOST ACTIVE AREAS OF THE RELATIONSHIP BETWEEN OUR TWO COUNTRIES AND ONE I BELIEVE IS PARTICULARLY IMPORTANT. WHEN I WAS LAST HERE IN 1983 THERE WERE TWENTY-FOUR FULBRIGHT SCHOLARS; NOW THERE ARE OVER FIFTY. THE NUMBER OF STUDENTS TRAVELLING FROM HUNGARY TO THE UNITED STATES HAS INCREASED TENFOLD. IN 1983 THERE WERE FEWER THAN THREE HUNDRED EXCHANGE VISITORS; NOW THERE ARE ALMOST NINE HUNDRED. TWENTY AMERICAN COLLEGES NOW HAVE EXCHANGE PROGRAMS OF THEIR OWN, IN ADDITION TO THOSE WE SPONSOR. I KNOW SOME AMERICAN STUDENTS STUDYING HERE IN HUNGARY ARE WITH US TODAY. ALSO EXCITING FOR US IS THE DEVELOPMENT OF MANY PRIVATELY-SPONSORED PROGRAMS FOR YOUNG HIGH SCHOOL STUDENTS, WHO OFTEN SPEND A SEMESTER OR A YEAR IN EACH OTHER'S HOMES, LEARNING ABOUT EACH OTHER'S COUNTRIES IN A FAMILY SETTING. WE ENTHUSIASTICALLY APPLAUD THE MANY PRIVATE FOUNDATIONS AND INDIVIDUALS WHO MAKE THESE PROGRAMS POSSIBLE.

-

TODAY I AM VERY PLEASED TO ANNOUNCE THAT THE UNITED STATES INFORMATION AGENCY IS GOING TO GRANT THREE HUNDRED THOUSAND DOLLARS TO SUPPORT SIX NEW YOUTH EXCHANGES WITH HUNGARY. SOME HERE IN THIS AUDIENCE WILL BE GOING TO THE UNITED STATES.

THE STUDY OF THE ENGLISH LANGUAGE IN HUNGARY HAS BECOME WILDLY POPULAR, AND WE HAVE BEEN ASKED BY THE HUNGARIAN GOVERNMENT TO SUPPORT IT.

THEREFORE IT IS WITH PARTICULAR PLEASURE THAT I

BT

#5597

BT

~~C O N F I D E N T I A L~~ SECTION 04 OF 06 BUDAPEST 05597

EXDIS

DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER

NSC FOR BLACKWILL

EXDIS

EXDIS

EXDIS

EUR/EEY FOR SWIHART
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
ANNOUNCE THAT WE ARE SENDING 20 PEACE CORPS VOLUNTEERS
TO HUNGARY TO TEACH ENGLISH--ONE FOR EACH OF YOUR 19
COUNTIES AND FOR BUDAPEST. THIS IS THE FIRST PEACE
CORPS PROGRAM IN AN EAST CENTRAL EUROPEAN COUNTRY.
THE U.S. INFORMATION AGENCY IS PROVIDING TEACHERS
AND TRAINING AS WELL.

EXDIS

-

THE ENGLISH LANGUAGE HAS BECOME MORE THAN THE
VEHICLE FOR THE CULTURES OF THE COUNTRIES TO WHICH
IT IS NATIVE--IT IS NOW THE ACCEPTED LANGUAGE OF
INTERNATIONAL TRADE. GOOD HUNGARIAN MANAGERS AND

EXDIS

BUSINESS PEOPLE MUST BE ABLE TO COMMUNICATE ABROAD
IN ORDER TO DEVELOP YOUR TRADE, AND SO I HOPE THESE
TEACHERS WILL BE PROMOTING THE DEVELOPMENT OF
HUNGARIAN BUSINESS AS THEY TEACH THE BEAUTIES OF
SHAKESPEARE AND HEMINGWAY.

-

THE HUNGARIAN GOVERNMENT AND THE HUNGARIAN PEOPLE
SEE THE NEED FOR BOTH ECONOMIC AND POLITICAL REFORM
TO ENABLE HUNGARY ONCE AGAIN TO JOIN THE DEVELOPED,
DEMOCRATIC COMMUNITY OF NATIONS. HUNGARY IS AT THE
FOREFRONT OF ECONOMIC REFORM IN THIS REGION. STEPS
HAVE BEEN TAKEN TO ENCOURAGE PRIVATIZATION, FOREIGN
INVESTMENT, LIBERALIZE IMPORTS, AND GRADUALLY REALIGN
PRICES TO WORLD LEVELS. BUT IT HAS BEEN A SLOW
PROCESS AND MUCH REMAINS TO BE DONE.

EXDIS

-

THE UNITED STATES IS WILLING TO BE A PARTNER IN THE
REFORM PROCESS, IN A TRUE EFFORT TO ESTABLISH HUNGARY
AS AN EFFECTIVE ECONOMY, INTEGRATED INTO THE WORLD
ECONOMY AND TRADING SYSTEM. WE WANT TO HELP YOU

CREATE THE INFRASTRUCTURE NECESSARY FOR THAT, AND TO HELP YOU ADDRESS YOUR DEBT PROBLEMS. IN RETURN, WE REQUIRE ONLY THAT THE REFORM PROCESS BY GENUINE, AND NOT A MATTER OF RHETORIC UNSUBSTANTIATED BY REAL ACTION.

-

TODAY I AM ANNOUNCING A NUMBER OF CONCRETE STEPS WE HAVE MAPPED OUT IN THIS AREA. THESE STEPS WILL OPEN UP TRADE BETWEEN OUR TWO COUNTRIES, WILL FOSTER SENSIBLE INVESTMENT, AND WILL HELP TRAIN A NEW ECONOMIC LEADERSHIP.

EXDIS

-- FIRST, WE WILL, AS I HAVE SAID, PROPOSE TO THE CONGRESS THIS FALL THAT HUNGARY BE GRANTED MULTI-YEAR MOST-FAVORED-NATION STATUS FOLLOWING ITS ADOPTION OF LEGISLATION ALLOWING FOR THE FREE EMIGRATION IF ITS CITIZENS.

EXDIS

-- SECOND, WE ARE INCLUDING HUNGARY IN THE GENERAL SYSTEM OF PREFERENCES, WHICH PROVIDES TARIFF PREFERENCES TO DEVELOPING ECONOMIES.

-

EXDIS

-- THIRD, MY ADMINISTRATION IS EXTENDING THE TRADE AND DEVELOPMENT PROGRAM TO HUNGARY. THE FIRST TDP PROJECT HERE WILL BE HELPING TO FUND PLANNING FOR THE REDEVELOPMENT OF BORSOD COUNTY. SIMILAR PROGRAMS HAVE HELPED MOVE DEPRESSED REGIONS INTO NEW AREAS OF ECONOMIC ACTIVITY AND AWAY FROM LOSS-MAKING ENTERPRISES.

EXDIS

-- FOURTH, MY ADMINISTRATION IS ALSO SUPPORTING THE EXTENSION OF THE PROGRAMS OF THE OVERSEAS PRIVAT INVESTMENT CORPORATION TO HUNGARY TO ENCOURAGE AMERICAN INVESTMENT IN SENSIBLE, WELL-MANAGED, FINANCIALLY SOUND ENTERPRIESES.

-

-- TO HELP FOSTER TRADE IN BOTH DIRECTIONS, MY ADMINISTRATION HAS AGREED TO ALLOW THE GOVERNMENT OF HUNGARY TO OPEN A TRADE OFFICE ON THE WEST COAST.

-- I AM ALSO PLEASED TO ANNOUNCE THE ESTABLISHMENT BY THE AMERICAN INVESTMENT COMPANY BEARS-STEARN OF A SPECIAL INVESTMENT FUND TO BE CALLED THE "HUNGARY FUND." THIS PRIVATE INITIATIVE WILL BUY STOCK IN

HUNGARIAN COMPANIES AND HELP DEVELOP THE BUDDING STOCK MARKET AND FREE ENTERPRISE SYSTEM IN THIS COUNTRY.

-

THE GREAT STRENGTH OF AMERICA IS OUR PRIVATE COMPANIES. I AM THEREFORE PLEASED TO BE ABLE TO ANNOUNCE THAT

BT

#5597

BT

~~C O N F I D E N T I A L~~ SECTION Ø5 OF Ø6 BUDAPEST Ø5597

EXDIS

DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER

NSC FOR BLACKWILL

EUR/EEY FOR SWIHART

E.O. 12356: DECL: OADR

TAGS: OVIP, HU

SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH NINE MAJOR AMERICAN COMPANIES ARE CONCLUDING NEW DEALS IN HUNGARY.

A NEW BOUNTY OF GOODS WILL COME FROM THESE DEALS FOR THE HUNGARIAN PEOPLE--GENERAL MOTORS CARS, ESTEE LAUDER PERFUMES, SCHWINN BICYCLES, LEVI STRAUSS JEANS, DOW STYROFOAM, GUARDIAN GLASS, REMINGTON SHAVERS, JOHNSON AND JOHNSON'S HEALTH PRODUCTS, A NEW MARRIOTT HOTEL. THIS WILL INCREASE AMERICAN EXPORTS TO HUNGARY AND HUNGARIAN EXPORTS TO EUROPE.

THIS IS A MAJOR ADVANCE IN OUR BUSINESS PRESENCE IN YOUR COUNTRY. IT WILL MEAN A TENFOLD INCREASE IN THE NUMBER OF AMERICAN BUSINESSMEN HERE.

I ALSO WISH TO NOTE THE SALE TO HUNGARY THIS WEEK OF 5Ø MILLION DOLLARS OF AGRICULTURAL EQUIPMENT

MANUFACTURED IN THE UNITED STATES.

-

NOW WOULD LIKE TO TALK ABOUT A PROJECT THAT I BELIEVE IS ESSENTIAL TO THE KIND OF PROGRESS WE WANT TO PROMOTE HERE IN HUNGARY. A COUPLE OF YEARS AGO, THE UNITED STATES HELPED TO ESTABLISH THE INTER-NATIONAL MANAGEMENT INSTITUTE, TO HELP TRAIN HUNGARIAN MANAGERS IN WESTERN BUSINESS METHODS. TODAY I WOULD LIKE TO ANNOUNCE WITH YOUR GOVERNMENT THAT WE ARE OPENING A NEW CENTER TO PROMOTE THE FORMATION OF SMALL PRIVATE BUSINESSES IN HUNGARY. WE BELIEVE THAT IT IS IN THIS SECTOR THAT THE TRUE GENIUS AND CREATIVITY OF THE HUNGARIAN PEOPLE STANDS OUT. CALLED THE HUNGARIAN ENTERPRISE GROUP, THE CENTER WILL HELP TO MATCH UP VENTURE CAPITAL, BOTH FOREIGN AND HUNGARIAN, WITH SMALL BUSINESS PEOPLE WITH GOOD, INNOVATIVE IDEAS FOR NEW PRODUCTS AND SERVICES.

-

FINALLY, I AM PARTICULARLY PLEASED TO ANNOUNCE TODAY THAT WE WILL BE OPENING, WITHIN THE NEXT TWO YEARS, AN AMERICA HOUSE IN THE CENTER OF BUDAPEST. THIS NEW CENTER WILL HELP HUNGARIANS TO BECOME MORE FAMILIAR WITH AMERICAN CULTURE AND WILL ALSO PROMOTE OUR TRADE RELATIONS. THE FACILITY WILL INCLUDE A WELL EQUIPPED LIBRARY, A CULTURAL CENTER AND SPACE FOR COMMERCIAL EXHIBITIONS. THE CELEBRATED AMERICAN ARCHITECT, ROBERT STERN, PLANS FOR THIS CENTER, WHICH WE INTEND TO BE A NOTABLE ADDITION TO YOUR CITY OF GREAT

BUILDINGS ARE BEING RELEASED TODAY.

-

I DON'T WANT TO TRY TO FOOL YOU. YOU KNOW AS WELL AS I DO THAT ALL THESE EFFORTS ALONE ARE NOT GOING TO SOLVE THE VERY SERIOUS DIFFICULTIES LYING AHEAD OF THIS COUNTRY AS YOU SEEK TO MAKE UP FOR MANY

EXDIS

EXDIS

EXDIS

YEARS OF POLITICAL REPRESSION AND POOR ECONOMIC POLICIES WHICH WERE BASED ON IDEOLOGY RATHER THAN REALITY. YOU KNOW THAT TURNING THIS COUNTRY AROUND WILL TAKE HARD EFFORT, AS WELL AS SUPPORT FROM YOUR FRIENDS.

-

BUT WE, YOUR FRIENDS IN THE UNITED STATES, BELIEVE THAT THE HUNGARIAN PEOPLE, RELEASED FROM THE RESTRAINTS ON YOUR INITIATIVE AND RESOURCEFULNESS, ARE EQUAL TO THIS CHALLENGE. FOR TOO MANY YEARS WE IN THE WEST HAVE HAD TO STAND BY AND WATCH THE SUFFERING OF THE PEOPLES OF EASTERN EUROPE UNDER REPRESSIVE GOVERNMENTS, EFFECTIVE IN LITTLE BEYOND HOLDING DOWN DISSENT AND KEEPING THEMSELVES IN POWER. THOSE DAYS ARE OVER, AND IT IS TIME TO GO FORWARD.

-

WHEN I VISITED THIS COUNTRY IN 1983, I SAW A VASTLY DIFFERENT HUNGARY FROM THE ONE I SEE TODAY. TODAY I SEE A COUNTRY IN WHICH THE RIGHTS OF MAN ARE BEGINNING TO BE RESPECTED, AS THEY HAVE NOT BEEN FOR MANY YEARS. I SEE A COUNTRY IN FERMENT, WHERE THERE IS FREE AND OPEN DEBATE ABOUT THE PAST AND THE FUTURE. I SEE A COUNTRY WHICH HAS GONE FURTHER ALONG THE ROAD TO REFORM THAN ANY OTHER IN THIS REGION. I SEE A COUNTRY RICH IN HUMAN RESOURCES, AND RICH IN THE MORAL POWER AND DEEP COURAGE OF ITS PEOPLE. I SEE A NATION THAT IS EMERGING FROM THE PAST, AND BUILDING ITS FUTURE. I CONGRATULATE YOU ON LIVING

BT

#5597

BT

~~C O N F I D E N T I A L~~ SECTION 06 OF 06 BUDAPEST 05597

EXDIS

DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER

NSC FOR BLACKWILL

EUR/EEY FOR SWIHART

WHITE HOUSE SITUATION ROOM

E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
AT SUCH A TIME, AND I AND THE PEOPLE OF AMERICA
WISH YOU WELL. END QUOTE.
PALMER
BT
#5597

EXDIS

EXDIS

EXDIS

~~CONFIDENTIAL~~

PRESIDENT'S SPEECH AT KARL MARX UNIVERSITY
July 12, 1989

LADIES AND GENTLEMEN, DOCTOR CSAKI (CHAH-kee): THANK YOU FOR YOUR WARM WELCOME. THIS IS THE FIRST TRIP TO HUNGARY BY A U.S. PRESIDENT AND IT REFLECTS THE STRONG BONDS BETWEEN THE AMERICAN AND HUNGARIAN PEOPLES. THE TIES OF CULTURE AND KINSHIP ENDURE; THEY PROVIDE A STRONG BASE FOR RELATIONS BETWEEN OUR COUNTRIES IN GOOD TIMES AND BAD.

THESE ARE GOOD TIMES. HUNGARIAN ACTIONS AS WELL AS AMERICAN AFFECTIONS HAVE BROUGHT ME HERE. HUNGARY, WITH POLAND, IS AT THE HEAD OF A GREAT HISTORIC MOVEMENT FELT FROM BUDAPEST TO BEIJING. HUNGARY AND POLAND ARE TAKING A HAND IN SHAPING THEIR OWN DESTINIES AND, I BELIEVE, THE DESTINIES OF OTHERS.

HUNGARY IS TODAY A DIFFERENT COUNTRY FROM THE ONE I VISITED IN 1983: THE NATION RESOUNDS WITH FERMENT AND CREATIVITY; OPEN, HONEST DEBATE FILLS THE PUBLIC PRESS; THE SOVIET UNION -- IN WHAT WE HOPE IS JUST A FIRST STEP -- HAS BEGUN TO WITHDRAW SOME OF ITS TROOPS; THE FIRST STEPS TOWARD AN EFFICIENT MARKET-ORIENTED ECONOMY HAVE BEEN TAKEN; THE BORDERS TO THE WEST ARE NOW OPEN; AND THE BARBED WIRE -- TERRIBLE REMNANT OF EVIL TIMES -- IS BEING TORN DOWN. LET IT ALL COME DOWN; LET IT RUST INTO NOTHINGNESS; AND LET IT NEVER RETURN.

~~CONFIDENTIAL~~
DECL: OADR

DETERMINED TO BE AN
ADMINISTRATIVE MARKING,
PER E.O. 12958, SEC. 3.3 (C)
10/1/04

HUNGARY IS BUILDING ITS OWN HOUSE WITH ONE EYE ON AUSPICIOUS CIRCUMSTANCES AND ONE EYE ON THE BEST IN HUNGARY'S PAST.

Hungary's Hope and Fate

IN POLAND, I SPOKE OF THE HOPES OF 1945. I REMEMBER THOSE TIMES. I AM ONE OF THE SURVIVORS OF THAT TERRIBLE CONFLAGRATION WHO VOWED TO BUILD A BETTER WORLD.

AT THE END OF THE WAR AND EVEN BEFORE IT, DEMOCRATIC HUNGARIANS CONTEMPLATED WHAT A FREE, CENTRAL EUROPE COULD LOOK LIKE. THEY SAW IT AS SOMETHING OTHER THAN A BLOC OR EMPIRE, OR PART OF AN EMPIRE: CENTRAL EUROPE COULD BE A COMMUNITY OF INDEPENDENT NATIONS, TOLERANT, DEMOCRATIC; FREE OF THE POISON OF HEGEMONIC AMBITION; AT PEACE WITH ITSELF AND WITH ITS GREAT NEIGHBORS; A CREATIVE PART OF A EUROPE ITSELF FREE AND WHOLE.

THIS HOPEFUL IDEA WAS TAKEN AWAY FROM YOU IN BLOOD AND PAIN, FIRST THROUGH THE IMPOSITION OF STALINISM AND THROUGH ITS REIMPOSITION IN 1956. YET, THIS VISION OF CENTRAL EUROPE DID NOT DIE; IT REMAINED VALID; IT IS VALID, AND IT IS NOW BEFORE US AGAIN.

A New Beginning

HUNGARY HAS JUST HELD A LONG-DEFERRED FUNERAL AND A MEMORIAL. YOU HAVE LAID TO REST STATESMEN AND ENDED A SORROWFUL CHAPTER OF HISTORY. THE REBURIAL OF IMRE NAGY (EEM-ray NAZH) AND HIS ASSOCIATES WAS AN ACT OF RECONCILIATION

AND AN ACT OF TRUTH. IT OPENS THE WAY TO MOVE AHEAD ON A FOUNDATION OF TRUTH -- FOR THE TRUTH WILL SET YOU FREE.

HUNGARIANS ARE BUILDING THE FOUNDATIONS FOR PEACE, PROSPERITY, AND FREEDOM, FOR THEMSELVES BUT ULTIMATELY FOR OTHERS AS WELL. YOU ARE WRITING A NEW CONSTITUTION -- A REAL CONSTITUTION. THE PROSPECTS FOR DEMOCRATIC, MULTIPARTY ELECTIONS ARE GREATER THAN AT ANY TIME SINCE 1945. AMERICANS ARE IMPRESSED BY THE START OF "DATUM," HUNGARY'S FIRST INDEPENDENT DAILY NEWSPAPER IN DECADES. WE ARE INTRIGUED BY YOUR GOVERNMENT'S PERMISSION FOR ABC TELEVISION TO SET UP AN INDEPENDENT STATION. SOME INDEPENDENT WHITE COLLAR UNIONS ARE NOW FUNCTIONING HERE AND WE HOPE TO SEE REAL INDEPENDENT BLUE COLLAR UNIONS AS WELL.

SO HUNGARY IS ON ITS WAY.

MY NATION RECENTLY CELEBRATED 200 YEARS OF UNBROKEN CONSTITUTIONAL RULE. WE HAVE LEARNED MUCH FROM THE EXPERIENCE. DEMOCRACY, ULTIMATELY, AFFIRMS THE HOPEFUL POTENTIAL IN HUMAN NATURE, NOT THE DISPAIR DRAWN FROM HUMAN IMPERFECTION. AMONG THE VIRTUES NECESSARY TO DEMOCRACY ARE TOLERANCE, WISDOM AND PATIENCE. REVENGE OR HATRED OR A DESIRE TO ACCEPT NO SOLUTION BUT THE MAXIMUM SOLUTION, CAN BE FATAL.

I SAY THIS BECAUSE I RECOGNIZE, AS YOU RECOGNIZE, THAT THE DEMOCRATIC TRANSFORMATIONS JUST BEGINNING IN HUNGARY AND POLAND, AND PERHAPS SOON IN OTHER NATIONS OF EAST AND CENTRAL EUROPE, WILL BE LONG AND DIFFICULT.

SOME WILL CRITICIZE THE PACE OF CHANGE AS TOO SLOW; OTHERS WILL SAY IT IS ALL HAPPENING TOO FAST. EVERYONE WILL AT VARIOUS TIMES FIND THE PROCESS FRUSTRATING AND OCCASIONALLY UNNERVING.

REAL CHANGE IS NOT EASY; OFTEN IT IS MESSY; IT CERTAINLY WILL NOT UNFOLD ACCORDING TO A BLUEPRINT. THE IMPORTANT THING IS THAT IT CONTINE TO MOVE FORWARD, WITHIN A POLITICAL FRAMEWORK WHICH KEEPS IT BETWEEN THE POLES OF CHAOS AND STAGNATION.

The Economic Challenge

THE CHALLENGE OF DEMOCRATIC POLITICAL REFORM IN HUNGARY, INTRINSICALLY DIFFICULT IN ITSELF, WILL BE COMPLICATED BY THE ECONOMIC CIRCUMSTANCES YOU HAVE INHERITED.

SOME MIGHT FIND IT IRONIC THAT AN AMERICAN PRESIDENT IS STANDING AT KARL MARX UNIVERSITY. BUT I BELIEVE IT FITTING, AS WE CONTEMPLATE A BETTER FUTURE, TO BE REMINDED OF ONE SOURCE OF THE UNSATISFACTORY PRESENT.

WHATEVER THE COURSE OF THE THEORETICAL DEBATE ABOUT MARX, WHO AFTER ALL WAS A THINKER OF THE 19TH NOT THE 20TH CENTURY, THE PRACTICAL RESULT IS ABSOLUTELY CLEAR. IN EVERY CORNER OF THE WORLD, PEOPLE ARE APPRECIATING THAT ECONOMIC GROWTH AND PROSPERITY COME FROM UNLEASHING THE ENTREPRENEURIAL SPIRIT IN OUR CITIZENS, NOT FROM THE DECISIONS OF GOVERNMENT PLANNERS DETACHED FROM THE REALITIES OF THE MARKET.

THE PEOPLE OF HUNGARY FACE THE TASK OF REBUILDING THE PRODUCTIVE INSTITUTIONS AND MECHANISMS OF MODERNITY. AND WHILE YOU DO SO, YOU ARE FORCED TO LIVE WITH THE CONSEQUENCES OF THE OLD ECONOMY FORCED UPON YOU.

AND IT IS NOT SIMPLY THE REMNANTS OF THE STALINIST SYSTEM YOU MUST LIVE WITH, BUT WITH ITS PHYSICAL AND STRUCTURAL LEGACY AS WELL: THE HUGE, INEFFICIENT INDUSTRIAL PLANTS; THE BEWILDERING PRICE SYSTEM NO ONE UNDERSTANDS; THE MASSIVE SUBSIDIES THAT CLOUD ECONOMIC DECISIONMAKING AND PRODUCE MASSIVE WASTE; THE ABSENCE OF MODERN FINANCIAL AND CAPITAL MARKETS; AND MORE.

LET US BE FRANK WITH EACH OTHER: YOUR ECONOMY MAY EVEN GET WORSE BEFORE IT GETS BETTER. THIS CAN BE MITIGATED ONLY TO A DEGREE. IT CANNOT WHOLLY BE AVOIDED. THE SITUATION IN HUNGARY, AS IN POLAND, WILL REQUIRE SACRIFICE. ONLY HUNGARIANS CAN MAKE THE HARD DECISIONS.

HUNGARY'S JOB IS IMMENSE AND I APPRECIATE THAT YOU HAVE ALREADY MADE A START. HUNGARIANS HAVE BEGUN TO GET GOVERNMENT OUT OF THE BUSINESS OF RUNNING THE ECONOMY, AND OF RETURNING BUSINESS, INDUSTRY, FINANCE AND AGRICULTURE TO THE INDEPENDENT ENGINEERS, ENTREPRENEURS AND FARMERS WHO CAN DO THE JOB.

U.S. Support

WHILE HUNGARY TAKES THE RESPONSBILITY FOR ITS FUTURE, THE UNITED STATES WILL STAND BY ITS SIDE. WE CANNOT DO THE JOB FOR YOU, BUT WE WILL DO WHAT WE CAN TO HELP HUNGARY HELP ITSELF. IN RETURN, WE ASK THAT YOUR REFORM PROCESS BE GENUINE, NOT JUST RHETORIC UNSUBSTANTIATED BY ACTION.

IF WE DO OUR PARTS, THE UNITED STATES WILL BE A PARTNER IN THE EFFORT TO TRANSFORM HUNGARY INTO A SUCCESSFUL, COMPETITIVE ECONOMY, INTEGRATED INTO THE WORLD ECONOMY.

A COUPLE OF YEARS AGO, THE UNITED STATES HELPED ESTABLISH IN BUDAPEST THE INTERNATIONAL MANAGEMENT CENTER TO TRAIN HUNGARIAN MANAGERS IN WESTERN BUSINESS METHODS.

TODAY I AM ANNOUNCING A NUMBER OF OTHER CONCRETE STEPS TO HELP. OUR GUIDING PRINCIPLE WILL BE CAREFULLY-CONSIDERED SUPPORT FOR THE EMERGING NEW HUNGARIAN ECONOMY. WE CANNOT, NOR SHOULD WE, PROTECT THE OLD, INEFFECTIVE WAYS.

THESE STEPS WILL OPEN UP TRADE BETWEEN OUR TWO COUNTRIES, FOSTER SENSIBLE INVESTMENT, AND HELP TRAIN A NEW GENERATION OF BUSINESS LEADERS.

-- FOLLOWING HUNGARY'S IMPLEMENTATION OF LEGISLATION ALLOWING FOR THE FREE EMIGRATION OF ITS CITIZENS, I WILL INFORM CONGRESS THAT HUNGARY IS NOW IN FULL COMPLIANCE WITH THE 1974 TRADE ACT, AND THEREFORE ENTITLED TO THE MAXIMUM MOST-FAVORED-NATION TARIFF STATUS POSSIBLE UNDER U.S. LAW.

-- WE ARE PREPARED TO INCLUDE HUNGARY IN THE GENERALIZED SYSTEM OF PREFERENCES, WHICH PROVIDES DUTY FREE ENTRY FOR CERTAIN GOODS.

-- [THE U.S. IS EXTENDING A TRADE AND DEVELOPMENT PROGRAM TO HUNGARY, HELPING TO FUND A MODEL REDEVELOPMENT PLAN FOR A HUNGARIAN COUNTY. SIMILAR PROGRAMS IN OTHER COUNTRIES HAVE HELPED MOVE DEPRESSED REGIONS INTO NEW AREAS OF ENTREPREURIAL ECONOMIC ACTIVITY AND AWAY FROM LOSS-MAKING ENTERPRISES.]

-- I HAVE ASKED CONGRESS TO AUTHORIZE THE OVERSEAS PRIVATE INVESTMENT CORPORATION TO OPERATE IN HUNGARY. OPIC WILL ENCOURAGE AMERICAN INVESTMENT IN SENSIBLE, WELL-MANAGED, FINANCIALLY-SOUND ENTERPRISES IN HUNGARY.

--I AM PLEASED TO LEARN OF THE ESTABLISHMENT BY THE AMERICAN INVESTMENT COMPANY, BEARS-STEARN, OF A SPECIAL INVESTMENT FUND TO BE CALLED THE "HUNGARY FUND." THIS PRIVATE INITIATIVE WILL PURCHASE SHARES IN HUNGARIAN COMPANIES AND HELP DEVELOP THE NEW STOCK MARKET AND FREE ENTERPRISE SYSTEM IN HUNGARY.

-- NINE MAJOR AMERICAN COMPANIES ARE NEGOTIATING INVESTMENTS IN HUNGARY. THIS SHOULD INCREASE AMERICAN EXPORTS TO HUNGARY AND HUNGARIAN EXPORTS TO EUROPE. OUR COMMERCIAL RELATIONS ARE ALREADY GROWING -- JUST THIS WEEK $25 MILLION OF U.S.-MANUFACTURED AGRICULTURAL EQUIPMENT WAS SOLD TO HUNGARY -- AND U.S. BUSINESS PRESENCE IN HUNGARY SHOULD GROW EVEN FURTHER.

--I HAVE SPOKEN ABOUT THE NEED TO FOSTER THE NEW, EMERGING HUNGARIAN ECONOMY. I AM PARTICULARLY PLEASED TO ANNOUNCE A U.S.-HUNGARIAN AGREEMENT TO OPEN A NEW CENTER TO PROMOTE THE FORMATION AND DEVELOPMENT OF SMALL, PRIVATE BUSINESS IN HUNGARY. CALLED THE HUNGARIAN ENTERPRISE GROUP, THIS CENTER WILL HELP MATCH VENTURE CAPITAL, BOTH FOREIGN AND HUNGARIAN, WITH SMALL BUSINESS PEOPLE WHO HAVE INNOVATIVE IDEAS FOR NEW PRODUCTS AND SERVICES.

-- ECONOMIC DEVELOPMENT MUST BE ENVIRONMENTALLY SOUND. IN MAINZ SEVERAL WEEKS AGO, I PROPOSED COOPERATION WITH EASTERN NATIONS ON ENVIRONMENTAL ISSUES. IN KEEPING WITH THIS, I AM HAPPY TO ANNOUNCE THAT THE U.S. ENVIRONMENTAL PROTECTION AGENCY AND THE HUNGARIAN GOVERNMENT HAVE AGREED ON NEW PROGRAMS FOR EXCHANGES AND JOINT TRAINING OF ENVIRONMENTAL EXPERTS.

-- WE ARE WORKING TO PROMOTE VISITS OF AMERICANS HERE AND OF HUNGARIANS TO OUR COUNTRY, IN THE BELIEF THAT SUCH PRIVATE CONTACTS BUILD PRACTICAL COOPERATION. [I AM PLEASED TO ANNOUNCE TWO NEW AGREEMENTS WITH YOUR GOVERNMENT -- ON TOURISM AND CIVILIAN AIR TRAFFIC.]

-- OUR STUDENT EXCHANGES HAVE BEEN GROWING FAST, BUT THERE IS MUCH MORE ROOM FOR EXPANSION. I AM VERY PLEASED TO ANNOUNCE THAT THE UNITED STATES INFORMATION AGENCY IS GOING INITIATE SIX NEW YOUTH EXCHANGE PROGRAMS WITH HUNGARY. SOME HERE IN THIS AUDIENCE WILL BE GOING TO THE UNITED STATES SOON.

-- [WE ARE ON THE THRESHOLD OF ANOTHER EXCITING EDUCATIONAL DEVELOPMENT; ONE WHICH WILL BRING THE PEACE CORPS FOR THE FIRST TIME TO A EUROPEAN COUNTRY. THE STUDY OF THE ENGLISH LANGUAGE IN HUNGARY HAS BECOME VERY POPULAR. WE AND THE HUNGARIAN GOVERNMENT STRONGLY SUPPORT IT. THEREFORE IT IS WITH PARTICULAR PLEASURE THAT I ANNOUNCE THAT THE U.S. WILL SEND 20 PEACE CORPS VOLUNTEERS TO HUNGARY TO TEACH ENGLISH - ONE FOR EACH OF YOUR 19 COUNTIES AND FOR BUDAPEST.]

-- FINALLY, I AM PLEASED TO ANNOUNCE THAT THE U.S. WILL OPEN, WITHIN THE NEXT TWO YEARS, AN AMERICA HOUSE IN THE CENTER OF BUDAPEST. THIS CENTER WILL HELP HUNGARIANS TO BECOME MORE FAMILIAR WITH AMERICAN CULTURE AND WILL WORK TO PROMOTE OUR TRADE RELATIONS. WE HAVE CHOSEN THE CELEBRATED AMERICAN ARCHITECT ROBERT STERN TO MAKE THE PLANS.

Meeting the Future

I WILL BE ~~HONEST~~ FRANK: YOU KNOW AS WELL AS I THAT THESE EFFORTS ALONE WILL NOT SOLVE THE ECONOMIC CHALLENGES THAT AWAIT YOU.

HUNGARY HAS A LOT OF WORK AHEAD; SO DO THE UNITED STATES AND HUNGARY, WORKING TOGETHER TO BUILD A BETTER FUTURE.

YOUR CHALLENGE IS ENORMOUS AND HISTORIC. NO NATION HAS YET ATTEMPTED WHAT HUNGARY IS NOW ATTEMPTING: TO BUILD POLITICAL DEMOCRACY AND DECENTRALIZED ECONOMIC ENTERPRISE ON THE RUINS OF A FAILED SYSTEM.

Poland?

GIVEN THE OPPORTUNITY TO SHOW THEIR CHARACTERISTIC INITIATIVE, CREATIVITY, AND RESOURCEFULNESS, THE HUNGARIAN PEOPLE WILL MEET THE CHALLENGE.

YOU ARE READY TO FACE THE FUTURE. I SEE A COUNTRY WELL ON THE WAY TO FREEDOM AND PROSPERITY. I SEE A PEOPLE RICH IN HUMAN RESOURCES AND RICH IN MORAL POWER AND COURAGE. I SEE A PROUD NATION EMERGING REALIZING ITS DESTINY. I CONGRATULATE YOU FOR HAVING COME SO FAR.

LET US ALL BE EQUAL TO THE OPPORTUNITY THAT LIES BEFORE US. IF WE SO CHOOSE, HISTORY WILL WRITE THAT OURS WAS THE GENERATION WHICH MADE EUROPE FREE.

THANK YOU.

PRIORITY ~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 04

PRT: HUGHES KELLER STUDDERT
SIT: BENKO BLACKWILL RICE VAX

<PREC> PRIORITY <CLAS> ~~CONFIDENTIAL~~ <DTG> 251443Z MAY 89

FM AMEMBASSY BUDAPEST

TO RUEHC/SECSTATE WASHDC PRIORITY 5708
INFO RUEHDC/USDOC WASHDC PRIORITY

EXDIS

~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05614
EXDIS
DEPARTMENT OF COMMERCE FOR DENNIS KLOSKE FROM
AMBASSADOR PALMER
DEPARTMENT ALSO FOR UNDER SECRETARY REGINALD BARTHOLOMEW
DEPARTMENT ALSO FOR EB: EUGENE MCALLISTER
DEPARTMENT ALSO FOR T/ST: ALLEN WENDT
DEPARTMENT PLEASE PASS TO NSC: ROBERT BLACKWELL
-
E.O. 12356: DECL: OADR
TAGS: OVIP (BUSH, GEORGE), ETRD, HU, US
SUBJECT: INITIATIVES FOR PRESIDENT BUSH VISIT TO
HUNGARY
1. ~~(CONFIDENTIAL~~ -- ENTIRE TEXT.)
-
2. PRESIDENT BUSH'S VISIT TO HUNGARY OFFERS US AN OPPORTUNITY TO MOVE FORWARD ON A KEY U.S. OBJECTIVE -- SLOWING THE FLOW OF ILLEGALLY ACQUIRED TECHNOLOGY TO THE WARSAW PACT. THE GOH, I BELIEVE, IS WILLING TO PLEDGE THAT IT WILL CEASE THE ILLEGAL ACQUISITION OF COCOM CONTROLLED COMMODITIES. ON THE U.S. SIDE, WE SHOULD BE WILLING, IN THE CONTEXT OF THE PRESIDENT'S VISIT, TO REAFFIRM THE U.S. INTEREST IN REDUCING THE LENGTH OF THE COCOM LIST AND IN SPEEDING UP THE PROCESSING OF EXPORT LICENSES. A NEW ELEMENT WOULD BE A PRESIDENTIAL STATEMENT OF

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By ___ NARA, Date 6/01/23

OUR WILLINGNESS TO CONSIDER SYMPATHETICALLY SPECIFIC CASES OF INTEREST TO HUNGARY IN RETURN FOR A GOH COMMITMENT TO STOP THE ILLEGAL ACQUISITION OF TECHNOLOGY SUCH AN UNDERSTANDING SHOULD GIVE US INCREASED LEVERAGE WITH THE HUNGARIANS ON TECHNOLOGY TRANSFER ISSUES AND COULD HELP CURB THE DEMAND SIDE FOR ILLEGAL ACQUISITION OF TECHNOLOGY. WHILE WE HAVE NO ILLUSIONS THAT SUCH A PLEDGE WOULD RESULT IN THE CESSATION OF HUNGARIAN EFFORTS TO ILLEGALLY ACQUIRE TECHNOLOGY FROM THE WEST, IT SHOULD GIVE US BETTER LEVERAGE IN PURSUING THIS ISSUE WITH THE GOH AND MAY ALSO RESULT IN A DIMINUTION OF HUNGARIAN EFFORTS ON THIS SCORE.

EXDIS

-

3. IN MY RECENT MEETINGS WITH PRIME MINISTER NEMETH AND MINISTER OF INDUSTRY HORVATH, THE HUNGARIAN SIDE RAISED TECHNOLOGY TRANSFER. THERE IS A CLEAR HUNGARIAN INTEREST IN IMPROVING ITS DIALOGUE WITH US ON THIS ISSUE. INDUSTRY MINISTER HORVATH STATED THAT THE GOH WOULD BE ABLE TO PLEDGE TO ABIDE BY COCOM RESTRICTIONS ON TRADE, BUT ALSO NOTED THE GOH INTEREST IN REDUCED CONTROLS. HE ADDED THAT HIS MINISTRY WOULD PREPARE A LIST OF AREAS WHERE HUNGARY

EXDIS

HAS THE GREATEST INTEREST AND STRESSED THAT SUCH A LIST WOULD BE REALISTIC. THE HUNGARIAN CONCERN OVER TECHNOLOGY TRANSFER IS NOT CONFINED TO THE GOVERNMENT, RATHER THERE IS A WIDESPREAD PUBLIC PERCEPTION THAT IF THE HUNGARIAN ECONOMIC REFORM IS TO SUCCEED AND IF THE COUNTRY IS TO COMPETE ON WORLD MARKETS, IT NEEDS THE MATERIAL INPUTS REQUIRED FOR MODERN PRODUCTION. THIS MEANS ACCESS TO MEDIUM AND HIGH TECHNOLOGY SUBJECT TO COCOM CONTROLS.

EXDIS

-

4. THE HUNGARIAN POLITICS OF THE PRESIDENT'S VISIT MAKES DESIRABLE THAT PRESIDENT BUSH ADDRESS COCOM

AND TECHNOLOGY TRANSFER IN SOME MANNER. THE DEMOCRATIC OPPOSITION HERE AS WELL AS REFORMERS INSIDE THE SYSTEM BELIEVE THIS IS CRITICAL TO THEIR FUTURE. PRIME MINISTER NEMETH COULD MAKE A STATEMENT THAT THE GOH WILL NOT ILLEGALLY ACQUIRE TECHNOLOGY. THE PRESIDENT COULD, IN HIS SPEECH HERE, REAFFIRM THE USG INTEREST IN REDUCING THE COCOM LIST AND IN SPEEDING UP THE PROCESSING OF EXPORT LICENSES AND, AS AN ADDITIONAL ELEMENT, NOTE OUR WILLINGNESS TO CONSIDER SYMPATHETICALLY INDIVIDUAL CASES OF INTEREST TO HUNGARY. THIS PUBLIC STATEMENT WOULD BE EXPLICITLY LINKED TO THE PLEDGE BY NEMETH THAT HUNGARIAN EFFORTS TO ILLEGALLY ACQUIRE TECHNOLOGY WILL STOP.

EXDIS

-

5. SUGGESTED LANGUAGE FOR PRIME MINISTER NEMETH'S STATEMENT FOLLOWS:

THE GOH RECOGNIZES THE IMPORTANCE OF WESTERN CONTRIBUTIONS TO THE HUNGARIAN ECONOMIC REFORM EFFORT AND BELIEVES THAT WESTERN TECHNOLOGY CAN MAKE A SIGNIFICANT CONTRIBUTION TO HUNGARIAN EFFORTS TO ESTABLISH A MORE MARKET-ORIENTED ECONOMY. AT THE SAME TIME IT ALSO RECOGNIZES THE

EXDIS

BT

#5614

BT

~~C O N F I D E N T I A L~~ SECTION 02 OF 02 BUDAPEST 05614

EXDIS

DEPARTMENT OF COMMERCE FOR DENNIS KLOSKE FROM AMBASSADOR PALMER

DEPARTMENT ALSO FOR UNDER SECRETARY REGINALD BARTHOLOMEW

DEPARTMENT ALSO FOR EB: EUGENE MCALLISTER

DEPARTMENT ALSO FOR T/ST: ALLEN WENDT

DEPARTMENT PLEASE PASS TO NSC: ROBERT BLACKWELL

EXDIS

-

E.O. 12356: DECL: OADR

TAGS: OVIP (BUSH, GEORGE), ETRD, HU, US

SUBJECT: INITIATIVES FOR PRESIDENT BUSH VISIT TO

U.S. INTEREST IN CONTROLLING TRADE IN STRATEGIC COMMODITIES. THE GOH AGREES TO CONFINE HUNGARIAN ACQUISITION OF TECHNOLOGY TO THOSE COMMODITIES AVAILABLE UNDER COCOM LIMITATIONS.

6. STATEMENT IN SPEECH BY PRESIDENT BUSH:

-

EXDIS

THE USG WILL CONTINUE ITS EFFORTS TO REDUCE THE NUMBER OF ITEMS CONTROLLED BY COCOM SO AS TO ENSURE THAT ONLY THOSE COMMODITIES OF GENUINE STRATEGIC IMPORTANCE ARE SUBJECT TO CONTROLS AND TO ENSURE THAT THE PROCESSING OF EXPORT LICENSES IS ACCOMPLISHED

EXDIS

IN A TIMELY MANNER. THE US AGREES TO CONSIDER SYMPATHETICALLY HUNGARIAN APPLICATIONS IN EXPORT LICENSING CASES OF PARTICULAR INTEREST. WE TAKE NOTE OF PRIME MINISTER NEMETH'S STATEMENT THAT HUNGARY WILL NOT ACQUIRE TECHNOLOGY IN VIOLATION OF COCOM REGULATIONS.

EXDIS

PALMER

BT

#5614

IMMEDIATE

~~CONFIDENTIAL~~

Background
Hungary
5/5

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 04

PRT: HUGHES KELLER STUDDERT
SIT: BLACKWILL RICE VAX

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG> 011216Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUEHC/SECSTATE WASHDC IMMEDIATE 5899
RUEADWW/WHITEHOUSE WASHDC IMMEDIATE

~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05858
EXDIS
EUR/EEY FOR SWIHART
WHITE HOUSE FOR STUDDERT AND KELLER FROM AMB PALMER
WHITE HOUSE PASS NSC FOR BLACKWILL
E.O. 12356: OADR
TAGS: ECON, PREL, OVIP (BUSH, GEORGE), HU
SUBJECT: PRESIDENT BUSH'S VISIT TO HUNGARY: HIGH
- EXPECTATIONS
1. ~~CONFIDENTIAL~~ - ENTIRE TEXT
-
2. HUNGARIAN EXPECTATIONS FOR PRESIDENT BUSH'S VISIT TO HUNGARY ARE HIGH - BOTH WITHIN THE GOVERNMENT AND AMONG THE GENERAL POPULATION. WE ARE WORKING TO ENSURE THAT THESE EXPECTATIONS DO NOT BECOME UNREALISTIC. BUT BELIEVE THAT THE PRESIDENT SHOULD KNOW BEFORE HE COMES OF THE HIGH HOPES THAT AWAIT HIS VISIT - THE FIRST OF AN INCUMBENT PRESIDENT TO HUNGARY.
-
3. THE HUNGARIANS SEE THEMSELVES AT THE FOREFRONT OF POLITICAL AND ECONOMIC REFORM IN EASTERN EUROPE AND BELIEVE THAT THEIR EFFORTS IN THESE FIELDS SHOULD BE REWARDED. AS THEY SEE IT, THEIR GREATEST PROBLEM IS THE HUGE DEBT THAT THEY FACE. PARTICULARLY AMONG THE DEMOCRATIC OPPOSITION AND THE MAN IN THE

EXDIS

EXDIS

EXDIS

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By H NARA, Date 06/01/23

STREET THERE IS A VIEW THAT THE PRESIDENT'S TRIP WILL BE A FAILURE IF HE DOES NOT DO SOMETHING DRAMATIC TO HELP EASE THEIR DEBT BURDEN. THERE IS MUCH TALK ABOUT A MARSHALL PLAN. EVEN AMONG REALISTIC HUNGARIAN LEADERS, WHO SAY PUBLICLY AND PRIVATELY THAT THEY DON'T WANT A MARSHALL PLAN, WE HEAR NEW IDEAS ALMOST DAILY WHICH AMOUNT TO THE SAME THING IN ANOTHER GUISE. THERE IS CONSTANT TALK ABOUT STRETCHING THE BRADY PLAN TO SOMEHOW APPLY TO HUNGARY. THERE IS A REPEATED EMPHASIS ON THE NEED FOR A MASSIVE NEW INFUSION OF CAPITAL. THE ARGUMENT OFTEN HEARD IS THAT WESTERN AID WILL BE MOTIVATED BY THE DESIRE TO AVOID OR MOOT THE ECONOMIC AUSTERITY WHICH COULD ENDANGER HUNGARY'S FRAGILE TRANSITION TO A MULTIPARTY SYSTEM AND A MARKET ECONOMY. THE NEW POLITICAL GROUPS WITH LIMITED PRACTICAL POLITICAL OR ECONOMIC EXPERIENCE ARE COUNTING ON WESTERN ASSISTANCE TO UNDERGIRD THE DEMOCRATIZATION PROCESS. THEY ARE PARTICULARLY AWARE THAT POLAND HAS ALREADY RECEIVED A LONG LIST OF NEW BENEFITS FROM PRESIDENT BUSH AND THAT THERE IS SERIOUS CONSIDERATION UNDERWAY FOR A MAJOR DEBT EFFORT VIS-A-VIS POLAND. ALL ELEMENTS OF HUNGARIAN SOCIETY

EXDIS

EXDIS

WILL BE DEEPLY EMBITTERED IF POLAND GETS A MAJOR DEBT PACKAGE AND HUNGARY GETS NOTHING FROM THE PRESIDENT'S VISIT.

-

EXDIS

4. IN PREPARATION FOR THE VISIT, THE GOH AND USG HAVE BEEN WORKING ON A VARIETY OF INITIATIVES IN THE ECONOMIC AREA. PRIME MINISTER NEMETH, FOREIN MINISTER HORN AND GENERAL SECRETARY GROSZ'S CLOSEST ASSISTANT, THURMER, HAVE BEGUN TO REFER TO SOME OF THESE IN THE HUNGARIAN PRESS. (WE HAVE CAUTIONED THEM NOT TO CONTINUE DOING THIS.) OFFICIAL HUNGARIANS KNOW THAT THIS IS ONLY A TARGET LIST. THEY ALSO

HAVE BEEN SAYING TO EACH OTHER AND TO US THAT THE ITEMS WE HAVE UNDER DISCUSSION ARE VERY DESIRABLE, BUT DO NOT ADDRESS IN AN ADEQUATE MANNER THE LARGEST PROBLEM THEY FACE -- THE DEBT. GIVEN THIS LEVEL OF EXPECTATIONS, IT IS CRITICAL THAT WE GET AS MANY OF THE INDIVIDUAL ITEMS WE HAVE UNDER DISCUSSION AS POSSIBLE FOR THE PRESIDENT'S VISIT. ON THE MERITS THEY ADDRESS WHAT REALLY NEEDS TO BE DONE HERE TO MAKE THIS A COMMERCIALLY VIABLE NATION AND NOT TO JUST CONTINUE ON THE DOLE.

EXDIS

5. HOWEVER, WE ALSO NEED TO BE PREPARED FOR THE HUNGARIANS TO SPRING SOMETHING ON US IN THE DEBT FIELD ITSELF. A GROSS DEBT OF USG 17 BILLION GIVES HUNGARY THE HIGHEST PER CAPITA DEBT RATIO IN EASTERN EUROPE AND THE GOVERNMENT IS FINDING IT INCREASINGLY DIFFICULT TO BOTH MAINTAIN THE ACCESS TO COMMERCIAL FINANCING NECESSARY TO SERVICE THIS DEBT AND MEET OTHER COMMITMENTS, WHILE, AT THE SAME TIME, PROMOTING A POLICY OF ECONOMIC REFORM AND RESTRUCTURING. THE HUNGARIANS CONSISTENTLY STATE THEIR DESIRE TO AVOID A RESCHEDULING OF THIS DEBT AND MAY WELL BE EXAMINING PROPOSALS TO DEVELOP

EXDIS

A

BRADY PLAN II DESIGNED TO HELP HEAVILY INDEBTED

BT

#5858

BT

EXDIS

~~CONFIDENTIAL~~ SECTION 02 OF 02 BUDAPEST 05858

EXDIS

EUR/EEY FOR SWIHART

WHITE HOUSE FOR STUDDERT AND KELLER FROM AMB PALMER

WHITE HOUSE PASS NSC FOR BLACKWILL

E.O. 12356: OADR

TAGS: ECON, PREL, OVIP (BUSH, GEORGE), HU

SUBJECT: PRESIDENT BUSH'S VISIT TO HUNGARY: HIGH

COUNTRIES WHICH HAVE NOT YET RESCHEDULED. POTENTIAL HUNGARIAN PROPOSALS COULD INCLUDE A REQUEST THAT THE USG ENCOURAGE COMMERCIAL BANKS TO CONTINUE TO PROVIDE FINANCING, SOME SORT OF DEBT REDUCTION SCHEME, OR ALTERNATIVELY DEBT-EQUITY SWAP PROPOSALS DESIGNED FOR SPECIAL HUNGARIAN CIRCUMSTANCES (HUNGARIAN DEBT DOES NOT SELL AT A DISCOUNT SO TRADITIONAL DEBT-EQUITY WOULD NOT MEET HUNGARIAN NEEDS).

EXDIS

6. WE ARE SENDING BY SEPTEL A PROPOSAL WHICH TRIES TO ADDRESS THIS DIMENSION WITHIN A REALISTIC CONTEXT -- THAT IS TAKING INTO ACCOUNT THE LACK OF US FINANCIAL RESOURCES TO BAIL OUT THIS COUNTRY AND THE FACT

EXDIS

THATZWIT WOULD BE COUNTERPRODUCTIVE TO TRY IN THE WAYS THE HUNGARIANS ARE LIKELY TO PROPOSE TO US.

PALMER

BT

#5858

EXDIS

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

111 1/2
OEOB

PAGE 01

PRT: DOOLEY
SIT: WHSR IN

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG> 011511Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1699
INFO RUEHC/SECSTATE WASHDC 5923
RUEHIA/USIA WASHDC 8157

~~C O N F I D E N T I A L~~ SECTION PW OF Ø2 BUDAPEST Ø5635
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY
DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
DEMOCRACY, PEACE, A DECENT STANDARD OF LIVING, AND
FREEDOM TO DETERMINE OUR OWN FATES. I BRING YOU
TONIGHT THE HOPES OF MY PEOPLE THAT THIS PROCESS
WILL GO FORWARD IN PEACE.
-
GOOD EVENING.
PALMER
BT
#5635

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By lt NARA, Date 06/01/23

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 04

PRT: DOOLEY KELLER
SIT: BLACKWILL RICE VAX

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG> 011505Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1698
INFO RUEHC/SECSTATE WASHDC 5922
RUEHIA/USIA WASHDC 8156

~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05635
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY
DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
FOL TEL SENT SECSTATE ON 26 MAY BEING REPEATED TO YOU, QUOTE:
~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05635
FOR EUR/EEY
E.O. 12356: DECL: OADR
TAGS: OVIP (BUSH, GEORGE), HU
SUBJECT: DRAFT TEXT OF ARRIVAL REMARKS AT THE KOSSUTH
- STATUE
1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
2. BELOW IS THE DRAFT TEXT OF ARRIVAL REMARKS BY
PRESIDENT BUSH AT THE KOSSUTH STATUE.
-
3. BEGIN TEXT:
MR. PRESIDENT, MY HUNGARIAN AND AMERICAN FRIENDS:
-
THANK YOU FOR THIS VERY WARM WELCOME ON MY RETURN TO
HUNGARY. MAY I SAY HOW VERY HAPPY I AM TO BE BACK
HERE IN YOUR EXTRAORDINARY COUNTRY.
-
AS I LOOK AROUND THIS SQUARE THIS EVENING I CAN SEE

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By lt NARA, Date 06/01/23

WHY BUDAPEST IS FAMOUS AS ONE OF THE MOST BEAUTIFUL CAPITALS OF THE WORLD. AND I AM REMINDED THAT IT IS A CITY FULL OF HISTORY, NOWHERE PERHAPS MORE SO THAN IN THIS SQUARE NAMED AFTER YOUR GREAT PATRIOT, LAJOS KOSSUTH.

-

IN A FEW MINUTES I WILL BE RECEIVED IN YOUR PARLIAMENT BUILDING; ONE HUNDRED AND FORTY YEARS AGO MR. KOSSUTH WAS RECEIVED IN OUR CONGRESS. IN HIS REMARKS TO THE CONGRESSMEN WHO WELCOMED HIM, MR. KOSSUTH SPOKE ELOQUENTLY ABOUT THE STRIVING OF THE HUNGARIAN PEOPLE FOR FREEDOM. HE NOTED "WE HUNGARIANS ARE VERY FOND OF THE PRINCIPLE OF MUNICIPAL SELF-GOVERNMENT; AND WE HAVE A NATURAL HORROR AGAINST THE PRINCIPLE OF CENTRALIZATION." HE STRESSED THAT "BAYONETS MAY SUPPORT, BUT AFFORD NO CHAIR TO SIT UPON." KOSSUTH SPOKE ABOUT "THE IMMENSE POWER OF THE IDEA TO BE RIGHT." THE POWER OF THE IDEA, OF THE RIGHT IS BEING DEMONSTRATED NOWHERE BETTER THAN TODAY IN THIS CITY ON THE DANUBE, WHERE WE ARE SEEING SO MANY CHANGES. THE WORLD WATCHES WITH US AS HUNGARY IS TRANSFORMED, AS DEMOCRACY AND FREEDOM ARE AT LAST COMING INTO THEIR OWN.

-

AT THIS TIME WHEN WE EAGERLY LOOK TOWARD A BRIGHTER FUTURE FOR THE HUNGARIAN PEOPLE, IT IS APPROPRIATE ALSO TO LOOK BACK AT THE BRAVE MEN AND WOMEN WHO HAVE FOUGHT SO VALIANTLY IN THE NAME OF FREEDOM. WE KNOW THE NAME OF KOSSUTH AND OF THE TWO PRIME MINISTERS WHO STROVE FOR DEMOCRACY -- LAJOS BWTHYANY IN 1848 AND IMRE NAGY IN 1956, AND WHO ARE COMMEMORATED WITH AN ETERNAL FLAME JUST TWO BLOCKS FROM HERE. BUT THERE WERE MANY OTHERS WHOSE NAMES WE DO NOT KNOW, WHO STRUGGLED TO MAKE HUNGARY FREE.

-

WE SALUTE THOSE BRAVE PATRIOTS.

-

MY FRIENDS, I WOULD LIKE TO SAY A SPECIAL GREETING NOW TO THE AMERICANS, MANY OF HUNGARIAN BACKGROUND, WHO HAVE COME TO WELCOME ME THIS EVENING. YOU KNOW, IN AMERICA WE HAVE A LOT OF PEOPLE WHO CAN TRACE THEIR ANCESTRY TO HUNGARY. AMERICA HAS BEEN ENRICHED BY THE CONTRIBUTIONS OF THESE HARD-WORKING PEOPLE, FROM THE MINERS AND FARMERS WHO SETTLED IN CLEVELAND, OHIO, TO THE SCIENTISTS, ARTISTS, MUSICIANS, AND OTHERS WHO, PROSPERING IN THEIR NEW LAND, GAVE BACK AS MUCH OR MORE THN THEY RECEIVED. PEOPLE LIKE CONDUCTORS AND COMPOSERS GEORGE SZELL AND EUGENE ORMANDY, MOVIE DIRECTOR MICHAEL CURTIZ AND PRODUCER ALEXANDER KORDA, PLAYWRIGHT FERENC MOLNAR, SCIENTISTS EDWARD TELLER AND ALBERT SZENT-GYORGYI, MEMBER OF CONGRESS TOM LANTOS, FINANCIER GEORGE SOROS, AND HISTORIAN JOHN LUKACS, AMONG OTHERS. THESE HUNGARIAN-AMERICANS HAVE GIVEN MUCH TO US, AND NOW MANY OF THEM ARE GIVING BACK TO THEIR OLD HOME AS WELL.

-

LADIES AND GENTLEMEN, AS THE FIRST AMERICAN PRESIDENT TO VISIT HUNGARY WHILE STILL IN OFFICE, I BRING YOU THE WARM WISHES OF THE AMERICAN PEOPLE. ONE HUNDRED AND FORTY YEARS AGO,:;5#3 2#9)3 294)$)99(3$ 8, -$.84-589, - 5#3 #7,&-48-, Ø39Ø)3 493 7Ø 8, 43;9)7589,. TODAY WE WATCH IN RESPECT AS ANOTHER REVOLUTION IS GOING ON IN HUNGARY. TODAY A PEACEFUL REVOLUTION IS BRINGING THOSE THINGS TO HUNGARY FOR WHICH THE GREAT KOSSUTH STRUGGLED SO HARD. THE REFORM PROCESS THAT IS MAKING THIS COUNTRY FAMOUS ONCE AGAIN CAN 48,& 2#-5 23 -)) 9! 7, WHEREVER WE LIVE, WANT FOR OURSELVES AND OUR CHILDREN --

BT

#5635

BT
~~C O N F I D E N T I A L~~ SECTION 02 OF 02 BUDAPEST 05635
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY
DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU:JORIA
DEMOCRACY, PEACE, A DECENT STANDARD OF LIVING, AND
FREEDOM TO DETERMINE OUR OWN FATES. I BRING YOU
TONIGHT THE HOPES OF MY PEOPLE THAT THIS PROCESS
WILL GO FORWARD IN PEACE.
-

GOOD EVENING.
PALMER
BT
#5635

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 08

PRT: DOOLEY
SIT: COQ WHSR_DUP BLACKWILL HUTCHINGS RICE VAX

PREC IMMEDIATE CLAS ~~CONFIDENTIAL~~ DTG 011523Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1700
INFO RUEHC/SECSTATE WASHDC 5924
RUEHIA/USIA WASHDC 8158

~~C O N F I D E N T I A L~~ SECTION 01 OF 06 BUDAPEST 05597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
E. O. 12356: DECL: OAD
TAGS: OVIP, HU
SUBJECT: DRAFT TEXTS OF PRESIDENT BUSH'S SPEECH
FOL MSG SENT ACTOIN SECSTATE 25 MAY RPT FYA QUOTE
~~C O N F I D E N T I A L~~ SECTION 01 OF 06 BUDAPEST 05597
REFS (A) DOOLEY/MCCARTHY TELCON OF 5/31;
EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
2. THE FOLLOWING ARE THE EMBASSY'S SUGGESTED REMARKS FOR THE PRESIDENT'S ADDRESS TO BE MADE AT KARL MARX UNIVERSITY DURING HIS VISIT TO HUNGARY.
3. BEGIN SPEECH. QUOTE.
LADIES AND GENTLEMEN, DOCTOR CSAKI:
I THANK YOU FOR YOUR KIND INVITATION TO SPEAK HERE AND THIS WARM WELCOME. MAY I ADD THAT THOUGH AT FIRST GLANCE IT MAY SEEM SURPRISING TO SEE AN AMERICAN PRESIDENT SPEAKING AT A UNIVERSITY CALLED KARL MARX, AT THIS TIME IN THE DEVELOPMENT OF EAST-WEST RELATIONS I CANNOT BUT THINK IT IS A VERY APPROPRIATE PLACE AFTER ALL.
THIS COUNTRY HAS CHANGED AMAZINGLY SINCE MY VISIT IN 1983: THERE HAVE BEEN MAJOR CHANGES IN THE POLITICAL CLIMATE; THERE IS NOW STARTLINGLY OPEN POLITICAL DEBATE IN THE PRESS; THE SOVIET UNION HAS -- IN

WHAT WE HOPE IS JUST A FIRST STEP -- WITHDRAWN SOME OF ITS TROOPS FROM HUNGARIAN SOIL; THE FIRST MEASURES TOWARD AN EFFICIENT, MARKET-ORIENTED ECONOMY HAVE BEEN TAKEN; THE BORDERS TO THE WEST HAVE BEEN OPENED TO ALL ORDINARY CITIZENS WHO WANT TO VISIT ABROAD; AND THE UGLY BARBED WIRE OF THE IRON CURTAIN IS BEING TORN DOWN.
WE IN THE UNITED STATES HAVE WELCOMED THESE FIRST EFFORTS TOWARD THE LIFTING OF THE POLITICAL AND ECONOMIC RESTRAINTS ON THE PEOPLE OF HUNGARY. WE HAVE REJOICED TO SEE THE WAVE OF DEMOCRACY, NOW SURGING AROUND THE WORLD, BEGIN TO SWEEP OVER THIS COUNTRY, TOO.
IT IS MY AIM, AND THAT OF THE AMERICAN PEOPLE, TO HELP THE PEOPLE OF HUNGARY WORK TOWARD THE TIME WHEN YOU ARE FREE TO TAKE AN ACTIVE PART IN THE PEACEFUL DEVELOPMENT OF YOUR COUNTRY, WHEN YOU CAN ACHIEVE A FULL DEMOCRACY AND THE PROSPERITY RHAT HISTORY HAS SHOWN ONLY A MARKET-ORIENTED ECONOMY CAN PRODUCE.
AS I HAVE SAID BEFORE, WE WANT FREEDOM TO SUCCEED, AND I SAY NOW WE WANT IT TO SUCCEED HERE.

EXDIS

EXDIS

EXDIS

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By H NARA, Date 06/02/23

HUNGARY TODAY STANDS ON THE VERGE OF A NEW ERA. OPPORTUNITIES ARE HERE FOR DEMOCRACY, AND FOR AN EFFECTIVE ECONOMY THAT CAN PROVIDE A BETTER STANDARD OF LIVING FOR ALL HUNGARIANS. THE PATH TO A RETURN TO DEMOCRACY HAS BEEN TREAD BEFORE BY OTHER NATIONS. BUT IT IS NOT AN EASY PATH. IT TAKES POLITICAL AND MORAL COURAGE TO GO FORWARD, TO AVOID THE TRAP OF COVERING STAGNATION WITH POLITICAL RHETORIC, TO TAKE THE DIFFICULT STEPS THAT ARE NECESSARY TO TURN THIS COUNTRY AROUND.
WE BELIEVE THIS NATION HAS THAT COURAGE.
WE BELIEVE IN THE FUTURE OF HUNGARY.
AND WE WILL SHOW OUR CONFIDENCE IN THIS COUNTRY THROUGH CONCRETE STEPS TO ENCOURAGE THE PROCESS OF REFORM. WE WILL BACK THE PROCESS, ALREADY BEGUN, OF GETTING THE GOVERNMENT BUREAUCRACY OUT OF THE BUSINESS OF RUNNING THE HUNGARIAN ECONOMY, AND OF RETURNING HUNGARIAN BUSINESS, INDUSTRY, AND AGRICULTURE TO PRIVATE HANDS. WE WILL DO THIS THROUGH PROMOTION OF SENSIBLE INVESTMENT IN WELL-RUN ENTERPRISES. WE WILL HELP YOU TO TRAIN THE BUSINESS MANAGERS AND FINANCIAL EXPERTS THE COUNTRY NEEDS. WE WILL ENCOURAGE MORE TWO-WAY TRADE. MY ADMINISTRATION HAS MAPPED OUT A SERIES OF MEASURES TO MOVE FORWARD IN ALL OF THESE AREAS. I AM HERE ON BEHALF OF THE PEOPLE OF AMERICA TODAY TO OFFER YOU A HELPING HAND.
ONE HUNDRED YEARS AGO, HUNGARY WAS IN THE MIDST OF ITS GOLDEN ERA, WITH UNPRECEDENTED PROSPERITY AND DEVELOPMENT. AT THAT TIME HUNGARY WAS A WELL-RESPECTED AND ACTIVE MEMBER OF THE EUROPEAN COMMUNITY OF NATIONS,
BT
#5597
BT
~~C O N F I D E N T I A L~~ SECTION 02 OF 06 BUDAPEST 05597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE

E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXTS OF PRESIDENT BUSH'S SPEECH
FOL MSG RPTED FYA
~~C O N F I D E N T I A L~~ SECTION 02 OF 06 BUDAPEST 05597
EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
EXPORTING ALL OVER EUROPE ITS INDUSTRIAL AND AGRICULTURAL PRODUCTS, ITS IDEAS, ITS ART AND CULTURE. IT WAS A COUNTRY KNOWN NOT ONLY FOR THE BEAUTY OF ITS CAPITAL, BUT ALSO FOR ITS RELIGIOUS TOLERANCE, AS A PLACE WHERE PEOPLE OF DIFFERENT COMMUNITIES LIVED AND WORKED TOGETHER IN PEACE. WESTERN VALUES OF DEMOCRACY AND FREE ENTERPRISE WERE RESPECTED, AND HELPED TO BUILD THE NEW HUNGARY.
UNFORTUNATELY, THE ERA OF PROSPERITY AND PEACEFUL DEVELOPMENT WAS SHORT-LIVED. THE TWENTIETH CENTURY HAS SEEN A SUCCESSION OF EXTRAORDINARILY DIFFICULT TIMES FOR THIS NATION: THE DESTRUCTION AND LOSS OF TWO WORLD WARS, THE ECONOMIC DEPRESSION OF THE 1930S, THE PERSECUTION AND NEAR-ANNIHILATION OF TWO MAJOR COMMUNITIES--THE JEWS AND THE GYPSIES, AND THE IMPOSITION OF AN ALIEN AND REPRESSIVE GOVERNMENT, WITH TRAGIC CONSEQUENCES IN 1956.

EXDIS

EXDIS

EXDIS

PAGE Ø3 OF Ø8

AS WE NEAR THE END OF THIS CENTURY, HOWEVER, AND PREPARE TO ENTER A NEW ONE, WE CAN SEE AT LAST THE BEGINNING OF A NEW ERA OF OPPORTUNITIES FOR PEACE, FOR PROSPERITY, AND FOR FREEDOM OF THE PEOPLE OF HUNGARY.

WE IN THE UNITED STATES, WITH MORE THAN TWO HUNDRED YEARS OF EXPERIENCE WITH A WORKING CONSTITUTION, HAVE COME TO APPRECIATE THAT A DEMOCRATIC SYSTEM IS FULL OF CONFLICTS AND OFTEN MESSY. THE RETURN TO DEMOCRACY AFTER A PERIOD OF REPRESSION IS OFTEN NOT STRAIGHTFORWARD OR EASY, BUT THE PROCESS OF STRIVING FOR A TRULY DEMOCRATIC SYSTEM MUST GO FORWARD.

WE HAVE BEEN IMPRESSED BY THE PUBLIC DEBATES IN THE MEDIA HERE ON THESE SUBJECTS. WE APPRECIATE THE DRAMATICALLY INCREASED SCOPE FOR PRESS FREEDOMS NOW ENJOYED IN HUNGARY, RECENTLY DEMONSTRATED BY THE START OF THE COUNTRY'S FIRST INDEPENDENT DAILY NEWSPAPER. THE DEGREE TO WHICH HUNGARY HAS OPENED UP TO THE WEST IN THIS REGARD IS SHOWN BY A VERY RECENT AND WELCOME DEVELOPMENT -- I AM PLEASED TO NOTE TODAY THAT THE HUNGARIAN GOVERNMENT HAS AGREED TO ALLOW AN OFFICE OF RADIO FREE EUROPE TO OPEN HERE IN BUDAPEST AND THAT IT IS ALREADY FUNCTIONING. I AM ALSO ENCOURAGED THAT PERMISSION HAS BEEN GIVEN FOR THE OPENING HERE OF A PRIVATE COMMERCIAL AMERICAN RXDIO STATION. WE ARE ALSO PLEASED THAT WHITE COLLAR INDEPENDENT UNIONS NOW FUNCTION HERE; WE HOPE THAT SOON SUBSTANTIAL INDEPENDENT BLUE COLLAR UNIONS WILL REPRESENT HUNGARIAN WORKERS. LIKE MOST HUNGARIANS, WE ARE ENTHUSIASTIC OVER THE PROSPECT OF THE COUNTRY'S

FIRST FREE MULTIPARTY ELECTIONS SINCE 1945, AND BY THE PROSPECT OF THE COUNTRY'S TRANSITION TO A GENUINE MULTIPARTY SYSTEM. HUNGARIAN-AMERICANS PARTICULARLY SHARE OUR GRATIFICATION THAT THE PROCESS OF NATIONAL RECONCILIATION AND HEALING FOLLOWING 1956. WHICH SEEMED INCOMPLETE AND STALEMATED A FEW YEARS AGO, HAS TAKEN MAJOR STEPS FORWARD WITH THE PEACEFUL REBURIAL AND REHABILITATION OF IMRE NAGY.

IN THE FOREIGN POLICY AREA, WE ARE ALSO GRATIFIED BY HUNGARY'S STEPS TOWARD FULL PARTICIPATION IN THE INTERNATIONAL COMMUNITY AS A SOVEREIGN STATE: ITS ESTABLISHMENT OF RELATIONS WITH SOUTH KOREA, ACCESSION TO THE UNITED NATIONS REFUGEE CONVENTION, AND ITS PARTICIPATION IN UN PEACEKEEPING ACTIVITIES. WE HOPE YOU WILL HAVE FULL DIPLOMATIC RELATIONS WITH ISRAEL BEFORE LONG. IN ITS TROUBLED RELATIONSHIP WITH ROMANIA, HUNGARY HAS OUR SYMPATHY AND SUPPORT BECAUSE WE SHARE HUNGARY'S HUMAN RIGHTS CONCERNS AND SUPPORT THE INTEGRITY OF THE HELSINKI PROCESS WHICH THE ROMANIAN GOVERNMENT HAS SOUGHT TO UNDERMINE. THESE CHANGES ARE IMPORTANT. WE RECOGNIZE THEY ARE INCOMPLETE, AND REPRESENT A BRIEF PERIOD IN A LONG PROCESS. WE SUPPORT THE PROCESS AND IN DOING SO, WE BELIEVE THE MAIN ISSUE IS NOT WHETHER THE PROCESS IS GOING TOO SLOW OR TOO FAST, BUT THAT IT CONTINUE. WE DO NOT WANT INSTABILITY. AT THE

BT
#5597
BT

~~C O N F I D E N T I A L~~ SECTION Ø3 OF Ø6 BUDAPEST Ø5597

EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
E. O. 12356: DECL: OADR
TAGS: OVIP, HU

EXDIS

EXDIS

EXDIS

SUBJECT: DRAFT TEXT OF PRESIDENT BUSH'S SPEECH
~~C O N F I D E N T I A L~~ SECTION Ø3 OF Ø6 BUDAPEST Ø5597
EXDIS
SAME TIME, STABILITY WITHOUT CHANGE IS NOT POSSIBLE.
A MAJOR AND VERY DRAMATIC PART OF THE LIBERALIZATION
OF THE HUNGARIAN POLITICAL SYSTEM AND THE RETURN OF
RIGHTS TO THE PEOPLE HERE HAS BEEN THE DECISION LAST
YEAR OF THE GOVERNMENT OF HUNGARY TO LIBERALIZECXB
LKFT LEGISLATION THE GOVERNMENT HAS
PREPARED THAT WILL RECOGNIZE THE FUNDAMENTAL RIGHTS
OF HUNGARIANS TO EMIGRATE LEGALLY IF THEY SO WISH.
ON THE BASIS OF THIS CHANGE IN HUNGARIAN LAW, MY
ADMINISTRATION WILL SUPPORT THE EXTENSION OF MULTI-
YEAR MOST-FAVORED-NATION STATUS TO HUNGARY.
MEANWHILE, WE ARE DOING ALL WE CAN TO PROMOTE THE
VISITS OF AMERICANS HERE AND OF HUNGARIANS TO OUR
COUNTRY, IN THE BELIEF THAT SUCH PRIVATE CONTACTS
STRENGTHEN THE CAUSE OF PEACE BY BUILDING PRACTICAL
COOPERATION IN A THOUSAND DIFFERENT FIELDS AND
MUTUAL INTEREST. I UNDERSTAND THAT LAST YEAR OVER
ONE HUNDRED THOUSAND AMERICANS CAME HERE, AND THAT OVER
TWENTY THOUSAND HUNGARIANS WENT TO AMERICA. WE ARE
DELIGHTED TO SEE THE PEOPLE OF HUNGARY EXERCISING

EXDIS

THEIR RIGHT TO TRAVEL AND TO HAVE FREE CONTACT WITH
PEOPLE FROM OTHER COUNTRIES. IN ORDER TO MAKE SUCH
CONTACTS EASIER ON BOTH SIDES, I AM PLEASED TO
ANNOUNCE TWO NEW AGREEMENTS WITH YOUR GOVERNMENT--
ON TOURISM AND CIVILIAN AIR TRAFFIC.
ON ALL FRONTS WE ARE ENCOURAGING THIS KIND OF DIRECT
CONTACT. HUNGARY HAS BEEN ONE OF THE LEADING WARSAW
PACT NATIONS IN SUPPORTING CONTACTS BETWEEN OUR
RESPECTIVE MILITARY PEOPLE. THROUGH THESE CONTACTS,
AMERICAN AND HUNGARIAN MILITARY PERSONNEL ARE
STEADILY IMPROVING THEIR KNOWLEDGE OF EACH OTHER'S
FORCES AND THEREBY GAINING CONFIDENCE THAT NEITHER
NATION'S FORCES POSE UNKNOWN THREATS TO THE OTHER.
AMERICAN MILITARY PERSONNEL HAVE IN THE LAST YEAR
OBSERVED MILITARY EXERCISES HERE, AND NOTED THE FULL
COOPERATION AND OPENNESS OF THE HUNGARIAN COMMANDERS.
OTHER CONTACTS ARE TAKING PLACE AT VARIOUS LEVELS,
AND I AM VERY PLEASED AT THIS TIME TO ANNOUNCE THAT
COLONEL GENERAL PACSEK, COMMANDER OF THE HUNGARIAN
ARMY, HAS ACCEPTED OUR INVITATION TO VISIT THE UNITED
STATES IN OCTOBER AND MEET WITH THE CHAIRMAN OF THE
JOINT CHIEFS OF STAFF. THIS WILL BE THE FIRST TIME
THAT SUCH A HIGH RANKING MILITARY OFFICER FROM HUNGARY
WILL MAKE SUCH A VISIT.
I WOULD LIKE TO TURN NOW TO ONE OF THE MOST ACTIVE
AREAS OF THE RELATIONSHIP BETWEEN OUR TWO COUNTRIES
AND ONE I BELIEVE IS PARTICULARLY IMPORTANT. WHEN
I WAS LAST HERE IN 1983 THERE WERE TWENTY-FOUR
FULBRIGHT SCHOLARS; NOW THERE ARE OVER FIFTY. THE
NUMBER OF STUDENTS TRAVELLING FROM HUNGARY TO THE
UNITED STATES HAS INCREASED TENFOLD. IN 1983
THERE WERE FEWER THAN THREE HUNDRED EXCHANGE VISITORS;
NOW THERE ARE ALMOST NINE HUNDRED. TWENTY AMERICAN
COLLEGES NOW HAVE EXCHANGE PROGRAMS OF THEIR OWN,
IN ADDITION TO THOSE WE SPONSOR. I KNOW SOME
AMERICAN STUDENTS STUDYING HERE IN HUNGARY ARE WITH
US TODAY. ALSO EXCITING FOR US IS THE DEVELOPMENT
OF MANY PRIVATELY-SPONSORED PROGRAMS FOR YOUNG HIGH
SCHOOL STUDENTS, WHO OFTEN SPEND A SEMESTER OR A YEAR
IN EACH OTHER'S HOMES, LEARNING ABOUT EACH OTHER'S
COUNTRIES IN A FAMILY SETTING. WE ENTHUSIASTICALLY
APPLAUD THE MANY PRIVATE FOUNDATIONS AND INDIVIDUALS
WHO MAKE THESE PROGRAMS POSSIBLE.
TODAY I AM VERY PLEASED TO ANNOUNCE THAT THE UNITED
STATES INFORMATION AGENCY IS GOING TO GRANT THREE

PAGE Ø5 OF Ø8

HUNDRED THOUSAND DOLLARS TO SUPPORT SIX NEW YOUTH EXCHANGES WITH HUNGARY. SOME HERE IN THIS AUDIENCE WILL BE GOING TO THE UNITED STATES.
THE STUDY OF THE ENGLISH LANGUAGE IN HUNGARY HAS BECOME WILDLY POPULAR, AND WE HAVE BEEN ASKED BY THE HUNGARIAN GOVERNMENT TO SUPPORT IT.
THEREFORE IT IS WITH PARTICULAR PLEASURE THAT I
BT
#5597
BT
~~C O N F I D E N T I A L~~ SECTION Ø4 OF Ø6 BUDAPEST Ø5597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART

DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXT OF PRESIDENT BUSH' S SPEECH
RPTED FYA
~~C O N F I D E N T I A L~~ SECTION Ø4 OF Ø6 BUDAPEST Ø5597
EXDIS
DEPT PASS TO WHITE HOUSE FOR STDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH' S SPEECH
ANNOUNCE THAT WE ARE SENDING 2Ø PEACE CORPS VOLUNTEERS TO HUNGARY TO TEACH ENGLISH--ONE FOR EACH OF YOUR 19 COUNTIES AND FOR BUDAPEST. THIS IS THE FIRST PEACE CORPS PROGRAM IN AN EAST CENTRAL EUROPEAN COUNTRY. THE U. S. INFORMATION AGENCY IS PROVIDING TEACHERS AND TRAINING AS WELL.
THE ENGLISH LANGUAGE HAS BECOME MORE THAN THE VEHICLE FOR THE CULTURES OF THE COUNTRIES TO WHICH IT IS NATIVE--IT IS NOW THE ACCEPTED LANGUAGE OF INTERNATIONAL TRADE. GOOD HUNGARIAN MANAGERS AND BUSINESS PEOPLE MUST BE ABLE TO COMMUNICATE ABROAD IN ORDER TO DEVELOP YOUR TRADE, AND SO I HOPE THESE TEACHERS WILL BE PROMOTING THE DEVELOPMENT OF HUNGARIAN BUSINESS AS THEY TEACH THE BEAUTIES OF SHAKESPEARE AND HEMINGWAY.
THE HUNGARIAN GOVERNMENT AND THE HUNGARIAN PEOPLE SEE THE NEED FOR BOTH ECONOMIC AND POLITICAL REFORM TO ENABLE HUNGARY ONCE AGAIN TO JOIN THE DEVELOPED, DEMOCRATIC COMMUNITY OF NATIONS. HUNGARY IS AT THE FOREFRONT OF ECONOMIC REFORM IN THIS REGION. STEPS HAVE BEEN TAKEN TO ENCOURAGE PRIVATIZATION, FOREIGN INVESTMENTN LIBERALIZE IMPORTS, AND GRADUALLY REALIGN PRICES TO WORLD LEVELS. BUT IT HAS BEEN A SLOW PROCESS AND MUCH REMAINS TO BE DONE.
THE UNITED STATES IS WILLING TO BE A PARTNER IN THE REFORM PROCESS, IN A TRUE EFFORT TO ESTABLISH HUNGARY AS AN EFFECTIVE ECONOMY, INTEGRATED INTO THE WORLD ECONOMY AND TRADING SYSTEM. WE WANT TO HELP YOU CREATE THE INFRASTRUCTURE NECESSARY FOR THAT, AND TO HELP YOU ADDRESS YOUR DEBT PROBLEMS. IN RETURN, WE REQUIRE ONLY THAT THE REFORM PROCESS BY GENUINE, AND NOT A MATTER OF RHETORIC UNSUBSTANTIATED BY REAL ACTION.
TODAY I AM ANNOUNCING A NUMBER OF CONCRETE STEPS WE HAVE MAPPED OUT IN THIS AREA. THHSE STEPS WILL OPEN UP TRADE BETWEEN OUR TWO COUNTRIES, WILL FOSTER SENSIBLE INVESTMENT, AND WILL HELP TRAIN A NEW ECONOMIC LEADERSHIP.
-- FIRST, WE WILL, AS I HAVE SAID, PROPOSE TO THE

EXDIS

EXDIS

EXDIS

CONGRESS THIS FALL THAT HUNGARY BE GRANTED MULTI-YEAR MOST-FAVORED-NATION STATUS FOLLOWING ITS ADOPTION OF LEGISLATION ALLOWING FOR THE FREE EMIGRATION IF ITS CITIZENS.
-- SECOND, WE ARE INCLUDING HUNGARY IN THE GENERAL SYSTEM OF PREFERENCES, WHICH PROVIDES TARIFF PREFERENCES TO DEVELOPING ECONOMIES.

-- THIRD, MY ADMINISTRATION IS EXTENDING THE TRADE AND DEVELOPMENT PROGRAM TO HUNGARY. THE FIRST TDP PROJECT HERE WILL BE HELPING TO FUND PLANNING FOR THE REDEVELOPMENT OF BORSOD COUNTY. SIMILAR PROGRAMS HAVE HELPED MOVE DEPRESSED REGIONS INTO NEW AREAS OF ECONOMIC ACTIVITY AND AWAY FROM LOSS-MAKING ENTERPRISES.
-- FOURTH, MY ADMINISTRATION IS ALSO SUPPORTING THE EXTENSION OF THE PROGRAMS OF THE OVERSEAS PRIVAT INVESTMENT CORPORATION TO HUNGARY TO ENCOURAGE AMERICAN INVESTMENT IN SENSIBLE, WELL-MANAGED, FINANCIALLY SOUND ENTERPRIESES.
-- TO HELP FOSTER TRADE IN BOTH DIRECTIONS, MY ADMINISTRATION HAS AGREED TO ALLOW THE GOVERNMENT OF HUNGARY TO OPEN A TRADE OFFICE ON THE WEST COAST.
-- I AM ALSO PLEASED TO ANNOUNCE THE ESTABLISHMENT BY THE AMERICAN INVESTMENT COMPANY BEARS-STEARN OF A SPECIAL INVESTMENT FUND TO BE CALLED THE "HUNGARY FUND." THIS PRIVATE INITIATIVE WILL BUY STOCK IN HUNGARIAN COMPANIES AND HELP DEVELOP THE BUDDING STOCK MARKET AND FREE ENTERPRISE SYSTEM IN THIS COUNTRY.
THE GREAT STRENGTH OF AMERICA IS OUR PRIVATE COMPANIES. I AM THEREFORE PLEASED TO BE ABLE TO ANNOUNCE THAT
BT
#5597
BT
~~C O N F I D E N T I A L~~ SECTION 05 OF 06 BUDAPEST 05597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASSTO WHITE HOUSE
USIA FOR EU: JORIA
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXTS OF PRESIDENT BUSH'S SPEECH
RPT FYA
~~C O N F I D E N T I A L~~ SECTION 05 OF 06 BUDAPEST 05597
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGG TD TEXT OF PRESIDENT BUSH'S SPEECH
NINE MAJOR AMERICAN COMPANIES ARE CONCLUDING NEW DEALS IN HUNGARY.
A NEW BOUNTY OF GOODS WILL COME FROM THESE DEALS FOR THE HUNGARIAN PEOPLE--GENERAL MOTORS CARS, ESTEE LAUDER PERFUMES, SCHWINN BICYCLES, LEVI STRAUSS JEANS, DOW STYROFOAM, GUARDIAN GLASS, REMINGTON SHAVERS, JOHNSON AND JOHNSON'S HEALTH PRODUCTS, A NEW MARRIOTT HOTEL. THIS WILL INCREASE AMERICAN EXPORTS TO HUNGARY AND HUNGARIAN EXPORTS TO EUROPE.
THIS IS A MAJOR ADVANCE IN OUR BUSINESS PRESENCE IN YOUR COUNTRY. IT WILL MEAN A TENFOLD INCREASE IN THE NUMBER OF AMERICAN BUSINESSMEN HERE.
I ALSO WISH TO NOTE THE SALE TO HUNGARY THIS WEEK OF 50 MILLION DOLLARS OF AGRICULTURAL EQUIPMENT MANUFACTURED IN THE UNITED STATES.
NOW WOULD LIKE TO TALK ABOUT A PROJECT THAT I BELIEVE IS ESSENTIAL TO THE KIND OF PROGRESS WE WANT TO PROMOTE HERE IN HUNGARY. A COUPLE OF YEARS AGO,

EXDIS

EXDIS

EXDIS

THE UNITED STATES HELPED TO ESTABLISH THE INTER-
NATIONAL MANAGEMENT INSTITUTE, TO HELP TRAIN HUNGARIAN
MANAGERS IN WESTERN BUSINESS METHODS. TODAY I WOULD
LIKE TO ANNOUNCE WITH YOUR GOVERNMENT THAT WE ARE
OPENING A NEW CENTER TO PROMOTE THE FORMATION OF
SMALL PRIVATE BUSINESSES IN HUNGARY. WE BELIEVE THAT
IT IS IN THIS SECTOR THAT THE TRUE GENIUS AND
CREATIVITY OF THE HUNGARIAN PEOPLE STANDS OUT. CALLED
THE HUNGARIAN ENTERPRISE GROUP, THE CENTER WILL HELP
TO MATCH UP VENTURE CAPITAL, BOTH FOREIGN AND HUNGARIAN,
WITH SMALL BUSINESS PEOPLE WITH GOOD, INNOVATIVE IDEAS
FOR NEW PRODUCTS AND SERVICES.
FINALLY, I AM PARTICULARLY PLEASED TO ANNOUNCE TODAY
THAT WE WILL BE OPENING, WITHIN THE NEXT TWO YEARS,
AN AMERICA HOUSE IN THE CENTER OF BUDAPEST. THIS
NEW CENTER WILL HELP HUNGARIANS TO BECOME MORE
FAMILIAR WITH AMERICAN CULTURE AND WILL ALSO
PROMOTE OUR TRADE RELATIONS. THE FACILITY WILL
INCLUDE A WELL EQUIPPED LIBRARY, A CULTURAL CENTER
AND SPACE FOR COMMERCIAL EXHIBITIONS. THE CELEBRATED
AMERICAN ARCHITECT, ROBERT STERN,
PLANS FOR THIS CENTER, WHICH WE INTEND
TO BE A NOTABLE ADDITION TO YOUR CITY OF GREAT
BUILDINGS ARE BEING RELEASED TODAY.
I DON'T WANT TO TRY TO FOOL YOU. YOU KNOW AS WELL
AS I DO THAT ALL THESE EFFORTS ALONE ARE NOT GOING
TO SOLVE THE VERY SERIOUS DIFFICULTIES LYING AHEAD
OF THIS COUNTRY AS YOU SEEK TO MAKE UP FOR MANY
YEARS OF POLITICAL REPRESSION AND POOR ECONOMIC
POLICIES WHICH WERE BASED ON IDEOLOGY RATHER THAN
REALITY. YOU KNOW THAT TURNING THIS COUNTRY AROUND
WILL TAKE HARD EFFORT, AS WELL AS SUPPORT FROM YOUR
FRIENDS.
BUT WE, YOUR FRIENDS IN THE UNITED STATES, BELIEVE
THAT THE HUNGARIAN PEOPLE, RELEASED FROM THE
RESTRAINTS ON YOUR INITIATIVE AND RESOURCEFULNESS,
ARE EQUAL TO THIS CHALLENGE. FOR TOO MANY YEARS
WE IN THE WEST HAVE HAD TO STAND BY AND WATCH THE
SUFFERING OF THE PEOPLES OF EASTERN EUROPE UNDER
REPRESSIVE GOVERNMENTS, EFFECTIVE IN LITTLE BEYOND
HOLDING DOWN DISSENT AND KEEPING THEMSELVES IN POWER.
THOSE DAYS ARE OVER, AND IT IS TIME TO GO FORWARD.
WHEN I VISITED THIS COUNTRY IN 1983, I SAW A VASTLY
DIFFERENT HUNGARY FROM THE ONE I SEE TODAY. TODAY
I SEE A COUNTRY IN WHICH THE RIGHTS OF MAN ARE
BEGINNING TO BE RESPECTED, AS THEY HAVE NOT BEEN
FOR MANY YEARS. I SEE A COUNTRY IN FERMENT, WHERE
THERE IS FREE AND OPEN DEBATE ABOUT THE PAST AND THE
FUTURE. I SEE A COUNTRY WHICH HAS GONE FURTHER ALONG
THE ROAD TO REFORM THAN ANY OTHER IN THIS REGION.
I SEE A COUNTRY RICH IN HUMAN RESOURCES, AND RICH
IN THE MORAL POWER AND DEEP COURAGE OF ITS PEOPLE.
I SEE A NATION THAT IS EMERGING FROM THE PAST, AND
BUILDING ITS FUTURE. I CONGRATULATE YOU ON LIVING
BT
#5597
BT
~~C O N F I D E N T I A L~~ SECTION Ø6 OF Ø6 BUDAPEST Ø5597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY

DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXT OF PRESIDENT BUSH'S SPEECH
FOL MSG RPTED FYA

EXDIS

EXDIS

EXDIS

WHITE HOUSE SITUATION ROOM

~~C O N F I D E N T I A L~~ SECTION 06 OF 06 BUDAPEST 05597
EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
AT SUCH A TIME, AND I AND THE PEOPLE OF AMERICA
WISH YOU WELL. END QUOTE.
PALMER UNQUOTE
PALMER
BT
#5597

EXDIS

EXDIS

EXDIS

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 04

PRT: DOOLEY KELLER
SIT: COO BLACKWILL RICE VAX

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG> 011505Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1698
INFO RUEHC/SECSTATE WASHDC 5922
RUEHIA/USIA WASHDC 8156

~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05635
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY
DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
FOL TEL SENT SECSTATE ON 26 MAY BEING REPEATED TO YOU, QUOTE:
~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05635
FOR EUR/EEY
E.O. 12356: DECL: OADR
TAGS: OVIP (BUSH, GEORGE), HU
SUBJECT: DRAFT TEXT OF ARRIVAL REMARKS AT THE KOSSUTH
- STATUE
1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
2. BELOW IS THE DRAFT TEXT OF ARRIVAL REMARKS BY
PRESIDENT BUSH AT THE KOSSUTH STATUE.
-
3. BEGIN TEXT:
MR. PRESIDENT, MY HUNGARIAN AND AMERICAN FRIENDS:
-
THANK YOU FOR THIS VERY WARM WELCOME ON MY RETURN TO
HUNGARY. MAY I SAY HOW VERY HAPPY I AM TO BE BACK
HERE IN YOUR EXTRAORDINARY COUNTRY.
-
AS I LOOK AROUND THIS SQUARE THIS EVENING I CAN SEE

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By H NARA, Date 06/02/23

WHY BUDAPEST IS FAMOUS AS ONE OF THE MOST BEAUTIFUL CAPITALS OF THE WORLD. AND I AM REMINDED THAT IT IS A CITY FULL OF HISTORY, NOWHERE PERHAPS MORE SO THAN IN THIS SQUARE NAMED AFTER YOUR GREAT PATRIOT, LAJOS KOSSUTH.

-

IN A FEW MINUTES I WILL BE RECEIVED IN YOUR PARLIAMENT BUILDING; ONE HUNDRED AND FORTY YEARS AGO MR. KOSSUTH WAS RECEIVED IN OUR CONGRESS. IN HIS REMARKS TO THE CONGRESSMEN WHO WELCOMED HIM, MR. KOSSUTH SPOKE ELOQUENTLY ABOUT THE STRIVING OF THE HUNGARIAN PEOPLE FOR FREEDOM. HE NOTED "WE HUNGARIANS ARE VERY FOND OF THE PRINCIPLE OF MUNICIPAL SELF-GOVERNMENT; AND WE HAVE A NATURAL HORROR AGAINST THE PRINCIPLE OF CENTRALIZATION." HE STRESSED THAT "BAYONETS MAY SUPPORT, BUT AFFORD NO CHAIR TO SIT UPON." KOSSUTH SPOKE ABOUT "THE IMMENSE POWER OF THE IDEA TO BE

RIGHT." THE POWER OF THE IDEA, OF THE RIGHT IS BEING DEMONSTRATED NOWHERE BETTER THAN TODAY IN THIS CITY ON THE DANUBE, WHERE WE ARE SEEING SO MANY CHANGES. THE WORLD WATCHES WITH US AS HUNGARY IS TRANSFORMED, AS DEMOCRACY AND FREEDOM ARE AT LAST COMING INTO THEIR OWN.

-

AT THIS TIME WHEN WE EAGERLY LOOK TOWARD A BRIGHTER FUTURE FOR THE HUNGARIAN PEOPLE, IT IS APPROPRIATE ALSO TO LOOK BACK AT THE BRAVE MEN AND WOMEN WHO HAVE FOUGHT SO VALIANTLY IN THE NAME OF FREEDOM. WE KNOW THE NAME OF KOSSUTH AND OF THE TWO PRIME MINISTERS WHO STROVE FOR DEMOCRACY -- LAJOS BWTHYANY IN 1848 AND IMRE NAGY IN 1956, AND WHO ARE COMMEMORATED WITH AN ETERNAL FLAME JUST TWO BLOCKS FROM HERE. BUT THERE WERE MANY OTHERS WHOSE NAMES WE DO NOT KNOW, WHO STRUGGLED TO MAKE HUNGARY FREE.

-

WE SALUTE THOSE BRAVE PATRIOTS.

-

MY FRIENDS, I WOULD LIKE TO SAY A SPECIAL GREETING NOW TO THE AMERICANS, MANY OF HUNGARIAN BACKGROUND, WHO HAVE COME TO WELCOME ME THIS EVENING. YOU KNOW, IN AMERICA WE HAVE A LOT OF PEOPLE WHO CAN TRACE THEIR ANCESTRY TO HUNGARY. AMERICA HAS BEEN ENRICHED BY THE CONTRIBUTIONS OF THESE HARD-WORKING PEOPLE, FROM THE MINERS AND FARMERS WHO SETTLED IN CLEVELAND, OHIO, TO THE SCIENTISTS, ARTISTS, MUSICIANS, AND OTHERS WHO, PROSPERING IN THEIR NEW LAND, GAVE BACK AS MUCH OR MORE THN THEY RECEIVED. PEOPLE LIKE CONDUCTORS AND COMPOSERS GEORGE SZELL AND EUGENE ORMANDY, MOVIE DIRECTOR MICHAEL CURTIZ AND PRODUCER ALEXANDER KORDA, PLAYWRIGHT FERENC MOLNAR, SCIENTISTS EDWARD TELLER AND ALBERT SZENT-GYORGYI, MEMBER OF CONGRESS TOM LANTOS, FINANCIER GEORGE SOROS, AND HISTORIAN JOHN LUKACS, AMONG OTHERS. THESE HUNGARIAN-AMERICANS HAVE GIVEN MUCH TO US, AND NOW MANY OF THEM ARE GIVING BACK TO THEIR OLD HOME AS WELL.

-

LADIES AND GENTLEMEN, AS THE FIRST AMERICAN PRESIDENT TO VISIT HUNGARY WHILE STILL IN OFFICE, I BRING YOU THE WARM WISHES OF THE AMERICAN PEOPLE. ONE HUNDRED AND FORTY YEARS AGO,:;5*3 2*9)3 294)$)99(3$ 8, -$.84-589, - 5*3 *7,&-48-; Ø39Ø)3 493 7Ø 8, 43;9)7589,. TODAY WE WATCH IN RESPECT AS ANOTHER REVOLUTION IS GOING ON IN HUNGARY. TODAY A PEACEFUL REVOLUTION IS BRINGING THOSE THINGS TO HUNGARY FOR WHICH THE GREAT KOSSUTH STRUGGLED SO HARD. THE REFORM PROCESS THAT IS MAKING THIS COUNTRY FAMOUS ONCE AGAIN CAN 48,& 2*-5 23 -)) 9! 7, WHEREVER WE LIVE, WANT FOR OURSELVES AND OUR CHILDREN --

BT

#5635

BT

~~CONFIDENTIAL~~ SECTION 02 OF 02 BUDAPEST 05635

PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY

SECSTATE FOR EUR/EEY FOR SWIHART

DEPT PLEASE PASS TO WHITE HOUSE

USIA FOR EU:JORIA

DEMOCRACY, PEACE, A DECENT STANDARD OF LIVING, AND FREEDOM TO DETERMINE OUR OWN FATES. I BRING YOU TONIGHT THE HOPES OF MY PEOPLE THAT THIS PROCESS WILL GO FORWARD IN PEACE.

-

GOOD EVENING.

PALMER

BT

#5635

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 04

PRT: DOOLEY POPADIUK
SIT: HALLR HARLOW PRES^MSGS VAX

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG> 011505Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1698
INFO RUEHC/SECSTATE WASHDC 5922
RUEHIA/USIA WASHDC 8156

<TEXT>BT
~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05635
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY
DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
FOL TEL SENT SECSTATE ON 26 MAY BEING REPEATED TO YOU, QUOTE:
~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BUDAPEST 05635
FOR EUR/EEY
E.O. 12356: DECL: OADR
TAGS: OVIP (BUSH, GEORGE), HU
SUBJECT: DRAFT TEXT OF ARRIVAL REMARKS AT THE KOSSUTH
STATUE
1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
2. BELOW IS THE DDAFT TEXT OF ARRIVAL REMARKS BY
PRESIDENT BUSH AT THE KOSSUTH STATUE.

3. BEGIN TEXT:
MR. PRESIDENT, MY HUNGARIAN AND AMERICAN FRIENDS:

THANK YOU FOR THIS VERY WARM WELCOME ON MY RETURN TO
HUNGARY. MAY I SAY HOW VERY HAPPY I AM TO BE BACK
HERE IN YOUR EXTRAORDINARY COUNTRY.

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By lt NARA, Date 06/02/23

-

AS I LOOK AROUND THIS SQUARE THIS EVENING I CAN SEE WHY BUDAPEST IS FAMOUS AS ONE OF THE MOST BEAUTIFUL CAPITALS OF THE WORLD. AND I AM REMINDED THAT IT IS A CITY FULL OF HISTORY, NOWHERE PERHAPS MORE SO THAN IN THIS SQUARE NAMED AFTER YOUR GREAT PATRIOT, LAJOS KOSSUTH.

-

IN A FEW MINUTES I WILL BE RECEIVED IN YOUR PARLIAMENT BUILDING; ONE HUNDRED AND FORTY YEARS AGO MR. KOSSUTH WAS RECEIVED IN OUR CONGRESS. IN HIS REMARKS TO THE CONGRESSMEN WHO WELCOMED HIM, MR. KOSSUTH SPOKE ELOQUENTLY ABOUT THE STRIVING OF THE HUNGARIAN PEOPLE FOR FREEDOM. HE NOTED "WE HUNGARIANS ARE VERY FOND OF THE PRINCIPLE OF MUNICIPAL SELF-GOVERNMENT; AND WE HAVE A NATURAL HORROR AGAINST THE PRINCIPLE OF CENTRALIZATION." HE STRESSED THAT "BAYONETS MAY SUPPORT, BUT AFFORD NO CHAIR TO SIT UPON." KOSSUTH SPOKE ABOUT "THE IMMENSE POWER OF THE IDEA TO BE RIGHT." THE POWER OF THE IDEA, OF THE RIGHT IS BEING DEMONSTRATED NOWHERE BETTER THAN TODAY IN THIS CITY ON THE DANUBE, WHERE WE ARE SEEING SO MANY CHANGES. THE WORLD WATCHES WITH US AS HUNGARY

IS TRANSFORMED, AS DEMOCRACY AND FREEDOM ARE AT LAST COMING INTO THEIR OWN.

-

AT THIS TIME WHEN WE EAGERLY LOOK TOWARD A BRIGHTER FUTURE FOR THE HUNGARIAN PEOPLE, IT IS APPROPRIATE ALSO TO LOOK BACK AT THE BRAVE MEN AND WOMEN WHO HAVE FOUGHT SO VALIANTLY IN THE NAME OF FREEDOM. WE KNOW THE NAME OF KOSSUTH AND OF THE TWO PRIME MINISTERS WHO STROVE FOR DEMOCRACY -- LAJOS BATTHYANY IN 1848 AND IMRE NAGY IN 1956, AND WHO ARE COMMEMORATED WITH AN ETERNAL FLAME JUST TWO BLOCKS FROM HERE. BUT THERE WERE MANY OTHERS WHOSE NAMES WE DO NOT

KNOW, WHO STRUGGLED TO MAKE HUNGARY FREE.

-

WE SALUTE THOSE BRAVE PATRIOTS.

-

MY FRIENDS, I WOULD LIKE TO SAY A SPECIAL GREETING NOW TO THE AMERICANS, MANY OF HUNGARIAN BACKGROUND, WHO HAVE COME TO WELCOME ME THIS EVENING. YOU KNOW, IN AMERICA WE HAVE A LOT OF PEOPLE WHO CAN TRACE THEIR ANCESTRY TO HUNGARY. AMERICA HAS BEEN ENRICHED BY THE CONTRIBUTIONS OF THESE HARD-WORKING PEOPLE, FROM THE MINERS AND FARMERS WHO SETTLED IN CLEVELAND, OHIO, TO THE SCIENTISTS, ARTISTS, MUSICIANS, AND OTHERYWHO, PROSPERING IN THEIR NEW LAND, GAVE BACK AS MUCH OR MORE THAN THEY RECEIVED. PEOPLE LIKE CONDUCTORS AND COMPOSERS GEORGE SZELL AND EUGENE ORMANDY, MOVIE DIRECTOR MICHAEL CURTIZ AND PRODUCER ALEXANDER KORDA, PLAYWRIGHT FERENC MOLNAR, SCIENTISTS EDWARD TELLER AND ALBERT SZENT-GYORGYI, MEMBER OF CONGRESS TOM LANTOS, FINANCIER GEORGE SOROS, AND HISTORIAN JOHN LUKACS, AMONG OTHERS. THESE HUNGARIAN-AMERICANS HAVE GIVEN MUCH TO US, AND NOW MANY OF THEM ARE GIVING BACK TO THEIR OLD HOME AS WELL.

-

LADIES AND GENTLEMEN, AS THE FIRST AMERICAN PRESIDENT TO VISIT HUNGARY WHILE STILL IN OFFICE, I BRING YOU THE WARM WISHES OF THE AMERICAN PEOPLE. ONE HUNDRED AND FORTY YEARS AGO, THE WHOLE WORLD LOOKED IN ADMIRATION AS THE HUNGARIAN PEOPLE ROSE UP IN REVOLUTION. TODAY WE WATCH IN RESPECT AS ANOTHER REVOLUTION IS GOING ON IN HUNGARY. TODAY A PEACEFUL REVOLUTION IS BRINGING THOSE THINGS TO HUNGARY FOR WHICH THE GREAT KOSSUTH STRUGGLED SO HARD. THE REFORM PROCESS THAT IS MAKING THIS COUNTRY FAMOUS ONCE AGAIN CAN BRING WHAT WE ALL OF US, WHEREVER WE LIVE, WANT FOR OURSELVES AND OUR CHILDREN --

WHITE HOUSE SITUATION ROOM

BT
#5635

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 08

PRT: DOOLEY KELLER STUDDERT
SIT: BLACKWILL HUTCHINGS RICE VAX

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG 011523Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1700
INFO RUEHC/SECSTATE WASHDC 5924
RUEHIA/USIA WASHDC 8158

~~C O N F I D E N T I A L~~ SECTION 01 OF 06 BUDAPEST 05597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
E.O. 12356: DECL: OAD
TAGS: OVIP, HU
SUBJECT: DRAFT TEXTS OF PRESIDENT BUSH'S SPEECH
FOL MSG SENT ACTOIN SECSTATE 25 MAY RPT FYA QUOTE
~~C O N F I D E N T I A L~~ SECTION 01 OF 06 BUDAPEST 05597
REFS (A) DOOLEY/MCCARTHY TELCON OF 5/31;
EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.
2. THE FOLLOWING ARE THE EMBASSY'S SUGGESTED REMARKS FOR THE PRESIDENT'S ADDRESS TO BE MADE AT KARL MARX UNIVERSITY DURING HIS VISIT TO HUNGARY.
3. BEGIN SPEECH. QUOTE.
LADIES AND GENTLEMEN, DOCTOR CSAKI:
I THANK YOU FOR YOUR KIND INVITATION TO SPEAK HERE AND THIS WARM WELCOME. MAY I ADD THAT THOUGH AT FIRST GLANCE IT MAY SEEM SURPRISING TO SEE AN AMERICAN PRESIDENT SPEAKING AT A UNIVERSITY CALLED KARL MARX, AT THIS TIME IN THE DEVELOPMENT OF EAST-WEST RELATIONS I CANNOT BUT THINK IT IS A VERY APPROPRIATE PLACE AFTER ALL.
THIS COUNTRY HAS CHANGED AMAZINGLY SINCE MY VISIT IN 1983: THERE HAVE BEEN MAJOR CHANGES IN THE POLITICAL CLIMATE; THERE IS NOW STARTLINGLY OPEN POLITICAL DEBATE IN THE PRESS; THE SOVIET UNION HAS -- IN WHAT WE HOPE IS JUST A FIRST STEP -- WITHDRAWN SOME OF ITS TROOPS FROM HUNGARIAN SOIL; THE FIRST MEASURES TOWARD AN EFFICIENT, MARKET-ORIENTED ECONOMY HAVE BEEN TAKEN; THE BORDERS TO THE WEST HAVE BEEN OPENED TO ALL ORDINARY CITIZENS WHO WANT TO VISIT ABROAD; AND THE UGLY BARBED WIRE OF THE IRON CURTAIN IS BEING TORN DOWN.
WE IN THE UNITED STATES HAVE WELCOMED THESE FIRST EFFORTS TOWARD THE LIFTING OF THE POLITICAL AND ECONOMIC RESTRAINTS ON THE PEOPLE OF HUNGARY. WE HAVE REJOICED TO SEE THE WAVE OF DEMOCRACY, NOW SURGING AROUND THE WORLD, BEGIN TO SWEEP OVER THIS COUNTRY,

TOO.
IT IS MY AIM, AND THAT OF THE AMERICAN PEOPLE, TO HELP THE PEOPLE OF HUNGARY WORK TOWARD THE TIME WHEN YOU ARE FREE TO TAKE AN ACTIVE PART IN THE PEACEFUL DEVELOPMENT OF YOUR COUNTRY, WHEN YOU CAN ACHIEVE A FULL DEMOCRACY AND THE PROSPERITY RHAT HISTORY HAS SHOWN ONLY A MARKET-ORIENTED ECONOMY CAN PRODUCE.
AS I HAVE SAID BEFORE, WE WANT FREEDOM TO SUCCEED, AND I SAY NOW WE WANT IT TO SUCCEED HERE.

EXDIS

EXDIS

EXDIS

DECLASSIFIED
Department of State Guidelines
E.O. 12958, SEC 3.4 (B), July 21, 1997
By ___ NARA, Date 06/02/23

~~CONFIDENTIAL~~

HUNGARY TODAY STANDS ON THE VERGE OF A NEW ERA. OPPORTUNITIES ARE HERE FOR DEMOCRACY, AND FOR AN EFFECTIVE ECONOMY THAT CAN PROVIDE A BETTER STANDARD OF LIVING FOR ALL HUNGARIANS. THE PATH TO A RETURN TO DEMOCRACY HAS BEEN TREAD BEFORE BY OTHER NATIONS. BUT IT IS NOT AN EASY PATH. IT TAKES POLITICAL AND MORAL COURAGE TO GO FORWARD, TO AVOID THE TRAP OF COVERING STAGNATION WITH POLITICAL RHETORIC, TO TAKE THE DIFFICULT STEPS THAT ARE NECESSARY TO TURN THIS COUNTRY AROUND.
WE BELIEVE THIS NATION HAS THAT COURAGE.
WE BELIEVE IN THE FUTURE OF HUNGARY.
AND WE WILL SHOW OUR CONFIDENCE IN THIS COUNTRY THROUGH CONCRETE STEPS TO ENCOURAGE THE PROCESS OF REFORM. WE WILL BACK THE PROCESS, ALREADY BEGUN, OF GETTING THE GOVERNMENT BUREAUCRACY OUT OF THE BUSINESS OF RUNNING THE HUNGARIAN ECONOMY, AND OF RETURNING HUNGARIAN BUSINESS, INDUSTRY, AND AGRICULTURE TO PRIVATE HANDS. WE WILL DO THIS THROUGH PROMOTION OF SENSIBLE INVESTMENT IN WELL-RUN ENTERPRISES. WE WILL HELP YOU TO TRAIN THE BUSINESS MANAGERS AND FINANCIAL EXPERTS THE COUNTRY NEEDS. WE WILL ENCOURAGE MORE TWO-WAY TRADE. MY ADMINISTRATION HAS MAPPED OUT A SERIES OF MEASURES TO MOVE FORWARD IN ALL OF THESE AREAS. I AM HERE ON BEHALF OF THE PEOPLE OF AMERICA TODAY TO OFFER YOU A HELPING HAND.
ONE HUNDRED YEARS AGO, HUNGARY WAS IN THE MIDST OF ITS GOLDEN ERA, WITH UNPRECEDENTED PROSPERITY AND DEVELOPMENT. AT THAT TIME HUNGARY WAS A WELL-RESPECTED AND ACTIVE MEMBER OF THE EUROPEAN COMMUNITY OF NATIONS,
BT
#5597
BT
~~C O N F I D E N T I A L~~ SECTION 02 OF 06 BUDAPEST 05597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXTS OF PRESIDENT BUSH'S SPEECH
FOL MSG RPTED FYA
~~C O N F I D E N T I A L~~ SECTION 02 OF 06 BUDAPEST 05597
EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH

EXPORTING ALL OVER EUROPE ITS INDUSTRIAL AND AGRICULTURAL PRODUCTS, ITS IDEAS, ITS ART AND CULTURE. IT WAS A COUNTRY KNOWN NOT ONLY FOR THE BEAUTY OF ITS CAPITAL, BUT ALSO FOR ITS RELIGIOUS TOLERANCE, AS A PLACE WHERE PEOPLE OF DIFFERENT COMMUNITIES LIVED AND WORKED TOGETHER IN PEACE. WESTERN VALUES OF DEMOCRACY AND FREE ENTERPRISE WERE RESPECTED, AND HELPED TO BUILD THE NEW HUNGARY.
UNFORTUNATELY, THE ERA OF PROSPERITY AND PEACEFUL DEVELOPMENT WAS SHORT-LIVED. THE TWENTIETH CENTURY HAS SEEN A SUCCESSION OF EXTRAORDINARILY DIFFICULT TIMES FOR THIS NATION: THE DESTRUCTION AND LOSS OF TWO WORLD WARS, THE ECONOMIC DEPRESSION OF THE 1930S, THE PERSECUTION AND NEAR-ANNIHILATION OF TWO MAJOR COMMUNITIES--THE JEWS AND THE GYPSIES, AND THE IMPOSITION OF AN ALIEN AND REPRESSIVE GOVERNMENT, WITH TRAGIC CONSEQUENCES IN 1956.

EXDIS

EXDIS

EXDIS

AS WE NEAR THE END OF THIS CENTURY, HOWEVER, AND PREPARE TO ENTER A NEW ONE, WE CAN SEE AT LAST THE BEGINNING OF A NEW ERA OF OPPORTUNITIES FOR PEACE, FOR PROSPERITY, AND FOR FREEDOM OF THE PEOPLE OF HUNGARY.

WE IN THE UNITED STATES, WITH MORE THAN TWO HUNDRED YEARS OF EXPERIENCE WITH A WORKING CONSTITUTION, HAVE COME TO APPRECIATE THAT A DEMOCRATIC SYSTEM IS FULL OF CONFLICTS AND OFTEN MESSY. THE RETURN TO DEMOCRACY AFTER A PERIOD OF REPRESSION IS OFTEN NOT STRAIGHTFORWARD OR EASY, BUT THE PROCESS OF STRIVING FOR A TRULY DEMOCRATIC SYSTEM MUST GO FORWARD.

WE HAVE BEEN IMPRESSED BY THE PUBLIC DEBATES IN THE MEDIA HERE ON THESE SUBJECTS. WE APPRECIATE THE DRAMATICALLY INCREASED SCOPE FOR PRESS FREEDOMS NOW ENJOYED IN HUNGARY, RECENTLY DEMONSTRATED BY THE START OF THE COUNTRY'S FIRST INDEPENDENT DAILY NEWSPAPER. THE DEGREE TO WHICH HUNGARY HAS OPENED UP TO THE WEST IN THIS REGARD IS SHOWN BY A VERY RECENT AND WELCOME DEVELOPMENT -- I AM PLEASED TO NOTE TODAY THAT THE HUNGARIAN GOVERNMENT HAS AGREED TO ALLOW AN OFFICE OF RADIO FREE EUROPE TO OPEN HERE IN BUDAPEST AND THAT IT IS ALREADY FUNCTIONING. I AM ALSO ENCOURAGED THAT PERMISSION HAS BEEN GIVEN FOR THE OPENING HERE OF A PRIVATE COMMERCIAL AMERICAN RXDIO STATION. WE ARE ALSO PLEASED THAT WHITE COLLAR INDEPENDENT UNIONS NOW FUNCTION HERE; WE HOPE THAT SOON SUBSTANTIAL INDEPENDENT BLUE COLLAR UNIONS WILL REPRESENT HUNGARIAN WORKERS. LIKE MOST HUNGARIANS WE ARE ENTHUSIASTIC OVER THE PROSPECT OF THE COUNTRY'S FIRST FREE MULTIPARTY ELECTIONS SINCE 1945, AND BY THE PROSPECT OF THE COUNTRY'S TRANSITION TO A GENUINE MULTIPARTY SYSTEM. HUNGARIAN-AMERICANS PARTICULARLY SHARE OUR GRATIFICATION THAT THE PROCESS OF NATIONAL RECONCILIATION AND HEALING FOLLOWING 1956. WHICH SEEMED INCOMPLETE AND STALEMATED A FEW YEARS AGO, HAS TAKEN MAJOR STEPS FORWARD WITH THE PEACEFUL REBURIAL AND REHABILITATION OF IMRE NAGY.

IN THE FOREIGN POLICY AREA, WE ARE ALSO GRATIFIED BY HUNGARY'S STEPS TOWARD FULL PARTICIPATION IN THE INTERNATIONAL COMMUNITY AS A SOVEREIGN STATE: ITS ESTABLISHMENT OF RELATIONS WITH SOUTH KOREA, ACCESSION

TO THE UNITED NATIONS REFUGEE CONVENTION, AND ITS PARTICIPATION IN UN PEACEKEEPING ACTIVITIES. WE HOPE YOU WILL HAVE FULL DIPLOMATIC RELATIONS WITH ISRAEL BEFORE LONG. IN ITS TROUBLED RELATIONSHIP WITH ROMANIA, HUNGARY HAS OUR SYMPATHY AND SUPPORT BECAUSE WE SHARE HUNGARY'S HUMAN RIGHTS CONCERNS AND SUPPORT THE INTEGRITY OF THE HELSINKI PROCESS WHICH THE ROMANIAN GOVERNMENT HAS SOUGHT TO UNDERMINE.

THESE CHANGES ARE IMPORTANT. WE RECOGNIZE THEY ARE INCOMPLETE, AND REPRESENT A BRIEF PERIOD IN A LONG PROCESS. WE SUPPORT THE PROCESS AND IN DOING SO, WE BELIEVE THE MAIN ISSUE IS NOT WHETHER THE PROCESS IS GOING TOO SLOW OR TOO FAST, BUT THAT IT CONTINUE. WE DO NOT WANT INSTABILITY. AT THE

BT
#5597
BT

~~CONFIDENTIAL~~ SECTION Ø3 OF Ø6 BUDAPEST Ø5597

EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
E.O. 12356: DECL: OADR
TAGS: OVIP, HU

EXDIS

EXDIS

EXDIS

SUBJECT: DRAFT TEXT OF PRESIDENT BUSH'S SPEECH
~~CONFIDENTIAL~~ SECTION 03 OF 06 BUDAPEST 05597
EXDIS
SAME TIME, STABILITY WITHOUT CHANGE IS NOT POSSIBLE.
A MAJOR AND VERY DRAMATIC PART OF THE LIBERALIZATION
OF THE HUNGARIAN POLITICAL SYSTEM AND THE RETURN OF
RIGHTS TO THE PEOPLE HERE HAS BEEN THE DECISION LAST
YEAR OF THE GOVERNMENT OF HUNGARY TO LIBERALIZECXB
LKFT LEGISLATION THE GOVERNMENT HAS
PREPARED THAT WILL RECOGNIZE THE FUNDAMENTAL RIGHTS
OF HUNGARIANS TO EMIGRATE LEGALLY IF THEY SO WISH.
ON THE BASIS OF THIS CHANGE IN HUNGARIAN LAW, MY
ADMINISTRATION WILL SUPPORT THE EXTENSION OF MULTI-
YEAR MOST-FAVORED-NATION STATUS TO HUNGARY.
MEANWHILE, WE ARE DOING ALL WE CAN TO PROMOTE THE
VISITS OF AMERICANS HERE AND OF HUNGARIANS TO OUR
COUNTRY, IN THE BELIEF THAT SUCH PRIVATE CONTACTS
STRENGTHEN THE CAUSE OF PEACE BY BUILDING PRACTICAL
COOPERATION IN A THOUSAND DIFFERENT FIELDS AND
MUTUAL INTEREST. I UNDERSTAND THAT LAST YEAR OVER
ONE HUNDRED THOUSAND AMERICANS CAME HERE, AND THAT OVER
TWENTY THOUSAND HUNGARIANS WENT TO AMERICA. WE ARE
DELIGHTED TO SEE THE PEOPLE OF HUNGARY EXERCISING
THEIR RIGHT TO TRAVEL AND TO HAVE FREE CONTACT WITH
PEOPLE FROM OTHER COUNTRIES. IN ORDER TO MAKE SUCH
CONTACTS EASIER ON BOTH SIDES, I AM PLEASED TO
ANNOUNCE TWO NEW AGREEMENTS WITH YOUR GOVERNMENT--
ON TOURISM AND CIVILIAN AIR TRAFFIC.
ON ALL FRONTS WE ARE ENCOURAGING THIS KIND OF DIRECT
CONTACT. HUNGARY HAS BEEN ONE OF THE LEADING WARSAW
PACT NATIONS IN SUPPORTING CONTACTS BETWEEN OUR
RESPECTIVE MILITARY PEOPLE. THROUGH THESE CONTACTS,
AMERICAN AND HUNGARIAN MILITARY PERSONNEL ARE
STEADILY IMPROVING THEIR KNOWLEDGE OF EACH OTHER'S
FORCES AND THEREBY GAINING CONFIDENCE THAT NEITHER

NATION'S FORCES POSE UNKNOWN THREATS TO THE OTHER.
AMERICAN MILITARY PERSONNEL HAVE IN THE LAST YEAR
OBSERVED MILITARY EXERCISES HERE, AND NOTED THE FULL
COOPERATION AND OPENNESS OF THE HUNGARIAN COMMANDERS.
OTHER CONTACTS ARE TAKING PLACE AT VARIOUS LEVELS,
AND I AM VERY PLEASED AT THIS TIME TO ANNOUNCE THAT
COLONEL GENERAL PACSEK, COMMANDER OF THE HUNGARIAN
ARMY, HAS ACCEPTED OUR INVITATION TO VISIT THE UNITED
STATES IN OCTOBER AND MEET WITH THE CHAIRMAN OF THE
JOINT CHIEFS OF STAFF. THIS WILL BE THE FIRST TIME
THAT SUCH A HIGH RANKING MILITARY OFFICER FROM HUNGARY
WILL MAKE SUCH A VISIT.
I WOULD LIKE TO TURN NOW TO ONE OF THE MOST ACTIVE
AREAS OF THE RELATIONSHIP BETWEEN OUR TWO COUNTRIES
AND ONE I BELIEVE IS PARTICULARLY IMPORTANT. WHEN
I WAS LAST HERE IN 1983 THERE WERE TWENTY-FOUR
FULBRIGHT SCHOLARS; NOW THERE ARE OVER FIFTY. THE
NUMBER OF STUDENTS TRAVELLING FROM HUNGARY TO THE
UNITED STATES HAS INCREASED TENFOLD. IN 1983
THERE WERE FEWER THAN THREE HUNDRED EXCHANGE VISITORS;
NOW THERE ARE ALMOST NINE HUNDRED. TWENTY AMERICAN
COLLEGES NOW HAVE EXCHANGE PROGRAMS OF THEIR OWN,
IN ADDITION TO THOSE WE SPONSOR. I KNOW SOME
AMERICAN STUDENTS STUDYING HERE IN HUNGARY ARE WITH
US TODAY. ALSO EXCITING FOR US IS THE DEVELOPMENT
OF MANY PRIVATELY-SPONSORED PROGRAMS FOR YOUNG HIGH
SCHOOL STUDENTS, WHO OFTEN SPEND A SEMESTER OR A YEAR
IN EACH OTHER'S HOMES, LEARNING ABOUT EACH OTHER'S
COUNTRIES IN A FAMILY SETTING. WE ENTHUSIASTICALLY
APPLAUD THE MANY PRIVATE FOUNDATIONS AND INDIVIDUALS
WHO MAKE THESE PROGRAMS POSSIBLE.
TODAY I AM VERY PLEASED TO ANNOUNCE THAT THE UNITED
STATES INFORMATION AGENCY IS GOING TO GRANT THREE

EXDIS

EXDIS

EXDIS

PAGE Ø5 OF Ø8

HUNDRED THOUSAND DOLLARS TO SUPPORT SIX NEW YOUTH EXCHANGES WITH HUNGARY. SOME HERE IN THIS AUDIENCE WILL BE GOING TO THE UNITED STATES.
THE STUDY OF THE ENGLISH LANGUAGE IN HUNGARY HAS BECOME WILDLY POPULAR, AND WE HAVE BEEN ASKED BY THE HUNGARIAN GOVERNMENT TO SUPPORT IT.
THEREFORE IT IS WITH PARTICULAR PLEASURE THAT I
BT
#5597
BT
~~C O N F I D E N T I A L~~ SECTION Ø4 OF Ø6 BUDAPEST Ø5597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXT OF PRESIDENT BUSH' S SPEECH
RPTED FYA
~~C O N F I D E N T I A L~~ SECTION Ø4 OF Ø6 BUDAPEST Ø5597
EXDIS
DEPT PASS TO WHITE HOUSE FOR STDDERT AND KELLER
NSC FOR BLACKWILL
EUR/EEY FOR SWIHART
E. O. 12356: DECL: OADR

TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH' S SPEECH
ANNOUNCE THAT WE ARE SENDING 2Ø PEACE CORPS VOLUNTEERS TO HUNGARY TO TEACH ENGLISH--ONE FOR EACH OF YOUR 19 COUNTIES AND FOR BUDAPEST. THIS IS THE FIRST PEACE CORPS PROGRAM IN AN EAST CENTRAL EUROPEAN COUNTRY. THE U. S. INFORMATION AGENCY IS PROVIDING TEACHERS AND TRAINING AS WELL.
THE ENGLISH LANGUAGE HAS BECOME MORE THAN THE VEHICLE FOR THE CULTURES OF THE COUNTRIES TO WHICH IT IS NATIVE--IT IS NOW THE ACCEPTED LANGUAGE OF INTERNATIONAL TRADE. GOOD HUNGARIAN MANAGERS AND BUSINESS PEOPLE MUST BE ABLE TO COMMUNICATE ABROAD IN ORDER TO DEVELOP YOUR TRADE, AND SO I HOPE THESE TEACHERS WILL BE PROMOTING THE DEVELOPMENT OF HUNGARIAN BUSINESS AS THEY TEACH THE BEAUTIES OF SHAKESPEARE AND HEMINGWAY.
THE HUNGARIAN GOVERNMENT AND THE HUNGARIAN PEOPLE SEE THE NEED FOR BOTH ECONOMIC AND POLITICAL REFORM TO ENABLE HUNGARY ONCE AGAIN TO JOIN THE DEVELOPED, DEMOCRATIC COMMUNITY OF NATIONS. HUNGARY IS AT THE FOREFRONT OF ECONOMIC REFORM IN THIS REGION. STEPS HAVE BEEN TAKEN TO ENCOURAGE PRIVATIZATION, FOREIGN INVESTMENTN LIBERALIZE IMPORTS, AND GRADUALLY REALIGN PRICES TO WORLD LEVELS. BUT IT HAS BEEN A SLOW PROCESS AND MUCH REMAINS TO BE DONE.
THE UNITED STATES IS WILLING TO BE A PARTNER IN THE REFORM PROCESS, IN A TRUE EFFORT TO ESTABLISH HUNGARY AS AN EFFECTIVE ECONOMY, INTEGRATED INTO THE WORLD ECONOMY AND TRADING SYSTEM. WE WANT TO HELP YOU CREATE THE INFRASTRUCTURE NECESSARY FOR THAT, AND TO HELP YOU ADDRESS YOUR DEBT PROBLEMS. IN RETURN, WE REQUIRE ONLY THAT THE REFORM PROCESS BY GENUINE, AND NOT A MATTER OF RHETORIC UNSUBSTANTIATED BY REAL ACTION.
TODAY I AM ANNOUNCING A NUMBER OF CONCRETE STEPS WE HAVE MAPPED OUT IN THIS AREA. THHSE STEPS WILL OPEN UP TRADE BETWEEN OUR TWO COUNTRIES, WILL FOSTER SENSIBLE INVESTMENT, AND WILL HELP TRAIN A NEW ECONOMIC LEADERSHIP.
-- FIRST, WE WILL, AS I HAVE SAID, PROPOSE TO THE

EXDIS

EXDIS

EXDIS

CONGRESS THIS FALL THAT HUNGARY BE GRANTED MULTI-YEAR MOST-FAVORED-NATION STATUS FOLLOWING ITS ADOPTION OF LEGISLATION ALLOWING FOR THE FREE EMIGRATION IF ITS CITIZENS.
-- SECOND, WE ARE INCLUDING HUNGARY IN THE GENERAL SYSTEM OF PREFERENCES, WHICH PROVIDES TARIFF PREFERENCES TO DEVELOPING ECONOMIES.
-- THIRD, MY ADMINISTRATION IS EXTENDING THE TRADE AND DEVELOPMENT PROGRAM TO HUNGARY. THE FIRST TDP PROJECT HERE WILL BE HELPING TO FUND PLANNING FOR THE REDEVELOPMENT OF BORSOD COUNTY. SIMILAR PROGRAMS HAVE HELPED MOVE DEPRESSED REGIONS INTO NEW AREAS OF ECONOMIC ACTIVITY AND AWAY FROM LOSS-MAKING ENTERPRISES.
-- FOURTH, MY ADMINISTRATION IS ALSO SUPPORTING THE EXTENSION OF THE PROGRAMS OF THE OVERSEAS PRIVAT INVESTMENT CORPORATION TO HUNGARY TO ENCOURAGE AMERICAN INVESTMENT IN SENSIBLE, WELL-MANAGED, FINANCIALLY SOUND ENTERPRIESES.

EXDIS

-- TO HELP FOSTER TRADE IN BOTH DIRECTIONS, MY ADMINISTRATION HAS AGREED TO ALLOW THE GOVERNMENT OF HUNGARY TO OPEN A TRADE OFFICE ON THE WEST COAST.
-- I AM ALSO PLEASED TO ANNOUNCE THE ESTABLISHMENT BY THE AMERICAN INVESTMENT COMPANY BEARS-STEARN OF A SPECIAL INVESTMENT FUND TO BE CALLED THE "HUNGARY FUND." THIS PRIVATE INITIATIVE WILL BUY STOCK IN HUNGARIAN COMPANIES AND HELP DEVELOP THE BUDDING STOCK MARKET AND FREE ENTERPRISE SYSTEM IN THIS COUNTRY.
THE GREAT STRENGTH OF AMERICA IS OUR PRIVATE COMPANIES. I AM THEREFORE PLEASED TO BE ABLE TO ANNOUNCE THAT
BT
#5597
BT

EXDIS

~~CONFIDENTIAL~~ SECTION 05 OF 06 BUDAPEST 05597
EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASSTO WHITE HOUSE
USIA FOR EU: JORIA
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXTS OF PRESIDENT BUSH'S SPEECH
RPT FYA

EXDIS

~~CONFIDENTIAL~~ SECTION 05 OF 06 BUDAPEST 05597
E. O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGG TD TEXT OF PRESIDENT BUSH'S SPEECH
NINE MAJOR AMERICAN COMPANIES ARE CONCLUDING NEW DEALS IN HUNGARY.
A NEW BOUNTY OF GOODS WILL COME FROM THESE DEALS FOR THE HUNGARIAN PEOPLE--GENERAL MOTORS CARS, ESTEE LAUDER PERFUMES, SCHWINN BICYCLES, LEVI STRAUSS JEANS, DOW STYROFOAM, GUARDIAN GLASS, REMINGTON SHAVERS, JOHNSON AND JOHNSON'S HEALTH PRODUCTS, A NEW MARRIOTT HOTEL. THIS WILL INCREASE AMERICAN EXPORTS TO HUNGARY AND HUNGARIAN EXPORTS TO EUROPE.
THIS IS A MAJOR ADVANCE IN OUR BUSINESS PRESENCE IN YOUR COUNTRY. IT WILL MEAN A TENFOLD INCREASE IN THE NUMBER OF AMERICAN BUSINESSMEN HERE.
I ALSO WISH TO NOTE THE SALE TO HUNGARY THIS WEEK OF 50 MILLION DOLLARS OF AGRICULTURAL EQUIPMENT MANUFACTURED IN THE UNITED STATES.
NOW WOULD LIKE TO TALK ABOUT A PROJECT THAT I BELIEVE IS ESSENTIAL TO THE KIND OF PROGRESS WE WANT TO PROMOTE HERE IN HUNGARY. A COUPLE OF YEARS AGO, THE UNITED STATES HELPED TO ESTABLISH THE INTER-

EXDIS

PAGE 07 OF 08

NATIONAL MANAGEMENT INSTITUTE, TO HELP TRAIN HUNGARIAN MANAGERS IN WESTERN BUSINESS METHODS. TODAY I WOULD LIKE TO ANNOUNCE WITH YOUR GOVERNMENT THAT WE ARE OPENING A NEW CENTER TO PROMOTE THE FORMATION OF SMALL PRIVATE BUSINESSES IN HUNGARY. WE BELIEVE THAT IT IS IN THIS SECTOR THAT THE TRUE GENIUS AND CREATIVITY OF THE HUNGARIAN PEOPLE STANDS OUT. CALLED THE HUNGARIAN ENTERPRISE GROUP, THE CENTER WILL HELP TO MATCH UP VENTURE CAPITAL, BOTH FOREIGN AND HUNGARIAN, WITH SMALL BUSINESS PEOPLE WITH GOOD, INNOVATIVE IDEAS FOR NEW PRODUCTS AND SERVICES.

FINALLY, I AM PARTICULARLY PLEASED TO ANNOUNCE TODAY THAT WE WILL BE OPENING, WITHIN THE NEXT TWO YEARS, AN AMERICA HOUSE IN THE CENTER OF BUDAPEST. THIS NEW CENTER WILL HELP HUNGARIANS TO BECOME MORE FAMILIAR WITH AMERICAN CULTURE AND WILL ALSO PROMOTE OUR TRADE RELATIONS. THE FACILITY WILL INCLUDE A WELL EQUIPPED LIBRARY, A CULTURAL CENTER AND SPACE FOR COMMERCIAL EXHIBITIONS. THE CELEBRATED AMERICAN ARCHITECT, ROBERT STERN, PLANS FOR THIS CENTER, WHICH WE INTEND TO BE A NOTABLE ADDITION TO YOUR CITY OF GREAT BUILDINGS ARE BEING RELEASED TODAY.

I DON'T WANT TO TRY TO FOOL YOU. YOU KNOW AS WELL AS I DO THAT ALL THESE EFFORTS ALONE ARE NOT GOING TO SOLVE THE VERY SERIOUS DIFFICULTIES LYING AHEAD OF THIS COUNTRY AS YOU SEEK TO MAKE UP FOR MANY YEARS OF POLITICAL REPRESSION AND POOR ECONOMIC POLICIES WHICH WERE BASED ON IDEOLOGY RATHER THAN REALITY. YOU KNOW THAT TURNING THIS COUNTRY AROUND WILL TAKE HARD EFFORT, AS WELL AS SUPPORT FROM YOUR FRIENDS.

BUT WE, YOUR FRIENDS IN THE UNITED STATES, BELIEVE THAT THE HUNGARIAN PEOPLE, RELEASED FROM THE RESTRAINTS ON YOUR INITIATIVE AND RESOURCEFULNESS, ARE EQUAL TO THIS CHALLENGE. FOR TOO MANY YEARS WE IN THE WEST HAVE HAD TO STAND BY AND WATCH THE SUFFERING OF THE PEOPLES OF EASTERN EUROPE UNDER REPRESSIVE GOVERNMENTS, EFFECTIVE IN LITTLE BEYOND HOLDING DOWN DISSENT AND KEEPING THEMSELVES IN POWER. THOSE DAYS ARE OVER, AND IT IS TIME TO GO FORWARD. WHEN I VISITED THIS COUNTRY IN 1983, I SAW A VASTLY DIFFERENT HUNGARY FROM THE ONE I SEE TODAY. TODAY I SEE A COUNTRY IN WHICH THE RIGHTS OF MAN ARE BEGINNING TO BE RESPECTED, AS THEY HAVE NOT BEEN FOR MANY YEARS. I SEE A COUNTRY IN FERMENT, WHERE THERE IS FREE AND OPEN DEBATE ABOUT THE PAST AND THE FUTURE. I SEE A COUNTRY WHICH HAS GONE FURTHER ALONG THE ROAD TO REFORM THAN ANY OTHER IN THIS REGION. I SEE A COUNTRY RICH IN HUMAN RESOURCES, AND RICH IN THE MORAL POWER AND DEEP COURAGE OF ITS PEOPLE. I SEE A NATION THAT IS EMERGING FROM THE PAST, AND BUILDING ITS FUTURE. I CONGRATULATE YOU ON LIVING

BT
#5597
BT

~~CONFIDENTIAL~~ SECTION 06 OF 06 BUDAPEST 05597

EXDIS
PARIS PLEASE PASS TO WHITE HOUSE: SPEECHWRITER PEGGY DOOLEY
SECSTATE FOR EUR/EEY FOR SWIHART
DEPT PLEASE PASS TO WHITE HOUSE
USIA FOR EU: JORIA
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: DRAFT TEXT OF PRESIDENT BUSH'S SPEECH
FOL MSG RPTED FYA

~~CONFIDENTIAL~~ SECTION 06 OF 06 BUDAPEST 05597

EXDIS

EXDIS

EXDIS

PAGE 08 OF 08

EXDIS
DEPT PASS TO WHITE HOUSE FOR STUDDERT AND KELLER
NSC FOR BLACKWILL

EUR/EEY FOR SWIHART
E.O. 12356: DECL: OADR
TAGS: OVIP, HU
SUBJECT: SUGGESTED TEXT OF PRESIDENT BUSH'S SPEECH
AT SUCH A TIME, AND I AND THE PEOPLE OF AMERICA
WISH YOU WELL. END QUOTE.
PALMER UNQUOTE
PALMER
BT
#5597

EXDIS

EXDIS

EXDIS

Ladies and gentlemen, Dr. Csaki (CHAH-kee)

I understand that Tramline Number Two is to run the country, since it orginiates at KMU and makes stops at the National Center, Parliament and the Central Committee.

Two great physicist of the 20th century, Enrico Fermi and Leo Szilard, both naturalized Americans, had a conversation about the possibility of intelligent life on other planets. Fermi wondered aloud that if there is intelligent life elsewhere in the universe, and if so, where are they? "They are already among us," Szilard replied, "but they call themselves Hungarians."

Budapest to Beijing

First trip by a U.S. President to Hungary.

First Warsaw country to have a free election.

Teller, Bartok, Bela Kiraly.

When I visited this country in 1983, I saw a vastly different Hungary from the one I see today. The Soviet Union has withdrawn some troops. Hope just a first step. The first measures toward an efficient market-oriented economy have been taken; the borders to the West have been opened to all ordinary citizens. Iron curtain down. Radio Free Europe. Start of the country's first independent daily newspaper -- DATUM. ABC television allowed to set up an independent station. Relations with South Korea, U.N. refugee convention. Home Israel before long. More than 100,000 Americans went to Hungary last year -- and more than 20,000 Hungarians came to America.

Economic integration across the border.

The Soviets have nothing to fear. We do not seek to undermine their security.

"You are an extraordinary people. Whether it be in Olympic gold medals, in Nobel Prizes, music, art, science, you have an inordinate number of recognitions for a nation of ten million."

Karl Marx has exchange with some 23 American schools and the opposition movement in Hungary has drawn from its law school school.

Hungary has just held a long-deferred funeral and a memorial. You have laid to rest a statesman and his lieutenants. As they moved his coffin slowly through Heroes' Square, the voice of Hungary was heard singing the Szozat. The reburial of Imre (EE-ray NAZH) and his associates was an act of reconciliation. It was an act of truth. I clears a monsterous act of the past to move ahead on a foundation of truth.

Translyvania

America recently celebrated 200 years of unbroken Constitutional rule.

Change is difficult, messy. Challenge of economic change complicated by this system you have inherited.

Some might find it ironic that an American President is standing before you at Karl Marx University. But I believe it is fitting, as we contemplate a better future, to be reminded of the weight of the past.

Karl Marx offered brilliant insights into the economic history of man. He was the first historian to fully interpret the past according to economics -- not just Caesar or Charlemagne -- but the relations of slaves and masters, serfs and lords, proliterian and guild. And this was a brilliant insights. But the predictive powers of this mid-19th century German philosopher is antiquated and irrelevant to today's world. This is true not just because Marx could never have predicted modern capitalism. It is true because his vision was too narrow, too limited. He saw Man as only <u>homo economius</u>. But he is more than economic man. He is artistic man. He is literary man. He is familial man. And he is something else which cannot be denied . . . Spiritual man.

Das Kapital has been dropped from the reading list.

Hertelendy Jamos died in against fascism -- inscription on wall.

Transylvania -- suppression of culture

Political freedom vs. economic freedom/Budapest to Beijing to Moscow.

The weight of the past -- remnants of the Stalinist system you must live with. Its physical and structural legacy -- huge, inefficient industrial plants, the bewildering price system no one understands; the massive subsidies that cloud economic decision making.

Let me be frank with you. Economically, Hungary faces a tough passage. It cannot be avoided. Sacrifice. Only Hungarians can make the hard decisions. Prices will rise. Factories will be shut down. Inequalities will arise.

Hungarians have already started to get goverment out of the business of running the economy, and of returning business, industry, finance and agriculture to the independent engineers, entrepreneurs and farmers who can do the job.

Book. 1900 -- Golden era. Unprecedented prosperity and development. At that time, Hungary was a well-respected and active member of the European community nations.

Imre Nagy.

I am here as the leader of the United States to meet the leaders of Hungary. But I am also here to meet the people. Let this opening lead to a wider exchange between East and West. Let students meet students; soldier meet soldier; believer meet believer. Let the environmentalists confer, etc.

While Hungary moves toward a greater future, the United States will stand by you. We will help Hungary help itself. In return, we ask that your reform be genuine and lasting.

If we meet our responsibilities, the United States can be your partner in the historic effort to transform Hungary into a

successful, competitive economy, integrated into the world economy.

A couple of years ago, the United States helped establish in Budapest the International Management Center to train Hungarian managers in Western Business methods.

Today I am announcing a number of other concrete steps to help. Our guiding principle is this: We support the new Hungarian economy. We offer nothing for the old one.

Following Hungary's implementation of legislation allowing for the free emigration of its citizens, I will inform Congress that Hungary is now in full compliance with the 1974 Trade Act, and therefore entitled to the maximum most-favored nation tariff status possible under U.S. law. We are prepared to include Hungary in the generalized system of preferences, which provides duty-free entry for certain goods.

The U.S. is extending a trade and development program to Hungary, helping fund a model redevelopment plan for a Hungarian county. Similar programs in other countries have helped move economically depressed regions into new areas of entrepreneurial economic activity and away from loss-making enterprises.

I have asked Congress to authorize the overseas private investment corporation to operate in Hungary. OPIC will encourage American investment in sensible, well-managed, financially sound enterprises in Hungary.

I am pleased to learn of the establishment by the American investment company, Bears-Stearn, of a special investment fund to be called the "Hungary Fund." This private inititiative will purchase shares in Hungarian companies and help develop the new stock market and free enterprise in Hungary.

Nine major American companies are negotiating investements here. This should increase American exports to Hungary and Hungarian exports to Europe. Our commercial relations are already growing -- just this week $25 million of U.S.-manufactured agricultural equipment was sold to Hungary -- and U.S. business presence in Hungary should grow even further.

I am particularly pleased to announce a U.S.-Hungarian agreement to open a new center to promote the formation and development of small, private business in Hungary. Called the Hungarian Enterprise Group, this center will help match venture capital, both foreign and Hungarian, with small business people who have innovative ideas for new products and services.

Economic development must be fundamentally sound. In Mainz several ((weeks)) ago I proposed cooperation with Eastern nations on environmental issues. In keeping with this, I am happy to announce that the U.S. environmental protection agency and the Hungarian government have agreed on new programs for exchanges and joint training of environmental experts.

We are working to promote visits of Americans here and Hungarians to our country, in the belief that such private contacts build practical cooperation. ((I am pleased to announce two agreements with your government -- on tourism and civilian air exchange.))

Our student exchanges have been growing fast, but there is much more room for expansion. I am pleased to announce that the United States Information Agency is going to initiate six new youth exchange programs in Hungary. Some here in this audience will be going to the United States soon.

Radio Free Europe

We are on the threshhold of another exciting educational development; one which will bring the Peace Corps for the first time into a Euro country. The study of English in Hungary is very popular. The United States will send 20 Peace Corps volunteers to Hungary to teach English -- one for each of your 19 counties and Budapest.

The United States will open, within the next two years, an America House in the center of Budapest. Help Hungarians become more familiar with American culture, and work to promote trade relations. We have chosen the celebrated American architect Robert Stern to make the plans.

Your challenge is enormous and historic. No nation has yet attempted what Hungary is doing -- to build democracy and decentralized economic enterprise on the ruins of a failed system.

"God grant not only the love of liberty but a thorough knowledge of the rights of man may persuade all the nations of the earth so that a philosopher may set his foot upon anywhere on its surface and say: 'this is my country.'" Benjamin Franklin

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10a. Note	From George Bush to Jim Baker and Brent Scowcroft Re: Poland Trip (1 pp.)	06/25/89	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: Hungary 7/89 [3]

Open on Expiration of PRA
(Document Follows)
By JPB (NLGB) on 12.7.2007

Date Closed:	10/1/2004	**OA/ID Number:**	08489
FOIA/SYS Case #:	S	**Appeal Case #:**	
Re-review Case #:	2004-2265-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

CAMP DAVID

THE PRESIDENT HAS SEEN
89 JUN 26 P4:33

TO : JIM BAKER AND BRENT SCOWCROFT.

RE: POLAND TRIP..

THE ATTACHED MEMO FROM ZBIG HAS SOME CONCRETE SUGGESTIONS.

ALL YOURS (PLURAL)

GB

6-25-89

cc: John Sununu

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10b. Memo	From Zbigniew Brzezinski to President Bush Re: Your Forthcoming Trip (3 pp.)	06/19/89	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: Hungary 7/89 [3]

Open on Expiration of PRA
(Document Follows)
By JPB (NLGB) on 12.7.2007

Date Closed:	10/1/2004	**OA/ID Number:**	08489
FOIA/SYS Case #:	S	**Appeal Case #:**	
Re-review Case #:	2004-2265-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

6/19/1989

To: the President

From: Zbigniew Brzezinski ZB.

Subject: Your Forthcoming Trip

Your trip to Hungary and to Poland could be historic, for reasons you understand so well. I have recently been to Poland, and the following impressions may be helpful:

1. Expectations: On the popular level, they are higher than they ought to be. The public seems to expect major and prompt U.S. aid in pulling Poland out of its economic crisis. The government and the Solidarity leadership know better, but the Communist government may even find it useful to nurture in the public such high hopes, so that the subsequent public letdown somewhat deflates your own and America's popularity in Poland. agree

2. The Political Situation: Poland has entered the post-communist phase. The Party is discredited and knows it. If there is no political collision between the increasingly self-confident political opposition and the top Communist leaders, a collision precipitated perhaps by the deepening economic crisis, one can anticipate the progressive dismantling of communist rule over the next several years.

3. The Economic Situation: In the longer-run, it is not too bad. Poland has a well-trained labor force that could perform well if given sufficient incentives. It has good engineering-technical cadres. Polish agriculture is potentially very productive, and the countryside is relatively well off already. That is testimony to the benefits of free enterprise. However, in contrast, the cities (where "socialism" has been most pervasive) are decaying, while the state-owned industrial sector is antiquated. Inflation and potential unemployment, the latter likely to be generated by movement towards more efficient free-market practices, are a major source of concern.

In the short-run, the most imminent danger is posed by the prospect of higher food prices because of the likely elimination of state controls and price subsidies. With the Polish standard of living depressed over the last decade and with the situation of the industrial labor class already literally catastrophic, higher food costs could spark a series of massive and even violent social outbreaks. That could polarize the political situation and set back the political progress currently under way.

Implications for your trip:

1. Expectations: To some extent, it may be be in your interest to lower public expectations, but not to the point that the public ceases to have faith in America's capacity to influence positively Poland's future. Hence, the issue of expectations must be handled most delicately. Perhaps the best way is to place greater emphasis on your public statements, and in any background briefings, on the long-term character of the changes that are needed as Poland reenters Europe, and particularly on the necessity of combining both continuing political as well as economic reforms.

Nonetheless, some short-term relief is clearly needed -- even though it will cost money. But without it, Poland faces, quite literally, the prospect of a major domestic explosion that could in turn precipitate even a Chinese-type repression. Accordingly, some consideration should be given to an emergency international consortium, involving not only the United States but EEC and Japan, to provide, even if only on a modest scale, the needed short-term relief.

2. Specific U.S. Actions: A combination of symbolically significant acts with tangible economic initiatives would have the greatest impact. The initiatives ought to be designed to have broad public visibility, so that they underline America's positive involvement in Poland's future. Several possible areas of action come to mind, as follows:

i) Enhancement of parliamentary skills.
The new Polish parliament will have little experience in genuine legislation and oversight. A dramatic step would be for you to invite to the United States, for a series of badly needed and highly concentrated briefings on legislative procedures and organization, the entire newly elected Polish Senate of 100 members. With transportation provided by the U.S. Air Force and with the USIA and the U.S. Senate arranging the pertinent seminars, such an initiative is doable and it would be both useful and highly symbolic. It would certainly generate a great deal of press play.

ii) Sharing of ecological expertise.
Poland is in an ecological crisis, and an American-sponsored program either to clean up the Vistula river or the Gdansk Bay would have a positive impact on the quality of life in Poland and it would symbolize America's constructive engagement.

iii) Cooperation in agribusiness.
Agriculture is potentially the Polish economy's major asset, and American techniques could greatly enhance the productivity of Polish agriculture. This should be a major target area for joint ventures, and pertinent American businessmen might be invited to accompany you.

iv) Credit relief.
You might wish to announce that you plan to place this matter on the agenda of the Paris summit, in addition to the proposed special consortium, perhaps modeled on past consortia for such countries as Turkey and others. Consideration might also be given to the possible applicability of the Brady Plan to Poland (and also to Hungary).

3. Public Themes: Given the Polish feelings about America and about you personally, special attention should be paid to symbolic gestures and rhetoric calculated to leave an enduring impression. The following might be considered:

i) Announce at Westerplatte (in Gdansk) that September 1 will be proclaimed in America as the day of "Poland's Struggle for Independence". Westerplatte is where the first shots of World War II were fired and the garrison of that small fortress, numbering less than 150 men, held out for more than a week against the combined sea, air, and land assault by German forces in excess of one full division. You should also make some mention of Stalin's collaboration with Hitler which led to the Soviet stab in the back on September 17. In any case, Westerplatte would make an excellent setting for a speech on undoing the combined legacies of World War II and of the subsequent Cold War.

ii) Make the point in the major speech of the trip that change in Poland is key to ending the Cold War. You might state that the Cold War started largely over Poland and that it followed World War II which similarly had started over Poland. You could say: " Poland is where World War II began. Poland is also why World War II began. And Poland is where -- and why -- the Cold War started. Hence it is fitting to speak here of how America envisages the end of the Cold War, and it is here, in Poland, that the Cold War should be buried."

ii) In you major speech you should refer specifically to the Constitution of May 3, 1791, which was one of the West's three great constitutional innovations (preceded only by America and France). The Poles are understandably proud of this. That would then give you the peg for suggesting that a suitable target for the attainment of genuine democracy in Poland should be the 200th. anniversary of that Constitution -- for it is important that the momentum of movement towards full democracy should not be derailed or slowed by the likely economic difficulties.

4. Further Contacts: Since Walesa is expected to visit America, it might now be appropriate to invite Jaruzelski to visit the White House. It would be better to invite him rather than the Prime Minister because Jaruzelski is about to be elected President and he will have a continuing role in Poland's inevitably difficult transition. In any case, the current Prime Minister has no standing in the country and was recently repudiated in the elections. In contrast, Jaruzelski will continue to control the army and the police. Hence it is desirable to lock him into a posture of compromise and accommodation with the recently triumphant democratic majority.

z.b.

3. BEGIN TEXT:

MR. PRESIDENT, MY HUNGARIAN AND AMERICAN FRIENDS:

THANK YOU FOR THIS VERY WARM WELCOME ON MY RETURN TO HUNGARY. MAY I SAY HOW VERY HAPPY I AM TO BE BACK HERE IN YOUR EXTRAORDINARY COUNTRY.

AS I LOOK AROUND THIS SQUARE THIS EVENING I CAN SEE WHY BUDAPEST IS FAMOUS AS ONE OF THE MOST BEAUTIFUL CAPITALS OF THE WORLD. AND I AM REMINDED THAT IT IS A CITY FULL OF HISTORY, NOWHERE PERHAPS MORE SO THAN IN THIS SQUARE NAMED AFTER YOUR GREAT PATRIOT, LAJOS KOSSUTH.

Paris
more recent
Kossuth Square - au 5le Stato d

IN A FEW MINUTES I WILL BE RECEIVED IN YOUR PARLIAMENT BUILDING; ONE HUNDRED AND FORTY YEARS AGO MR. KOSSUTH WAS RECEIVED IN OUR CONGRESS. IN HIS REMARKS TO THE CONGRESSMEN WHO WELCOMED HIM, MR. KOSSUTH SPOKE ELOQUENTLY ABOUT THE STRIVING OF THE HUNGARIAN PEOPLE FOR FREEDOM. HE NOTED "WE HUNGARIANS ARE VERY FOND OF THE PRINCIPLE OF MUNICIPAL SELF-GOVERNMENT; AND WE HAVE A NATURAL HORROR AGAINST THE PRINCIPLE OF CENTRALIZATION." HE STRESSED THAT "BAYONETS MAY SUPPORT, BUT AFFORD NO CHAIR TO SIT UPON." KOSSUTH SPOKE ABOUT "THE IMMENSE POWER OF THE IDEA TO BE RIGHT." THE POWER OF THE IDEA, OF THE RIGHT IS BEING DEMONSTRATED NOWHERE BETTER THAN TODAY IN THIS CITY ON THE DANUBE, WHERE WE ARE SEEING SO MANY CHANGES. THE WORLD WATCHES WITH US AS HUNGARY IS TRANSFORMED, AS DEMOCRACY AND FREEDOM ARE AT LAST COMING INTO THEIR OWN.

-

Kossuth left?
Liz

AT THIS TIME WHEN WE EAGERLY LOOK TOWARD A BRIGHTER FUTURE FOR THE HUNGARIAN PEOPLE, IT IS APPROPRIATE ALSO TO LOOK BACK AT THE BRAVE MEN AND WOMEN WHO HAVE FOUGHT SO VALIANTLY IN THE NAME OF FREEDOM. WE KNOW THE NAME OF KOSSUTH AND OF THE TWO PRIME MINISTERS WHO STROVE FOR DEMOCRACY -- LAJOS BATTHYANY IN 1848 AND IMRE NAGY IN 1956, AND WHO ARE COMMEMORATED WITH AN ETERNAL FLAME JUST TWO BLOCKS FROM HERE. BUT THERE WERE MANY OTHERS WHOSE NAMES WE DO NOT KNOW, WHO STRUGGLED TO MAKE HUNGARY FREE.

WE SALUTE THOSE BRAVE PATRIOTS.

MY FRIENDS, I WOULD LIKE TO SAY A SPECIAL GREETING NOW TO THE AMERICANS, MANY OF HUNGARIAN BACKGROUND, WHO HAVE COME TO WELCOME ME THIS EVENING. YOU KNOW, IN AMERICA WE HAVE A LOT OF PEOPLE WHO CAN TRACE THEIR ANCESTRY TO HUNGARY. AMERICA HAS BEEN ENRICHED BY THE CONTRIBUTIONS OF THESE HARD-WORKING PEOPLE, FROM THE MINERS AND FARMERS WHO SETTLED IN CLEVELAND, OHIO, TO THE SCIENTISTS, ARTISTS, MUSICIANS, AND OTHERS WHO, PROSPERING IN THEIR NEW LAND, GAVE BACK AS MUCH OR MORE THAN THEY RECEIVED. PEOPLE LIKE CONDUCTORS AND COMPOSERS GEORGE SZELL AND EUGENE ORMANDY, MOVIE DIRECTOR MICHAEL CURTIZ AND PRODUCER ALEXANDER KORDA, PLAYWRIGHT FERENC MOLNAR, SCIENTISTS EDWARD TELLER AND ALBERT SZENT-GYORGYI, MEMBER OF CONGRESS TOM LANTOS, FINANCIER GEORGE SOROS, AND HISTORIAN JOHN LUKACS, AMONG OTHERS. THESE HUNGARIAN-AMERICANS HAVE GIVEN MUCH TO US, AND NOW MANY OF THEM ARE GIVING BACK TO THEIR OLD HOME AS WELL.

-

LADIES AND GENTLEMEN, AS THE FIRST AMERICAN PRESIDENT TO VISIT HUNGARY WHILE STILL IN OFFICE, I BRING YOU THE WARM WISHES OF THE AMERICAN PEOPLE. ONE HUNDRED AND FORTY YEARS AGO, THE WHOLE WORLD LOOKED IN ADMIRATION AS THE HUNGARIAN PEOPLE ROSE UP IN REVOLUTION. TODAY WE WATCH IN RESPECT AS ANOTHER REVOLUTION IS GOING ON IN HUNGARY. TODAY A PEACEFUL REVOLUTION IS BRINGING THOSE THINGS TO HUNGARY FOR WHICH THE GREAT KOSSUTH STRUGGLED SO HARD. THE REFORM PROCESS THAT IS MAKING THIS COUNTRY FAMOUS ONCE AGAIN CAN BRING WHAT WE ALL OF US, WHEREVER WE LIVE, WANT FOR OURSELVES AND OUR CHILDREN -- DEMOCRACY, PEACE, A DECENT STANDARD OF LIVING, AND FREEDOM TO DETERMINE OUR OWN FATES. I BRING YOU TONIGHT THE HOPES OF MY PEOPLE THAT THIS PROCESS WILL GO FORWARD IN PEACE.

-

GOOD EVENING.

##

6/8/89

SPEECH AT KARL MARX UNIVERSITY

Ladies and Gentlemen, Doctor Csaki (CHAHkee):

Thank you for your kind invitation to speak here and this warm welcome. May I add that, though at first glance it may seem surprising to see an American President speaking at a University called Karl Marx, at this time in the development of East-West relations I cannot but think it is a very appropriate place after all.

This country has changed amazingly since my visit in 1983: There have been major changes in the political climate; there is now startlingly open political debate in the press; the Soviet Union has -- in what we hope is just a first step -- withdrawn some of its troops from Hungarian soil; the first measures toward an efficient, market-oriented economy have been taken; the borders to the West have been opened to all ordinary citizens who want to visit abroad; and the ugly barbed wire of the iron curtain is being torn down.

We in the United States have welcomed these first efforts toward the lifting of the political and ~~economy~~ economic restraints on the people of Hungary. We have rejoiced to see the wave of democracy now surging around the world, begin to sweep over this country, too.

It is my aim, and that of the American people, to help the people of Hungary work toward the time when you are free to take an active part in the peaceful development of your country, when you can achieve a full democracy and the prosperity that history has shown only a market-oriented economy can produce. As I have said before, we want freedom to succeed, and I say now we want it to succeed here.

Hungary today stands on the verge of a new era. Opportunities are here for democracy, and for an effective economy that can provide a better standard of living for all Hungarians. ((The path to a return to democracy has been tread before by other nations.)) But it is not an easy path. It takes political and moral courage to go forward, to avoid the trap of covering stagnation with political rhetoric, to take the difficult steps that are necessary to turn this country around.

We believe this nation has that courage.

We believe in the future of Hungary.

And we will show our confidence in this country through concrete steps to encourage the process of reform. We will back the process, already begun, of getting the government bureaucracy out of the business of running the Hungarian economy, and of returning Hungarian business, industry, and agriculture to private hands. We will do this through promotion of sensible investment in well-run enterprises. We will help you to train the

business managers and financial experts the country needs. We will encourage more two-way trade. My Administration has mapped out a series of measures to move forward in all of these areas. I am here on behalf of the people of America today to offer you a helping hand.

One hundred years ago, Hungary was in the midst of its golden era, with unprecedented prosperity and development. At that time, Hungary was a well-respected and active member of the European community of nations exporting all over Europe its industrial and agricultural products, its ideas, its art and culture. It was a country known not only for the beauty of its capital, but also for its religious tolerance, as a place where people of different communities lived and worked together in peace. Western values of democracy and free enterprise were respected, and helped to buid the new Hungary.

Unfortunately, the era of prosperity and peaceful development was short-lived. The twentieth century has seen a succession of extraordinarily difficult times for this nation: the destruction and loss of two world wars, the economic depression of the 1930s, the persecution and near-annihilation of two major communities -- the Jews and the gypsies, -- and the imposition of an alien and repressive government, with tragic consequences in 1956.

As we near the end of this century, however, and prepare to enter a new one, we can see at least the beginning of a new era of opportunities for peace, for prosperity, and for freedom of the people of Hungary.

We in the United States, with more than two hundred years of experience with a working constitution, have come to appreciate that a democratic system is full of conflicts and often messy. The return to democracy after a period of repression is often not straightforward or easy, but the process of striving for a truly democratic system must go forward.

We have been impressed by the public debates in the media here on these subjects. We appreciate the dramatically increased scope for press freedoms now enjoyed in Hungary, recently demonstrated by the start of "Datum," the country's first independent daily newspaper. 3 mos. ago Small headline The degree to which Hungary has opened up to the West in this regard is shown by a very recent and welcome development -- I am pleased to note today that the Hungarian government has agreed to allow an office of Radio Free Europe to open here in Budapest and that it is already functioning. I am also encouraged that permission has been given for the opening here of a private commercial American radio station and that ABC television intends to help set up an independent station. We are pleased that white collar independent unions now function here; we hope that soon substantial independent blue collar unions will represent Hungarian workers. Like most Hungarians, we are enthusiastic over the prospect of the country's first free multiparty elections since 1945, and

by the prospect of the country's transition to a genuine multiparty system. Hungarian-Americans particularly share our gratification that the process of national reconciliation and healing following 1956 which seemed incomplete and stalemated a few years ago has taken major steps forward with the peaceful reburial and rehabilitation of Imre Nagy.

In the foreign policy area, we are also gratified by Hungary's steps toward full participation in the international community as a sovereign state: Its establishment of relations with South Korea, accession to the United Nations Refugee Convention, and its participation in UN peacekeeping activities. We hope you will have full diplomatic relations with Israel before long. In its troubled relationship with Romania, Hungary has our sympathy and support because we share Hungary's human rights concerns and support the integrity of the Helsinki process which the Romanian government has sought to undermine.

lost GSP, MFN due to human rights violations

These changes are important. We recognize they are incomplete, and represent a brief period in a long process. We support the process and, in doing so, we believe the main issue is not whether the process is going too slow or ~~too fast, but that it~~ continues. We do not want instability. At the same time, stability without change is not possible.

A major and very dramatic part of the liberalization of the Hungarian political system and the return of rights to the people here has been the decision last year of the government of Hungary to liberalize the restrictions on the travel of its citizens. We welcome the draft legislation the Government has prepared that will recognize the fundamental rights of Hungarians to emigrate legally if they so wish. On the basis of this change in Hungarian law, my administration will propose the extension of multi-year Most-Favored-Nation status to Hungary after passage of the legislation by your Parliament.

Meanwhile, we are doing all we can to promote the visits of Americans here and of Hungarians to our country, in the belief that such private contacts strengthen the cause of peace by building practical cooperation in a thousand different fields and mutual interests. I understand that last year over one hundred thousand Americans came here, and that over twenty thousand Hungarians went to America. We are delighted to see the people of Hungary exercising their right to travel and to have free contact with people from other countries. In order to make such contacts easier on both sides, I am pleased to announce two new agreements with your government -- on tourism and civilian air traffic.

On all fronts we are encouraging this kind of direct contact. Hungary has been one of the leading Warsaw Pact nations in supporting contacts between our respective military people. Through these contacts, American and Hungarian military personnel are steadily improving their knowledge of each each other's forces and thereby gaining confidence that neither nation's forces pose unknown threats to the other.

American military personnel have in the last year observed military exercises here, and noted the full cooperation and openness of the Hungarian commanders. Other contacts are taking place at various levels. And I am very pleased at this time to announce that Colonel General Pacsek (PAHcheck), Commander of the Hungarian Army, has accepted our invitation to visit the United States in October and meet with the Chairman of the Joint Chiefs of Staff. This will be the first time that such a high ranking military officer from Hungary will make such a visit.

I would like to turn now to one of the most active areas of the relationship between our two countries, and one that I believe is particularly important. When I was last here in 1983 there were twenty-four Fulbright Scholars; now there are over fifty. The number of students traveling from Hungary to the United States has increased tenfold. In 1983 there were fewer than three hundred exchange visitors; now there are almost nine hundred.

Twenty American colleges now have exchange programs of their own, in addition to those we sponsor. I know some American students studying here in Hungary are with us today. Also exciting for us is the development of many privately-sponsored programs for young high school students, who often spend a semester or a year in each other's homes learning about each other's countries in a family setting. We enthusiastically applaud the many private foundations and individuals who make these programs possible.

Today I am very pleased to announce that the United States Information Agency is going to grant three hundred thousand dollars to support six new youth exchanges with Hungary. Some here in this audience will be going to the United States. USIA also has decided to extend its Hubert M. Humphrey Fellowship program to Hungary, which will send accomplished mid-career professionals to the United States for a year of study and pratical experience.

The study of the English language in Hungary has become widely popular, and we have been asked by the Hungarian government to support it. Therefore it is with particular pleasure that I announce that we are sending 20 Peace Corps Volunteers to Hungary to teach English--one for each of your 19 counties and for Budapest. This is the first Peace Corps program in an East Central European country. The U.S. Information Agency is providing teachers and training as well.

The English language has become more than the vehicle for the cultures of the countries to which it is native -- it is now the accepted language of international trade. Good Hungarian managers and business people must be able to communicate abroad in order to develop your trade, and so I hope these teachers will be promoting the development of Hungarian business as they teach the beauties of Shakespeare and Hemingway.

The Hungarian government and the Hungarian people see the need for both economic and political reform to enable Hungary once again to join the developed, democratic community of nations. Hungary is at the forefront of economic reform in this region. Steps have been taken to encourage privatization, foreign investment, liberalize imports, and gradually realign prices to world levels. But it has been a slow process and much remains to be done.

The United States is willing to be a partner in the reform process, in a true effort to establish Hungary as an effective economy, integrated into the world economy and trading system. We want to help you create the infrastructure necessary for that, and to help you address your debt problems. In return, we require only that the reform process be genuine and not a matter of rhetoric unsubstantiated by real action.

Today I am announcing a number of concrete steps we have mapped out in this area. These steps will open up trade between our two countries, will foster sensible investment, and will help train a new economic leadership.

-- We intend, as I have said, to propose to the Congress this fall that Hungary be granted multi-year Most-Favored-Nation status following its adoption of legislation allowing for the free emigration if its citizens.

-- We are including Hungary in the Generalized System of Preferences, which provides tariff preferences to developing and middle-income economies.

-- My Administration is extending the Trade and Development Program to Hungary. The first TDP project here will be helping to fund planning for the redevelopment of Borsod County. Similar programs have helped move depressed regions into new areas of economic activity and away from loss-making enterprises.

-- My Administration is supporting the extension of the programs of the Overseas Private Investment Corporation to Hungary to encourage American investment in sensible, well-managed, financially sound enterprises.

-- After discussions with your government, the United States is supporting the establishment of a working group, the Trade and Investment Partners or TIP. The partners would include, in addition to the United States, Hungary's key Western trading partners, Japan, South Korea, major commercial banks, as well as the IMF and World Bank. TIP members would work with your government and Hungary's emerging private sector to create the conditions necessary for a resumption of economic growth in the country and the further integration of Hungary into the world economy.

-- To help foster trade in both directions, my Administration has agreed to allow the government of Hungary to open a trade office on the West coast.

-- I am also pleased to announce the establishment by the American Investment Company Bears-Stearn of a special investment fund to be called the "Hungary Fund." This private initiative will buy stock in Hungarian companies and help develop the budding stock market and free enterprise system in this country.

-- The great strength of America is our private companies. I am therefore pleased to be able to announce that several major American companies are concluding new deals in Hungary.

A new bounty of goods will come from these deals for the Hungarian people -- Esteee Lauder perfumes, Schwinn Bicycles, Levi Strauss Jeans, Dow Styrofoam, Guardian Glass, Remington Shavers. This will increase American exports to Hungary and Hungarian exports to Europe. New services including shoe repair and UPS parcel delivery will also be available.

This is a major advance in our business presence in your country. It will mean a tenfold increase in the number of American businessmen here.

I also wish to note the sale to Hungary this week of 25 million dollars of agricultural equipment manufactured in the United States.

-

Now, I wld like to talk about a project that I believe is essential to the kind of progress we want to promote here in Hungary. A couple of years ago, the United States helped to establish the International Management Center, to help train Hungarian managers in Western business methods. Today I would like to announce with your government that we are opening a new center to promote the formation and development of small private business in Hungary.

We believe that it is in this sector that the true genius and creativity of the Hungarian people stands out. Called the Hungarian Enterprise Group, the Center will help to match up venture capital, both foreign and Hungarian, with small business people with good, innovative ideas for new products and services.

Finally, I am particularly pleased to announce today that we will be opening, within the next two years, an America House in the center of Budapest. This new Center will help Hungarians to become more familiar with American Culture and will also promote our trade relations. The facility will include a well equipped library, a cultural center and space for commercial exhibitions. Designed by the celebrated American architect Robert Stern, plans for this Center, which we intend to be a notable addition to your city of great buildings, are being released today.

I don't want to try to fool you. You know as well as I do that all these efforts alone are not going to solve the very serious difficulties lying ahead of this country as you seek to make up for many years of political repression and poor economic policies which were based on ideology rather than reality. You know that turning this county around will take hard effort, as well as support from your friends. But we, your friends in the United States, believe that the Hungarian people released from the restraints on your initiative and resourcefulness, are equal to this challenge. For too many years we in the West have had to stand by and watch the suffering of the peoples of Eastern Europe under repressive governments, effective in little beyond holding down dissent and keeping themselves in power. Those days are over, and it is time to go forward.

When I visited this country in 1983, I saw a vastly different Hungary from the one I see today. Today I see a country in which the rights of man are beginning to be respected, as they have not been for many years. I see a country in ferment, where there is free and open debate about the past and the future. I see a country which has gone further along the road to reform than any other in ~~this region.~~ I see a country rich in human resources, and rich in the moral power and deep courage of its people. I see a nation that is emerging from the past, and building its future. I congratulate you on living at such a time, and I and the people of America wish you well.

-

6/7/89

PARLIAMENT DINNER TALK

Mr. President, ladies and gentlemen. Being with you here tonight in this beautiful building, and seeing the crowd outside in the square, I am reminded of an impression I had during my first trip to Hungary. This is a very rich country. Not as rich perhaps in the sense of traditional natural resources like gold or oil, but very rich in another way more important -- the talents and skills of the Hungarian people, your country's greatest natural resource. I am speaking of Hungarian initiative, determination and intelligence, which have enriched not only your nation but also the United States, with our two million citizens of Hungarian heritage. Both Hungarians and Hungarian-Americans have excelled in math, science, business, and the arts. I know that Americans share your sense of entrepreneurship and admire your hard work.

We also share many of the global economic challenges which face you. Our two countries must work toward building a sound domestic financial basis for our future economic growth. The economic integration of Western Europe affects important export markets for both Hungary and the United States, and our mutual interest in free trade has made us natural partners in GATT and other international negotiations. We appreciate Hungary's positive role in encouraging more open world trading practices, particularly in agriculture. Our perspectives may be different, but we also share a common concern in resolving positively the international debt crisis.

-

As we look ahead to the next century, changes in the world economy offer both of our countries tremendous opportunities. We know that a country's wealth will be based increasingly on services, intellectual property and high technology, areas in which Hungarians with their high educational levels can excel. By utilizing the advantages you have in your own population, Hungary could become the "tiger" of Eastern Europe by the 21st century.

Just as the American government must work with the American people in addressing our economic concerns, the Hungarian government and the population together must seize these challenges. For far too many years, Hungary as a whole has not been able to benefit from the talents and skills of the Hungarian people. Too many laws and regulations, and too much economic and political centralization, discouraged the sort of entrepreneurship and hard work for which Hungarians are justly famous. Even today, two-thirds of your national income flows through the government. Hundreds of oversized and mismanaged state enterprises and farms are kept alive through subsidies which drain scarce resources from productive firms and individuals and which otherwise would contribute to the health of the Hungarian economy as a whole. In spite of pressures from within and from outside the country, it has too often appeared to the outside world that Hungary has not had the strength to do more than just talk about these problems. In the meantime, the ability of the country to respond to the economic challenges of an increasingly interdependent world is seriously hindered by a growing external debt.

We watch with great interest and hope the political and economic steps you are now taking to allow individual Hungarians the freedom to make their own economic and political choices. I know that there is a serious debate within Hungary about what a market economy or market socialism is. We believe a market economy gives individuals the freedom to take their own risks and reap the results. Individuals, rather than the government, take responsibility for their success or failure. The economy as a whole and general living standards improve with increased individual enterprise. Your new law of corporate ownership and enterprise transformation are important steps in allowing a market-oriented, decentralized economy again to flourish in Hungary.

Political reform is also an important and a necessary precondition of economic reform. Initiatives such as the law on association and the new strike and emigration laws will encourage a wide range of Hungarians to excercise their rights of citizenship. They will become involved responsibly in public life. Out of increased individual participation in the economic and political life of the country, I believe, can come the solution to your most serious challenges. While difficult, this process that you have started must move forward together on both the political and economic fronts. Then your economy will respond favorably to the renewed initiatives of the Hungarian people.

While the resolve to face squarely your economic problems must come from within Hungary, I want to assure that the West, and the United States in particular, stands ready to

work with you to integrate your country into the world economy. As partners in this process, we can work together to increase investment and trading opportunities which will help you achieve your goals of enterprise restructuring and economic balance. As you continue to work toward economic and political pluralism, your American partners can help. We can assist with needed management training, small business development, and privatization and decentralization. We can cooperate in building more open markets for capital and goods, which will benefit both of our countries.

While the challenges facing you are great, I am convinced that the Hungarian people can overcome them. The opportunities ahead of you are even greater. As you say in Hungarian, "kicsi a bors, de eros" (KEEchee a borsh, de eroush) -- the pepper is small, but strong. Thank you.

TOAST FOR PARLIAMENT

Mr. President, this beautiful Parliament building symbolizes the greatness of the Hungarian nation at the end of the last century. The political and economic changes you endorse here today will provide the foundation for an even greater period ~~in Hungarian history~~ for Hungary on the eve of a new century. It is indeed an exciting time to visit Hungary, and we in the United States look forward to working with you as partners in political and economic development. I would like to raise a toast to the people of Hungary and to future Hungarian- American cooperation. In the words of the Hungarian national anthem, "God bless Hungary!" (Alternative: In the words of the Hungarian national anthem, "God bless the Hungarian with good spirit and plentitude!")

MEETING BETWEEN
PRESIDENT BUSH AND STUDENTS
JULY 12, 1989
AT THE VAR

PROPOSED TALKING POINTS

- It is especially moving for me to be meeting with you, Hungarian and American students, at the site where one of last century's greatest freedom fighters, Lajos Kossuth, was imprisoned for having defended his ideals. He also taught himself English here. For Americans, Lajos Kossuth is an example of dedication and heroic selflesness in the quest for freedom and democracy.

- This is another historic period in Hungary and throughout Eastern Europe.

- Youth has an important role to play in laying the foundation of your own future.

- Gratifying to see young men and women actively interested in the affairs of their country, the young people belonging to organizations like FIDESZ (the most democratic youth group) and others represented here.

- My personal view on education is that it is the foundation for everything else -- economic growth, political freedom, personal happiness.

- Strongly support academic exchange programs and will be announcing some new ones.

* * *

After these initial remarks, the President might ask some questions from the students:

- What do you feel are the most important problems to be resolved in your country?

- How do you envisage your role in this reform period?

- What is your view of private enterprise?

- One of you will be going to the United States on July 14 for an exchange program (with the University of South Carolina) on constitution and the rule of law. How can the United States help here in creating a society based on laws and free elections?

- (To the American students) What is your opinion about your experience in Hungary.

-

JE

cancelled

TOAST FOR DINNER AT AMBASSADOR'S RESIDENCE

incorporate in others?

Mr. Prime Minister, Ladies and Gentlemen. I want to tell you all how impressed Barbara and I have been by what we have seen here today. Your country has embarked on a truly historic course.

I was particularly pleased to have the opportunity to meet with young Hungarians and discover their interest not only in Hungary's future but in the United States. Our two countries can learn a lot from one another, and I hope that as many Hungarians and Americans as possible can participate in the various exchange programs now available. Mr. Prime Minister, I know that you spent a year at Harvard. We would like to think that because of that exchange our two countries have a little more in common, that you understand our system and values.

This trip itself was a very fruitful exchange, and, Mr. Prime Minister, I want to express our thanks to the Hungarian people for sharing their ideas and culture with us. In the United States, we will watch your progress with great interest. I would like to toast your people with some old Hungarian words of encouragement: Hajra, Magyarok! (HOYra MUDyarok.)

translation?

-

May 25, 1989

HUNGARIAN ENTERPRISE GROUP

I. The Problem: The private sector component of the Hungarian economy is underdeveloped with no systematic approach for development or representation of interests. The sector needs to be enlarged and provided with access to investment, capital, support services, advice and counsel, and education. It also needs a new systematic approach to commercializing innovations, developing new ventures, and helping small businesses grow, all with a market orientation.

II. Background: Private ownership represents 14% of the Hungarian economy. Most of the existing privately owned enterprises are restaurants and small retail stores. Some construction, electronics, computer, and light industry private businesses have grown into small cooperatives.

Hungarian companies have limited access to capital for investment purposes and to effective educational, training, and support programs to encourage entrepreneurial activity and provide a cadre of experienced professionals to manage enterprises.

Hungarians are well educated and ranked third in the world in math and science. They are creative people who would function well in start-up business operations. Under the present socialist system businessmen and inventors have been precluded from capitalizing on their ingenuity and reaching their individual potential.

III. The Solution: A national, comprehensive program should be developed to support the private sector. This support should be provided through three functions under the general direction of the International Management Center: The Enterprise Creation, Enterprise Development and Capital Markets. All three functions will be called the Hungarian Enterprise Group.

IV. HEG Structure: The Group will be supported by the public sector (The Hungarian Government and the Hungarian Chamber of Commerce); the educational sector (The International Management Center, Karl Marx University, and the Technical University); and the private sector (the Hungarian Credit Bank, Ltd., Szenzor Management Consulting Co., and the World Bank).

The governing body is a Board of Directors responsible to a

private group of investors who would form a Hungarian Company.

The suggested Board of Directors will be composed of the following:

1. Prime Minister of Hungary
2. Rector, Karl Marx University
3. Rector, Technical University
4. Managing Director, International Management Center
5. President, Hungarian Credit Bank, Ltd.
6. President, (Other Hungarian Bank)
7. Managing Director, SZENZOR
8. President, Hungarian Chamber of Commerce
9. Business person, Foreign Company
10. Business person, Foreign Company
11. President, Association for Entrepreneurs, Hungary

An Advisory Board may be appointed for the purpose of fundraising and advice for the Center's operation.

V. Enterprise Creation: This service will include an Incubation Center and a Small Business Development Service.

The Incubation Center is a system for helping entrepreneurs develop their business skills and start and grow a company. The incubator provides facilities, support services, and business expertise in management, marketing, accounting, and finance.

The Small Business Support Service provides assistance and training to entrepreneurs and managers of existing small businesses. Short-term counseling is provided in a variety of areas such as management, marketing, financing, and operations to help these companies become more well managed.

VI. Enterprise Development: These activities are designed to help solve the complex problems involved in transforming entities from state owned facilities to private or share ownership. The operation will bring together expertise to help initiate and implement the change in ownership of state-enterprises. This function includes a Center for Privitization.

The Intrapreneurship service helps established companies create an intrapreneurial environment for new product and service development. While established companies have the capability, marketing expertise, and other assets, their bureaucracy, organizational structure, and mission statement often stifle the entrepreneurial spirit needed to facilitate growth through new and profitable ventures.

VII. Capital Markets: This will include a Venture Capital Exchange, Venture Capital Fund, and Studies in Equity

Markets.

The Venture Capital Exchange is a confidential computerized information service that matches entrepreneurs seeking capital with investors willing to offer risk capital.

The Venture Capital Fund is a monetary fund to provide start-up capital for new ventures or small businesses that desire to grow. The fund would take equity positions in firms for the exchange of capital.

The Group in Equity Markets is a research and consulting group offering advice to capital markets in Hungary. This group would be available to advise government and private entities on the best means for developing capital markets in the Hungarian market.

VIII Support Services. The HEG would be supported by four major affiliations.: Banks, Accounting Firms, Government Support Offices, and World Volunteer Agencies. Contracts would be signed with these support services but the various organizations would not be represented on the Board of Directors.

Several banks would be linked to the HEG for the purpose of providing capital for new ventures and to support clients of the HEG. The banks would participate with the HEG in advising businesses.

The Accounting Firm (preferably one established in Hungary with a market orientation) would provide accounting services to HEG clients. These services would be for developing accounting systems in firms and establishing book value for valuation purposes.

Government Support Offices would be those offices involved in new business development and privitization. These offices would coordinate their activities with the HEG

World Volunteer Agencies include the Volunteers in Technical Assistance, Center for International Private Enterprise, and the Retired Executive Program.

IX. The Role of the International Management Center: IMC would initially house the HEG with the expressed purpose of creating a self-sufficient HEG in two years. IMC would help set up and staff the infrastructure and provide continuous advice and professional support.

X. Funding: All funds for the HEG would come from donations, Hungarian government support, UNIDO, and loans from the World Bank. The Group would also gain funds from forming a Hungarian Company (not-for-profit or profit) if the partners are willing to let profits be used for the development of

the Group. The start-up capital for the Center is $2 million, including the acquisition of facilities and a one-year development phase.

XI. Initial Staffing: The Group should have a Director and several experts in each of the Center's activities. The IMC faculty will support some of the activities. Enterprise Creation functions should be developed first, then the Enterprise Development, then Capital Markets.

For further information, please contact the following people:

Ambassador Mark Palmer
or Mr. Brian O'Connor, Business Development Officer
U.S. Embassy
Budapest, Hungary
36-1-126-450

Ms. Zsuzsanna Ranki, Managing Director
or Dr. Daniel S. Fogel, Academic Director and Dean
International Management Center
1775 Budafok 1.
P.F. 113
Hungary
36-1-730-755

A POSSIBLE PACKAGE OF INITIATIVES FOR PRESIDENT BUSH'S VISIT

1. MFN on a long-term basis — have been receiving MFN on one-year basis since 1978

Action Needed: The GOH needs to produce a new emigration law providing de jure free emigration rights. If this could be passed by Parliament by July, this would be best. An alternative would be for the GOH to produce a draft bill and announce that it is ready for submission to Parliament. The US might then announce its intention to support MFN on a long-term basis (either five years or permanent).

2. OPIC

Action Needed: The US Administration needs to inform the US Congress of its support and legislation should be introduced into the Congress authorizing OPIC to operate in Hungary. As is the case with GSP, the GOH needs to repeal the parasitism law for the subsequent review of workers' rights practices in Hungary.

if someone's not working, you can imprison them

3. Civil Aviation Agreement

Action Needed: The GOH and the USG need to hold a third round of talks on an agreement this June in Washington to finalize an agreement for signing. The Hungarian request for June talks has already been sent to Washington. The Department of State needs to schedule the talks.

Pan Am = only Am carrier TWA has agreement w/Malev

4. Tourism Agreement

Action Needed: In order to upgrade the Memorandum of Understanding on Tourism signed last October to a full-fledged tourism agreement which would provide for the reciprocal establishment of tourism offices, both the GOH and the USG need to hold talks on the tourism agreement. One of the existing Hungarian organizations in the US involved in the tourism business could presumably be upgraded to an official tourism office if the agreement is concluded. Recommend that Hungarian Embassy in Washington be tasked to work with US Department of Commerce to produce an agreement before July for signing.

5. GSP Generalized System of Preferences

Action Needed: The GOH needs to repeal the parasitism law. Also the AFL-CIO is watching to see whether trade unions here allowed to function in a free manner.

6. West Coast Trade Office

Action Needed: The GOH needs to take certain actions regarding intelligence questions.

Conrad case

7. Debt /NSC for updates

President Bush could announce the USG interest in working with other creditor countries, the IMF and IBRD to encourage flows of private capital needed by Hungary for restructuring, economic reform, and economic growth. The encouragement of private investment (both domestic and foreign) would be a major component of this effort. The GOH needs to commit itself to concrete actions to keep the economic and political reform process moving. Such actions would include privatization: sales of a majority interest to private individuals of a specified number of Hungarian enterprises, the establishment of credit facilities with specified funds for new private small and medium-sized businesses, and sales of a specified percentage of land to private individuals. Initially this could be done on an experimental scale to work out any problems. Assuming there is sufficient progress on economic and political reforms, the United States would be supportive with regard to further IMF programs in Hungary. (Treasury Secretary Brady may accompany the President and could hold a separate meeting with Hungarian counterparts.)

8. Hungarian Enterprise Development Center +EG

In order to provide a support structure for entrepreneurial initiatives, a Hungarian Enterprise Development Center (HEDC) could be established. This organization would facilitate the formation of new small and medium-sized ventures (private and cooperative) as well as the expansion and growth of existing ones.

We envision four major areas of operation:

-- The Venture Capital Exchange would be a confidential computerized information service that matches entrepreneurs seeking capital with investors willing to offer risk capital when there are similarities in profiles and interests.

-- The Incubation Center is a proposed new system for helping entrepreneurs develop their business skills and start companies by providing facilities, support services and business expertise in management, marketing, accounting, and finance.

-- The Small Business Development Center would provide assistance and training to entrepreneurs and managers of existing small businesses.

-- The Intrapreneurship Center would help established companies to create an entrepreneurial environment within an existing organization. While established companies have certain capabilities, marketing expertise, and other assets, their bureaucracy, organizational structure, and mission statement often stifle the entrepreneurial spirit needed to facilitate growth through new and profitable ventures.

There is an expert in these four areas now teaching at the International Management Center (Professor Robert Hisrich) who could put the HEDC together if the Hungarian Government wishes to proceed. We suggest Karl Marx and the IMC as partners.

We would foresee getting financial support from a variety of private western sources such as foundations and corporations as well as international institutions such as the World Bank. There would also need to be a significant Hungarian contribution, which could come in the form of a suitable site for the Center (the former Torley chateau) and forint/local costs. This combination of donors/sponsors has already been used to launch the International Management Center.

Action Needed: The agreement of the GOH, the Hungarian Chamber of Commerce, the Hungarian Credit Bank, Karl Marx University and the International Management Center is required. In addition, an agreement is needed to house this facility in the Torley chateau currently used by Ministry of Health's Radiation Biology Institute and located next to the International Management Center. The Biology Institute could be moved into the building which has housed the National Training Center (OVK) which is now being placed in the hands of Karl Marx University.

9. Center for Privatization tied w/HEG

This organization will bring together expertise to help initiate and implement the conversion program of state-enterprises. They will provide industry knowledge, valuation guidelines, business advice to the restructured entity. The United States has such a center in Washington which has assisted many countries in this process and could do work here. We would envision funding for this project (estimated cost U.S. dollars .7 to 1 million annually) coming from private U.S. sources, World Bank, the Hungarian Government and, hopefully, AID.

Action Needed: In addition to the need for GOH agreement, local sources of funding for forint costs is needed. This center could be colocated with the HEDC.

10. Retired Executive Program tied w/HEG

This component of the initiative would double the cadre of senior American executives who have been giving expert advice to Hungarian companies in the area of marketing, general and product management, finance and accounting. This program is extraordinarily inexpensive as the executives receive far-below commercial rates of compensation. We propose obtaining a new, matching U.S. dollars 40,000 from the Hungarian government for the U.S. dollars 40,000 George Soros puts in. This would double the size of the present program of some 5-6 executives a year.

Action Needed: The GOH needs to agree to provide funding for U.S. dollars 40,000.

11. Volunteers in Technical Assistance

VITA is a private, non-profit international development organization that makes available to individuals and groups a variety of information and technical resources aimed at fostering self-sufficiency. This group can provide services in the area of environmental management and ecology, health care, agriculture and information management. A specific program most suited to Hungary is being designed now. Funding for this effort will be sought from private sources and the World Bank.

Action Needed: The GOH needs to agree to the concept.

12. Center for International Private Enterprise

VOSZ (Nat. Assoc. of Entrepreneurs)

CIPE, part of the US Chamber of Commerce family, provides grants designed to foster the development of private business to independent groups. A CIPE representative will visit Budapest in June and we hope that a program could be announced during the President's visit.

13. Announcement of New American Investments

At the time of the visit, we would like to announce the establishment of a large number of new investments on the part of American companies as well as major sales by Hungarian and U.S. companies. Among these are the following:

Ready

-- Dow Chemical: USD 14 million joint venture in styrofoam production.

-- Estee Lauder - a joint venture with Aranypok for a Vaci Utca store, eventual production. Ready for announcement.

-- Mr. Minit Shoe Repair and Key Making - three outlets for shoe repair and key making. One hundred percent owned by Mr. Minit

-- Guardian Glass: Increases in its share of a joint venture from 51 percent to 80 percent.

[largest single foreign investment in Hungary to date]

Possible

-- General Motors: Joint venture for engine production and eventually entire automobile assembly.

Hungarian Contact: Mr. Ardo, Mogurt

Foreign Contact: Aldo Fozzati, 828-26-17, Zurich

-- NOVA: While this is a Canadian company, many of its assets are American as is its President. The U.S. dollars 500 million petrochemical investment project they have under consideration could be announced during President Bush's visit if ready; NOVA's President believes this would be desirable.

Hungarian Contacts: Borsod Chemical Company, Tisza Chemical Company, Tisza Oil Company

-- Bear Stearn: Announcement of the "Hungary Fund" for U.S. dollars 100 million investment in Hungarian enterprises. 95%

-- Remington shavers: Joint venture to manufacture and market electric shavers and associated products in Hungary.

Hungarian Contact: Sandor Demjan, Credit Bank

English Language Radio Station: The Ministry of Telecommunications, Transportation and Communication has given approval in principle. The U.S. investor is now having discussions with the PTT. business news, oriented mostly to businessmen 95%

American Contact: Robert Lovack: 213-407 (Budapest)

-- Johnson and Johnson: Establishment of a sanitary products manufacturing and distribution business.

Hungarian Contact: Rico Manufacturing Company

-- Marriott: hotel project.

Hungarian contact: Istvan Matyas, Technoimpex

-- Dupont: The establishment of a subsidiary company. ? 80%

Foreign contact: Karl Maenz (022)885111 717 5111 (Geneva)

-- Anlinger and Co.: Purchase by an American turnaround specialist of two state-owned companies. ? eventually

Hungarian Contact: Maria Berkecz
International Investment Agency
Telephone: 567-707

"turning dogs into winners, from inside"

-- Exxon: Joint venture between Esso and Afor to operate gasoline stations between Budapest and Austria

Hungarian contact: Afor

-- Black and Decker: A joint venutre with EVIG Electric Factory, the Vidia Trade company, and General Impex to produce home tools in Hungary for the domestic market and Western Europe.

-- Establishment of the first private McDonald's ? franchise.

Hungarian contact: MNB President Ference Bartha recently told Ambassador Palmer that he believed he knew people who could set this up and that he would be in contact with him so that the franchise could be set up before the President's visit.

Long-Shots

-- Seven-Eleven stores (Southland): Opening of 24-hour convenience stores in Hungary. Discussions still in preliminary stages.

-- Sheraton hotel project

Foreign contact: Joshua Benanav, (914) 273-6476, Armonk, NY

-- NCM: Joint venture in semiconductor technology.

Hungarian contact: Mr. David, Head, Microelectronics Department, Hiradastechnika

Office Openings

-- Levi Strauss: Has decided to move its regional headquarters for Eastern Europe, Middle East, and Africa from Switzerland to Budapest. 10070

-- Atwood Richards - would like to open a trading office by July

Foreign Contact: Moreton Binn - (212) 490-1414 (New York)

UPS - parcel service - definite

Sales

-- Valmont, which manufacturers irrigation equipment, is planning to open a trade office in Budapest and is now negotiating the sales of USD 25 million of equipment. 90s

have sold $25 million to H.

-- McDonnell-Douglas - recently delivered an additional four helicopters for a total of 11 under its five year agricultural helicopter program.

Ikarus (Hungary's/world's largest bus mfrg co.) recently sold 400 buses to Houston. These will be equipped with U.S. engines and chassis. 50/50 value

The export license for the sale of Lockheed L-100's was recently approved. Hungarian plans to purchase an L-100 are unclear.

Hungarian contact: Technoimpex, Malev

14. Trade and Development Program and Borsod County

Action Needed: TDP, a USG agency which provides funds for management consulting services, is legally barred from operating in communist countries. The Secretary of State, however, has the authority to waive this prohibition if he determines that it is in the national interest. The Hungarian Ministry of Industry has already requested that a TDP grant of USD 500,000 dollars be made available to fund UEC and University of Pittsburgh participation in the Borsod county redevelopment project. The Hungarian side is to provide USD 250,000 for the project. We understand that the Council of Ministers was to meet this week to approve this expenditure of hard currency. Without a GOH commitment to provide the necessary funds, the proposed project and the authorization for TDP to operate in Hungary will not go forward.

depressed regions in NE Hungary - Hungary's Appalachia, Pittsburgh Gen-Sec. Grosz's home county

15. English Language Program

Action Needed: As Hungarian leaders frequently have noted, foreign language ability is vital for increased trade and so forth. The Peace Corps could send 20 volunteers to teach English in each of Hungary's 19 counties and in Budapest. The GOH needs to agree to this proposal.

add to 100

16. Youth Exchanges

Action Needed: USIA will soon be making the final decision on what grants will be awarded for youth exchanges under the Samantha Smith program. The USG should ensure that the grants are announced as a package by President Bush.

17. National Endowment for Democracy

Action Needed: USG should increase funding for the National Endowment for Democracy in order to support activities such as training in democratic practices, independent public opinion polling and the monitoring of upcoming multiparty elections.

18. Bilateral Exchange on Environmental Protection Techniques for Water and Industrial Processes

Action Needed: The US Government's Environmental Protection Administration (EPA) and the Hungarian environment authorities are defining projects on environmental protection techniques for water and industrial processes. The USG and the GOH should ensure that agreement is ready for announcement during the visit.

19. Regional Environmental Seminars

The USG is working with various foundations to fund three regional seminars, to be held in Hungary, on environmental issues. We should know by mid-June whether financing will be available. If funding is completed, President Bush would be able to announce this regional initiative during his visit.

20. English Language Radio Station

Action Needed: An American investor would like to establish a joint venture to run an English language radio station providing business information and music. This station would help provide a better living environment for visiting and resident English-speaking businessmen. The GOH should ensure that the required regulatory steps are taken so that the station could be announced during the visit. A proposal has been presented to the Minister of Telecommunications.

21. New Embassy Annex

Action Needed: The USG plans to build an Embassy annex to house commercial, consular, and USIA functions. The USG needs to prepare general architectural plans (taking into account current discussions with the Hungarian authorities on local regulations) before the visit so that we will be able to give the press general building sketches.

-America House

22. Technology Transfer

Both sides could state their positions on this issue during the visit. Hungary might pledge not to do acquisition of technology in violation of COCOM rules and the US could pledge to continue its efforts to reduce the number of controlled items and to expedite license decisions.

23. Humphrey Fellows

The Hubert H. Humphrey Fellowship Program brings accomplished mid-career professionals to the United States for a year of study and related practical experience. The program provides a basis for lasting ties between citizens of the United States and their professional counterparts in other countries. Granted competitively to professional candidates ages 35-45 with a commitment to public service in both the public and private sectors, the fellowships place the future leaders in selected U.S. universities.

yes

Action needed: USIA, which funds the program, has already decided to introduce the program in Hungary for the academic year 1990-91. The official announcement must be timed to coincide with the President's visit.

24. USIS Teaching Fellows Program

This program would bring American teachers and place them for limited appointments in Hungarian schools, mostly for English language courses. The Hungarians would provide local stipends to cover in-country costs.

Action needed: USIA needs to decide formally to extend the program to Hungary, and Hungary needs to commit funds to cover local expenses.

25. Hungarian Publication of President Bush's Biography

Action needed: USIS has requested copyright permission and must receive both White House and Hungarian permission for the letter from President Bush which is proposed for the front of the book. The Hungarian MFA is seeking a translator and publisher.

26. U.S.-Hungarian Customs Cooperation Agreement

?

The MFA has given the USG a draft of a U.S.-Hungarian Customs Cooperation Agreement. The US Customs needs to respond to the draft. Circular 175 authority has already been given.

27. Terms of Construction Agreement

Most of the groundwork for signing a terms of construction agreement has already been done and a site indentified. The USG needs to give Congress thirty days notice to reprogram funds so that the site can be purchased.

28. Ex-Im Line of Credit Possible exchange of letters

The National Bank of Hungary is checking to see whether under current market conditions, it would be interested in an Ex-Im line of credit. If so, Ex-Im Board approval would be required. The Board meets every Thursday and the Ex-Im staffer who handles Hungary believes that approval could be obtained.

29. Radio Free Europe

RFE is interested in setting up an office in Hungary, the first in Eastern Europe. GOH approval is required.

30. Sabre Foundation

The Sabre Foundation donates English language books to schools, libraries, and universities. This is an on going program, but it may be possible to organize an extra large shipment to be announced by the President.

H police beating up H taxi driver! RFE reporter saw this, managed to transmit story to Munich for transmission back to H. Knocked on H Radio's door. H Radio help him transmit.

God grant that not only the love of liberty but a thorough knowledge of the rights of man may persuade all the nations of the earth so that a philosopher may set his foot upon anywhere on its surface and say: "this is my country."

letter to David Harthey -- December 4, 1789

from Benjamin Franklin

Meeting June 16, 1989

C. W. / staff

Working Deadline - ● 23rd.
Little stuff ASAP

~~More than~~

Karl Marx - ~~Man~~ limited views Man is more than
world economic man. Literary man. Artistic man.
Spiritual man. like

Hearing emph. on eco.'s

Integration of E.E. & W.E.

Alleviate Soviet fears - Bring these
nations into eco. life / but not avoid
~~eco~~ out assault on ~~Communism~~ Warsaw Pact,

Condi - 1956 very sensitive - We dropped
the wall.

HIT ENVIRO. STUFF
Q vote Hantavirus

Auberge Aux Traverse
752-3800

1:30 p.m.

THE WHITE HOUSE

WASHINGTON

June 9, 1989

MEMORANDUM FOR DAVID DEMAREST

FROM: STEPHEN M. STUDDERT

SUBJECT: HUNGARY SPEECHES

Ambassador Vernon Walters strongly recommends that any Presidential remarks in Hungary should include references to or quotes from Petofi.

According to Walters, Petofi is a Hungarian poet who wrote something to the effect that "Hungarians should stand up and be free; this is the hour" kind of thing. In 1848, Hungarians rebelled. The government called in Russians to help. Petofi called on Hungarians to help control people, etc.

Walters also says remarks should include something like: "You are an extraordinary people. Whether it be in Olympic gold medals, in Nobel prizes, music, art, science, you have an inordinate number of recognitions for ten million people."

NY Review of Books 6/15/89

Refolution: The Springtime of Two Nations

Timothy Garton Ash

In Poland and Hungary this has been a miraculous spring. As I travel through those countries, attending an opposition fete in Budapest, a triumphal mass in Gdańsk, a Solidarity election meeting in a Silesian coal mine, I have to pinch myself to make sure I'm not dreaming. Walking around Budapest's equivalent of Oxford Circus I pass a stall openly selling *samizdat* publications. Casting an eye over the titles I suddenly notice my own name, on what turns out to be a slim volume of essays hastily translated from *The New York Review*. Next day I am signing copies for people attending the opposition fete. "Incredible" and "surreal" are the words that punctuate every conversation about politics, though not about economics, for which the leitmotifs are, rather, "disastrous" and "hopeless."

Last year, I posed the question of political change in these two countries as one of the historic choice "reform or revolution?"[1] But what is happening just now is a singular mixture of both reform and revolution: a "revorm," if you will, or perhaps a "refolution." There is, in both places, a strong and essential element of voluntary, deliberate reform led by an enlightened minority (but only a minority) in the still ruling Communist parties, and, in the Polish case, at the top of the military and the police. Their advance consists of an unprecedented retreat: undertaking to share power, and even—*mirabile dictu*—talk of giving it up altogether if they lose an election.[2]

Yet one is bound to ask how far the retreat is voluntary, how far involuntary, and whether it might not become a rout. For if one talks to the intelligentsia in both countries, then the comparison that comes to mind is less with 1968 than with 1848, less with the Prague Spring than with the Springtime of Nations. The greatest opposition demonstrations in Budapest have been held on the 1848 anniversary: March 15. Among other rites, symbolic tribute is traditionally paid before the statue of Józef Bem, who commanded the Hungarian insurrectionary army in 1848. Józef Bem was a Pole.

Polish-Hungarian cooperation has not got quite that far again, although a Polish opposition leader may be invited to speak at the reburial of Imre Nagy, leader of the 1956 revolution, on June 16: the next great symbolic event in Budapest, and one that the authorities fear will be highly charged. But certainly the Poles and the Hungarians, governments as well as oppositions, are now looking to each other for examples, precedents, and even direct support. For they are still alone in Eastern Europe. So far, this is the springtime of just two nations. What they are doing would be quite impossible without Gorbachev's tolerance, his example, and the processes he has, wittingly or unwittingly, set in motion. Unlike in 1848, they can also count on benign (if ineffectual) support rather than resistance from the major powers to their west. But around them are still the frightened, hidebound, or openly repressive regimes of East Germany, Czechoslovakia, Bulgaria, and indescribable Romania: the "gang of four," as one American specialist has nicely put it.[3]

In the race for freedom of speech and freedom of enterprise, the Hungarians are currently in the lead, although Poland is coming up fast. In the political stakes, Hungary leads in words but Poland in deeds.

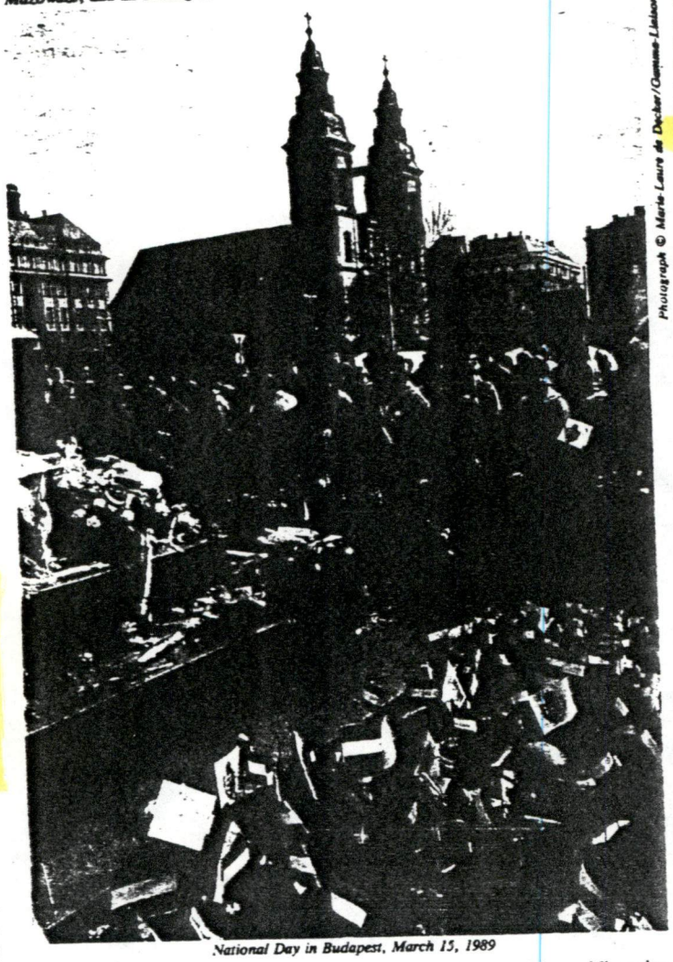
In early May, Poland got its first independent, opposition daily paper, the *Gazeta Wyborcza*.[4] Its editor in chief is the historian Adam Michnik, one of the sharpest of Solidarity intellectuals, and the paper is organized by Helena Luczywo, for the last seven years editor of Poland's leading underground weekly, *Tygodnik Mazowsze*, and an unsung heroine of the Polish opposition. But this and the revived Solidarity weekly, *Tygodnik Solidarność*, are both subject to formal censorship. Further liberalization of censorship is promised, but *samizdat* publishers and editors still agonize over whether or not to "surface from underground" and legalize their publications.

In Hungary, by contrast, there is no formal censorship, and the once effective conventions of informal (self-)censorship have simply broken down.[5] Independent publishers and periodicals bloom like crocuses. There is almost riotous competition to publish everything and anything—Imre Nagy, Orwell, Solzhenitsyn, the more outrageous the better. And while the Polish official press is now interesting, the Hungarian official press and, what is more, journalists on official radio and television are in the vanguard of emancipation.

In liberating private enterprise, and attracting Western capital, Hungary is also ahead, although the Rakowski government in Poland is in some ways even more shameless. Its message, symbolized by the industry minister, Mieczyslaw Wilczek, himself at once a millionaire private entrepreneur and Party member, is: "*enrichissez vous!*" But the message is directed as much—or more—to members of the existing ruling class, the *nomenklatura*, and to Western (especially German and Austrian) investors[6] as it is to the man in the street, who does not have their options or connections. In both Poland and Hungary, the process whereby members of the *nomenklatura* advance into private enterprise, using the power and connections that go with their official positions, proceeds apace.

There have been many suggestions as to how communism might be turned back into capitalism. But this is the simplest of all: communist bosses become capitalist bosses! The simplest, although hardly the most attractive. The Solidarity-opposition election program—formally, the Election Program of the Citizens' Committee "Solidarity") specifically warns against the danger of the "*uwłaszczenie nomenklatury*," that is, of the *nomenklatura* becoming owners. But others, in both Hungary and Poland, argue that this process also has advantages: compensating some members of the *nomenklatura* for their loss of political power, and dividing it between those who stand to lose and those who stand to gain. One might call this the "*nomenklatura* buy-out" theory.

In politics, Poland takes the lead, with the hectic and sometimes hilarious drama of its first halfway genuine election in fifty years. This is, of course, only a half-free election, the product of a remarkable but risky deal made during two months of negotiations, from early February to early April, at the so-called Round Table meetings—actually many tables, and each with just two sides, authorities and Solidarity-opposition.[7] The Round Table deal is a compromise, but an open-ended compromise. The Solidarity-opposition side secured the restoration of both the workers' and the farmers' Solidarity as fully independent organizations, and the promise of legalization for an independent students' union. It also secured completely free elections to a newly created upper house of parliament, the Senate, and free competition for 35 percent of



Photograph © Marie-Laure de Decker/Opsomer-Liaison

National Day in Budapest, March 15, 1989

[1] See *The New York Review*, October 27, 1988.

[2] Both the Hungarian Party leader, Károly Grósz, and the leading Party reformist, Imre Pozsgay, have reportedly made statements to this effect, though without a deadline!

[3] See Charles Gati, "Eastern Europe on Its Own," in *Foreign Affairs*, Vol. 68, No. 1, 1988/1989.

[4] The title has been translated in the Western press as "Election Gazette," which sounds a bit archaic. Actually *Gazeta* just means newspaper, so a closer translation might be "The Election Paper." After the election it is to be called simply *Gazeta* or just possibly *Gazeta Niezależna*, that is "The Paper," or perhaps, as we have it in England, "The Independent."

[5] On the once effective conventions see my "The Hungarian Lesson" in *The New York Review*, December 5, 1985. One of the most surreal conversations I had in Budapest was with Mr. György Aczél, for thirty years the Kádár of Hungarian cultural life. I asked him if he did not think, on looking back, that censorship might have been relaxed sooner. There was no censorship, he said. The decision was up to individual publishers and editors. But surely he would not deny that he himself had exercised political control? Oh no, not control. He had merely, he said, had "a sort of influence."

[6] For the invitation to the West see, for example, Wilczek's interview in *Der Spiegel*, No. 3, 1989, under the title "Labour in Poland is Exceptionally Cheap."

[7] The statement about two sides must be qualified in at least two respects. First, toward the end of the proceedings it was not at all clear whether the official trade unions (OPZZ) were working with the party of dialogue around Generals Jaruzelski and Kiszczak, or against them. Secondly, at the economic table the divisions ran almost as much within the two delegations as between them, with, crudely speaking, social democrats on both sides and neoliberals on both sides. Someone should write a short history of this extraordinary negotiation. Stenographic protocols of the main discussions exist, although, as usual, some crucial decisions were taken elsewhere, notably at smaller meetings between Lech Walesa, General Kiszczak, and their top advisers.

There is a new genre of opposition anecdote in Warsaw these days, the "corridor stories." They tell of fantastic encounters between oppositionists and their former persecutors, in the corridors of the council of ministers, during the two months of the Round Table. One (true) example: Dawid Warszawski, pseudonymous editor of a leading underground journal, KOS, conducted a video interview with the interior minister, General Kiszczak, head of the police apparatus responsible for seven years' struggle with the underground. The general politely observed that he had much enjoyed reading Mr. Warszawski's articles over the years. Mr. Warszawski, now using his real name, Konstanty Gebert, responded by asking the general to give an interview to KOS—an offense for which the general should then, presumably, punish himself. The general hesitates for a moment. "Do you offer a large coffee?" he says.

GREAT ARTICLE

NEW FROM PRINCETON

Art as History
Episodes in the Culture and Politics of Nineteenth-Century Germany
Peter Paret

Paintings and graphics, novels and poems are historical sources as well as aesthetic objects. Artists themselves become historians when they interpret the past—by painting a historical scene, for instance, or by discussing earlier times in a novel. Artists both reflect and shape their environment. These concepts underlie Peter Paret's new study of Germany in the nineteenth century.
96 black & white illustrations, 4 color plates.
Cloth: $25.00 ISBN 0-691-05541-6

Memory and Enthusiasm
Essays, 1975–1985
W. S. Di Piero

"Di Piero's essays are similar to Susan Sontag's in that both writers attempt to instruct a broad segment of the American reading public about conceptual systems that challenge and enrich our ordinary ways of understanding social reality. Di Piero writes in the genre of the essay for the same kinds of reasons as Sontag, with the same cosmopolitan learning and the same brilliant intensity." —*Emily Grosholz*
Paper: $10.95 ISBN 0-691-01463-9 Cloth: $29.95 ISBN 0-691-06756-2

My Name on the Wind
Selected Poems of Diego Valeri
Translated by Michael Palma

"We have had to wait too long for a translation of Diego Valeri—one of the most engaging and humane poets of the century. But Michael Palma's inspired new selection surpasses all expectations. Palma has not only re-created the forms of Valeri's Italian, he has magically captured the sad, tender music of the original. Valeri is now credibly alive in English." —*Dana Gioia*
Lockert Library of Poetry in Translation
Paper: $12.95 ISBN 0-691-01462-0 Cloth: $27.95 ISBN 0-691-06776-7

These titles are available at the independent bookstores below.

Brown University Bookstore
71 Olive St.
Providence, RI
(401) 863-3168

Yale Co-op
77 Broadway
New Haven, CT
(203) 772-0670

The Bookery
Dewitt Mall
215 N. Cayuga St.
Ithaca, NY
(607) 273-6055

Gotham Book Mart
41 W. 47th St.
New York, NY
(212) 719-4448

Princeton University Store
36 University Pl.
Princeton, NJ
(609) 921-8500

Chapters, A Literary Bookstore
1613 Eye St., NW
Washington, DC
(202) 861-1333

Olsson's Books & Records
1239 Wisconsin Ave., NW
Washington, DC
(202) 338-9544

Georgetown
(202) 338-9544

Dupont Circle
(202) 785-1133

Old Town, Alexandria
(703) 684-0077

Bethesda
(301) 652-3336

Williams Corner Bookstore
222 E. Main St.
Charlottesville, VA
(804) 977-4858

Goerings' Book Center, Inc.
1310 W. University Ave.
Gainesville, FL
(904) 378-0363

57th Street Books
1301 E. 57th St.
Chicago, IL
(312) 684-1300

Northwestern University Norris Center Bookstore
1999 Sheridan Rd.
Evanston, IL
(312) 491-3991

University of Chicago Bookstore
970 E. 58th St.
Chicago, IL
(312) 702-7712

Borders Book Shop
303 S. State St.
Ann Arbor, MI
(313) 668-7652

Kepler's Books & Magazines
821 El Camino Real
Menlo Park, CA
(415) 324-4321

Moe's Books
2476 Telegraph Ave.
Berkeley, CA
(415) 849-2087

AT YOUR BOOKSTORE OR
Princeton University Press
41 WILLIAM ST. • PRINCETON, NJ 08540 • (609) 452-4900
ORDERS 800-PRS-ISBN (777-4726)

the seats in the existing lower house, the Sejm.

The authorities secured a guaranteed majority in the Sejm, although the Polish United Workers' party as such has only 38 percent of seats guaranteed, with the rest going to its (until now) compliant "coalition" parties and collaborationist Catholic organizations. They also got Solidarity's agreement to an early election (first round, June 4; second round, June 18), thus giving the opposition virtually no time to organize a campaign from less than scratch. In addition, the constitution now includes a powerful new office of president, which in the first instance can be expected to go to General Jaruzelski.

Around this basic political deal there is wound a large fabric of more detailed agreements—or agreements to disagree—on everything from the economy to censorship and from the judiciary to coal mining. At the Round Table, the opposition had to settle for rather less than half a loaf on most of these issues—but Lech Walesa's key political adviser, Bronislaw Geremek, argues that "a dynamic process has been set in motion," and everything is up for transformation in that process. The authorities have agreed, in black and white, that this is "the beginning of the road to parliamentary democracy." (No qualifying adjectives, although according to a fly on the wall, the government side at one point tried to introduce a parenthesis after this sentence with words to the effect that "the government-coalition side regard parliamentary democracy as socialist democracy." The Solidarity-opposition side then proposed a further sentence to the effect that this was "the beginning of the building of a sovereign, independent Poland." Just the beginning! Each then abandoned its provocative formulation. So much for the word "socialism."[†]) There are to be free elections in four years' time. Neither side knows what will happen in those four years.

The workers' and farmers' Solidarity unions are slowly being rebuilt, although with none of the euphoric surge of autumn 1980. The rebuilding of the unions and the election campaign are, say most activists, complementary and mutually reinforcing. Last spring, Lech Walesa sat in the Lenin Shipyard in Gdańsk, besieged by riot police, with a thousand angry young workers chanting "there is no freedom without Solidarity." This spring, he sits in the Lenin Shipyard, at a calm, wholly legal, meeting with the 261 Solidarity-opposition candidates for parliament. The meeting is filmed under the direction of Andrzej Wajda, himself running for the Senate. The candidates have gathered in the very same hall where it all began with the birth of Solidarity in August 1980. There are the same model ships, the same white eagle on the wall, even the same bust of Lenin.[‡] As Walesa walks up onto the platform he gives that Lenin a laughing glance, as if to say, "So *who whom* to you, old chum."

[†]This and the other main agreements can be found in *Rzeczpospolita*, April 7, 1989. See also the interesting article by Adam Krzemiński and Wiesław Władyka ("Revolution Step by Step") in the official weekly *Polityka*, April 29, 1989. This begins by talking of "the creation of parliamentary democracy in socialism" but ends by describing the goal simply as "the metamorphosis of a Stalinist system into parliamentary democracy." Period.

[‡]See chapter one in my *The Polish Revolution: Solidarity* (Scribner's, 1984; Vintage, 1985).

Interestingly, this Polish deal—a calculated gamble for both sides—has been held up as a positive example by Hungarian Party officials, but as a negative example by most independent Hungarian intellectuals and the opposition. They want free elections, with no handicaps, no quotas, and no new upper house. After free elections, the one sovereign parliament should form the new government and promulgate a new constitution. "After the election," says a senior official in the justice ministry, "the Hungarian Socialist Workers' party will have the same position as other parties." It is rather like one of those weary old East European jokes: the Hungarians are behaving like Poles and the Poles are behaving like Hungarians.

Yet some basic elements are the same. There is a government and an opposition. The government is not like any Western government: it is both stronger (with the whole extensive apparatus of the Party-police-military-nationalized industry-state) and weaker (no legitimacy, deeply divided). The opposition is not like any Western opposition. These two heterogeneous, indeed fissiparous partners are talking about how to transform their countries into what they call "normal" countries, by the end of the twentieth century. When they say "normal" they mean Western, European, liberal, democratic, with a market economy based on property rights, a freely elected parliament, and an independent judiciary. Something between Switzerland and Sweden. "Return Kraków to Europe" says a sign in the window of the students' union on Krakow's medieval market square, and that is the theme that recurs, again and again, in every program, speech, and conversation, official as well as unofficial: the return to something called "Europe."

They may not arrive. Beside that old favorite, the Spanish model of transition from dictatorship to democracy, excited intellectuals talk of the recent Chilean model, the South Korean, even the Iranian.... But whatever happens, this is an ineradicable moment. It might be an important moment, too, for the West, and especially for the Western left. For one message of Poland and Hungary today was summed up for me by a leading activist of Hungary's opposition Free Democrats: "We say there is no third way. There is no credible alternative between Western capitalism and Eastern socialism."[§] Between the opposition fete in Budapest and the smoke-filled rooms of the British Labour party, with its leadership busy trying to turn a socialist program into a social democratic one, there is, perhaps, the trace of an historical connection.

Future historians will have to explain how Poland and Hungary, starting from such very different circumstances at the beginning of the 1980s, came to such relatively similar positions at the end of the decade. Among the general causes of these extraordinary developments, they will surely mention the impact of Gorbachev, the economic crisis, relations with the West, Solidarity and other forms of "pressure from below," and perhaps

[§]In the Hungarian context this remark is directed specifically against the "populists" of the Hungarian Democratic Forum, many of whom do maintain that there can be a specifically Hungarian "third way." And of course there are still some oppositionists in both Hungary and Poland who would firmly identify themselves as being on the left. Yet the general point may stand.

Mr. Gorbachev tells the West Germans he wants one Europe. Why don't he tell E. Germany?

PHILOSOPHY AND POLITICAL THEORY

FROM

CAMBRIDGE UNIVERSITY PRESS

Hobbes's Political Theory

Deborah Baumgold

"...brings out with refreshing clarity and analytical skill the overriding concern of Hobbes to put forward a theory of how to govern an early modern state..."

—*James Tully*, McGill University

This historical study locates Hobbes's political theory in the context of the constitutional debates preceding the English Civil War, and presents an entirely new interpretation of his understanding of politics.
$39.50

The Theory and Practice of Autonomy

Gerald Dworkin

"...a stimulating, controversial, and often witty book. The theoretical discussions are lucid; the chapters on practical problems are refreshingly sensitive to the intransigence of moral dilemmas. Most exciting of all is the final chapter, where Dworkin makes brief yet tantalizing reference to further themes, which we must hope he will soon explore in greater depth."
—*The Times Higher Education Supplement*

Cambridge Studies in Philosophy
$34.50 / $11.95

A Theory of Freedom

Stanley I. Benn

A major contribution to the study of the philosophy of action, moral philosophy, and political philosophy, this study presents a radically unorthodox theory of rational action. Focusing on the rights to freedom, welfare and privacy, the author analyzes the way in which value conflicts can be rationally resolved, the objectivity of value, the concept of moral personality, the principles of non-interference and respect of persons, and the ideals of autonomy and community.
$49.50 / $17.95

An Introduction to the Politics and Philosophy of José Ortega y Gasset

Andrew Dobson

In this general survey of the life and work of Ortega y Gasset the author contextualizes Ortega's political activity and provides biographical detail. Following an examination of his philosophical work and a close look at the previously neglected mature period, Dobson arrives at a new understanding of Ortega's central concept of *razon vital*.

Cambridge Iberian and Latin American Studies
$39.50

At bookstores or order from
Cambridge University Press
32 East 57th St., NY, NY 10022 Call toll free: 800-872-7423, outside NY State. 800-227-0247, NY State only. MasterCard and Visa accepted. Prices subject to change.

also the intellectual crisis of the left in the rest of Europe. But to assess the relative importance and complex interaction of these major causes will require greater distance, tranquil reflection, and more sources.

In the meantime, we are condemned to reconstruct the story from a tissue of direct observation, official and unofficial publications, anecdote, and informed guesswork. In Poland, the story is one of a remarkable coming-together: for almost no one imagined that the great gulf between "the power" and "the society," between Jaruzelski and Walesa, could be so swiftly bridged. Many details of this Polish bridge building are still obscure. But two things are clear. First, it would not have been possible without explicit permission from Gorbachev. Secondly, the essential domestic impulse was given by two waves of strikes in May and August of 1988, with the second wave larger than the first, and the strikers putting the restoration of Solidarity at the top of their demands.

Markers on the path to the Round Table included a fraught and tentative debate about a possible "anti-crisis pact," in the first half of 1988; a Byzantine sequence of private talks about talks; direct talks between Lech Walesa and the interior minister, General Kiszczak, which were literally precipitated by the second wave of strikes; a dramatic television debate between Lech Walesa and Alfred Miodowicz, the leader of the official trade unions (OPZZ) at the end of November; and, last but by no means least, two stormy meetings of the Central Committee in which General Jaruzelski even threatened to resign in order to push through the direct dialogue with Solidarity.[11]

The role of Prime Minister Rakowski in all this is murky. The opening seems to have been led rather by General Kiszczak, who as interior minister presumably drew on police intelligence reports about rising popular discontent and the danger of an explosion; by a group of Party reformists including the former foreign minister, Józef Czyrek, and the former labor minister, Stanislaw Ciosek; and by some top military men.[12] Rakowski, whose personal grudges against Solidarity go very deep, and who came into office in October 1988 proclaiming his own capacity to save the country without it, was not a major direct actor in the negotiations. The record may one day show this to be a grave underestimation of Mr. Rakowski's capacity for duplicity.

[11]The crucial Tenth Plenum meeting was on January 16–18, 1989. A preliminary account of the path to the Round Table, by a leading participant, is Bronislaw Geremek's article in *Tygodnik Powszechny* (April 23, 1989).

[12]Among those who threatened to resign at this meeting, alongside Jaruzelski, Kiszczak, and Rakowski, was the defense minister, General Florian Siwicki. Ciosek was minister for trade union affairs in the first period of Solidarity's legal existence.

[13]This is perhaps the moment to recall the (apocryphal?) story about Jaruzelski and Professor Janusz Reykowski, a psychologist and now Politburo member who also headed the government delegation in the Round Table group on political reform. The story concerns a conversation in the summer of 1982, at the height of Jaruzelski's attempt to destroy Solidarity under martial law. "Is it true that myths never die?" asks Jaruzelski. "That is correct, General," replies the professor. Jaruzelski: "But you have written that Solidarity has become a myth!" (The story is recounted by Dawid Warszawski in *Uncensored Poland News Bulletin*, No.1, 1989.)

What is clear is that the conversion of Jaruzelski was pivotal.[13] How and by whom that was done is still unknown (at least to this writer). But without question the personal role and authority of General Jaruzelski on this side is as crucial as that of Lech Walesa on the other.

The bridge is still of rope rather than steel. Seven years of bitter conflict are not easily forgotten. On both sides there are fierce and vociferous opponents of compromise. Alfred Miodowicz of the official trade unions is the most visible leader of reaction inside the Party. He has strong support from Prague and East Berlin (although that is not much use against Moscow!), a large constituency among the Party bureaucracy and *nomenklatura*, and even the chance of appealing to a significant part of the working class by a populist demagogy directed against the cost and injustice of economic reform. On the opposition side, teen-agers still take to the streets shouting the angry chants of martial-law Poland, and Walesa's leadership is rejected by groups ranging from the right-wing nationalist Confederation for an Independent Poland (KPN) to the crypto-Trotskyite "revolutionary" faction of the refounded Polish Socialist party (PPS-RD), as well as by his old comrade in the original Gdańsk strike, Andrzej Gwiazda. Polish politics today are anything but simple.

In the discussions of the Solidarity National Executive Commission (KKW), the lessons of 1980–1981 are constantly being drawn anew. One might almost say that both sides have learned politics. If in 1980 it was workers against apparatchiks, in 1989 it is politicians against politicians. In the long hours and days at the Round Table, the top leaders on both sides do seem to have come to understand each other better, and in part to have found a common language, or at least to have resolved to adhere to some basic rules of self-restraint in a period of political transition. This is still an "understanding of elites."[14] It can be destroyed from below. In the provinces, things look very different. But the coming-together at the top remains staggering. Just one example: toward the end of the Round Table, Adam Michnik gave an interview in which he excoriated the obstructionism of the official trade unions, comparing them to the hated Zomo riot police. A few days later he was personally congratulated on this interview by...General Jaruzelski. Michnik, for his part, has subsequently gone out of his way to praise General Jaruzelski, publicly, for his political courage in deciding to reverse the course of the last seven years and reach an agreement with Solidarity.

[14]See the interview with Bronislaw Geremek, *Polityka*, April 22, 1989, in which he argues that the two sides found a common language, but angrily rejects the charge of an "understanding of elites." Yet this is a charge made not just by the journalists of an offical weekly, but by many opposition activists, especially in the provinces.

In Hungary, by contrast, the story of the last few years is that of a remarkable coming-apart: the coming-apart of the Kádárite consensus, so that from one apparently seamless (although seamy) web there have suddenly emerged both real opposition parties and very distinct factions within the Hungarian Socialist Workers' party. Even six months ago no one would have imagined that at a fete held by the Alliance of Democratic Youth (FIDESZ), in a Budapest youth park, the platform would be occupied by no fewer than seven political groupings, with the man from the communist party just one among many, and seated near the end of the table. The groups represented were FIDESZ itself, founded by students last spring[15]; the Alliance of Free Democrats (SZDSZ), which grew out of the earlier "democratic opposition"; the Hungarian Democratic Forum (MDF), an important but inchoate "populist" front; the two so-called "nostalgic" parties, the Social Democrats and the Smallholders, whose predecessors received, respectively, 17.4 percent and 57 percent of the vote in Hungary's last halfway free election, in November 1945; the People's party, an attempt to win the agrarian vote, partly initiated by people from within the existing power structures; and the Hungarian Socialist Workers' party, that is, the Communist party as effectively refounded after its predecessor disintegrated during the 1956 revolution. Next to the Party representative there was an empty seat, which was meant to be taken by a spokesman for the Ferenc Münnich Society, a group of disaffected Stalinists. The ghost at the feast.

Photograph © Franco Zachia/Magnum

Women selling clothes on the black market in Krakow

Not surprisingly at a FIDESZ rally the spokesman for FIDESZ, a forceful and charismatic activist called Viktor Orban, and the spokesman for the Free Democrats, an eloquent sociologist called Bálint Magyar, earned the warmest applause. Yet as striking as the eloquence of the opposition speeches is the relative weakness of all their organizations. To be sure, most of them are very new. To be sure, the real prospect of an election concentrates the mind wonderfully. Yet the rough membership figures given to me in April were remarkably small: a claimed

[15]See my "The Opposition," in *The New York Review*, October 13, 1989.

SUMMER FUN

THE OXFORD BOOK OF ROYAL ANECDOTES

Edited by ELIZABETH LONGFORD

From the first century A.D. through Prince Charles and Princess Di, *The Oxford Book of Royal Anecdotes* reveals to us—through lively stories of its kings and queens—two thousand years of British history. Compiled by Elizabeth Longford, official Royal biographer and intimate friend of the Royal Family, and recounted with Longford's characteristic wit, this delightful volume illuminates the personalities, eccentricities, foibles, strengths, styles, and eras of Britain's various sovereigns. "Absolutely jam-packed with tempting tidbits"—*Library Journal*. $22.50, 546 pp.

THEY NEVER SAID IT

A Book of Fake Quotes, Misquotes, and Misleading Attributions

PAUL F. BOLLER, JR., and JOHN GEORGE

Who said, "Go West, young man"? Not Horace Greeley. And Abraham Lincoln never said, "You cannot fool all the people all the time." Nor did Jefferson say, "That government is best which governs least." In *They Never Said It*, Boller and George track down hundreds of misquotations, incorrect attributions, and blatant fabrications. An entertaining and yet thought provoking book, it goes beyond a mere catalog of popular misconceptions to reveal how conservatives and liberals, atheists and evangelists, have all at times twisted and even invented the words of eminent figures to promote their own ends. $15.95, 159 pp.

BASEBALL ANECDOTES

DANIEL OKRENT and STEVE WULF

Willie Mays' amazing catch in the 1954 World Series, Bobby Thomson's "shot heard round the world," the "Black Sox" scandal of 1919—these are all part of baseball lore and part of its allure. Now, in a lavish banquet for baseball fans, Daniel Okrent and Steve Wulf serve up a colorful and highly entertaining anecdotal history of America's National Pastime. Capturing the whole human drama of baseball in a cascade of stories, Okrent and Wulf offer both a nostalgic feast as well as a fascinating introduction to baseball lore for the newest generation of fans. "Beguiling...A history of the game in stories—comic, tragic, controversial"—*New York Times Book Review*. $18.95, 356 pp.

OXFORD UNIVERSITY PRESS

200 Madison Avenue • New York, NY 10016

(but dubious) 20,000 for the two "nostalgic" parties, Social Democrats and Smallholders; some 14,000 for the Hungarian Democratic Forum; some 3,000 for the Free Democrats and 2,000 for FIDESZ. Solidarity has more than that in one factory. So far this really is, as Lewis Namier famously wrote of 1848, a "revolution of the intellectuals."

Yet the Hungarian leadership seems to be retreating faster in front of this small, intelligentsia-based opposition than the Polish leadership has in front of their much more formidable, worker- and farmer- as well as intelligentsia-based opposition. Why? One partial answer might be: "They can't think of any reason not to." Heavily influenced by contact with the West, long unaccustomed to treating ideology as anything but a veil, fig leaf, or smoke screen, they really cannot think of any good reason why they should *not* give up power! A second, more contingent reason is the indecision of the Party leader, Károly Grósz. Hailed as an opportunistic, but tough and decisive leader when he took over from János Kádár in May 1988, he has proved surprisingly weak and indecisive.

A third, related reason may have to do with the continued struggle for power at the top of the Party. For in that contest, it has increasingly seemed that "who dares, wins." Throughout this year, one of Grosz's chief rivals and by now Hungary's most popular Party politician, Imre Pozsgay, has continually forced the pace of the Party's retreat: first, in February, securing a formal (albeit fudged) reassessment of the 1956 revolution and an explicit commitment to the multiparty system; then, in April, holding what was virtually a reformist factional meeting in the town of Kecskemet, and securing a ceremonial Politburo renunciation of the key Leninist principle of "democratic centralism"; then, in May, winning a commitment to hold an early, special national Party conference in the autumn, with the prospect of further "personnel changes."

The pace is dizzy, speculation risks being confounded between the day of writing and the day of publication. At this moment it does look as if Pozsgay reckons that the best form of advance is retreat: that he hopes, perhaps, to transform the Party into something more like the Italian Communist party, and thereby to win not only the highest office for himself but also some 25 to 35 percent of the vote in a genuinely free election, thus opening the way to a new coalition government (although perhaps reserving responsibility for foreign policy and defense to a new-style presidency). What is more, some independent opinion polls suggest that if Hungarians were to vote tomorrow he just might have a chance of winning such a percentage. But the Hungarians, unlike the Poles, are not going to vote tomorrow, or for several months, and these sentences already contain far too many "ifs."

Prediction is now, more than ever, impossible. The best and brightest people on both sides in Poland and Hungary have launched into a great and perilous adventure. "You know," one of the more intelligent Polish Party leaders said to one of the most intelligent of Polish opposition leaders during a coffee break at the Round Table, "all the textbooks tell us how difficult it is to seize power. But no one has described how difficult it is to relinquish power."

In this great adventure, there is, of course, one very large unknown. At the moment, the bounds of Soviet tolerance—or benign neglect—seem wide enough for almost anything. But opposition demands for transforming or leaving the Warsaw Pact, and for Austrian-style neutrality, will surely test them to the very limit.* More important, all the most acute observers in Poland and Hungary, whether in power or in opposition, share the prevailing Anglo-American skepticism about Gorbachev's chances of continued progress in his perestroika." A check or reversal there could not be without consequences here.

But even if there is no Soviet check or reversal, Polish and Hungarian politics over the next five years are likely to be, at best, an almighty muddle. A period of political turmoil and transition is no recipe for clear, consistent economic policy, and least of all for a policy that demands great material sacrifice from those for whose votes you are competing.

Yet such a policy is, sooner or later, almost inevitable. Prices will have to go still higher. Factories will have to be shut, jobs lost. There will be more inequality as well as poverty. Beside the impoverished majority there is already a nouveau-riche minority, Polish yuppies driving around in Mercedes or BMWs.

A Thatcher government in Britain could sustain harsh measures only because it had clear democratic legitimacy,

Photograph by P. Perrin/Sygma

Imre Pozsgay

courts whose independence was unquestioned, and a strong executive: the "elective dictatorship" of Lord Hailsham's famous phrase. The measures needed in Poland and Hungary are almost certainly much harsher, but no such strong, democratically and juridically legitimated government is in prospect for at least a year or two, if at all.

In the short term, the economic situation will get worse before it (perhaps) gets better. Inflation continues to soar in both

*The Solidarity election statement on foreign policy carefully does not question Poland's membership of the Warsaw Pact, but suggests that the alliance should be transformed to give equal rights to its smaller members, and to reflect the democratization taking place internally. Other opposition groups in Poland are less cautious. In Hungary, virtually all the opposition parties, and some members of the ruling party, talk of Austrian-style neutrality as the goal. The Free Democrats' Basic Program says, "Our aim is to create a neutral Hungary," although a more immediate objective is to achieve a state of affairs whereby the Warsaw Pact does not influence the domestic policies of its sovereign member states and exercises increasingly less restriction on their foreign policies." At the opposition rate the FIDESZ speaker won loud applause for suggesting that Hungary might leave the Warsaw Pact "even unilaterally." In a free election, the issue seems unavoidable.

"Hungary's new foreign minister, Gyula Horn, said in a speech shortly before his elevation that we have "no reassuring guarantees" of a victory for the Gorbachev line in the Soviet Union (MTI report, April 21). A senior Solidarity adviser told me that one reason for settling for what they could get at the Round Table was the fear that this favorable external situation might not last.

THEY SAID IT COULDN'T HAPPEN HERE.

"Deeply moving testimony, seldom heard, of survivors who were pilloried by our witch-hunters. It is a piece of history uncovering a shameful moment. More important, it is a necessary work."

--STUDS TERKEL

"No book better conveys the human realities of political repression. The sensitive reader will, in turn, be moved, angered, embarrassed and inspired."

--NORMAN DORSEN, President, American Civil Liberties Union

"Both a compelling account of how close the Constitution can come to being extinguished--and of what it takes to bring it back alive."

--NAT HENTOFF

"A book of major interest and importance--a wonderful recapture of a dark history and a small marvel of adept and literate editing. Its publication will help not a little to ensure that this part of our past is past."

--JOHN KENNETH GALBRAITH

"Bud and Ruth Schultz have done us a great favor by collecting these powerful and important stories and presenting them to us without polemical adornment. Historians will thank them; but so should all Americans."

--JONATHAN KOZOL

IT DID HAPPEN HERE

Recollections of Political Repression in America

by BUD SCHULTZ and RUTH SCHULTZ
Foreword by VICTOR NAVASKY

$22.50 at bookstores or order toll-free 1-800-822-6657 Visa & MasterCard only.

University of California Press
Berkeley Los Angeles New York

countries." There are deep, latent conflicts in these societies—for example, between the interests of unionized workers in nationalized industries and those of would-be capitalists, between the clerical and the secular"—that have yet to be clearly articulated through opposition

"One Polish economist has commented that the cure for two-digit inflation might just be three-digit inflation. In other words, when it gets really bad people may understand the need to take drastic steps to prevent it. Inflation will of course be fueled by the wage-indexation arrangements agreed at the Round Table. But Solidarity-opposition negotiators argue that without such indexation there might simply be an explosion of workers' protest. A further problem is, however, that workers may in effect be compensated at the expense of farmers, who suffer most directly from inflation, and can respond by cutting food production. The solidarity of the two Solidaritys—workers' and farmers'—may be sorely tried.

"In Poland, the tension between those from what Adam Michnik once called the "lay left" and those from the Catholic right, between, as it were, the pink and the

politics. And all the usual band of ... Central European politics, the ... and petty nationalisms, must be ... out of the totalitarian freezer, and ... little while, before being thrown into ... dustbin; or at least, as in Western Europe, being relegated to the political margin. Or so one hopes and prays.

"It may not be better," says Lech Walesa, "but at least it will be more fun." He was always an optimist.

black, has already begun to reemerge in the Polish election campaign. One example is the contest for the "non-party" parliamentary seat in the Warsaw borough of Zoliborz between one of the most famous activists from the "lay left" tradition, Jacek Kuroń, and a distinguished Catholic lawyer, Władysław Siła-Nowicki. Siła-Nowicki apparently has the backing of the Primate, Cardinal Józef Glemp, but Kuroń is the candidate from the agreed, nationwide Solidarity-opposition list. Kuroń also has what is considered in Poland to be the considerable advantage of having been received in Washington by President Bush. One might say that in this particular contest, the President has helped the Democrat rather than the Republican.

Why Noriega Wins

Murray Kempton

His advisers report that President George Bush's response to General Manuel Antonio Noriega's successive affronteries has been to examine his options. This is an endeavor hopeless for engagements with Noriega, who is one of those far-seeing statesmen who understand that to weigh any variety of options is to risk being intruded upon by thoughts of what might be best for persons other than themselves, and perhaps even to risk being distracted by considerations of morality.

If Noriega had ever been thus inhibited, he would not have been so quick to recognize the emergence of the Colombian drug cartel as a source of economic development funds in larger bundles and with looser strings than he was apt to get from older and less free-handed superpowers.

To feed off the United States is to subject yourself to all sorts of inconveniences from a Senate where Jesse Helms arraigns your friendship with Fidel Castro one day and Christopher Dodd your human rights record the next. But to take your business to the Medellín and Cali cartels is to be liberated from even the lightest chains of ideology.

The Colombians have an estimated $8 billion annual trade volume, eight thousand employees, their own two-thousand-member army, and a view of foreign alliances that echoes Palmerston's dictum that nineteenth-century England had no friends but only interests.

A succinct history of Noriegan Panama's progress as Medellín's major allied power has been compiled by the Senate subcommittee on narcotics and terrorism, whose chairman is John Kerry, Democrat of Massachusetts. Ramón Lillian Rodríguez, a failen Medellín agent, told Kerry's committee that Noriega took over its money laundering and provided it with Panamanian army security services for commissions ranging from one half to 10 percent of each transaction.

In due course, Noriega found Rodriguez too expensive to carry as a middleman and turned him in to the US Drug Enforcement Administration, a service to law enforcement that was rewarded with a letter of commendation. By then, Noriega had equipped himself for the 1984 election by assembling a personal account amounting to $20 million in one of the hundred banks that had sprung up in Panama half of them owned by Colombians.

He maintained an arms business whose philosophy was true to Medellín's loftily ecumenical view of competing political faiths. In 1979, he supplied the Sandinistas fighting Somoza and then, when their revolution triumphed too quickly, he found himself stuck with a consignment they no longer needed. He salvaged his investment by selling it to the Salvadoran guerrillas, and the trade went well until one delivery plane crashed and turned out to belong to the Panamanian Defense Forces, a revelation sufficiently embarrassing to force Noriega to start selling to the contras instead. He was solicitous in tenders of his good will equally to Fidel Castro and the United States, although in the latter case his preference was for dealing with the CIA, the DEA, and the National Security Council, all of whom shared his taste for the covert and the conspiratorial and none of whom thought to abrade the comity of their conversations with references to narcotics.

Once he sent word that, if the United States would go back to speaking well of his stewardship, he would return the favor by arranging the assassination of the Sandinista *comandantes*. Oliver North replied that this would violate the laws of the United States but that a bit of sabotage would be fit and proper.

That cannot have been the first time Noriega had noticed how much more sophisticated Medellín's government is than ours. Still, he has profited handsomely from Medellín worldly wisdom and lived comfortably with American naiveté and can be excused for thinking even now that he can go on doing both. □

The New York Review

Copyright © 1989 Newsday, Inc.

Notes from phone conversation 6-20

Outstanding in economics + foreign trade
- forward looking
- liberal
- reformist leaders
- policy making

founded after war

2300 students
- 450 graduate a yr.
  - 4 - 4.5 yrs required

Prime Minister graduated from these
former leader Nage used to be Prof. of Agric.

School rector is Csaba Csaki of the Central Committee

Anecdote → It is said that Tramline #2 runs the country. It originates at KMU and makes stops at the National Center, Parliament, and the Central Committee.

Das Kapital has been dropped from the reading list.

Not compulsory to attend classes, "only go to interesting lessons"
- 3 lessons (1½ hrs. ea.) before lunch
- 1-4 lessons after lunch

Campus consists of four bldgs.
(Aula Hall) main bldg where POTUS speaks is an old

Hungarian customs bldg. Built in the 19c. neo-classical, located on Pest side of the riverbank. POTUS enters auditorium from entrance on river. The auditorium is plain except for statue with no inscription per se and a plaque that says: During the Second World War in the uprising against the facists, under the direction of the Freedom Front of Hungarian students, fighting for the liberation of our country, as a ~~member~~ member of the Gorgey Partisan Flag Group, together with their brave dead colleagues this econ. student Hertelendy Jamos died defending the oppositional HQ of the Partisans in Bimbu.

25th Anniv. of death.

2 clubs + several (3) hostiles where the students hang out. (part of Univ. but open to everyone)

Student orgn izations:

- Chapter ISEC
- Student Council
- Communist Youth League
- organization that helps students find part-time work
- students of international trade allowed to have practical internships in other countries
- group that tutors students for entrance exam
- FIDESC independent youth organization assoc w/ Free Democratic party

TRANSLYVANIA - always part of Hungary/ Romania took it away in WW II.

Village destruction / suppression of ~~[illegible]~~ Hungarian culture / GENOCIDE

MUST MENTION TRANS. / REPRESSION

Cod Ules Trans.

NSC
Steve:

Whole nation watching -
Praise all for Dignified Burial.

China - Eco. lib w/out politrial
S.U. - Pol. lib w/out eco.
But Hungary both

Grosz - holdout hardliner - Pres. title
taken away to Nyers - [redacted]
Nyers Head of new ruling body
Grosz
Poszay
Nemeth

All reformists except [redacted] Pres. visit to short circuit Grosz.
First Warsaw Pact country to have free elections.

1995 Hungarians w/ Australian World's Fair.

1848 - Kossuth / Joint Session
1956 - U.S. + Eco Aid now - 33 years ago world watched in frustration
Road to Democracy: / Eco packages -
Stand by you in Spirit - Teller, Bartok, [redacted] Odonohy, Nemeth, Deak (Day-ohck), Bela Kiraly - [General of '56, now a U.S. citizen] ARREST warrant
gave Keynote arrest.

The Tumult of the Tomb

Nagy's proper burial

AFP

The ideals of 1956: *Hungarian officials form an honor guard around the coffin*

Thirty-one years ago Imre Nagy was hanged as a traitor and buried in an unmarked grave. Last week, on the anniversary of his death, the prime minister who presided over Hungary's bloody 1956 revolution was finally given a funeral—this time as a national hero. Hungarians stopped work for a minute of silence. Church bells tolled across the country. Hungarian television broadcast the ceremony live. Nearly 200,000 people filed past Nagy's black-draped bier as he and four other leaders of the uprising lay in state in Budapest's Heroes Square. "The people remain silent a long time, but they do not forget," read a testimonial in the daily newspaper Magyar Hirlap. It might have added: nor do they forgive.

Nagy's reburial symbolized the changes now sweeping Hungary. Last year Janos Kadar was ousted as Communist Party chief, three decades after being installed by Soviet tanks; ever since, Hungary has been struggling to escape Moscow's shadow. Today's reform-minded communist leaders see Nagy's rehabilitation as a gesture of "national conciliation." But his memory also unlocks powerful emotions. There was a strong undercurrent of anger in Budapest last week. "For 31 years we have been forbidden to put flowers on Nagy's grave; now we can say openly that he was right," said a woman who waited with a rose for three hours before reaching Nagy's bier. During the rites themselves, speakers recalled the hopes snuffed out by Soviet invaders. "We must not lose sight of the ideals of 1956," said a leader of the fledgling student movement FIDESZ (Union of Young Democrats). "We can put an end to communist dictatorship."

Nagy was in many ways the East bloc's first reformer. A lifelong communist, he nonetheless preached a gospel of democracy, national independence and neutrality. He became prime minister on Oct. 24, 1956, the day after Hungary's rebellion against Stalinism began. Two weeks later, after he announced that Hungary would withdraw from the Warsaw Pact, Soviet troops moved in. Hundreds of "counterrevolutionaries" were put to death; thousands more were jailed. Nagy and a handful of revolutionary leaders were seized by Soviet police as they left their refuge at the Yugoslavian Embassy under a "safe conduct" guarantee. After more than a year of interrogation, followed by a weeklong trial, most of them were executed. Their bodies, wrapped in tar paper and bound with wire, were dumped in a mass grave in a potter's field outside Budapest. The grave's precise location was until recently a state secret.

Earlier this year, under intense popular pressure, Hungarian authorities allowed Nagy's relatives to exhume his body for a proper reburial. They meant it as a humanitarian gesture. It backfired. Party reformers seized on it to reopen the past. They called the events of 1956 a "popular uprising"—not a "counterrevolution," as the old guard would have it. They declared that Nagy and his aides were victims of a "show trial." Top party reformers called the 1917 Bolshevik revolution in Russia a "mistake."

The real subtext of Nagy's reburial service was Hungary's future. "I sense a real upsurge in anti-Soviet feeling," says Charles Gati, an American specialist on Eastern Europe. Hungarians of every political color blame Soviet intervention for everything from declining living standards to the lack of political freedom. On the eve of Nagy's funeral, several hundred demonstrators chanted "Soviets, go home" in front of Moscow's embassy. Hungary's own party leaders, meanwhile, are tainted by association with the Kremlin. "We have rehabilitated Imre Nagy," says Miklos Vasarhelyi, the last survivor from Nagy's inner circle. "Now, the communists must rehabilitate themselves."

MICHAEL MEYER *in Budapest*

Once More, the Barricades!

So much for *liberté* and *égalité:* faced with the dismaying coincidence of France's July bicentennial and a Western economic summit in Paris, French Interior Minister Pierre Joxe last week unveiled a public-safety plan that had Parisians up in arms. It was bad enough that a part of central Paris would be closed to most cars, and parking banned in large areas of the Left Bank. In addition, for five days the newly remodeled Louvre Museum would be open only for visiting heads of state and their entourages. The crowning indignity: officials proposed limits on the sale of wine and spirits on Bastille Day, July 14.

The plans inspired heavy irony about the "Forbidden City." Columnist Claude Sarraute of Le Monde groused that "The rights of the man of state pass before the rights of the man of the street. They get the liberty to feast and drive around aboveground. We get the . . . underground transport. To each his place."

JULIO DONOSO—SYGMA

Up in arms: *Bicentennial style*

DIEGO GOLDBERG—SYGMA

A reluctance to step in so soon? *The next president at a Buenos Aires barbecue*

Abdication in Argentina

Menem inherits a country on the brink of chaos

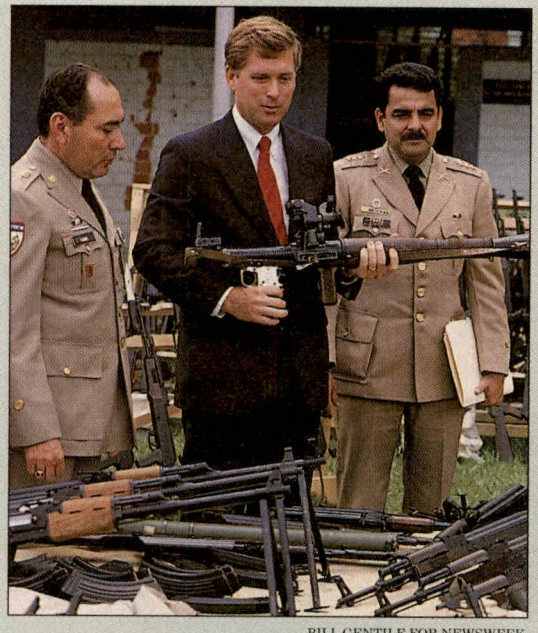
I have resolved to resign, beginning on June 30, 1989, the office of president of the Argentine nation." With those words, a shaken Raúl Alfonsín informed a nationwide television audience last week of his surprise decision to step down five months ahead of schedule. For the 62-year-old Alfonsín the end was as sudden as it was painful: only three weeks before, he had gone on the airwaves to announce that in spite of Argentina's worst economic crisis since the 19th century he would remain in office until Dec. 10. But within days of that vow, a wave of steep hikes in food prices ignited an outbreak of rioting not seen in Argentina in 20 years. With inflation scaling unprecedented heights, the man once saluted as a symbol of democracy in Latin America was driven from office by events beyond political control.

His successor inherits a mess. Peronist leader Carlos Saúl Menem, the flamboyant winner of the May 14 presidential elections, will need more than charisma to manage a government that is broke and an economy on the brink of collapse. Inflation is approaching 100 percent a month; in a single week recently, the price of a half liter of mineral water tripled. A quarter pound of coffee costing 12 Argentine australes in February was listed at 140 by the end of May. The eggs that went for 20 australes a dozen cost 150 australes (71 cents at last week's official exchange rate of 210 australes to the dollar).

A full-blown depression may be in the offing: this spring, demand for labor fell by more than half and large-scale layoffs are a possibility in hard-hit sectors like the auto industry, where production levels are at lows not seen in three decades. Last week Menem suggested with more hope than conviction that the economy had "touched bottom." But with the printing presses running full tilt at the national mint and the money supply up by 73 percent in the first half of June, inflation was unlikely to slow down. Under the circumstances, Menem seemed reluctant to accept the presidential sash quite so soon. Alfonsín wanted him to take over on June 30; Menem first sought an August Inauguration, then agreed to June 30 and finally pushed the date back to July 8.

Long list: Alfonsín joins a long list of civilian presidents who have been ousted from Buenos Aires's Pink House before the end of their terms. The best that could be said was that at least he was departing under his own steam rather than at the point of a military coup. The man who appeared on television screens Monday night was a shell of the statesman once touted as a candidate for the Nobel Peace Prize; he coughed his way through the second half of the 14-minute address, and his right hand shook at one point. The four days of looting and riots in late May that left 14 dead and more than 100 injured caught his government off guard, and it overreacted by imposing a 30-day state of siege. In the wake of Menem's convincing victory in the May balloting, Alfonsín rejected suggestions that he step down early—only to reverse himself later in an apparent fit of pique. "Argentina consumed [Alfonsín]," said political scientist Oscar Landi, "just as it consumes almost everything."

Will Menem be next? As the head of a populist movement firmly rooted in the country's poor and 3 million unionized workers, the 58-year-old Menem belongs to a political tradition of heavy-handed government intervention in the economy. He is expected to begin his term with a sub-



BILL GENTILE FOR NEWSWEEK

War zone: *With Salvador officials Humberto Larias and Emilio Ponce*

Quayle Shooting

His *machismo* may have been bruised on the 1988 campaign trail when voters made fun of his decision to skip the Vietnam War and join the National Guard instead. But last week Dan Quayle opted to go to a war zone. On a tour of El Salvador, the vice president hoisted a Soviet-made grenade launcher reportedly captured from Marxist guerrillas. Then, ignoring words of caution from U.S. Embassy officials in San Salvador, he sought out notorious right-wing leader Roberto D'Aubuisson. What did they talk about? An American official said later that Quayle gave the alleged death-squad supporter a lecture on the importance of human rights.

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

7 JUN 1989

ASSISTANT
ADMINISTRATOR

June 6, 1989

Mr. Stephen M. Studdert
Assistant to the President for
Special Activities and Initiatives
The White House
2nd Floor, West Wing
Washington, DC 20500

Dear Steve:

To make you aware of my Bureau's proposed projects for Poland and Hungary, I'm enclosing a one-page memo relative to this matter.

I hope your trip was good. The press has been great for our President's handling of NATO matters.

Steve, thanks for your help on the Rose Garden event for the International Executive Service Corps.

Sincerely,

Neal Peden
Assistant Administrator
Bureau for Private Enterprise

Enclosure

Investment Promotion in Poland and Hungary

The proposed new initiatives now being discussed for promoting business relationships between the United States and Poland and Hungary might include a component patterned after a program developed by the Bureau for Private Enterprise of the Agency for International Development.

The program would create an office for investment promotion within the Chamber of Commerce in each country.

Both offices would utilize a project officer operating from the offices of the International Executive Service Corps (IESC) in Stamford, Connecticut.

The targeted investment promotion program for Poland and Hungary would entail the training and placement of indigenous investment promoters within offices established in the local Chamber of Commerce/Industry in order not only to create new investment but also to institutionalize the office. If a fee for services would be charged, in several years the offices could be self-sufficient.

There is a two-fold objective in establishing such an office. First, there is the direct accomplishment of creating new private sector joint ventures between U.S. and foreign businesses. Second, there is the institutionalizing of the office within the private sector, such as in the Chamber of Commerce/Industry.

The office will create new business opportunities by seeking out likely projects that have not yet been developed. It will also react to proposals presented by indigenous businessmen. The projects will be vetted by the investment promotion officers, and U.S. investment partners will be secured by the IESC project officer located in the United States. Both the indigenous investment promotion officer and the IESC project officer will follow up the projects until the joint venture is formed or it is ascertained that the project is not feasible.

The IESC has its registry of experts who are available to assist in locating the suitable joint venture partner. And, further, at a cost of expenses only, the experts can develop business and marketing plans, do feasibility studies, and offer other business advice.

DIPLOMACY

"Gorbi! Gorbi! Gorbi!"

In Bonn, the Soviet leader envisions "a common European home"

Not since John F. Kennedy arrived to denounce the Berlin Wall in 1963 have West Germans lavished such adulation on a foreign visitor as they did last week on Soviet President Mikhail Gorbachev. But the messages left by the two travelers, their visits separated by 26 years of history, were nearly as disparate as the directions from which they arrived. Whereas Kennedy's aim was to spread a message of resolve at the very height of the cold war, the Soviet leader proclaimed a new era in which East and West could peacefully share their common continent.

SIMON/ARMAND—AFP

The Gorbachevs lift a greeter during a reception

Everywhere he went, Gorbachev and his wife Raisa were besieged by cheering and excited crowds chanting, "Gorbi! Gorbi! Gorbi!" Chancellor Helmut Kohl, who faces a tough campaign for reelection in 1990, made seven appearances with his visitor, hoping, perhaps, to absorb some of the generous warmth. Gorbachev's popularity rating among West German voters is considerably higher than Kohl's; a poll taken for the weekly *Der Spiegel* in early June gave Gorbachev a score of +2.2 on a scale of +5 to −5, compared with −0.6 for Kohl.

The most concrete accomplishment of the four-day visit was a joint declaration committing both countries to "overcoming the division of Europe" and sharing "a common European home." The wording of the first point was crucial to the West Germans, who hope that someday one of the divisions to give way will be the separation of the two Germanys. The second is Gorbachev's formulation for placing the Soviet Union in the European mainstream.

In addition, both countries endorsed "the right of peoples to self-determination." For the Soviets that code phrase amounted to a virtual renunciation of the so-called Brezhnev Doctrine, the justification for the invasion of Czechoslovakia in 1968. Joked Soviet Foreign Ministry spokesman Gennadi Gerasimov: "Now we have the Frank Sinatra doctrine—let them do it their way."

The two sides also signed eleven other agreements, all involving trade. Commerce between the two countries, which fell 36% from its peak in 1984 to a total of $8 billion last year, has lately begun to pick up again. Gorbachev was especially taken with demonstrations of the high-tech wizardry that abounds in West German industry. In one factory a robot poured glasses of a local wine for a toast with Baden-Württemberg Minister President Lother Späth. Gorbachev repeatedly encouraged West German industrialists to participate in joint ventures in the Soviet Union. Said he: "Those who look ahead and take calculated risks are doing the right thing."

At a news conference shortly before he left, Gorbachev responded somewhat evasively to a question about the Berlin Wall, calling it "no great problem." He repeated the standard East German position that the Wall could be torn down when the conditions that created it have disappeared. But even if Gorbachev were open to discussion on that matter, he would face certain resistance from East Germany, which opposes most of his liberal reforms. One measure of Gorbachev's standing in East Berlin: press coverage of his trip was consistently minimal. ***—By William R. Doerner. Reported by James O. Jackson/Bonn and John Kohan with Gorbachev***

Catharsis in Hungary

A pyramid of funeral wreaths lay beside the wooden coffins in Heroes' Square. There, last week, more than 200,000 mourners gathered in downtown Budapest to bury the Stalinist ghost in Hungarian history. Church bells tolled, and the people sang the *Szozat,* the emotionally charged hymn of the nation's repeated triumphs over foreign domination.

It was a proper tribute for Imre Nagy. He was Hungary's Prime Minister in 1956, when Soviet tanks stormed into Budapest to crush the tumultuous uprising that for a moment seemed to promise freedom and democracy in one of Moscow's East European satellites. Nagy and four of his top aides were executed in 1958 after a secret trial and buried in an unmarked grave. Earlier this year, their bodies were exhumed for a formal, cathartic reburial. "Never again should such a terror occur," Miklos Vasarhelyi, Nagy's former press secretary, told the crowd. "We hereby close once and for all a tragic, painful epoch to be able to open a new page in the history of our nation."

After the speeches, the coffins were reinterred in the Rákoskeresztúr cemetery in the same plot from which they had been exhumed. A sixth coffin was lowered empty into the ground in symbolic memory of more than 200 other Hungarians who were executed in the terror that followed the uprising. ■

PETER JORDAN

Stalinist ghost: Nagy's flower-covered coffin in Heroes' Square

inspiring performance luxury of all.

expensive luxury sedans. Its spacious and elegantly appointed interior pampers driver and passengers alike. And the 929's 36-month/ 50,000-mile "bumper-to-bumper" warranty* is clear proof of the outstanding confidence Mazda has in its long-lasting quality.

For additional information about the Mazda 929, call this toll-free number today: **800-424-0202, ext. 702.** And discover the unequaled luxury of exceptional performance.

The Mazda 929

*See your Mazda dealer for limited warranty details. © 1989 Mazda Motor of America, Inc.

THE WHITE HOUSE

WASHINGTON

June 14, 1989

MEMORANDUM FOR THE

CHIEF OF STAFF	BOBBIE KILBERG
DAVID BATES	PATTY PRESOCK
RICHARD BREEDEN	LINDA CASEY
ANDREW CARD	ROBERT GUTTMAN
JAMES CICCONI	TIMOTHY MCBRIDE
DAVID DEMAREST	ROSE ZAMARIA
MARLIN FITZWATER	TONY LOPEZ
BOYDEN GRAY	DAVID VALDEZ
FRED MCCLURE	BILLY DALE
BONNIE NEWMAN	JAY ALLISON
ROGER PORTER	BRUCE ZANCA
BRENT SCOWCROFT	LAURIE FIRESTONE
STEPHEN STUDDERT	CASEY HEALEY
CHASE UNTERMEYER	JEAN LAMB
SUSAN PORTER ROSE	DEB ANDERSON
ED ROGERS	USSS/PPD OPS
JOE HAGIN	WHCA AUDIO/VISUAL
JIM WRAY	WHCA OPERATIONS
CHRISS WINSTON	MEDICAL UNIT
	PRESIDENTIAL DOCUMENTS

THRU: STEPHEN M. STUDDERT
ASSISTANT TO THE PRESIDENT FOR SPECIAL ACTIVITIES AND INITIATIVES

FROM: JOHN G. KELLER, JR. JGK
DEPUTY ASSISTANT TO THE PRESIDENT AND DIRECTOR OF PRESIDENTIAL ADVANCE

SUBJECT: **TRIP OF THE PRESIDENT TO EUROPE**
JULY 9 - 18, 1989

For your use and planning purposes, the attached is information for the Trip of the President to Europe. As you will see, departure is Sunday, July 9, 1989 at 7:00 am from Andrews Air Force Base.

Please note that schedules are subject to change.

19 Speeches
Five major speeches

DRAFT

6/14 11:00 am
Washington, DC

SCHEDULE OF THE PRESIDENT AND MRS. BUSH

TO

WARSAW, POLAND

JULY 9-11, 1989

Sunday, July 9, 1989

7:00 am (B) Depart Andrews Air Force Base en route Warsaw, Poland.

MORE EXTENSIVE THAN MOST —

* DEPARTURE STATEMENT
-Open Press

5-7 min

FRAME TRIP

McGroarty

(Flight Time: 8 Hours 50 Minutes)
(Time Change: Ahead 6 Hours)
(Interchange: Yes)

9:50 pm (B) Arrive Warsaw, Poland.

McNally

* ARRIVAL CEREMONY
-Arrival Statement
-Pool Coverage

5 min.

10:10 pm (B) Depart Airport en route Parkowa Guest House.

(Drive Time: 20 Minutes)

10:30 pm (B) Arrive Parkowa Guest House for RON.

Monday, July 10, 1989

8:35 am — Depart Guest House en route Tomb of the Unknown Soldier.

(Drive Time: 10 Minutes)

8:45 am — Arrive Tomb of the Unknown Soldier.

* WREATH LAYING CEREMONY
-Open Press

9:00 am — Depart Tomb of the Unknown Soldier en route Umschlagplatz.

(Drive Time: 10 Minutes)

9:10 am — Arrive Umschlagplatz. (Jews)

* WREATH LAYING CEREMONY
-Pool Coverage

9:20 am — Depart Umschlagplatz en route Belwedere Palace.

(Drive Time: 10 Minutes)

9:30 am — Arrive Belwedere Palace.

* BILATERAL MEETING WITH GENERAL JARUZELSKI
-Photo Opportunity

* EXPANDED BILATERAL MEETING WITH GENERAL JARUZELSKI
-Photo Opportunity

no statement

11:30 am — Depart Belwedere Palace en route Ambassador's Residence.

(Drive Time: 15 Minutes)

11:45 am Arrive Ambassador's Residence.

* LUNCHEON WITH SENATE LEADERS (opp., non-govt. leaders)
(12:00 pm - 1:30 pm)
-Photo Opportunity

* POLISH LITTLE LEAGUE BASEBALL EVENT
~~(1:45 pm - 2:00 pm)~~ ↓ First L.L. teams
-Pool Coverage

CURT Brief remarks

2:00 pm Depart Ambassador's Residence en route The Sejm. (SAME)

(Drive Time: 15 Minutes)

2:15 pm Arrive The Sejm.

(8:15 (est))

* ADDRESS JOINT SESSION OF PARLIAMENT (annual)
~~-Expanded Pool Coverage~~
-Teleprompter
20 min. (+ Qns.)

MARK LANGE

3:15 pm Depart The Sejm en route Council of Ministers.

(Drive Time: 5 Minutes)

3:20 pm Arrive Council of Ministers.

* MEETING WITH PRIME MINISTER
-Photo Opportunity

4:00 pm Depart Council of Ministers en route American Embassy.

(Drive Time: 5 Minutes)

4:05 pm (B) Arrive American Embassy.

* AMERICAN COMMUNITY GREETING
-Pool Coverage

LANGE Talking points

4:45 pm (B) Depart American Embassy en route Parkowa Guest House.

(Drive Time: 5 Minutes)

4:50 pm (B) Arrive Parkowa Guest House.

(~~PRIVATE~~ ADMINISTRATIVE TIME: 2 HOURS 55 MINUTES)

7:45 pm (B) Depart Guest House en route Radziwill Palace.

(Drive Time: 10 Minutes)

7:55 pm (B) Arrive Radziwill Palace.

* STATE DINNER HOSTED BY GENERAL JARUZELSKI
-Pool Coverage
-~~Toasts~~ McNally
-Official Party + (35)
-Business Suit

10:00 pm (B) Depart Radziwill Palace en route Guest House.

(Drive Time: 10 Minutes)

10:10 pm (B) Arrive Guest House for RON.

Tuesday, July 11, 1989

9:40 am (B) Depart Parkowa Guest House en route Warsaw Airport.

(Drive Time: 20 Minutes)

10:00 am (B) Arrive Warsaw Airport.

10:10 am (B) Depart Warsaw, Poland en route Gdansk, Poland.

(Flight Time: 1 Hour 15 Minutes)
(Time Change: None)
(Interchange: Yes)

DRAFT

6/14 11:00 am
Washington, DC

SCHEDULE OF THE PRESIDENT AND MRS. BUSH

FOR

GDANSK, POLAND

TUESDAY, JULY 11, 1989

8:06 ADMIN. TIME

11:25 am (B) Arrive Gdansk Airport, Gdansk, Poland.

11:35 am (B) Depart Gdansk Airport en route Oliva Cathedral.

(Drive Time: 10 Minutes)

11:45 am (B) Arrive Oliva Cathedral.

* MEETING WITH BISHOP GOCLOWSKI
-Photo Opportunity

12:35 pm (B) Depart Oliva Cathedral en route Walesa Residence.

(Drive Time: 10 Minutes)

12:45 pm (B) Arrive Walesa Residence.

* PRIVATE LUNCH WITH LECH WALESA
-Photo Opportunity

1:45 pm (B) Depart Walesa Residence en route Solidarity Worker's Monument.

(Drive Time: 15 Minutes)

2:00 pm (B) Arrive Solidarity Worker's Monument. (shipyard gates)

* WREATH LAYING CEREMONY
-Photo Opportunity

* ADDRESS
-Open Press

(10/10)

McNally 10 min. (ref. next stop)

color sp. - RALLY - TODAY possible

2:35 pm (B) Depart Solidarity Worker's Monument en route Westerplatte.

(Drive Time: 25 Minutes)

3:00 pm (B) Arrive Westerplatte. (Nazis battle)

* WREATH LAYING CEREMONY
-Pool Coverage

3:30 pm (B) Depart Westerplatte via Boat en route Downtown Dock.

(Cruise Time: 30 Minutes)

4:00 pm (B) Arrive Downtown Dock.

* OFFICIAL GREETING WITH GDANSK CITY OFFICIALS
-Photo Opportunity

4:20 pm (B) Depart Downtown Dock en route Gdansk Airport.

(Drive Time: 15 Minutes)

4:35 pm (B) Arrive Gdansk Airport.

* DEPARTURE CEREMONY
~~-Pool Coverage~~
-Statement

Very Brief

Lang

4:45 pm (B) Depart Gdansk, Poland en route Budapest, Hungary.

(Flight Time: 2 Hours)
(Time Change: None)
(Interchange: Yes)

First visit of any Amer. Pres. to Hungary

DRAFT

6/14 11:00 am
Washington, DC

SCHEDULE OF THE PRESIDENT AND MRS. BUSH

TO

HUNGARY

JULY 11 - 13, 1989

6:45 pm (B) Arrive Budapest, Hungary.

6:55 pm (B) Depart Budapest Airport en route Kossuth Square.

(Drive Time: 20 Minutes)

leader of 1848 Rev. / fled Hung. came to U.S. and appeased Com. / died in Italy

overlooks Parliament

7:15 pm (B) Arrive Kossuth Square.

* REMARKS AT KOSSUTH MEMORIAL SQUARE
-Open Press 7-10 min.

* FORMAL ARRIVAL CEREMONY
-Open Press

7:50 pm (B) Depart Kossuth Square en route Parliament via foot.

7:55 pm (B) Arrive Parliament.

* STATE DINNER
~~-Pool Coverage~~
-Brief Remarks/Toast - 5mm
-Business Suit
-Official Party

McGroarty

10:00 pm (B) Depart Parliament en route Guest House.

(Drive Time: 10 Minutes)

10:10 pm (B) Arrive Guest House for RON.

Wednesday, July 12, 1989

8:45 am Depart Guest House en route Parliament.

(Drive Time: 10 Minutes)

8:55 am Arrive Parliament.

* COURTESY CALL ON PRESIDENT STRAUB (9:00 am - 9:10 am)
-One on One
-Photo Opportunity

* BILATERAL MEETING WITH GENERAL SECRETARY GROSZ (9:15 am - 10:05 am)
-Eight on Eight
-Photo Opportunity

* BILATERAL MEETING WITH PRIME MINISTER NEMETH (10:10 am - 11:00 am)
-Eight on Eight
-Photo Opportunity

11:05 am Depart Parliament en route Guest House.

(Drive Time: 10 Minutes)

11:15 am Arrive Guest House.

(~~PRIVATE~~ ADMIN TIME: 1 HOUR)

12:15 pm Depart Guest House en route Var, Old Prison on Castle Hill.

U.S. gov owns ↓ Kossuth was a prisoner there.

(Drive Time: 10 Minutes)

12:25 pm Arrive Old Prison on Castle Hill.

* INFORMAL DISCUSSION WITH STUDENTS
-Photo Opportunity

1:05 pm Depart Old Prison en route Karl Marx University of Economics.

(Drive Time: 10 Minutes)

1:15 pm Arrive Karl Marx University of Economics.

* ADDRESS TO STUDENTS (TELEPROMPTER)
-Open Press
-Simultaneous Translation

2:00 pm Depart Karl Marx University en route Ambassador's Residence.

(Drive Time: 10 Minutes)

2:10 pm Arrive Ambassador's Residence.

* MEETING WITH STATE MINISTERS POZSGAY AND NYERS (2:15 pm - 3:00 pm)
-Photo Opportunity

* MEETING WITH LEADERS OF NEW POLITICAL PARTIES (3:15 pm - 4:00 pm)
-Photo Opportunity

4:10 pm Depart Ambassador's Residence en route Guest House.

(Drive Time: 5 Minutes)

4:15 pm Arrive Guest House.

(~~PRIVATE~~ TIME: 2 HOURS 30 MINUTES)

OPTION: Tennis with ~~Prime~~ Foreign Minister and Secretary Baker. ?

6:45 pm Depart Guest House en route Ambassador's Residence.

6:50 pm Arrive Ambassador's Residence.

* RECEPTION HOSTED BY PRESIDENT BUSH (non-governmental
(7:00 pm - 7:45 pm)
-Pool Coverage

8:00 pm Depart Ambassador's Residence en route Guest House.

(Drive Time: 5 Minutes)

8:05 pm Arrive Guest House for RON.

Thursday, July 13, 1989

8:50 am Depart Guest House en route Ambassador's Residence.

(Drive Time: 5 Minutes)

8:55 am Arrive Ambassador's Residence.

* American community greeting
~~-Pool Coverage~~

* T.P.

KURT

9:30 am Depart Ambassador's Residence en route Budapest Airport.

(Drive Time: 15 Minutes)

5-7
brief statement

9:45 am Arrive Budapest Airport.

* BRIEF DEPARTURE CEREMONY
-Open Press

ME 5-7 minutes

10:00 am Depart Budapest, Hungary en route Paris France.

(Flight Time: 2 Hours 20 Minutes)
(Time Change: None)
(Interchange: Yes)

DRAFT

Revised 6/14/89 11:00 am
Washington, DC

SCHEDULE OF THE PRESIDENT AND MRS. BUSH

FOR

PARIS, FRANCE

JULY 13 - 17, 1989

Only remarks are T.P. for Emb.
We will present Mitt. Key to Bastille / from Caf. to Work.

Thursday, July 13, 1989

12:00 Rights of Man Ceremony

12:35 pm Arrive Orly Airport, Paris, France.

12:45 pm Depart Orly Airport en route Palais de L'Elysee

(Drive Time: 25 Minutes)

1:10 pm Arrive Palais de L'Elysee.

* BICENTENNIAL LUNCHEON HOSTED BY PRESIDENT MITTERRAND
-Photo Opportunity

~~2:45 pm Depart Palais de L'Elysee en route Paris American Hospital.~~

(Drive Time: 15 Minutes)

~~3:00 pm (B) Arrive Paris American Hospital.~~

* ~~DEDICATION OF NEW HOSPITAL WING~~
-Pool Coverage
-Brief Remarks

3:45 pm Depart Paris American Hospital en route Palais de L'Elysee.

(Drive Time: 15 Minutes)

4:00 pm Arrive Palais de L'Elysee.

* BILATERAL MEETING WITH PRESIDENT MITTERRAND
-Photo Opportunity
-Brief Arrival Ceremony
-One on One

4:30 pm Depart Palais de L'Elysee en route Ambassador's Residence.

(Drive Time: 5 Minutes)

4:35 pm Arrive Ambassador's Residence.

(PRIVATE TIME: 2 HOURS 10 MINUTES)

6:45 pm (B) Depart Ambassador's Residence en route Opera House at La Bastille.

(Drive Time: 10 Minutes)

6:55 pm (B) Arrive Opera House at La Bastille.

* OPENING OF THE BASTILLE OPERA
-Photo Opportunity

(T) * KEY TO BASTILLE EXCHANGE CEREMONY
-Photo Opportunity

8:45 pm (B) Depart Opera House at La Bastille en route Musee d'Orsay.

(Drive Time: 10 Minutes)

8:55 pm (B) Arrive Musee d'Orsay

* DINNER HOSTED BY PRESIDENT MITTERRAND
-Photo Opportunity

11:00 pm Depart Musee d'Orsay en route Ambassador's Residence.

11:30 pm Arrive Ambassador's Residence for RON.

Friday, July 14, 1989

9:45 am Depart Ambassador's Residence en route Place de la Concorde.

9:50 am Arrive Place de la Concorde.

* VIEW BASTILLE DAY PARADE
-Open Press

11:45 am Depart Place de la Concorde en route Ambassador's Residence.

11:50 am Arrive Ambassador's Residence for Private Time.

(~~PRIVATE TIME~~ TIME: 1 HOUR)

12:50 pm (B) Depart Ambassador's Residence en route Ministry of Foreign Affairs.

(Drive Time: 10 Minutes)

1:00 pm (B) Arrive Ministry of Foreign Affairs.

* GARDEN PARTY HOSTED BY PRESIDENT MITTERRAND
-Press TBD

1:30 pm (B) Depart Ministry of Foreign Affairs via Foot en route Hotel de Lassay.

1:40 pm (B) Arrive Hotel de Lassay.

* BICENTENNIAL LUNCH HOSTED BY PRESIDENT MITTERRAND
-Photo Opportunity

3:15 pm (B) Depart Hotel de Lassay en route Ambassador's Residence.

(Drive Time: 10 Minutes)

3:25 pm (B) Arrive Ambassador's Residence.

(PRIVATE TIME: 1 HOUR 15 MINUTES)

4:40 pm Depart Ambassador's Residence en route Pyramide du Louvre.

(Drive Time: 15 Minutes)

4:55 pm Arrive Pyramide du Louvre.

* OPENING SESSION OF THE 25TH SUMMIT OF INDUSTRIALIZED NATIONS

6:45 pm Depart Pyramide du Louvre en route Ambassador's Residence.

(Drive Time: 15 Minutes)

7:00 pm Arrive Ambassador's Residence for Private Time.

(PRIVATE TIME: 1 HOUR 25 MINUTES)

8:25 pm Depart Ambassador's Residence en route Hotel de la Marine, Place de la Concorde.

(Drive Time: 5 Minutes)

8:30 pm Arrive Hotel de la Marine.

* WORKING DINNER HOSTED BY PRESIDENT MITTERRAND
-Photo Opportunity

10:30 pm Depart Hotel de la Marine, Place de la Concorde en route Ambassador's Residence.

(Drive Time: 5 Minutes)

10:35 pm Arrive Ambassador's Residence for RON.

Saturday, July 15, 1989

9:35 am — Depart Ambassador's Residence en route Arche de la Defense.

(Drive Time: 15 Minutes)

9:50 am — Arrive Arche de la Defense.

* RESTRICTED SESSION
  (10:00 am - 10:15 am)
  -Heads Only
  -Photo Opportunity

* PLENERY SESSION
  (10:15 am - 12:30 pm)
  -Heads/Ministers/Shirpas
  -Photo Opportunity

* WORKING LUNCHEON
  (1:00 pm - 2:30 pm)
  -Heads Only
  -Photo Opportunity

* PLENERY SESSION
  (3:00 pm - 5:00 pm)
  -Heads/Ministers/Shirpas
  -Photo Opportunity

5:05 pm — Depart Arche de la Defense en route Ambassador's Residence.

(Drive Time: 15 Minutes)

5:25 pm — Arrive Ambassador's Residence for Private Time.

(PRIVATE TIME: 45 MINUTES)

6:10 pm — Depart Ambassador's Residence en route Pyramide du Louvre.

(Drive Time: 15 Minutes)

6:25 pm Arrive Pyramide du Louvre.

* INFORMAL WORKING SESSION
(6:30 pm - 7:30 pm)
-Heads Only
-Press TBD

* DINNER HOSTED BY PRESIDENT MITTERRAND
(8:00 pm - 9:45 pm)
-Heads Only
-Photo Opportunity

9:45 pm Depart Pyramide du Louvre en route Ambassador's Residence.

(Drive Time: 15 Minutes)

10:00 pm Arrive Ambassador's Residence for RON.

Sunday, July 16, 1989

8:30 am (B) Depart Ambassador's Residence en route American Cathedral of Paris.

(Drive Time: 10 Minutes)

8:45 am (B) Arrive American Cathedral of Paris.

* CHURCH SERVICE
-Press TBD

9:30 am Depart American Cathedral of Paris en route Arche de la Defense.

9:45 am Arrive Arche de la Defense.

* PLENERY SESSION
  (10:00 am - 12:30 pm)
  -Photo Opportunity
  -Heads/Ministers/Shirpas

* WORKING LUNCHEON
  (1:00 pm - 2:30 pm)
  -Heads/Ministers of Foreign Affairs

* PLENERY SESSION
  (3:00 pm - 5:00 pm)
  -Photo Opportunity
  -Heads/Ministers/Shirpas

* READING OF JOINT COMMUNIQUE
  (5:20 pm - 5:45 pm)
  -Pool Coverage

5:55 pm Depart Arche de la Defense en route Meridian Hotel.

(Drive Time: 10 Minutes)

6:05 pm Arrive Meridian Hotel.

* PRESS CONFERENCE

6:50 pm Depart Meridian Hotel en route Ambassador's Residence.

(Drive Time: 10 Minutes)

7:00 pm Arrive Ambassador's Residence for Private Time.

(PRIVATE TIME: 50 MINUTES)

7:50 pm (B) Depart Ambassador's Residence en route Palais d'Elysee.

7:55 pm (B) Arrive Palais d'Elysee.

* DINNER HOSTED BY PRESIDENT MITTERRAND
-Photo Opportunity
-Black Tie

10:00 pm (B) Depart Palais d'Elysee en route Ambassador's Residence.

10:05 pm Arrive Ambassador's Residence for RON.

Monday, July 17, 1989

* AMERICAN COMMUNITY GREETING
~~(8:00 am - 8:15 am)~~
-Pool Coverage

8:15 am (B) Depart Ambassador's Residence en route Orly Airport.

8:40 am (B) Arrive Orly Airport and board Air Force One.

8:50 am (B) Depart Paris, France en route Valkenberg NAS, The Netherlands.

(Flying Time: 1 Hour 25 Minutes)
(Interchange: Yes)
(Time Change: None)

DRAFT

6/14/89 11:00 am
Washington, DC

SCHEDULE OF THE PRESIDENT AND MRS. BUSH

TO

THE NETHERLANDS

JULY 17 - 18, 1989

10:15 am (B) Arrive Schipol Airport, Amsterdam, Netherlands.

* ARRIVAL CEREMONY
-Open Press

10:30 am (B) Depart Schipol Airport en route Nordeinde Palace, The Hague.

(Drive Time: 40 Minutes)

11:10 am (B) Arrive Nordeinde Palace.

* OFFICIAL GREETING WITH QUEEN BEATRIX
-Photo Opportunity

11:40 am Depart Nordeinde Palace en route Parliament.

(Drive Time: 5 Minutes)

11:45 am Arrive Parliament.

* EXPANDED BILATERAL MEETING WITH PRIME MINISTER LUBBER'S
-Photo Opportunity
-Ten on Ten

12:45 pm Depart Parliament en route Catshuis.

(Drive Time: 10 Minutes)

12:55 pm Arrive Catshuis.

* WORKING LUNCHEON WITH PRIME MINISTER LUBBER'S
-Photo Opportunity
-Ten on Ten

2:35 pm Depart Catshuis en route The Pieterskerk, Leiden.

(Drive Time: 25 Minutes)

Church Pilgrims (passed in) before going to Now World

3:00 pm (B) Arrive The Pieterskerk, Leiden.

* ADDRESS TO RESIDENTS
-Open Press
-Teleprompter
Queen present *
~~15-20~~ 20-25

WRap-up of two trips/eco. summit - color

* TOUR PILGRIMFATHERS EXHIBITION
-Pool Coverage

* VIP RECEPTION
-Closed Press

4:30 pm (B) Depart The Pieterskerk, Leiden en route Nordeinde Palace.

(Drive Time: 25 Minutes)

4:55 pm (B) Arrive Nordeinde Palace.

(PRIVATE TIME: 3 HOURS)

7:55 pm (B) Participate in State Dinner.

* RECEIVING LINE
-Pool Coverage

* STATE DINNER
~~-Closed Press~~
-Informal Toasts

T.P. Dan must *

10:30 pm Dinner Concludes.

RON

Tuesday, July 18, 1989

7:40 am Depart Nordeinde Palace en route Ambassador's Residence.

(Drive Time: 10 Minutes)

7:50 am Arrive Ambassador's Residence.

* MEETING WITH OPPOSITION LEADER KOK
(8:00 am - 8:30 am)

* BREAKFAST WITH PARTY LEADERS AND FOREIGN AFFAIRS COMMITTEE MEMBERS
(8:35 am - 9:35 am)
-Photo Opportunity

9:45 am Depart Ambassador's Residence en route American Embassy.

(Drive Time: 10 Minutes)

9:55 am (B) Arrive American Embassy.

* AMERICAN COMMUNITY GREETING
~~-Pool Coverage~~
-Brief Remarks

KUAT - T.P.

10:30 am (B) Depart American Embassy en route Nordiende Palace.

(Drive Time: 10 Minutes)

10:40 am (B) Arrive Nordeinde Palace. EE

* DEPARTURE GREETING WITH QUEEN BEATRIX

PRT: DOOLEY FENDLER KELLER
SIT: BLACKWILL RICE VAX WHSR^IN

<PREC> IMMEDIATE <CLAS> UNCLASSIFIED <DTG> 011456Z JUN 89

FM AMEMBASSY BUDAPEST

TO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1696
RUEHIA/USIA WASHDC 8154
INFO RUEHC/SECSTATE WASHDC 5920
RUEHWR/AMEMBASSY WARSAW 1957

UNCLAS SECTION 01 OF 02 BUDAPEST 05883
PARIS PLEASE PASS TO WHITE HOUSE: KELLER, FENDLER, DOOLEY
USIA FOR E/CBF: WELCH; E/CB; EU: JURIA
STATE FOR EUR/EEY FOR SWIHART
WARSAW FOR P AND C
E.O. 12356: N/A
TAGS:
SUBJECT: HUNGARIAN EDITION OF PRESIDENT BUSH'S AUTOBIOGRAPHY
REF: (A) BUDAPEST 5287; (B) BUDAPEST 5727

1. FOR WHITE HOUSE: HUNGARIANS ARE MOVING AHEAD AT FULL THROTTLE ON PROJECT, DESCRIBED IN REFTELS A AND B, TO TRANSLATE AND PUBLISH PRESIDENT BUSH'S AUTOBIOGRAPHY "LOOKING FORWARD" BEFORE HIS ARRIVAL HERE IN JULY. PROJECT CONTINUES TO HAVE STRONG SUPPORT OF HUNGARIAN MFA. TRANSLATION IS ALMOST COMPLETE. HUNGARIANS WANT TO GET BOOK TO PRESS ON OR AROUND JUNE 7. USIA WASHINGTON IS WORKING ON OBTAINING RIGHTS FOR BOOK FOR HUNGARIAN PUBLISHER.

2. AS NOTED IN REFTEL B, WE WOULD LIKE HUNGARIAN EDITION TO OPEN WITH A BRIEF "MESSAGE TO THE HUNGARIAN PEOPLE" FROM THE PRESIDENT. HUNGARIANS AGREE AND PLAN TO PLACE ON THE FRONT COVER OF THE

-

BOOK A TRIANGLE, MADE OUT OF THE U.S. AND HUNGARIAN FLAGS, CONTAINING THE PHRASE: "WITH A MESSAGE TO THE HUNGARIAN PEOPLE FROM PRESIDENT BUSH."

3. THE FOLLOWING IS SUGGESTED TEXT FOR THE PRESIDENT'S MESSAGE. WE WOULD APPRECIATE RECEIVING YOUR COMMENTS AND REVISIONS AS SOON AS POSSIBLE.

4. A MESSAGE TO THE HUNGARIAN PEOPLE

I AM VERY PLEASED AND VERY PROUD TO SEE A HUNGARIAN EDITION OF MY AUTOBIOGRAPHY. I HOPE THAT HUNGARIAN READERS WILL REGARD THIS BOOK NOT JUST AS AN ACCOUNT OF MY OWN INDIVIDUAL DEVELOPMENT BUT ALSO AS A PORTRAYAL OF THE TREMENDOUS OPPORTUNITIES FOR ACHIEVEMENT AND SELF-FULFILLMENT THAT ARE PRESENT IN A FREE, DEMOCRATIC SOCIETY.

A LONG CAREER IN BOTH BUSINESS AND PUBLIC LIFE HAS LEFT ME CERTAIN ABOUT ONE THING: THERE IS VERY LITTLE THAT THE INDIVIDUAL--AND SOCIETY AS A WHOLE--CANNOT ACCOMPLISH IN AN ENVIRONMENT OF POLITICAL AND ECONOMIC FREEDOM.

THAT I EMPHASIZE BOTH TYPES OF FREEDOM IS NO ACCIDENT. LIKE MOST AMERICANS, I AM CONVINCED THAT POLITICAL AND ECONOMIC FREEDOM CANNOT BE SEPARATED

FROM EACH OTHER. IF THERE IS ANYTHING THAT THE HISTORY OF THE 20TH CENTURY TEACHES US IT IS THAT A NATION CANNOT ENJOY POLITICAL FREEDOM IF ITS ECONOMY IS BEING CRUSHED BY THE DEAD WEIGHT OF STATE INTERFERENCE. AT THE SAME TIME, WE HAVE SEEN THAT ECONOMIC DYNAMISM REMAINS ROOTLESS AND FRAGILE IF IT IS NOT ACCOMPANIED BY DEMOCRATIC POLITICAL INSTITUTIONS.

I KNOW THAT HUNGARIANS, NO LESS THAN AMERICANS, VALUE BOTH POLITICAL AND ECONOMIC FREEDOM. HUNGARIANS, LIKE AMERICANS, WANT A SOCIETY IN WHICH THE RIGHTS OF THE INDIVIDUAL ARE INVIOLABLE, IN WHICH GOVERNMENT

SERVES AND IS CONTROLLED BY THE PEOPLE, AND IN WHICH THE ECONOMY IS ALLOWED TO DEVELOP FREE FROM THE SHACKLES OF STATE CONTROL.

-

WE IN THE UNITED STATES ARE HAPPY TO SEE THE PROGRESS HUNGARY HAS MADE TOWARD ACHIEVING SUCH A SOCIETY. WE STRONGLY SUPPORT THE PROCESS OF REFORM CURRENTLY UNDERWAY AND HOPE THAT IT WILL CONTINUE UNABATED. THE EMERGENCE OF A MULTIPARTY SYSTEM, THE CONSTRUCTION OF A NEW CONSTITUTION THAT WILL LIMIT THE POWERS OF THE STATE AND GUARANTEE THE RIGHTS OF ALL CITIZENS, THE OPENING OF THE NATION'S BORDERS, THE MELTING AWAY OF TABOOS IN THE PRESS AS WELL AS IN RADIO AND TELEVISION, THE WITHDRAWAL OF STATE BUREAUCRACY FROM THE MARKETPLACE, THE GROWTH OF THE

BT

#5883

BT

UNCLAS SECTION Ø2 OF Ø2 BUDAPEST Ø5883

PARIS PLEASE PASS TO WHITE HOUSE: KELLER, FENDLER, DOOLEY

USIA FOR E/CBF: WELCH; E/CB; EU: JURIA

STATE FOR EUR/EEY FOR SWIHART

WARSAW FOR P AND C

E.O. 12356: N/A

TAGS:

SUBJECT: HUNGARIAN EDITION OF PRESIDENT BUSH'S ECONOMY'S DYNAMIC PRIVATE SECTOR--THESE ARE ALL EXCELLENT DEVELOPMENTS. IF THEY ARE NUTURED AND ARE ALLOWED TO BEAR FRUIT, THEN HUNGARY'S FUTURE LOOKS VERY BRIGHT INDEED.

THE ANNALS OF HUNGARIAN HISTORY CONTAIN MANY IMPRESSIVE CHAPTERS. AND WHEN I LOOK AT THE INTELLIGENCE, THE DETERMINATION, AND THE INDUSTRIOUSNESS OF HUNGARIANS TODAY I HAVE NO DOUBT THAT MANY BRIGHT CHAPTERS LIE AHEAD OF YOU. IF THE

PROCESSES CURRENTLY IN MOTION ARE ALLOWED TO GAIN MOMENTUM, IF BOTH POLITICAL AND ECONOMIC FREEDOM CONTINUE TO GROW, THEN I'M CONVINCED THAT YOUR COUNTRY WILL EXPERIENCE A REMARKABLE SURGE OF NATIONAL ENERGY AND ECONOMIC GROWTH. THERE ARE TALENTS AND SKILLS IN ABUNDANCE HERE. IF THEY ARE ALLOWED TO BLOSSOM IN FREEDOM, THEN HUNGARY AS A NATION WILL WRITE ITS OWN SUCCESS STORY IN THE DECADES TO COME. (END PRESIDENT'S MESSAGE)
5. FOR USIA: REQUEST INFORMATION REGARDING COPYRIGHT SITUATION SOONEST. PALMER
BT

#5883

U.S. and Western Policy—New Opportunities for Action

Mark Palmer

REPRINTED FROM

Central and Eastern Europe: The Opening Curtain?

EDITED BY
William E. Griffith

AN EAST-WEST FORUM PUBLICATION

UNCORRECTED ADVANCE PROOFS

from

Westview Press
BOULDER, SAN FRANCISCO, & LONDON

Projected Publication Date April 1989

Copyright © 1989 by the Samuel Bronfman Foundation, Inc.

17

U.S. and Western Policy—New Opportunities for Action

Mark Palmer

Western policy toward Eastern Europe should set aside philosophical debate about extremes. Direct Western military intervention is next to impossible, as is a massive uprising throughout this region that would "liberate it" from the Soviet Union. The Soviets under any leadership, including Mikhail Gorbachev, will intervene again with military force if necessary. But it is also true that the West will not accept that this part of the world is a permanent part of the Soviet empire, forever forced to live under one-party dictatorships; and Hungarians, Czechs, Poles, and others will not permit a "stable" Europe to be built at their expense—as the events of 1956, 1968, and 1980 demonstrated.

The objective of Western policy is clear: to enable these six nations (Bulgaria, Czechoslovakia, Hungary, Poland, GDR, and Romania) to recover their historical heritage and become an integrated part of Europe and the modern world. The central issue is Western skill, creativity, and level of effort in trying to achieve this goal. Between the extremes of passivity and force there is an extraordinary terrain, and in it the opportunities for Western engagement are growing at an unprecedented rate. The Communist party and body politic of virtually every Communist country in the world are beginning to recognize that in the twenty-first century how open, free, and information oriented a society is and how market oriented and high tech its economy will determine whether a nation stagnates or achieves an appropriate standard of living and national strength.

With the possible exception of Romania, the Eastern European members of the Warsaw Pact are increasingly conscious of the need for fundamental change and for growing ties with the West. These countries are acutely aware that nations with which they were more or less equal four decades

The views stated herein are exclusively those of the author and not official positions of the U.S. government.

ago, such as Austria and Finland, have opened gaps that now seem unbridgeable and nations once far behind, such as Korea, Singapore, and, more recently, the people of Taiwan, are passing them in terms of modernization. Increasingly the historical question asked in Eastern Europe is not when socialism will triumph, but whether the socialist countries will slide back into the standard of living of the Third World; whether, like Argentina, nations that were once considered developed will now be considered developing. This growing sense of near desperation opens a broad vista of opportunities for the West.

The key issue is whether the West has the will, energy, and financial resources to realize these opportunities. The current level of Western effort is far from meeting the challenge of Western strategic interests. The two world wars broke out in this region; it remains profoundly unstable and the most likely cause in Europe of World War III (although the possibility of any war in Europe is quite remote). The roots of one out of every eight Americans are in Eastern and Central Europe. Yet, no U.S. president has ever visited four of the six nations. The United States is not alone in devoting inadequate effort. Western Europe is and will remain not just closer, but of more economic and political importance. Yet only in the last few years has there been much in the way of high-level political dialogue. Perhaps the single most important and active Western country of all, the Federal Republic of Germany, has only a limited program of cultural activities and centers and is only just beginning a dialogue with the democratic forces (as opposed to the party leaders) in the East.

What is possible? Viewed from Hungary, practically the only constraints are Western imagination and resources. But some will respond that Hungary is not a valid example, that the possibilities for the West in Czechoslovakia and Romania, for example, are far more constrained. This is partially true, but even today there are opportunities the West is not realizing because of lack of effort. If one looks at the next fifteen to twenty-five years—and it is only within this context that a sensible policy can be pursued—then in these countries as well there is reason to believe that major Western involvement is possible. It was just fifteen years ago when Hungary was at or near the bottom of the list of countries with which the United States could conduct a set of programs. Rapidly expanding opportunities are already evident in much of the region.

If we take a view and a context that encompass the next fifteen to twenty-five years, the types of policy the West initiates and pursues should build institutions, programs, and extensive connections of such deepening mutual interest that they will not be shaken by the inevitable setbacks in individual countries or in the overall East-West climate. The West should be designing a comprehensive network of relationships that makes the borders irrelevant. The West should also be striving for détente in the East, a change in the security equation, and a massive increase in the Western physical and spiritual presence. The concern of the Eastern European governments should be with the welfare of their peoples, not with control or the preservation

of a military psychology. Western private and public efforts should be wholly integrated into every fiber of these countries' lives. Western political leaders and political parties should be deeply engaged with the leaders and politics and democratic forces of these countries, our churches and believers with their churches and believers, our students with their students, our militaries with their militaries, our environmentalists with their environmentalists, our companies with their companies.

What could such a program of action look like? This chapter sets out a few ideas, but it is primarily designed to stimulate thought and the ideas of others. The strength of the West is that initiatives come from many sources. The important point is not that we set into concrete a specific list of programs; rather, what is needed is an explosion of effort across a broad front from every element of Western society. In many cases, these efforts will be independent of each other, but in all cases there will be an overall common sense of direction. Three areas for action are discussed herein: economic, sociopolitical, and security.

Economic Action

A clear concept of Western economic participation in Eastern Europe could realistically set as a goal that within the next twenty-five years, the six countries will become mixed economies with a much greater role for the market and greater economic involvement with the West. This goal has obvious political as well as significant economic interest for the West, but in its attempts to achieve this goal, the West has been making one strategic error. By introducing Western financial resources into the region primarily through large-scale, syndicated, untied loans to the region's central banks (and therefore to governments and parties), the West actually may have reduced the pressure for economic reforms and movement toward sensible economic policies. (In this respect, the right-wing criticism of Western policy for "prolonging the lives of these regimes" has some validity.) The West has also burdened the most reform-oriented countries with a level of debt that imperils their ability to carry out reforms and to meet even the minimal needs of their peoples. The Japanese are the most recent offenders in this regard, having dumped some $4 billion into Hungary in the last several years, but the West Germans also are continuing this pattern. U.S., British, French, and other governments and banks have an undistinguished record as well, particularly during the 1970s.

Therefore, the first step on an economic action agenda should be for Western governments, the International Monetary Fund (IMF), and the World Bank to develop a new approach. We need to develop a set of tactics designed to help achieve the strategic goal for these economies set forth in the preceding paragraph. We should tie IMF/World Bank/other credits to a set of specific reforms: radical reduction of the role of ministries and of party and government apparats; establishment of transparent and consistent *economic* criteria and mechanisms in place of politically motivated subsidies

and favors for individual sectors and firms; incentives for individual managers and workers; liberalization of foreign investment laws and practices; and expansion of the cooperative and private sectors. We also need to alter the ways in which the West interacts. Instead of giving large-scale loans to national banks, we should make smaller, targeted loans to the growing network of decentralized/commercial banks in these countries and then require that these banks make their loans on the same basis as in the West. Direct Western financing for individual companies and joint ventures would also prove useful, but to do this, Western banks must reevaluate their role and their long-term interests in lending to these countries.

Direct Western Investment

The most important component of an economic agenda is direct Western investment. Joint ventures are one vehicle. Another is a mutual fund to invest in the shares of companies in those countries where this is possible. Eastern Europe should be encouraged through this process to move from its still dominant Stalinist concentration on large enterprises and heavy industry toward a diversification of its manufacturing base with greater emphasis on consumer goods, agricultural commodities, and tourism. An increased role for small business—whether state or private—would be an important stimulus to improved economic flexibility and efficiency. The heavy emphasis given to militarily relevant production should be cut back, in part, through this change in the way the West interacts with the countries of this area. By dumping hundreds of millions, even billions of dollars into the hands of central banks and central governments, the West is simply reinforcing the Stalinist model. A younger generation of enterprise managers, bankers, and economists in some of these countries is enormously frustrated with the West for not insisting that they be allowed to keep the hard currency that they earn, to make independent investment decisions, and to change the structure of investments.

In addition to reform-oriented performance criteria, demand management also is important for any IMF or other program. But austerity is not a solution in Eastern Europe any more than it is in Latin America. The "Latin Americanization" of this region, which is evident in growing inflation, the influence of the military, and the political drift, should not include attempts to make the people pay for the mistakes of the Communist parties. If sensible politico-economic strategies are pursued, debt relief and stimulus rather than stagnation should be the objective. Although I think that any proposal of a Marshall Plan for some Eastern European countries is forty years too late and is not realistic or desirable, the West should be willing to consider debt relief in the context of genuine and far-reaching reform.

Western Business-Sector Involvement

A second component of an economic agenda will be much stronger encouragement of Western companies' involvement in Eastern Europe. The United States, for example, has a commercial attaché in only three of its

six embassies in this part of the world. Western European governments are only slightly better organized to promote the sale of Western goods and the establishment of joint ventures. There are fewer than two hundred Western joint ventures in all of Eastern and Central Europe. Of course, these countries must radically reduce barriers to foreign investment to become as attractive as the newly industrializing countries. Similarly, the Eastern European countries do an extremely poor job of marketing their goods in the West; the quality of their goods also leaves much to be desired, but structured reform will help. Overall, the economic interaction is still minimal. Only 2 percent of European Community (EC) imports and 0.06 percent of U.S. imports come from Eastern Europe. (The interaction is much more significant as a percentage of the Eastern Europeans' gross national products.)

There are many concrete steps the West can take, and there is reason for hope. In Hungary, for example, from 1986 to 1988 the number of U.S. companies with offices in Budapest increased from seven to twenty, and the number of Western joint ventures in Hungary exceeded one hundred. The world fair, now planned to be held simultaneously in Vienna and Budapest in 1995, is an excellent example of the kind of bridging that is desirable and a U.S. company, Bechtel, has a contract to help set up the fair.

Another example of a regional, institutional initiative is the management center in Budapest. This is the first Western management institute in any Warsaw Pact country, and it trains Hungarian, Soviet, Polish, Czech, and other managers in Western marketing, personnel, and other management approaches. Originally a Hungarian-U.S. initiative, the center has drawn in other major Western countries and will provide a place for discussion of economic reform as well as increased East-West trade and investment.

Technology Cooperation

A third component of an economic agenda is the question of technology cooperation. The Coordinating Committee (COCOM) should continue to play a strong role, particularly as long as the qualitative edge of Western military technology is required to offset the quantitative military superiority of the Soviet Union and the East. Enforcement of those areas of high technology that are of genuine strategic importance must be tightened. This will be of increasing importance as the overall integration of Eastern Europe with the West increases. However, the concomitant for successful enforcement of genuinely important items is that they be relatively limited in number. Western countries, including the United States, must ensure that license decisions are made more quickly and that the list of COCOM-restricted items is kept to a reasonable minimum. This process is under way and has already yielded results.

Trade Barrier Policy

A fourth component is trade barrier policy. The EC, Japan, and the United States should review, from a political, security, and economic point of view,

such matters as the tariff treatment accorded individual countries. How much "differentiation" is necessary, and what are the criteria? How much integration does the West want and how fast? In general, the West should be prepared to reward movement toward more open and liberal societies with most favored nation treatment. The West must also be clear about its minimum expectations: freedom of travel, no political prisoners, movement toward civil societies. Western attitudes toward government credits also should be influenced by these criteria. At the same time, when they are met, Western countries should be forthcoming. Poland and Hungary meet these criteria in part, and EC responsiveness to their desires to reach EC-Poland and EC-Hungary trade accords is appropriate. (The U.S. government has been urging greater openness in Eastern, Central, and Western European capitals and has argued that any accords be consistent with the General Agreement on Trade and Tariffs.) Similarly, a greater openness on Japan's part to exports from these countries would have significant results. Countries that do not meet these standards should not receive favorable treatment. We hope that our Western partners will come to accept this point of view.

Many meaningful and regular policy discussions should take place among Western countries and could include Japan and other Asian countries whose role in the region is growing. A semiannual meeting of policy-level officials on all aspects of the West's relations with Eastern and Central Europe should be established.

Sociopolitical Action

The objective here is similar to that in the economic realm. The peoples of Eastern and Central Europe want the kinds of political institutions taken for granted in the West. Eastern Europeans want newspapers that print news, not propaganda; trade unions that represent workers, not a single political party; universities that are free to develop ideas and innovation; and governments elected by the people. Clearly, it is up to the peoples of this region to insist upon progress toward pluralism and openness. But the range of possibilities for the West to play a secondary role is broad and extends from traditional diplomatic exchanges to innovative private initiatives. Overall, the point is massively to increase the amount of interchange and presence.

Unfortunately, the policy of differentiation has led to a rather limited amount of official political dialogue and presence, and this bears reexamination. Although economic differentiation is necessary, it is not at all clear that high-level visits by Western leaders do more to legitimize existing regimes than to encourge change. Much depends upon how the visits are conducted. The recent pattern of Western European and U.S. leaders insisting upon seeing church and democratic opposition figures as well as the party leadership in Poland, Hungary, and Czechoslovakia does encourage change. It should be sustained and broadened.

Tour by a U.S. President

One objective could be for a U.S. president to tour all six countries during a single visit and therefore make up for the fact that no U.S. president has been to most of them. The United States is probably more popular in this area than in any other part of the world. A visit by the president would be warmly welcomed by the people and those inside and outside Communist parties who want to bring about political and economic change. His speeches and the events that could be organized during such a trip would have real value in bringing greater attention to an expansion of overall ties with Eastern and Central Europe. (Similarly, Western European leaders should accelerate their visits and dialogue with all elements.) In particular, the West should focus visits on the next generation of political leaders—in five of the six countries the current leaders are in their sixties or seventies.

Expansion of Direct Political Ties

A second objective would be to expand party-to-party and other directly political (nondiplomatic) ties. As the past thirty years in Eastern Europe have demonstrated, debate and change can come from within the Communist party as well as from outside it. This was evident in 1956 in Hungary, in 1968 in Czechoslovakia, and is obvious today in a large part of this region and in the Soviet Union. Therefore, greater Western party involvement with the parties in the East is beneficial if done in a realistic manner. Western political parties do no favors for reform elements in the East by allowing themselves to be manipulated on security issues. Western parties should be candid in their discussions and insist upon contacts with the entire spectrum of forces in these countries. At a time when the very definition of socialism is being debated, it is useful for Social Democrats and others to engage in a dialogue on the meaning of democracy and justice; on the nature of mixed economies; and on the means to higher standards of living through individual initiative, free-trade unions, and reduced bureaucracy.

Similarly, the West should strengthen its ability to help the democratic movements in Eastern and Central Europe. Some in West Germany, Austria, France, England, and the United States are helping in concrete ways. Groups such as Solidarity, Charter 77, the democratic reformers in Hungary, and others deserve assistance. Just as the Soviets and the parties of Central and Eastern Europe have long helped Communist movements with political training, printing presses, and money, so can the West help democratic movements in Central and Eastern Europe in tangible ways. This is not interference in internal affairs; it is simply helping the political modernization of these countries, even as they want the West to help with their economic modernization. The two are inseparably linked, as even Communist parties now recognize. At a time when democratization and multiparty systems are fairly openly discussed in this region, the West must not unilaterally restrain itself from participating actively in this process. It is, for example, striking that most Western embassies have no contacts with the democratic forces that represent much of popular public opinion. It is equally striking

that most Western countries have no equivalent to the West German party foundations and the U.S. National Endowment for Democracy, which enable countries to participate in the political process on an international scale. The United Kingdom, France, Spain, Japan, and others should set up such foundations with government funds but independent boards designed to promote democratic political growth.

Interest-Group Contact

A third objective is a reevaluation of the West's relationship with trade unions. To the extent that legitimate, independent trade unions begin to emerge, the United States and other Western countries on a case-by-case basis should review their policies of not having contacts with trade unions in socialist countries. This is a longer term question but one worth some active consideration. The West should also work with other interest groups such as environmentalists and professionals in functional areas: science, narcotics, terrorism, and so on.

Teacher Programs and Student Exchanges

A fourth objective is a relationship with the younger generation. Here the West has truly extraordinary assets. The worldwide hunger to learn Western languages, in particular English, is very palpable. The West can set as an objective sending 1,000 English teachers a year from the United States and the United Kingdom to teach in high schools, colleges, and summer camps in Central and Eastern Europe. It is obvious that such teachers take with them not only language but a set of values and an attitude toward change that is of very great importance. Such a program would cost about $1 million a year and would be a real bargain.

The West would also be served by truly massive exchanges of young people. That there are now some 20,000 students from the People's Republic of China (PRC) in the United States demonstrates that bold thinking in this area is not unrealistic. Why not strive to have 2,000 students a year from Eastern and Central Europe studying in the West? The focus in particular should be on programs for high school students and undergraduates and on placement in U.S. and European homes. This not only reduces the cost very significantly but adds a deeper and more durable tie to the West. Local costs can be paid by the receiving side to eliminate the problem caused by hard-currency shortages. Similarly, the West could strive to have at least 2,000 young Germans, Italians, Finns, British, Canadians, and Americans spend a semester or more in Eastern and Central Europe. In fact, in 1988 there were more than twenty U.S. universities that had exchange programs with Hungary, and several hundred U.S. students a year go to Hungary for courses in medicine, economics, and other subjects.

The central challenge in many of these areas is to generate adequate financial resources. Western governments must review their priorities and the cost-effectiveness of their programs from a long-term security, political, and cultural perspective. Bringing gradual détente to the East and reintegrating

one or more of these countries into Europe and the modern democratic world would be a fundamental improvement in the security situation the West faces and would be worth larger shares of Western government budgets. The amount of money is very small in any case in comparison to other areas of expenditure, as the $1 million price tag for a very large-scale teacher program shows.

Nongovernmental Resources

A fifth objective is a major push to generate greater resources from nongovernmental sectors. Foundations are increasingly interested in this part of the world and can be persuaded to support more programs. For example, the Rockefeller Brothers Fund has established a foundation in Poland to help private agriculture. Companies that are active in this region also can be persuaded to support youth exchanges and other activities, such as the management center.

Citizen Activity

A sixth objective is to generate activity on the part of those living in the West who originate from Eastern and Central European countries. In some cases, these people are already active in a constructive manner. Obviously the inner-German set of ties is extraordinary. Some Polish-Americans have been very important in preserving and expanding ties in Poland. Even those who fought in the 1956 revolution come back to Hungary regularly and are engaged in trade promotion and the promotion of democratic values there. One outstanding example is George Soros, the New York financial wizard of Hungarian origin whose Open Society Fund contributes more than $3 million a year in Hungary to promote cultural, educational, human rights, and other value-oriented programs and who is now active in Poland, the PRC, the Soviet Union, and elsewhere in the socialist world. There has been a tendency in certain quarters to consider "ethnics" and "émigrés" as out-of-touch bomb throwers. But they can be the most natural and capable promoters of a deepening fabric with these countries. Western governments should encourage this development, for example, between U.S. Czechs and Slovaks and Czechoslovakia. There are many other cases in which the ties are very underdeveloped.

Culture

A seventh objective is increased cultural contact. It is sad but true that some of the great U.S. orchestras go regularly to Vienna but never bother to make the three-hour drive to Budapest. U.S. art exhibits are similarly limited. In general, Eastern and Central Europeans are recipients of second- or even third-rate Western cultural groups because there is so little hard currency to be made. Yet, when a Luciano Pavarotti appears in the Budapest or Prague opera house, the whole nation knows and cares; clearly the impact is much greater than when he appears in Paris or London for the umpteenth

time. Similarly, there are very few Western trade promotion centers. One way to proceed, as the United States is now doing in Budapest, is to establish America Houses or British, French, and German centers in each capital. In the case of the America House in Budapest, this combines trade, travel promotion, exhibits, and all of the elements of a cultural center, including a theater and library.

Religion. The religious connection is of growing importance. Western churches could be encouraged to send pastors and priests to preach and teach. There should be more help for the reestablishment of church-run secondary schools and even universities and greater help for religious summer camps inside Eastern Europe and in the West. The revival of religion, which is evident in many countries and in particular among their young people, can be helped in these and other tangible ways.

Education. Another idea is to establish an international university in Hungary. This would bring faculty from Western and Eastern countries together to teach an international student body. Here again the central question is finance and, in particular, the start-up funds. There already is a chair in U.S. studies at Budapest's Eötvös Lorand University. Why not chairs of French, German, Italian, British, and U.S. studies at the most prestigious universities throughout this region?

Sports. Sport has one nice element to it. This is an area where the Eastern European countries are in some ways more advanced than the West and therefore can give something. It is important that the overall relationship be two way and not that of a supplicant. The discipline and training methods of the Bulgarians, Romanians, and East Germans offer much for the West. In fact, in some specific areas there already has been much learned from them. The West might consider setting up some joint sports training facilities or at least more invitations/exchange with existing institutions.

Media. Information media are the means to get to the largest audience. It is important to get the leading Western thinkers and ablest people onto Eastern European television. Zbigniew Brzezinski's 1987 trip to Budapest and Warsaw and his lectures and appearances on local television are a good example. The role of the radios—Deutsche Welle, BBC, VOA, RFE/RL—is key because they provide a surrogate free press. The West can increase the impact of Western television—West German television is already the main source of news and views in the GDR. The West should spend money to put up a satellite devoted to direct television broadcast into the homes of all countries in the region—there is now only very partial coverage and none in local languages except German.

Security Action

Security issues have caused the greatest concern in the postwar era, and yet paradoxically the West has talked the least about them with individual Eastern European countries. Only recently, for example, have there been any exchanges between Western militaries and the militaries of these coun-

tries, and these contacts are still very thin. Only very recently has there been any serious dialogue on arms control. Western thinking on the political and strategic consequences of various conventional, chemical, and nuclear arms control steps in this region is still relatively superficial.

First, the West has to develop its own concept of the security situation it would like in these countries. This concept should focus heavily on reducing the threat of a blitzkrieg being launched from them. Reduction to equal numbers of tanks, artillery, and soldiers in the zone from the Atlantic to the Urals is obviously a desirable objective. Additional steps could change the deployment and nature of the residual forces to eliminate the possibility of a surprise attack. The West also should move further with steps to enhance transparency and early warning. For example, stationing Western observers permanently at key transportation links throughout Eastern and Central Europe would help. The West also should reconsider, broaden, and "legitimize" the role of military attachés—the only Western military now permanently present inside this region. They can be seen as enhancers of openness and confidence and facilitators of military dialogue, rather than "spies."

The West must think through the desirability of total Soviet withdrawal of forces from one or more of these countries or the radical reduction in their presence in one or more. Western thinking should include military consequences as well as the effect on internal political dynamics. What would it mean in both military and political terms, for example, if Soviet forces were withdrawn from Poland and Hungary? Should the West be prepared to pay a price for such a move or for other elements in a package? What should this price be? Even the democratic opposition would like to see a major U.S. response if the Soviets were prepared to deliver very significant reductions and withdrawals. What level of Soviet withdrawals and demobilization would justify, for example, a significant reduction of the U.S. ground force presence in Western Europe? Clearly, the United States needs to keep a substantial force. But what level of Soviet cuts would make Washington comfortable pulling back 25 to 50 percent of the U.S. ground forces in Europe?

The West should intensify and institutionalize contacts on security issues, including a regular practice by Western foreign ministries of sending their chief arms control people for consultations and of receiving them in Western capitals. In at least some cases this can be placed on an annual basis. The West should promote regular conferences that bring together foreign ministry, military, institute/academic, and other elements on questions like conventional forces. The West has to move beyond thinking of Vienna and Geneva as the only places for meetings. Holding meetings in Warsaw and Budapest as well as in Washington, Bonn, and London will help the strong Eastern European yearning to be considered part of Europe, not something stuffed behind an artificial wall. The West can make its points even more forcefully in their capitals than in neutral places.

The West should encourage the kinds of institutional tie that the New York–based Institute for East-West Security Studies (IEWS) has initiated.

The IEWS has in residence each year midcareer people from Eastern and Central Europe, Western Europe, and the United States for joint in-depth work on key security issues. The alumni of this program are in key positions in the politico-security establishment of the East and are among the best promoters of new ideas and cooperation. Similar efforts between Western universities and institutions would be productive.

The military in each country may be of enhanced political importance in the future. Poland is only the most obvious example. The visit by the chair of the Joint Chiefs of Staff, John Vessey, to Romania was as unprecedented as it was important. We need to build a fabric of ties between our militaries. The United Kingdom, Austria, Finland, and Switzerland now have annual exchanges of their chiefs of staff with Hungary. This sort of practice can be expanded to all of the countries of this region. The United States has begun with modest exchanges of military historians and military sports teams in some of these countries and is willing to have higher level contacts. Now that the U.S.-Soviet military dialogue is developing, the door is more open in Eastern and Central Europe.

Visits to military units are in a sense already happening with the observers at exercises provided for under the CSCE process. But there could be a much broader picture developed here, including a dialogue on doctrine. Visits to each other's military schools would ensure that new generations of officers and soldiers are not being instilled with a spirit of enmity and suspicion. Why not lecturers at each other's military academies and institutes? Where possible, there could be ship visits and unit visits. In the longer term, the West should not rule out the thought of some joint exercises. These initially could be command-post exercises designed to deal with a terrorist desiring a nuclear weapon or with some malfunction in nuclear warning systems. Gaming could be one very useful way to reduce the chance of accident or miscalculation—perhaps the most likely cause for war in the future. We have developed the concept of risk reduction centers between Washington and Moscow. Perhaps some risk reduction discussions between the governments of Eastern Europe and the West could be useful.

From Words to Action

The questions might be asked—Why is the West not already doing all of these things? Who will ensure that they do happen in the future? There has been no adequate mechanism for keeping track of what the West as a whole is doing in this region and no adequate dialogue on policy and concrete steps. Some sort of a clearinghouse should be established to monitor and encourage overall Western activity, including private as well as government programs. Perhaps the EC could take the lead in this regard. It is crucial to institute at least semiannual meetings of the political and economic policy-level officials from key Western countries responsible for relations with Eastern and Central Europe. The hosting of such meetings could rotate among the seven industrial democracies or be centered in Brussels. The

important element is that we create an action-oriented means of communication and consultation.

Conclusion

It is time for the West to perceive this region as a "new frontier," one in which a new level of effort and perseverance will yield substantial results in the long term. The built-in rigidities and inefficiency of communism will not yield quick results. Basic reforms will come slowly, there will be reversals, and some countries will be more ripe for change than others. The West may not get all that it or the peoples of the region hope for. But there is no alternative—either for them or for us. Stagnation for the East and passivity on the part of the West are not viable policies. They will only lead to further explosions and inherent instability at the heart of the most heavily armed region in the world, where the two most powerful military forces in history confront one another. The time has come for a new era of cooperation between Eastern Europe and the West.