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PRESIDENTIAL ADDRESS: KARL MARX UNIVERSITY
July 12, 1:15 p.m.

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

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

After all, it is said that Tramline Number Two runs the nation, since it originates at Karl Marx and makes stops at the National Center, Parliament and the Central Committee. Many great Hungarian leaders have also moved along this same route, among them Miklos (MEEK-losh) Nemeth (NAY-met) and Mihaly (MEE-hi) Simai (SHE-mi-ee). But before any of them, there was a teacher at Karl Marx University, and his name was Imre (EEMH-ray) Nagy (NUDGE). ((PAUSE))

As the slow reburial procession moved through Heroes' Square, the rising voice of Hungary was heard in the singing of the National Hymn. And in this simple, somber ceremony, the world saw something more than a dignified act of reconciliation.

We witnessed an act of truth. It is on this foundation of truth, more solid than stone, that Hungarians have begun to build a new future . . . a generation waited to honor Imre (EEMH-ray) Nagy's (NUDGE'S) courage; may a hundred generations revere it.

While Hungary rediscovers its natural role in the affairs of Europe, America is rediscovering Hungary. One of the most popular non-fiction books in my country today is entitled Budapest 1900. Dr. John Lukacs lovingly describes the Budapest of memory, with its proud stock exchange and great opera; a time when Europe's first electric subway ran underneath the handsome shops of Andrassy Avenue.

A city that rivaled Paris in its splendor . . . Vienna in its music . . . London in its literature. A center of learning that enlightened the world, and gave America one kind of genius in Joseph Pulitzer, and another in Bela Bartok. But for decades, this great city, this great nation, so central to the continent in every respect, was torn from Europe and the West.

Today Hungary is opening again to the West -- becoming a leading light in European culture. I see people in motion. I see color and creativity replacing grey conformity. The atmosphere of Hungary is electric, alive with optimism.

Your people and your leaders -- government and opposition alike -- are not afraid to break with the past, to act in the spirit of truth. And what better example of this could there be than one simple fact: Karl Marx University has dropped Das Kapital from its required reading list . . .

Historians say that Marxism arose out of a humane impulse. But Karl Marx traced only one thread of human existence, and missed the rest of the tapestry -- the colorful and varied tapestry of civilization. Marx regarded Man as a hapless being shaped by impersonal economic forces. But Man is more than that.

He is artistic. He has an innate need to create and enjoy beauty. He is a loving member of a family, and a loyal patriot to his people. And Man is something else which cannot be denied . . . **he is a creature of God . . .**

The creative genius of the Hungarian people, long suppressed, is again flourishing in your schools, your businesses, your churches. This is more than a fleeting season of freedom. **It is Hungary returning home.**

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

Along your border with Austria, the ugly symbol of Europe's division and Hungary's isolation is coming down, as the barbed wire fences are rolled into bales. **For the first time, the Iron Curtain has begun to part. And Hungary is leading the way.**

The Soviet Union has withdrawn many troops, which I take also as an early sign that Europe's division is nearing an end. And as they leave, let the Soviet leaders know they have

everything to gain, and nothing to lose or fear, from peaceful change. **We can work together to move beyond containment, beyond the Cold War.**

But all of these developments, as significant as they are, pale before the fact that Hungary is at the threshold of great and historic change. You are writing a new constitution -- a Hungarian Rights of Man that will sanction democratic, multi-party elections.

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

But to succeed in reform, you will need partners -- partners to help promote lasting change in Hungary. **I am here to offer Hungary the partnership of the United States of America.**

Three vital spheres stand out in our partnership -- economics, democratic and cultural exchange, and the environment.

INVESTMENT IN HUNGARY

The United States believes in the acceleration of change, not in its delay. So this our guiding principle -- the United States will offer assistance not to prop up the status quo, **but to propel reform.**

Of course, the dead weight of the past still burdens Hungarian enterprise. There are remnants of the Stalinist economy -- huge, inefficient industrial plants; the bewildering

price system no one understands; the massive subsidies that cloud economic decisions -- all of this slows what you could otherwise achieve. It's an economic Rubik's Cube that defies solution.

To make the transition to a productive economy will test your mettle as a people. The prices of some commodities may rise. Some inefficient factories will close. But the Hungarian government has already started to leave the business of running shops to shopkeepers and of farms to farmers. And the creative drive of the people, once unleashed, will create a momentum of its own. This will bring you a greater treasure than the riches you will create. It will give each of you control over your destiny . . . **a Hungarian destiny.**

Just look to the West of the Danube -- your European neighbors are forming a single market. Soon you will have the chance to trade with this new economic colossus. But, as I said, the United States will also be your partner in this transformation to a successful competitive economy. I am here to announce the following measures.

First, as you know, I will propose at the Paris Economic Summit the formation of a Consortium for Poland and Hungary, to back your reforms with economic and technical assistance programs from the Summit partners. Of course, our program for Hungary will be targeted to **your** needs.

Second, I will ask the U.S. Congress to authorize a \$25 million grant to establish a Hungarian-American Enterprise

Foundation, a source of new capital to invigorate the Hungarian private-sector.

Third, once your Parliament passes the new emigration legislation proposed by your Council of Ministers, I will inform our Congress that Hungary is in full compliance with our 1974 Trade Act. Hungary will then qualify for the maximum most-favored nation trade status under U.S. law.

Fourth, America is prepared to provide your country with access to our Generalized System of Preferences, which offers selective tariff relief. Simply put, **these last two measures will open the door to the largest single market in the world.**

In the United States, the vibrancy and strength of our economy relies on the creativity of millions of small businesses. Therefore, I am pleased to note our fifth measure, the formation of the Hungarian Enterprise Group, which will match venture capital, both foreign and Hungarian, with entrepreneurs -- the small businessmen and -women with the grand ideas.

Sixth, we have concluded a draft agreement to authorize the Overseas Private Investment Corporation to operate in Hungary. Once our Senate passes enabling legislation, OPIC will be able to provide insurance to encourage American investment in private enterprises in Hungary. The American investment company, Bear-Stern, has already established a special "Hungary Fund" to pool resources to purchase shares in Hungarian companies.

What does private investment mean for Hungary? Yesterday, at Kossuth Square, I quoted the words of that great Hungarian

patriot. But it was another Hungarian patriot, a contemporary of Kossuth, Count Szechenyi (SAY-chaney), who coined a phrase in his great work on economics: "Some think that Hungary has been; I like to think it will be." **Of this we are sure -- Hungary will be great again.**

DEMOCRATIC AND CULTURAL EXCHANGE

((These are the economic proposals I will discuss with your leaders. But I also hope this visit leads to a wider exchange between East and West, so our scientists, our artists and our environmentalists can learn from one another . . . **So that our soldiers and statesmen discuss peace and our students discuss the future.))) ((PAUSE))**

In such exchanges, we want to help you in your quest for a new beginning as a democratic Hungary. So the United States is committing more than \$6 million to private cultural and educational opportunities in Eastern Europe. We will make available funds for a series of major new U.S.-Hungarian exchange programs -- among Congressmen and legislative experts, among labor and business leaders, among legal experts, among community leaders, educators and young people. We are creating dozens of fellowships to enable Hungarians to study at American universities. And we will fund endowed chairs in American studies at your universities . . . and books -- many thousands of them -- to fill the shelves of your American Management Institute and the libraries of schools and universities across Hungary.

The United States will also open, within the next two years, an America House in the center of Budapest. The celebrated American architect Robert Stern will design the plans for this center, which will be an open house of books, magazines and videocassettes -- **an open house of ideas.**

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

ENVIRONMENTAL INITIATIVE

To learn a language, to start a business, or to work for a candidate in a free election, is to embark on a great adventure. But to realize a promising future, we must also protect our basic common heritage -- the environment. Six weeks ago, in Mainz, I proposed cooperation between East and West on environmental issues. What a tragedy it would be if your continent was again spoiled, this time not by war, but by a more subtle and insidious danger -- that of poisoned rivers and acid rain.

Hungary has led Eastern and Central Europe in addressing the concerns of your citizens for cleaner air and water. And you are leading the way in environmental agreements with the West.

((Substance to come))

CONCLUSION

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

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

Your press recently reported that a Romanian girl was lost in the Maros River. We don't know exactly sure how she died. We do know that if she had been traveling from Hungary to Austria, she would have received nothing more than a friendly wave from the border guard. But she attempted to cross the Maros, and paid with her life . . . Her two brothers made it across safely.

We do not know the torments that drove her to risk her life. But we do know her heart. It is the heart of Anne Frank and Jamos (Yanosh) Hertelendy (HAN-Yawn-dee). It is the heart of youth determined to live in freedom . . .

Throughout the Communist world today, as a younger generation prepares to assume power, a great debate is underway. In this debate, Moscow advocates limited political freedom, but

without economic rights. Beijing practices limited economic freedom, but without political liberty. Where are political and economic liberty peacefully advancing together? In Hungary.

The people of Hungary know it is not enough to let men and women **purchase** what they want or cast a symbolic vote. They must be allowed to **say** what they believe. They must be allowed to **choose** their government. Limited freedom, whether it is economic or political, **will not provide sufficient room for the restless human spirit.**

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

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

Thank you and God bless you all.

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Hungarian Anecdotal Information:

#1. Student Elections held at the end of the school year. Student Dean + Student Body elected at end of year to serve 3 day term - only occupy offices for one day. Nothing of substance transpires. The elections are a tradition and serve as a method of keeping the ideas of campaigning + elections alive in a communist atmosphere. - political awareness

#2. Karl Marx University's initials are the same as the Hungarian Royal University - MKE. Because of how liberal Karl Marx Univ. is, the Hungarians think the name should be changed to Hungarian Royal University. A bonus point is that none of T-shirts, stickers, banners, etc. would have to be reported.

#3. Shandor (Alexander) Petöfi
National Poet - wrote athen which every Hungarian can recite.

At the beginning of the revolution, he jumped up on the steps of the National Museum and recited the 12 pts from the Austrians which became the battle cry in 1840 - March 15 - killed battle of uncertain demise.

#4. Prince Ferenc Rakoczi II
National hero in 18th century, unusual because he was a nobleman. He used to fight using castles as forts, the enemy ended up destroying all the castle trying to fight him which is why there

are no castles in Hungary today.
Transcavalan Pance

#5. Arpad Father of Hungary
led the tribes to the area; the Slavs
acknowledged by Slavs when Slavs gave
Arpad a pair of water + a shovel of dirt signifying
their independence as a "nation" (896 ad)

#6. St. Stevan / King Stevan
Responsible for uniting tribes into a nation.
Made Hungary a permanent part of Western
Europe. The Pope crowned him King and
Crown is still the symbol of Hungary. It
shows up in a great deal of European
artwork and is recognizable by the bent
crown.

* Sticky to talk about crown.

#7. Count Szecheny
Founded Library. "Petron Skint" of the
intellectuals.

#8. Examples of Hungary's golden ea. 100 yrs. ago
Almost all the buildings in Pest were
built in 1870-1940

Two of the most successful enterprises in
the European as well as world were
founded: Ganz Maderg + Manfred Wierz
Great examples of Hungarian engineering +
business. ~~THE~~ However government took over
these industries in '56 and now they are
failing to the point of bankruptcy.

I ever held, Governor of California. Yes, I had served as president of my union, the Screen Actors Guild. Yes, in that role I'd led a successful strike by the union against the studios. And, yes, I'd campaigned actively for a number of candidates for office, including candidates for President. But I was still known primarily as an actor.

In the movie business, actors often get what we call typecast, that is, the studios come to think of you as playing certain kinds of roles; so those are the kinds of roles they give you. And no matter how hard you try, you just can't get them to think of you in any other way. Well, politics is a little like that, too. So, I've had a lot of time and reason to think about my role not just as a citizen turned politician but as an actor turned politician.

In looking back, I believe that acting did help prepare me for the work I do now. There are two things, two indispensable lessons, that I've taken from my craft into public life. And I hope you won't think it excessively opportune if I use the words of a Soviet filmmaker to explain one of them. He was, after all, one of the world's greatest filmmakers, and so, like so many of your artists, indeed, like so many of you, belongs in a broader sense to all of humanity.

It was during the production of "Ivan the Terrible" when Eisenstein noted that in making a film, or in thinking through any detail of it, which to my mind would include the acting of a part, in his words, "The most important thing is to have the vision. The next is to grasp and hold it. You must see and feel what you are thinking. You must see and grasp it. You must hold and fix it in your memory and senses. And you must do it at once." To grasp and hold a vision, to fix it in your senses—that is the very essence, I believe, of successful leadership not only on the movie set, where I learned about it, but everywhere. And by the way, in my many dealings with him since he became General Secretary, I've found that Mr. Gorbachev has the ability to grasp and hold a vision, and I respect him for that.

The second lesson I carried from acting into public life was more subtle. And let me again refer to a Soviet artist, a poet—again, one of the world's greatest. At the beginning of "Requiem," Anna Akhmatova writes

of standing in a line outside a prison when someone in the crowd recognizes her as a well-known poet. She continues, "Then a woman standing behind me, whose lips were blue with cold and who, naturally enough, had never even heard of my name, emerged from that state of torpor common to us all and, putting her lips close to my ear—there everyone spoke in whispers—asked me, 'And could you describe this?' And I answered her, 'I can.' Then something vaguely like a smile flashed across what once had been her face."

That exchange—"can you describe this?" "I can"—is at the heart of acting as it is of poetry and of so many of the arts. You get inside a character, a place, and a moment. You come to know the character in that instant not as an abstraction, one of the people, one of the masses, but as a particular person—yearning, hoping, fearing, loving—a face, even what had once been a face, apart from all others; and you convey that knowledge. You describe it, you describe the face. Pretty soon, at least for me, it becomes harder and harder to force any member of humanity into a straightjacket, into some rigid form in which you all expect to fit. In acting, even as you develop an appreciation for what we call the dramatic, you become in a more intimate way less taken with superficial pomp and circumstance, more attentive to the core of the soul—that part of each of us that God holds in the hollow of his hand and into which he breathes the breath of life. And you come to appreciate what another of your poets, Nikolay Gumilev, meant when he wrote that "The eternal entrance to God's paradise is not closed with seven diamond seals. It is a doorway in a wall abandoned long ago—stones, moss, and nothing more."

As I see it, political leadership in a democracy requires seeing past the abstractions and embracing the vast diversity of humanity and doing it with humility, listening as best you can not just to those with high positions but to the cacophonous voices of ordinary people and trusting those millions of people, keeping out of their way, not trying to act the all-wise and all-powerful, not letting government act that way. And the word we have for this is freedom.

In the last few years, freedom for the arts has been expanded in the Soviet Union. Some poems, books, music, and works in other fields that were once banned have been made available to the public; and some of those artists who produced them have been recognized. Two weeks ago, because of the work of the Writers Union, the first step was taken to make the Pasternak home at Peredelkino into a museum. In the meantime, some artists in exile—the stage director Yuri Lubimov, for example—have been permitted to return and to work, and artists who are here have been allowed a greater range.

We in the United States applaud the new thaw in the arts. We hope to see it go further. We hope to see Mikhail Baryshnikov and Slava Rostropovich, artists Mrs. Reagan and I have seen perform in Washington, perform again in Moscow. We hope to see the works of Aleksandr Solzhenitsyn published in the land he loves. And we hope to see a permanent end to restrictions on the creativity of all artists and writers. We want this not just for your sake but for our own. We believe that the greater the freedoms in other countries the more secure both our own freedoms and peace. And we believe that when the arts in any country are free to blossom the lives of all people are richer.

William Faulkner said of poets—although he could have been speaking of any of the arts—it is the poet's privilege to help man endure by lifting his heart, by reminding him of the courage and honor and hope and pride and compassion and pity and sacrifice which have been the glory of our past. The poet's voice need not merely be the record of man. It can be one of the props, the pillars, to help him endure and prevail.

Thank you for having me here today and for sharing your thoughts with me, and God bless you all.

Note: The President spoke at 1:44 p.m. in the dining room at the A. Fadeyev Central House of Men of Letters. He was introduced by Vladimir Vasilievich Karpov, first secretary of the board of the U.S.S.R. Writer's Union. A tape was not available for verification of the content of these remarks.

Remarks and a Question-and-Answer Session With the Students and Faculty at Moscow State University

May 31, 1988

The President. Thank you, Rector Logunov, and I want to thank all of you very much for a very warm welcome. It's a great pleasure to be here at Moscow State University, and I want to thank you all for turning out. I know you must be very busy this week, studying and taking your final examinations. So, let me just say *zhelayu vam uspekha* [I wish you success]. Nancy couldn't make it today because she's visiting Leningrad, which she tells me is a very beautiful city, but she, too, says hello and wishes you all good luck.

Let me say it's also a great pleasure to once again have this opportunity to speak directly to the people of the Soviet Union. Before I left Washington, I received many heartfelt letters and telegrams asking me to carry here a simple message, perhaps, but also some of the most important business of this summit: It is a message of peace and good will and hope for a growing friendship and closeness between our two peoples.

As you know, I've come to Moscow to meet with one of your most distinguished graduates. In this, our fourth summit, General Secretary Gorbachev and I have spent many hours together, and I feel that we're getting to know each other well. Our discussions, of course, have been focused primarily on many of the important issues of the day, issues I want to touch on with you in a few moments. But first I want to take a little time to talk to you much as I would to any group of university students in the United States. I want to talk not just of the realities of today but of the possibilities of tomorrow.

Standing here before a mural of your revolution, I want to talk about a very different revolution that is taking place right now, quietly sweeping the globe without bloodshed or conflict. Its effects are peaceful, but they will fundamentally alter our world, shatter old assumptions, and reshape our lives. It's easy to underestimate because it's not accompanied by banners or fanfare. It's been called the technological or information revolution, and as its emblem, one

*Mrs. Reagan
from Moscow*

might take the tiny silicon chip, no bigger than a fingerprint. One of these chips has more computing power than a roomful of old-style computers.

As part of an exchange program, we now have an exhibition touring your country that shows how information technology is transforming our lives—replacing manual labor with robots, forecasting weather for farmers, or mapping the genetic code of DNA for medical researchers. These microcomputers today aid the design of everything from houses to cars to spacecraft; they even design better and faster computers. They can translate English into Russian or enable the blind to read or help Michael Jackson produce, on one synthesizer the sounds of a whole orchestra. Linked by a network of satellites and fiber-optic cables, one individual with a desktop computer and a telephone commands resources unavailable to the largest governments just a few years ago.

Like a chrysalis, we're emerging from the economy of the Industrial Revolution—an economy confined to and limited by the Earth's physical resources—into, as one economist titled his book, "The Economy in Mind," in which there are no bounds on human imagination and the freedom to create is the most precious natural resource. Think of that little computer chip. Its value isn't in the sand from which it is made but in the microscopic architecture designed into it by ingenious human minds. Or take the example of the satellite relaying this broadcast around the world, which replaces thousands of tons of copper mined from the Earth and molded into wire. In the new economy, human invention increasingly makes physical resources obsolete. We're breaking through the material conditions of existence to a world where man creates his own destiny. Even as we explore the most advanced reaches of science, we're returning to the age-old wisdom of our culture, a wisdom contained in the book of Genesis in the Bible: In the beginning was the spirit, and it was from this spirit that the material abundance of creation issued forth.

But progress is not foreordained. The key is freedom—freedom of thought, freedom of information, freedom of communication. The renowned scientist, scholar, and founding father of this university, Mikhail Lo-

monosov, knew that. "It is common knowledge," he said, "that the achievements of science are considerable and rapid, particularly once the yoke of slavery is cast off and replaced by the freedom of philosophy." You know, one of the first contacts between your country and mine took place between Russian and American explorers. The Americans were members of Cook's last voyage on an expedition searching for an Arctic passage; on the island of Unalaska, they came upon the Russians, who took them in, and together, with the native inhabitants, held a prayer service on the ice.

The explorers of the modern era are the entrepreneurs, men with vision, with the courage to take risks and faith enough to brave the unknown. These entrepreneurs and their small enterprises are responsible for almost all the economic growth in the United States. They are the prime movers of the technological revolution. In fact, one of the largest personal computer firms in the United States was started by two college students, no older than you, in the garage behind their home. Some people, even in my own country, look at the riot of experiment that is the free market and see only waste. What of all the entrepreneurs that fail? Well, many do, particularly the successful ones; often several times. And if you ask them the secret of their success, they'll tell you it's all that they learned in their struggles along the way; yes, it's what they learned from failing. Like an athlete in competition or a scholar in pursuit of the truth, experience is the greatest teacher.

And that's why it's so hard for government planners, no matter how sophisticated, to ever substitute for millions of individuals working night and day to make their dreams come true. The fact is, bureaucracies are a problem around the world. There's an old story about a town—it could be anywhere—with a bureaucrat who is known to be a good-for-nothing, but he somehow had always hung on to power. So one day, in a town meeting, an old woman got up and said to him: "There is a folk legend here where I come from that when a baby is born, an angel comes down from heaven and kisses it on one part of its body. If the angel kisses him on his hand, he becomes a handyman. If he kisses him on his

forehead, he becomes bright and clever. And I've been trying to figure out where the angel kissed you so that you should sit there for so long and do nothing." [Laughter]

We are seeing the power of economic freedom spreading around the world. Places such as the Republic of Korea, Singapore, Taiwan have vaulted into the technological era, barely pausing in the industrial age along the way. Low-tax agricultural policies in the sub-continent mean that in some years India is now a net exporter of food. Perhaps most exciting are the winds of change that are blowing over the People's Republic of China, where one-quarter of the world's population is now getting its first taste of economic freedom. At the same time, the growth of democracy has become one of the most powerful political movements of our age. In Latin America in the 1970's, only a third of the population lived under democratic government; today over 90 percent does. In the Philippines, in the Republic of Korea, free, contested, democratic elections are the order of the day. Throughout the world, free markets are the model for growth. Democracy is the standard by which governments are measured.

We Americans make no secret of our belief in freedom. In fact, it's something of a national pastime. Every 4 years the American people choose a new President, and 1988 is one of those years. At one point there were 13 major candidates running in the two major parties, not to mention all the others, including the Socialist and Libertarian candidates—all trying to get my job. About 1,000 local television stations, 8,500 radio stations, and 1,700 daily newspapers—each one an independent, private enterprise, fiercely independent of the government—report on the candidates, grill them in interviews, and bring them together for debates. In the end, the people vote; they decide who will be the next President.

But freedom doesn't begin or end with elections. Go to any American town, to take just an example, and you'll see dozens of churches, representing many different beliefs—in many places, synagogues and mosques—and you'll see families of every conceivable nationality worshipping together. Go into any school room, and there you

will see children being taught the Declaration of Independence, that they are endowed by their Creator with certain unalienable rights—among them life, liberty, and the pursuit of happiness—that no government can justly deny; the guarantees in their Constitution for freedom of speech, freedom of assembly, and freedom of religion.

Go into any courtroom, and there will preside an independent judge, beholden to no government power. There every defendant has the right to a trial by a jury of his peers, usually 12 men and women—common citizens; they are the ones, the only ones, who weigh the evidence and decide on guilt or innocence. In that court, the accused is innocent until proven guilty, and the word of a policeman or any official has no greater legal standing than the word of the accused.

Go to any university campus, and there you'll find an open, sometimes heated discussion of the problems in American society and what can be done to correct them. Turn on the television, and you'll see the legislature conducting the business of government right there before the camera, debating and voting on the legislation that will become the law of the land. March in any demonstration, and there are many of them; the people's right of assembly is guaranteed in the Constitution and protected by the police. Go into any union hall, where the members know their right to strike is protected by law. As a matter of fact, one of the many jobs I had before this one was being president of a union, the Screen Actors Guild. I led my union out on strike, and I'm proud to say we won.

But freedom is more even than this. Freedom is the right to question and change the established way of doing things. It is the continuing revolution of the marketplace. It is the understanding that allows us to recognize shortcomings and seek solutions. It is the right to put forth an idea, scoffed at by the experts, and watch it catch fire among the people. It is the right to dream—to follow your dream or stick to your conscience, even if you're the only one in a sea of doubters. Freedom is the recognition that no single person, no single authority or government has a monopoly on

the truth, but that every individual life is infinitely precious, that every one of us put on this world has been put there for a reason and has something to offer.

America is a nation made up of hundreds of nationalities. Our ties to you are more than ones of good feeling; they're ties of kinship. In America, you'll find Russians, Armenians, Ukrainians, peoples from Eastern Europe and Central Asia. They come from every part of this vast continent, from every continent, to live in harmony, seeking a place where each cultural heritage is respected, each is valued for its diverse strengths and beauties and the richness it brings to our lives. Recently, a few individuals and families have been allowed to visit relatives in the West. We can only hope that it won't be long before all are allowed to do so and Ukrainian-Americans, Baltic-Americans, Armenian-Americans can freely visit their homelands, just as this Irish-American visits his.

Freedom, it has been said, makes people selfish and materialistic, but Americans are one of the most religious peoples on Earth. Because they know that liberty, just as life itself, is not earned but a gift from God, they seek to share that gift with the world. "Reason and experience," said George Washington in his farewell address, "both forbid us to expect that national morality can prevail in exclusion of religious principle. And it is substantially true, that virtue or morality is a necessary spring of popular government." Democracy is less a system of government than it is a system to keep government limited, unintrusive; a system of constraints on power to keep politics and government secondary to the important things in life, the true sources of value found only in family and faith.

But I hope you know I go on about these things not simply to extol the virtues of my own country but to speak to the true greatness of the heart and soul of your land. Who, after all, needs to tell the land of Dostoevski about the quest for truth, the home of Kandinski and Scriabin about imagination, the rich and noble culture of the Uzbek man of letters Alisher Navoi about beauty and heart? The great culture of your diverse land speaks with a glowing passion to all humanity. Let me cite one of the most eloquent contemporary passages

on human freedom. It comes, not from the literature of America, but from this country, from one of the greatest writers of the 20th century, Boris Pasternak, in the novel "Dr. Zhivago." He writes: "I think that if the beast who sleeps in man could be held down by threats—any kind of threat, whether of jail or of retribution after death—then the highest emblem of humanity would be the lion tamer in the circus with his whip, not the prophet who sacrificed himself. But this is just the point—what has for centuries raised man above the beast is not the cudgel, but an inward music—the irresistible power of unarmed truth."

The irresistible power of unarmed truth. Today the world looks expectantly to signs of change, steps toward greater freedom in the Soviet Union. We watch and we hope as we see positive changes taking place. There are some, I know, in your society who fear that change will bring only disruption and discontinuity, who fear to embrace the hope of the future. Sometimes it takes faith. It's like that scene in the cowboy movie "Butch Cassidy and the Sundance Kid," which some here in Moscow recently had a chance to see. The posse is closing in on the two outlaws, Butch and Sundance, who find themselves trapped on the edge of a cliff, with a sheer drop of hundreds of feet to the raging rapids below. Butch turns to Sundance and says their only hope is to jump into the river below, but Sundance refuses. He says he'd rather fight it out with the posse, even though they're hopelessly outnumbered. Butch says that's suicide and urges him to jump, but Sundance still refuses and finally admits, "I can't swim." Butch breaks up laughing and says, "You crazy fool, the fall will probably kill you." And, by the way, both Butch and Sundance made it, in case you didn't see the movie. I think what I've just been talking about is *perestroika* and what its goals are.

But change would not mean rejection of the past. Like a tree growing strong through the seasons, rooted in the Earth and drawing life from the Sun, so, too, positive change must be rooted in traditional values—in the land, in culture, in family and community—and it must take its life from the eternal things, from the source of

all life, which is faith. Such change will lead to new understandings, new opportunities, to a broader future in which the tradition is not supplanted but finds its full flowering. That is the future beckoning to your generation.

At the same time, we should remember that reform that is not institutionalized will always be insecure. Such freedom will always be looking over its shoulder. A bird on a tether, no matter how long the rope, can always be pulled back. And that is why, in my conversation with General Secretary Gorbachev, I have spoken of how important it is to institutionalize change—to put guarantees on reform. And we've been talking together about one sad reminder of a divided world: the Berlin Wall. It's time to remove the barriers that keep people apart.

I'm proposing an increased exchange program of high school students between our countries. General Secretary Gorbachev mentioned on Sunday a wonderful phrase you have in Russian for this: "Better to see something once than to hear about it a hundred times." Mr. Gorbachev and I first began working on this in 1985. In our discussion today, we agreed on working up to several thousand exchanges a year from each country in the near future. But not everyone can travel across the continents and oceans. Words travel lighter, and that's why we'd like to make available to this country more of our 11,000 magazines and periodicals and our television and radio shows that can be beamed off a satellite in seconds. Nothing would please us more than for the Soviet people to get to know us better and to understand our way of life.

Just a few years ago, few would have imagined the progress our two nations have made together. The INF treaty, which General Secretary Gorbachev and I signed last December in Washington and whose instruments of ratification we will exchange tomorrow—the first true nuclear arms reduction treaty in history, calling for the elimination of an entire class of U.S. and Soviet nuclear missiles. And just 16 days ago, we saw the beginning of your withdrawal from Afghanistan, which gives us hope that soon the fighting may end and the healing may begin and that that suffering country may find self-determination, unity, and peace at long last.

It's my fervent hope that our constructive cooperation on these issues will be carried on to address the continuing destruction of conflicts in many regions of the globe and that the serious discussions that led to the Geneva accords on Afghanistan will help lead to solutions in southern Africa, Ethiopia, Cambodia, the Persian Gulf, and Central America.

I have often said: Nations do not distrust each other because they are armed; they are armed because they distrust each other. If this globe is to live in peace and prosper, if it is to embrace all the possibilities of the technological revolution, then nations must renounce, once and for all, the right to an expansionist foreign policy. Peace between nations must be an enduring goal, not a tactical stage in a continuing conflict.

I've been told that there's a popular song in your country—perhaps you know it—whose evocative refrain asks the question, "Do the Russians want a war?" In answer it says: "Go ask that silence lingering in the air, above the birch and poplar there; beneath those trees the soldiers lie. Go ask my mother, ask my wife; then you will have to ask no more, 'Do the Russians want a war?'" But what of your one-time allies? What of those who embraced you on the Elbe? What if we were to ask the watery graves of the Pacific or the European battlefields where America's fallen were buried far from home? What if we were to ask their mothers, sisters, and sons, do Americans want war? Ask us, too, and you'll find the same answer, the same longing in every heart. People do not make wars; governments do. And no mother would ever willingly sacrifice her sons for territorial gain, for economic advantage, for ideology. A people free to choose will always choose peace.

Americans seek always to make friends of old antagonists. After a colonial revolution with Britain, we have cemented for all ages the ties of kinship between our nations. After a terrible civil war between North and South, we healed our wounds and found true unity as a nation. We fought two world wars in my lifetime against Germany and one with Japan, but now the Federal Republic of Germany and Japan are two of our closest allies and friends.

Some people point to the trade disputes between us as a sign of strain, but they're the frictions of all families, and the family of free nations is a big and vital and sometimes boisterous one. I can tell you that nothing would please my heart more than in my lifetime to see American and Soviet diplomats grappling with the problem of trade disputes between America and a growing, exuberant, exporting Soviet Union that had opened up to economic freedom and growth. And as important as these official people-to-people exchanges are, nothing would please me more than for them to become unnecessary, to see travel between East and West become so routine that university students in the Soviet Union could take a month off in the summer and, just like students in the West do now, put packs on their backs and travel from country to country in Europe with barely a passport check in between. Nothing would please me more than to see the day that a concert promoter in, say, England could call up a Soviet rock group, without going through any government agency, and have them playing in Liverpool the next night. Is this just a dream? Perhaps. But it is a dream that is our responsibility to have come true.

Your generation is living in one of the most exciting, hopeful times in Soviet history. It is a time when the first breath of freedom stirs the air and the heart beats to the accelerated rhythm of hope, when the accumulated spiritual energies of a long silence yearn to break free. I am reminded of the famous passage near the end of Gogol's "Dead Souls." Comparing his nation to a speeding troika, Gogol asks what will be its destination. But he writes, "There was no answer save the bell pouring forth marvelous sound."

We do not know what the conclusion will be of this journey, but we're hopeful that the promise of reform will be fulfilled. In this Moscow spring, this May 1988, we may be allowed that hope: that freedom, like the fresh green sapling planted over Tolstoi's grave, will blossom forth at last in the rich fertile soil of your people and culture. We may be allowed to hope that the marvelous sound of a new openness will keep rising through, ringing through, leading to a new world of reconciliation, friendship, and peace.

Thank you all very much, and *da blagoslovit vas gospod'*—God bless you.

Mr. Logunov. Dear friends, Mr. President has kindly agreed to answer your questions. But since he doesn't have too much time, only 15 minutes—so, those who have questions, please ask them.

Strategic Arms Reductions

Q. And this is a student from the history faculty, and he says that he's happy to welcome you on behalf of the students of the university. And the first question is that the improvement in the relations between the two countries has come about during your tenure as President, and in this regard he would like to ask the following question. It is very important to get a handle on the question of arms control and, specifically, the limitation of strategic arms. Do you think that it will be possible for you and the General Secretary to get a treaty on the limitation of strategic arms during the time that you are still President?

The President. Well, the arms treaty that is being negotiated now is the so-called START treaty, and it is based on taking the intercontinental ballistic missiles and reducing them by half, down to parity between our two countries. Now, this is a much more complicated treaty than the INF treaty, the intermediate-range treaty, which we have signed and which our two governments have ratified and is now in effect. So, there are many things still to be settled. You and we have had negotiators in Geneva for months working on various points of this treaty. Once we had hoped that maybe, like the INF treaty, we would have been able to sign it here at this summit meeting. It is not completed; there are still some points that are being debated. We are both hopeful that it can be finished before I leave office, which is in the coming January, but I assure you that if it isn't—I assure you that I will have impressed on my successor that we must carry on until it is signed. My dream has always been that once we've started down this road, we can look forward to a day, you can look forward to a day, when there will be no more nuclear weapons in the world at all.

Young People

Q. The question is: The universities influence public opinion, and the student wonders how the youths have changed since the days when you were a student up until now?

The President. Well, wait a minute. How you have changed since the era of my own youth?

Q. How just students have changed, the youth have changed. You were a student. [Laughter] At your time there were one type. How they have changed?

The President. Well, I know there was a period in our country when there was a very great change for the worst. When I was Governor of California, I could start a riot just by going to a campus. But that has all changed, and I could be looking out at an American student body as well as I'm looking out here and would not be able to tell the difference between you.

I think that back in our day—I did happen to go to school, get my college education in a unique time; it was the time of the Great Depression, when, in a country like our own, there was 25-percent unemployment and the bottom seemed to have fallen out of everything. But we had—I think what maybe I should be telling you from my point here, because I graduated in 1932, that I should tell you that when you get to be my age, you're going to be surprised how much you recall the feelings you had in these days here and that how easy it is to understand the young people because of your own having been young once. You know an awful lot more about being young than you do about being old. [Laughter]

And I think there is a seriousness, I think there is a sense of responsibility that young people have, and I think that there is an awareness on the part of most of you about what you want your adulthood to be and what the country you live in—you want it to be. And I have a great deal of faith. I said the other day to 76 students—they were half American and half Russian. They had held a conference here and in Finland and then in the United States, and I faced them just the other day, and I had to say—I couldn't tell the difference looking at them, which were which, but I said one line to them. I said I believe that if all the young people of the world today could get to

know each other, there would never be another war. And I think that of you. I think that of the other students that I've addressed in other places.

And of course, I know also that you're young and, therefore, there are certain things that at times take precedence. I'll illustrate one myself. Twenty-five years after I graduated, my alma mater brought me back to the school and gave me an honorary degree. And I had to tell them they compounded a sense of guilt I had nursed for 25 years because I always felt the first degree they gave me was honorary. [Laughter] You're great. Carry on.

Regional Conflicts

Q. Mr. President, you have just mentioned that you welcome the efforts—settlement of the Afghanistan question and the difference of other regional conflicts. What conflicts do you mean? Central America conflicts, South East Asian, or South African?

The President. Well, for example, in South Africa, where Namibia has been promised its independence as a nation—another new African nation. But it is impossible because of a civil war going on in another country there, and that civil war is being fought on one side by some 30,000 to 40,000 Cuban troops who have gone from the Americas over there and are fighting on one side with one kind of authoritative government. When that country was freed from being a colony and given its independence, one faction seized power and made itself the government of that nation. And leaders of another—seeming the majority of the people had wanted simply the people to have the right to choose the government that they wanted, and that is the civil war that is going on. But what we believe is that those foreign soldiers should get out and let them settle it, let the citizens of that nation settle their problems.

And the same is true in Nicaragua. Nicaragua has been—Nicaragua made a promise. They had a dictator. There was a revolution, there was an organization that—and was aided by others in the revolution, and they appealed to the Organization of American States for help in getting the dictator to step down and stop the killing. And he

did. But the Organization of American States had asked, what are the goals of the revolution? And they were given in writing, and they were the goals of pluralistic society, of the right of unions and freedom of speech and press and so forth and free elections—a pluralistic society. And then the one group that was the best organized among the revolutionaries seized power, exiled many of the other leaders, and has its own government, which violated every one of the promises that had been made. And here again, we want—we're trying to encourage the getting back those—or making those promises come true and letting the people of that particular country decide their fate.

Soviet MIA's in Afghanistan

Q. Esteemed Mr. President, I'm very much anxious and concerned about the destiny of 310 Soviet soldiers being missing in Afghanistan. Are you willing to help in their search and their return to the motherland?

The President. Very much so. We would like nothing better than that.

American Constitution

Q. The reservation of the inalienable rights of citizens guaranteed by the Constitution faces certain problems; for example, the right of people to have arms, or for example, the problem appears, an evil appears whether spread of pornography or narcotics is compatible with these rights. Do you believe that these problems are just unavoidable problems connected with democracy, or they could be avoided?

The President. Well, if I understand you correctly, this is a question about the inalienable rights of the people—does that include the right to do criminal acts—for example, in the use of drugs and so forth? No. [Applause] No, we have a set of laws. I think what is significant and different about our system is that every country has a constitution, and most constitutions or practically all of the constitutions in the world are documents in which the government tells the people what the people can do. Our Constitution is different, and the difference is in three words; it almost escapes everyone. The three words are, "We the people." Our Constitution is a document in which we the people tell the government what its

powers are. And it can have no powers other than those listed in that document. But very carefully, at the same time, the people give the government the power with regard to those things which they think would be destructive to society, to the family, to the individual and so forth—infringements on their rights. And thus, the government can enforce the laws. But that has all been dictated by the people.

The President's Retirement Plans

Q. Mr. President, from history, I know that people who have been connected with great power, with big posts, say goodbye, leave these posts with great difficulty. Since your term of office is coming to an end, what sentiments do you experience and whether you feel like, if, hypothetically, you can just stay for another term? [Laughter]

The President. Well, I'll tell you something. I think it was a kind of revenge against Franklin Delano Roosevelt, who was elected four times—the only President. There had kind of grown a tradition in our country about two terms. That tradition was started by Washington, our first President, only because there was great talk at the formation of our country that we might become a monarchy, and we had just freed ourselves from a monarchy. So, when the second term was over, George Washington stepped down and said he would do it—stepping down—so that there would not get to be the kind of idea of an inherited aristocracy. Well, succeeding Presidents—many of them didn't get a chance at second term; they did one term and were gone. But that tradition kind of remained. But it was just a tradition. And then Roosevelt ran the four times—died very early in his fourth term. And suddenly, in the atmosphere at that time, they added an amendment to the Constitution that Presidents could only serve two terms.

When I get out of office—I can't do this while I'm in office, because it will look as I'm selfishly doing it for myself—when I get out of office, I'm going to travel around, what I call the mashed-potato circuit—that is the afterdinner speaking and the speaking to luncheon groups and so forth—I'm going to travel around and try to convince the people of our country that they should

wipe out that amendment to the Constitution because it was an interference with the democratic rights of the people. The people should be allowed to vote for who they wanted to vote for, for as many times as they want to vote for him; and that it is they who are being denied a right. But you see, I will no longer be President then, so I can do that and talk for that.

There are a few other things I'm going to try to convince the people to impress upon our Congress, the things that should be done. I've always described it that if—in Hollywood, when I was there, if you didn't sing or dance, you wound up as an afterdinner speaker. And I didn't sing or dance. [Laughter] So, I have a hunch that I will be out on the speaking circuit, telling about a few things that I didn't get done in government, but urging the people to tell the Congress they wanted them done.

American Indians

Q. Mr. President, I've heard that a group of American Indians have come here because they couldn't meet you in the United States of America. If you fail to meet them here, will you be able to correct it and to meet them back in the United States?

The President. I didn't know that they had asked to see me. If they've come here or whether to see them there—[laughter]—I'd be very happy to see them.

Let me tell you just a little something about the American Indian in our land. We have provided millions of acres of land for what are called reservations—or reservations, I should say. They, from the beginning, announced that they wanted to maintain their way of life, as they had always lived there in the desert and the plains and so forth. And we set up these reservations so they could, and have a Bureau of Indian Affairs to help take care of them. At the same time, we provide education for them—schools on the reservations. And they're free also to leave the reservations and be American citizens among the rest of us, and many do. Some still prefer, however, that way—that early way of life. And we've done everything we can to meet their demands as to how they want to live. Maybe we made a mistake. Maybe we should not have humored them in that wanting to stay in that kind of primitive

lifestyle. Maybe we should have said, no, come join us; be citizens along with the rest of us. As I say, many have; many have been very successful.

And I'm very pleased to meet with them, talk with them at any time and see what their grievances are or what they feel they might be. And you'd be surprised: Some of them became very wealthy because some of those reservations were overlaying great pools of oil, and you can get very rich pumping oil. And so, I don't know what their complaint might be.

Q. Mr. President, I'm very much tantalized since yesterday evening by the question, why did you receive yesterday—did you receive and when you invite yesterday—refuseniks or dissidents? And for the second part of the question is, just what are your impressions from Soviet people? And among these dissidents, you have invited a former collaborator with a Fascist, who was a policeman serving for Fascist.

The President. Well, that's one I don't know about, or maybe the information hasn't been all given out on that. But you have to understand that Americans come from every corner of the world. I received a letter from a man that called something to my attention recently. He said, you can go to live in France, but you cannot become a Frenchman; you can go to live in Germany, you cannot become a German—or a Turk, or a Greek, or whatever. But he said anyone, from any corner of the world, can come to live in America and become an American.

You have to realize that we are a people that are made up of every strain, nationality, and race of the world. And the result is that when people in our country think someone is being mistreated or treated unjustly in another country, these are people who still feel that kinship to that country because that is their heritage. In America, whenever you meet someone new and become friends, one of the first things you tell each other is what your bloodline is. For example, when I'm asked, I have to say Irish, English, and Scotch—English and Scotch on my mother's side, Irish on my father's side. But all of them have that.

Well, when you take on to yourself a wife, you do not stop loving your mother.

So, Americans all feel a kind of a kinship to that country that their parents or their grandparents or even some great-grandparents came from; you don't lose that contact. So, what I have come and what I have brought to the General Secretary—and I must say he has been very cooperative about it—I have brought lists of names that have been brought to me from people that are relatives or friends that know that or that believe that this individual is being mistreated here in this country, and they want him to be allowed to emigrate to our country. Some are separated families.

One that I met in this, the other day, was born the same time I was. He was born of Russian parents who had moved to America, oh, way back in the early 1900's, and he was born in 1911. And then sometime later, the family moved back to Russia. Now he's grown, has a son. He's an American citizen. But they wanted to go back to America and being denied on the grounds that, well, they can go back to America, but his son married a Russian young lady, and they want to keep her from going back. Well, the whole family said, no, we're not going to leave her alone here. She's a member of the family now. Well, that kind of a case is brought to me personally, so I bring it to the General Secretary. And as I say, I must say, he has been most helpful and most agreeable about correcting these things.

Now, I'm not blaming you; I'm blaming bureaucracy. We have the same type of thing happen in our own country. And every once in a while, somebody has to get the bureaucracy by the neck and shake it loose and say, Stop doing what you're doing. And this is the type of thing and the names that we have brought. And it is a list of names, all of which have been brought to me personally by either relatives or close friends and associates. [Applause] Thank you very much. You're all very kind. I thank you very much. And I hope I answered the questions correctly. Nobody asked me what it was going to feel like to not be President anymore. I have some understanding, because after I'd been Governor for 8 years and then stepped down, I want to tell you what it's like. We'd only been home a few days, and someone invited us out to dinner. Nancy and I both went out, got in the back seat of the car, and

waited for somebody to get in front and drive us. [Laughter]

[At this point, Rector Logunov presented the President with a gift.]

That is beautiful. Thank you very much.

Note: The President spoke at 4:10 p.m. in the Lecture Hall at Moscow State University. Anatoliy Alekseyevich Logunov was rector of the university.

Toasts at a Dinner Hosted by the President at Spaso House in Moscow May 31, 1988

The President. Mr. General Secretary, Mrs. Gorbachev, distinguished guests and friends, it's a pleasure to host all of you tonight and to reciprocate, in a small way, the hospitality you lavished upon us yesterday evening. While the General Secretary and I had already held three meetings before this one began here in Moscow, each of those earlier encounters took place in the autumn. The days were growing short, the weather ever grayer and colder. It makes for a bracing, delightful change to have this meeting take place at the high point of spring, a time of long, light-filled days.

I know that Nancy found her springtime visit to Leningrad earlier today both magnificent and moving. The play of light upon the rivers and canals added the special splendor of the season to a city splendid in any season. And everywhere, Nancy has told me, there was a sense of history, especially of Leningrad's immense courage and sacrifice during the Second World War, surely one of the most stirring epics in the whole human story.

Here in Moscow, I've been reminded a number of times during this springtime visit of a passage in a book about your country by Laurens Van der Post. Especially struck by the city's churches, Van der Post wrote that when he caught his first sight of the Moscow skyline he saw "the light of an unusually pure evening upon it. That light was alchemical, and it transformed Moscow into a city of gold. The tops of the spires and pinnacles drawing the rigid forms of the

skyscrapers after them into arrows of gold aimed at the arched and timeless blue." So, we, too, have found Moscow a city of beauties. A city, especially, whose pinnacles and spires reminded one at virtually every turn of man's ancient capacity for aspiration, for reaching out toward the light.

It's a particular pleasure to be able to welcome you to Spaso House—a house of considerable beauty in its own right—the residence of our Ambassadors to the Soviet Union. During the 55 years of diplomatic relations between our two nations, Spaso House has served as one of the principal settings for exchanges between us—exchanges formal and informal alike. There have been some splendid moments within these walls. Prokofiev once conducted his marvelous "The Love for Three Oranges" in this very room. As wartime allies, our representatives met often under this roof. And Ambassador and Mrs. Matlock have continued the tradition of making Spaso House a centerpiece of American culture, a place to receive and talk with Soviet officials and with people from all walks of life and from all parts of the Soviet Union. But there have also been quiet times in this house—unnaturally quiet times. Times when difficult relations between us meant that this house, this huge, magnificent house, stood virtually empty of visitors. I'm told that it was even possible to hear the Moscow Metro rumbling past, ever so faintly, deep in the Earth below.

Mr. General Secretary, we know that on matters of great importance we will continue to differ profoundly, and yet you and I have met four times now, more often than any previous President and General Secretary. While our discussions have sometimes been pointed or contentious, we possess an enlarged understanding of each other and of each other's country. On specific matters of policy, we have made progress, often historic progress. And perhaps most important, we have committed our nations to continuing to work together, agreeing that silence must never again be permitted to fall between us. We have agreed always to continue the interchanges between our nations because, I believe, we both hear the same voice, the same overwhelming imperative. What that voice says can be expressed in many ways. But I have found it in vivid

form in Pasternak's poem "The Garden of Gethsemane." Listen, if you will, to Pasternak's account of that famous arrest:

"There appeared—no one knew from where—a crowd of slaves and a rabble of knaves, with lights and swords and, leading them, Judas with a traitor's kiss on his lips.

"Peter repulsed the ruffians with his sword and cut off the ear of one of them. But he heard: 'You cannot decide a dispute with weapons; put your sword in its place, O man.'"

That's the voice. "Put your sword in its place, O man." This is the imperative, the command. And so, we will work together, that we might forever keep our swords at our sides.

Mr. General Secretary, ladies and gentlemen, Spaso House has, as I said, seen quiet times, yet the animated conversation of this evening has already done much to make up for them. And so, I would like to raise a glass to the continued interchange between our two nations and, if I may, to Spaso House itself, as a symbol of our relations. May this lovely home never lack for visitors and shared meals and the sounds of spirited conversation and even the peal of hearty laughter.

Thank you, and God bless you. And to the General Secretary, to Mrs. Gorbachev, to the relationship that I believe must continue.

The General Secretary. Esteemed Mr. President, esteemed Mrs. Reagan, ladies and gentlemen, comrades: I thank you, Mr. President for the words of greeting you just addressed to us.

Two great nations have given the two of us a mandate to determine what Soviet-American relations should be like. Since our first meeting in Geneva, relations between our two countries have overcome a long drawn out period of confrontation to reach an acceptable level from which it is now easier to move forward. In Reykjavik, in Washington, and during this present visit of yours, our dialog has been intense. Its most important result has been the now ratified first treaty to reduce nuclear weapons. A search is continuing to find a solution for problems relating to 50-percent cuts in stra-

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A DIFFERENT COMMUNISM

Hungary's New Way

By JOHN J. PUTMAN

NATIONAL GEOGRAPHIC SENIOR WRITER

Photographs by BILL WEEMS

ON A SPRING DAY in Budapest, when buds and tender leaves swell on bare tree limbs and old people and young mothers with children come again into the parks; when the landing docks are being rigged along the Danube banks and excursion boats reappear; when on the shopping streets, as if on a single command, women have abandoned winter's boots for pumps and the flash of ankles; when university students sprawl in the sun around the National Museum to study and the first tourist buses arrive, great shiny ones from Austria; when roads are crowded with automobiles and the Great Market Hall seems to groan under its weight of produce; well, on such a fine day, you should not feel in the company of ghosts.

But I did, as I stood waiting for the No. 2 streetcar. I was nearing the end of my travels in Hungary; two trips, eight weeks. I had come first in winter, when mists, rain, and snow shrouded the city in gray; when the old

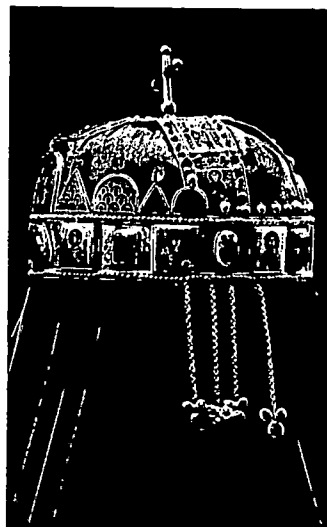
stone buildings of Pest appeared so heavy it seemed they might sink into the earth; when the country's thousand-year past, often so tragic, seemed to draw close, like the dark, lowering clouds.

The year of that winter marked the 25th anniversary of the uprising of 1956, when Hungarians took to the streets to throw off an oppressive Communist regime and were crushed by Soviet tanks and troops. At least 2,200 people—perhaps many more—died; 200,000 fled to the West.

I had come to look into reports that in the years since, Hungary had set off on a new and distinctive socialist course: that individual enterprise was not only permitted but encouraged; that factory managers were instructed to make their own decisions and a profit rather

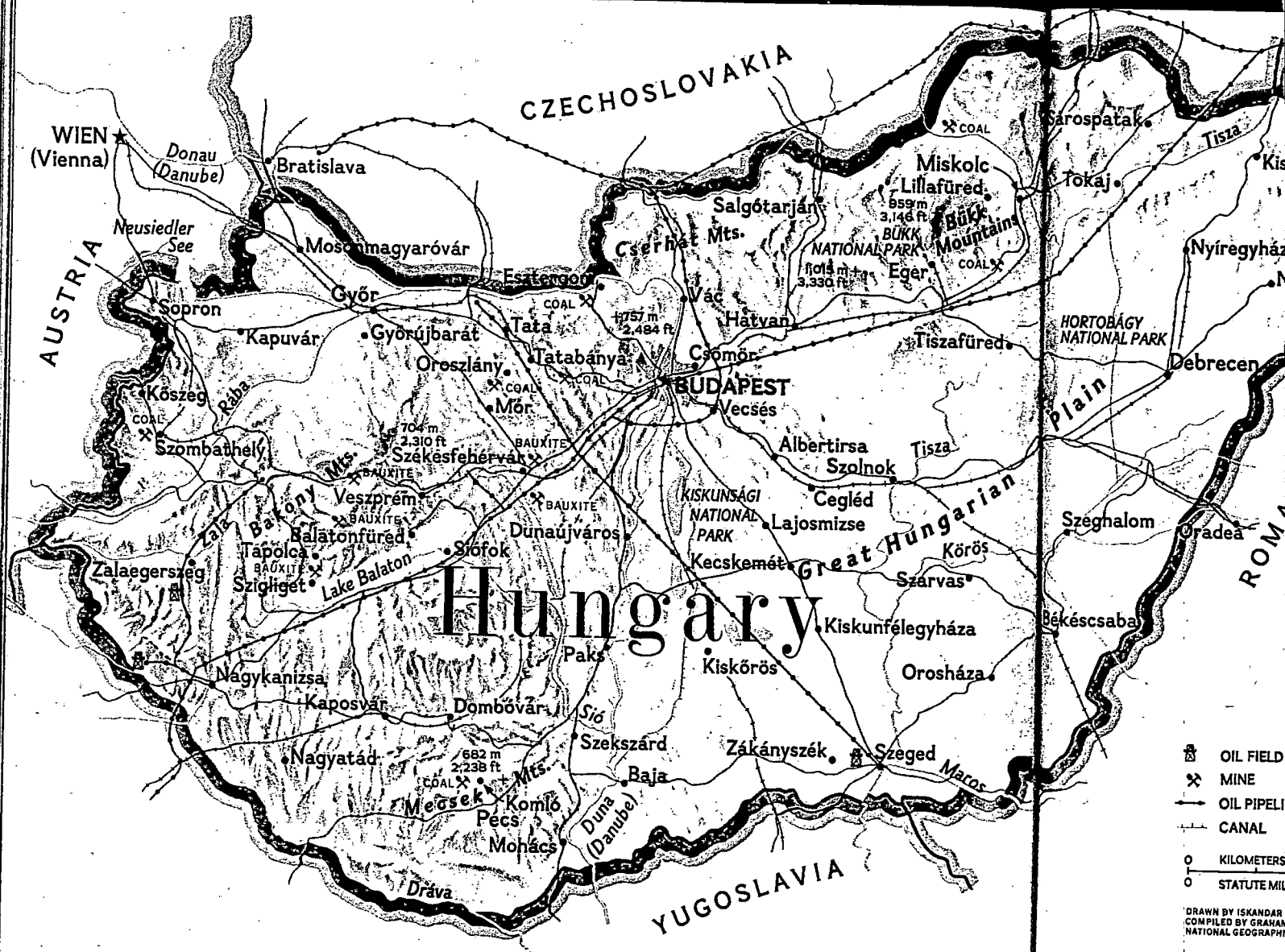
than follow some central plan; that members of farm cooperatives were assisted in growing livestock and food on their farm plots for private sale; that commercial and touristic ties to the West

(Continued on page 230)



Crown of St. Stephen, first king of Hungary, symbolizes 1,000 years of a proud but tragic history.

Their moment to shine, students graduating from a secondary school in Budapest exchange congratulations and good-byes, carrying armfuls of good wishes from parents and friends. Ever hopeful as a people, the Hungarians—in the most intriguing success story of central Europe—are carefully fashioning a new style of socialism on the doorstep of the Soviet Union.



Kingdom of Hungary
Magyars, the first Hungarians, invaded in the ninth century after migrating from the Ural Mountain region. They were converted to Christianity by Stephen I, crowned in 1001.



Turkish Rule
Ottoman Sultan Suleiman I defeated the Hungarian Army at Mohács in 1526, after which the nation was divided under Ottoman and Habsburg rule.



Habsburg Rule
Maria Theresa, the first female ruler of the Habsburg dominions, succeeded Charles III as monarch of Hungary, ushering in 40 years of mild reform and domestic stability.

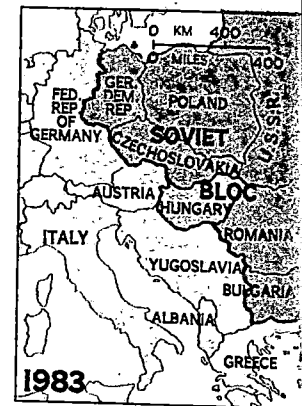


Napoleonic Era
Hungarian nationalism grew the decades before 1848, revolution led by Lajos Kossuth won independence. But Tsar Nicholas I of Russia helped down the rebellion a year later.



Hungary

IN THE HEART OF EUROPE, Hungary looks to both East and West for trade and culture. As a member of the Warsaw Pact, it stands firmly in the alliance of socialist states. Yet half of its business is with non-Communist countries, and its people have a keen taste for Western styles of living. Perhaps a million people of Hungarian stock live in the United States, more than 50,000 of whom fled Hungary following the 1956 uprising that was crushed by the Soviet Union. More than three million Hungarians live in neighboring nations. The Hungarian language is radically different from major European tongues, giving its poets a frustrating sense of isolation. Yet the warmth of its people is translated into friendship each year for a growing number of visitors.



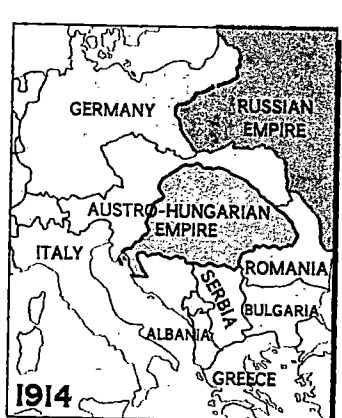
AREA: 93,030 sq km (35,919 sq mi). **POPULATION:** 10,713,000. **MAJOR CITIES:** Budapest (capital), 2,064,000; Miskolc, 209,000; Debrecen, 195,000. **LITERACY:** 98 percent. **LIFE EXPECTANCY:** 70 years. **GEOGRAPHY:** Mostly flat plains with hilly regions in the north and west. **CLIMATE:** Temperate. **GOVERNMENT:** Communist state. **ECONOMY:** Pharmaceuticals, transportation equipment, textiles, medical and scientific instruments, bauxite, corn, wheat, sunflower oil, sugar beets, wine.



Habsburg Rule
Theresa, the first female of the Habsburg dominions, ruled Charles III as monarch of Hungary, ushering in 40 years of reform and domestic peace.



1812
Napoleonic Era
Hungarian nationalism grew in the decades before 1848, when a revolution led by Lajos Kossuth won independence. But Tsar Nicholas I of Russia helped put down the rebellion a year later.

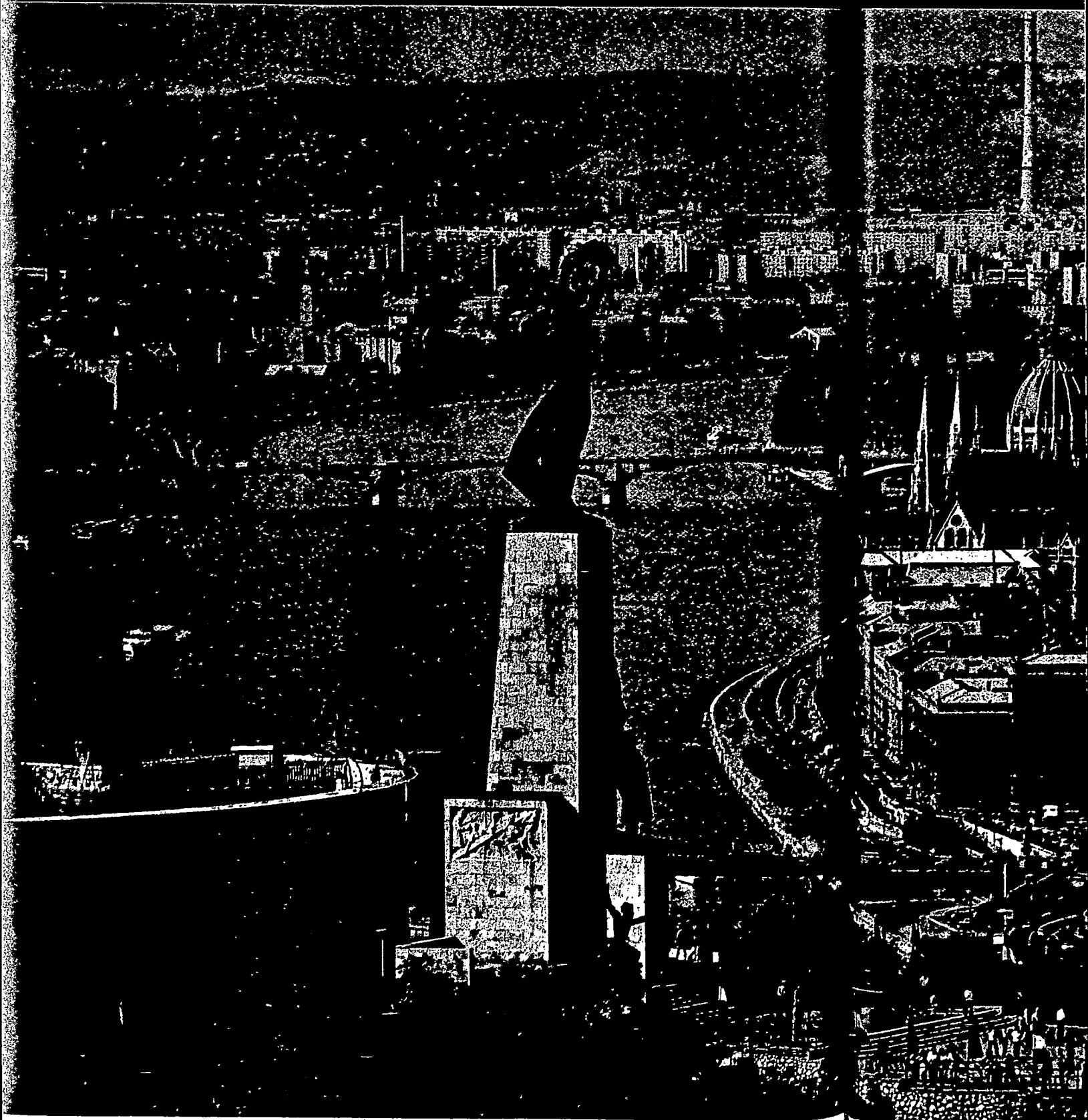


1914
World War I
Hungary entered World War I as part of the expanded Dual Monarchy. After defeat in 1918 Hungary lost 64 percent of its population and 71 percent of its territory (next map).



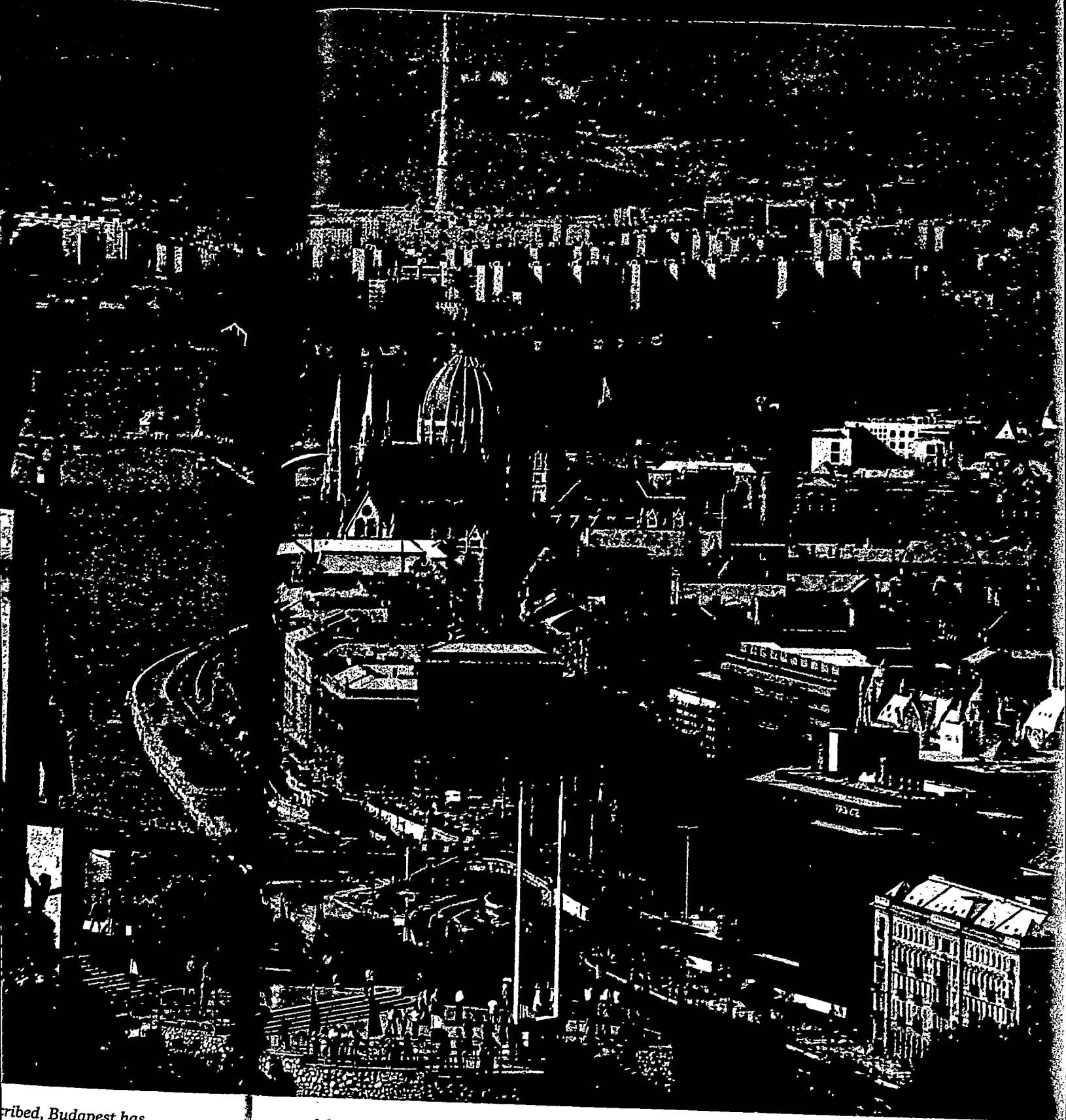
1939-1945
World War II
Hoping to regain lost lands, and defenseless against Nazi Germany, Hungary entered the war on the Axis side. Soviet forces were victorious in 1945; Communist control was complete by 1949.

Hungary: A Different Communism



Little Paris on the Danube, as it is colorfully described, Budapest has all the worldly charm of other major European capitals. The hills of medieval Buda on the river's west bank, at left, are linked to the elegant boulevards of more modern Pest on the east by eight graceful bridges. The soaring figure

of the Liberation Monument dominates the skyline of Pest. The city of Budapest was destroyed by the Germans in 1945. With a few exceptions, the city was rebuilt. The city is now a mix of old and new, with many of the old buildings and coffeehouses and concert halls still standing. The city dominates the culture of Hungary.



cribed, Budapest has
itals. The hills of medieval
the elegant boulevards
bridges. The soaring figure

ographic, February 1983

of the Liberation Monument commemorates the Soviet victory over Nazi
Germany in 1945. With a fifth of Hungary's population and a host of
coffeehouses and concert halls, as well as government offices and factories,
the city dominates the cultural, political, and economic life of the nation.

Hungary: A Different Communism

were being strengthened; that the once iron hand of Communist authority had been withdrawn from daily life, so that you might forget for days that you were east, rather than west, of the iron curtain.

When the No. 2 streetcar arrived, I hopped aboard and rode three stops to the Parliament Building, a neo-Gothic mass of stone raised at the turn of the century, a remnant of the Austro-Hungarian Empire. With my credentials approved, I entered. It was the first session of the year, and in the ornate corridors members greeted one another and chatted.

Hungary is a small country, I was reminded again. Among the members were people I

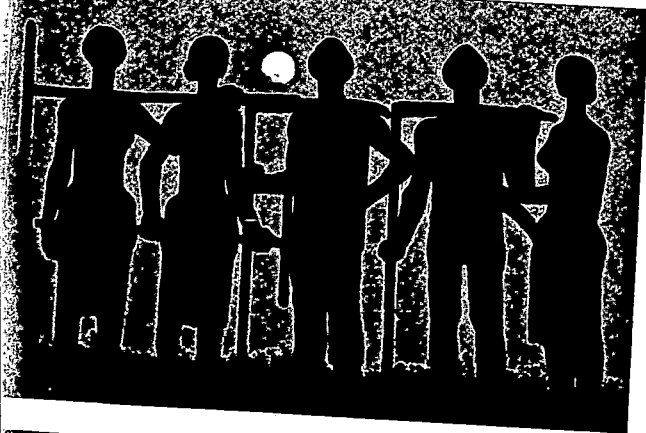
had met earlier, elsewhere: the rabbi, portly, in his yarmulke; the Calvinist bishop, tall, elegant, a gold ring flashing on his left index finger; the burly boss of the coal mines near Pécs, well tailored, who paused to recall my visit there.

It was, in a way, showcase parliament: It included a leading sculptor, a leading composer, leading personalities from a cross section of interests. It had, a Western diplomat told me, no power and met only a few days each year; but, he added, it had influence in the lengthier committee hearings, where proposals designed by the Hungarian Socialist Workers' Party could be discussed and differing points of view expressed.

A bell sounded the great chamber television and still row of tables for many rows of seats for parliament, First Secretary Socialist Workers'

In 1956, amid the left Budapest; he left Budapest; he Army, established led Hungary since. a traitor with blood Hungarians seem to

Once while a man need to reform the

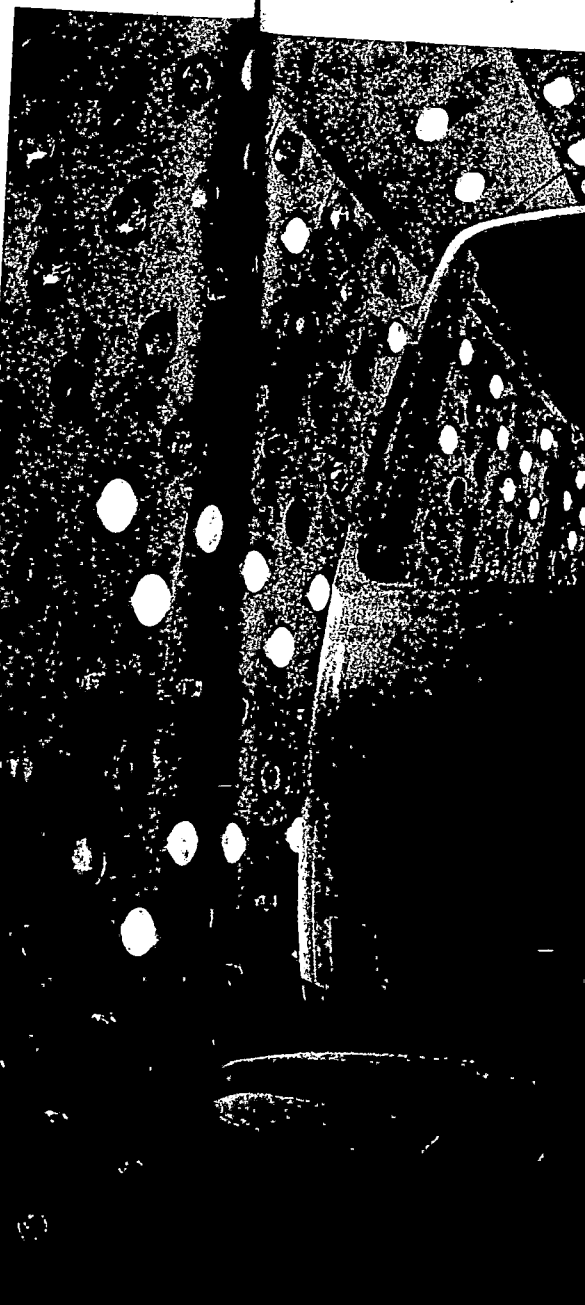


In the spotlight of a national effort to expand foreign trade, the Ikarus bus company, based in Budapest, has become one of the world's largest bus manufacturers. A worker in a drying chamber (right) smooths a coach's undercoat before final layers of paint are applied.

Paralleling trends in other industries, about 35 percent of the firm's workers are women, who hold positions from manager to welder (left).

Stylized workers unite in a statue outside the new industrial town of Dunaujváros (top left), where modern blast furnaces produce steel with iron ore imported from the U.S.S.R. Hungary relies upon the Soviet Union for about a third of its foreign trade, buying mainly fuel and raw materials in exchange for machinery and food.

In response to the high cost of oil and natural-gas imports, Hungary plans to burn more coal. At the 2,000-foot-deep mine near the city of Komló, miners bend to their work (left).



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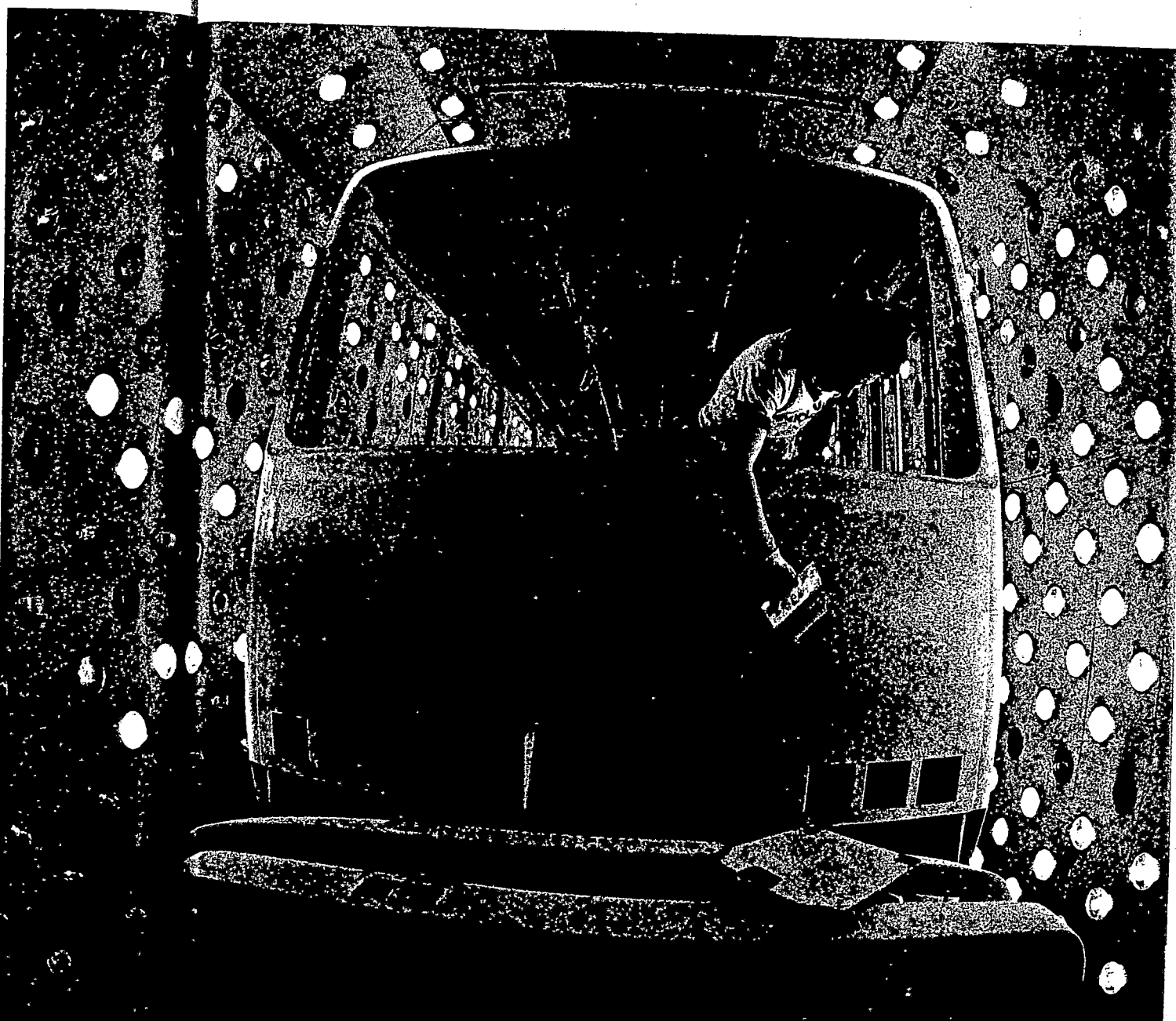
A bell sounded and we took our places in the great chamber. In the center crouched television and still cameramen; next came a row of tables for ministers; above them were rows of seats for parliament members. In the second row sat János Kádár, member of parliament, First Secretary of the Hungarian Socialist Workers' (Communist) Party.

In 1956, amid the uprising, Mr. Kádár left Budapest; he returned with the Soviet Army, established a government, and has led Hungary since. In 1956 many called him a traitor with blood on his hands; today most Hungarians seem to fear his passing.

Once while a minister spoke about the need to reform the legal code—it had grown

too bulky, too arcane—Mr. Kádár slipped from his seat and walked alone down a corridor. He is 70, above average height, neither fat nor thin. One shoulder seemed slightly hunched; he was plainly dressed, almost nondescript. There was an aura of power, but you might misread it; you might guess him to be the boss of a successful agricultural cooperative.

As I watched him disappear down the corridor, two of the ghosts at my side stirred. They were the ghosts of two men: Mr. Kádár had served both, watched them fail, turned against them. In the relationships, I knew, lay part of the explanation for Hungary's present course. *(Continued on page 236)*







Rocking and rolling in a Budapest park, some 30,000 teenagers crush toward the stage (left) during a performance by Locomotiv GT, one of Hungary's most popular state-approved groups. Screaming and shouting and dancing on the grass, the concertgoers nevertheless managed to leave the park almost as clean as they found it, thanks largely to only modest amounts of drugs and alcohol.

Klári Katona (below) touches a different chord in her listeners' hearts, singing—in a pleasing style halfway between new wave and jazz—lyrics of love.



Hurrying to get ahead in a society where consumer goods are plentiful but wages are low, 200,000 people a day jam into Budapest from 45 suburbs.

At the height of rush hour **(right)**, cars built in the Soviet Union, East Germany, Poland, and Romania jostle for running room with Czech streetcars and Hungarian-made buses.

Advertisements of the country's abundance—in contrast to some other Eastern European nations—legs of pork hang the length of a butcher shop **(below)** in the Great Market Hall of downtown Pest. In nearby stalls, salamis and other sausages fill the air with fragrance, fruits are piled high, and strings of red paprikas, the nation's favorite spice, loop over the counter tops.

Among the wealthiest men in Hungary, Ernő Rubik **(below right)** chats with his daughter, Anna, as he twists his world-famous cube. The teacher of interior design lives modestly in a modern Budapest house, despite royalties from cube sales that have made him a millionaire. More important than the money is the idea behind the cube, he says. "It gives you a good feeling when you solve it."



(Continued from page 231) It was a story that unfolded slowly as I crisscrossed Hungary, looking into life today.

ON A COLD, DRIZZLY DAY with fog drifting across the road, I drove to Győr, a city halfway between Budapest and Vienna, and on into the village of Győrújbarát. I made inquiries until I located the house of Károly and Piroska Németh.

I had come for a pig killing. In the long years before World War II, Hungary was a mostly rural country, backward, poor. A pig killing, with its promise of food, was a great ceremony, limned by poems and folklore. That mystique remains. I wanted also to learn why the markets of Hungary were so well stocked.

Mr. Németh greeted me with *törköly*, a brandy made from the skins of grapes after they have been crushed to make wine. A traditional drink, he said, "to give strength to pig killers." While Mrs. Németh got their three children off to school, Mr. Németh said that he was a factory worker, and Mrs. Németh an accountant at the farm cooperative here. As a member, she received a family farming plot, 0.6 hectares (1.5 acres) and 2,500 kilograms (5,500 pounds) of corn a year for fodder. They also now had two mother pigs and seven piglets in their backyard. They could sell the animals to the cooperative, or privately. "We sold 19 piglets in March," Mr. Németh said, "to other families, those who have no mother pigs. In fact, that's a good business."

They owned their house and had rented out another that they had inherited.

Friends and relatives arrived to help in the butchering. "All will get a part of the meat, all will share pork-and-cabbage soup afterward," Mrs. Németh said. We went out into the cold of the backyard. Men wrestled the pig onto its side; one cut its throat. When the pig was dead, the men used a blowtorch to burn off the bristles, then hung it from a butchering rack. Pails of water were set to boiling, the big cutting table scrubbed.

As the pig was butchered, parts were taken into the basement for further processing. The bladder was cleaned, to hold "pig cheese," the odds and ends of butchering; the intestines cleaned to hold sausage; the

nose and feet set aside to make pig pudding.

While the work went on, Mrs. Németh invited me back into the house to sample the fresh pig liver, sautéed in lard, sprinkled with paprika; fresh brown bread, homemade wine. But there was more: "Come into the kitchen, you must taste the sausage!" It was not yet smoked, but rich with the special musk of freshly killed meat, pungent from garlic and half a pound of paprika.

And then: "You can't leave yet, sit down again. The fresh cutlets are almost ready!" Mrs. Németh placed on the table steaming cutlets, pickles, more paprika, more fresh bread, more homemade wine. No man in all Hungary ate better that morning.

As I ate, I talked with Mr. Németh. I told him some said that the farmers in Hungary were better off than city dwellers; that there were millionaires in this village.

"It is not certain that we have a lot of money," he said, "but we have plenty to eat. We work hard, from four or five in the morning until eight in the evening; we have time only to sleep. But we have meat seven days."

Later I was told by the farm editor of the local paper that about half of the pigs in Hungary—some 420,000—are raised on such plots. "It is good for the state. It has to furnish no capital, and the pork is produced cheaply." The grandiose plans of the past, when livestock was to be raised exclusively in huge factory-like buildings, had been abandoned—at least for a time.

There had been food shortages in Hungary in the past, when production was too tightly controlled, when the incentive to work did not exist. Now, as one Hungarian told me, "People are allowed to work, to make money, and so we have food, the best in all the socialist world."

TO GAIN THE VIEW of a farm manager, I went to Tata, a town nearly 60 kilometers (35 miles) northwest of Budapest. There I toured the State Farm of Tata, occupying land once owned by the old and noble Eszterházy family. My host was József Vető, managing director, a man with a raspy voice and a countryman's way of cocking his head as he sizes you up.

We visited the noisy parts of the farm, where 28,000 geese lay 900,000 eggs a year and 7,000 ducks produce 500,000 young,

then the quiet parts, lakes where carp are raised, areas of wheat and corn, and notable eight metric tons of grain.

But in Hungary's quiet parts, fully utilize labor, the result: It held also a small hunting preserve from the Italians and West Germans that drew a stream of tourists.

In the riding school, a large number of horses and hay are raised. In the fireplace the coat of arms of the country we talked of changes.

"We used to have a lot of money," Mr. Vető said. "Ministry terminated the number of whatever the farm should produce, sometimes very low. But we produced, the greater part of it."

"Then the approach was to work out the annual plan, which is some review by the government, but very rarely will it change. And there is a change during the year."

"And now it is impossible to get a profit. The profit is between the state and the farmer, a part going to the workers. So people use their brains."

There was another change, Vető, I discovered, was a member of the party. Not a member. Ah, why. When I was the director, general manager, I did not. Now that I am the general manager, I think I'm too old.

"When this socialist system was introduced, the point was to get people to top positions. People were traditionally leaders of the working-class movement, loyal Communists. And the level of training was very important."

"Nowadays it is more important to be a good expert in your work, a good manager." Mr. Vető, is a good expert.

The small city of Eszterháza is on the Danube 40 miles upriver from Budapest.

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then the quiet parts, the 1,000 hectares of lakes where carp are bred, and 1,200 hectares of wheat and corn, the latter yielding a notable eight metric tons per hectare.

But in Hungary's quest to earn money and fully utilize labor, the farm had branched out: It held also a small plastics factory, a hunting preserve frequented by wealthy Italians and West Germans, a riding school that drew a stream of Austrian tourists.

In the riding school's stable, smelling richly of horses and hay and still bearing on its fireplace the coat of arms of the Eszterházy, we talked of changes on Hungary's farms.

"We used to have a very strict system," Mr. Vető said. "Ministries in Budapest determined the number of geese or ducks or whatever the farm should have, and we had sometimes very low prices. The more we produced, the greater the loss on the farm.

"Then the approach changed. Now we work out the annual plan on the farm. There is some review by the higher authorities, but very rarely will they suggest some change. And there is no interference at all during the year.

"And now it is important to gain profit. The profit is divided between the state and the farm, with a part going to the workers as bonuses. So people use their minds, their brains."

There was another change. Mr. Vető, I discovered, was not a member of the party. "Nem, I'm not a member. Ah, God knows why. When I was the deputy to the general manager, I did not join. Now that I am the general manager, I think I'm too old.

"When this social system was introduced, the point was to appoint people to top positions who were traditionally leaders of the working-class movement, very loyal Communists. And the actual level of training was not that important.

"Nowadays it is more important that you are a good expert in your field, and a good manager." Mr. Vető, it was clear, was one such good expert.

The small city of Esztergom lies on the Danube 40 miles upriver from Budapest:

The river here marks the border with Czechoslovakia. It is a place to pause, to seek perspective. Near here, in Roman times, the emperor-philosopher Marcus Aurelius wrote his *Meditations*, among them: "Time is a sort of river . . . and strong is its current; no sooner is a thing brought to sight than it is swept by and another takes its place, and this too will be swept away." And so the Romans were swept away.

The Magyars arrived late in the ninth century, and here in the 11th their first Christian king, St. Stephen, was crowned; here Mongol invaders of the 13th century failed to take the city's fortress; here in the 16th century came the conquering Turks, who ruled much of Hungary for 150 years; and here thereafter, under the Habsburgs of Austria, arose the fine baroque houses, the churches, and ecclesiastical buildings that give the town its present character.

Esztergom is called Hungary's Vatican; its great cathedral holds treasuries of gold chalices, embroidered vestments, the tombs of the archbishops. I wondered: When the river of time brought Communism, what



Tapping the talents of handicapped workers, the Rozmaring flower cooperative outside Budapest has pioneered a unique hiring program. In hopes of broadening their opportunities, it has filled its accounting department with 50 disabled people.



Spicy revues at the Moulin Rouge (opposite) and other Budapest cabarets are tailored to please an international audience. A plush new casino also caters to foreign visitors, though no Hungarians are permitted to enter.

Following 1981 economic reforms, the city's night life has come alive with small, independent enterprises such as restaurants, bars, and taxis (left). Recognizing the need for more specialty businesses, the state wants to bring into the open the vast "second economy" of moonlighters, in which perhaps 80 percent of all workers participate.

On a street in the downtown district, filmmaker Gyula Gazdag (below center) directs a scene for a modern adaptation of Balzac's "Lost Illusions." The movie tells the story of a Hungarian journalist in the late 1960s who loses his integrity through compromises. "Our history bears heavily on all the films we make here," Gazdag explains.



was the effect on the Catholic Church, which had once claimed two-thirds of Hungary's people as communicants?

IN THE PALACE OF the cardinal primate, I talked with Father Pál Cséfalvay, director of the museum. He said there were no statistics on church membership; answers could not be precise.

"Religious commitment is growing a bit stronger in urban areas; materialistic trends are stronger in the rural areas than they used to be." Here there was an adequate number of candidates for the seminary.

As for government policy: "The first secretary, János Kádár, said he is not bothered if someone goes to church in his free time, or goes to see a soccer match in his free time; the important matter is that someone should work well after doing so."

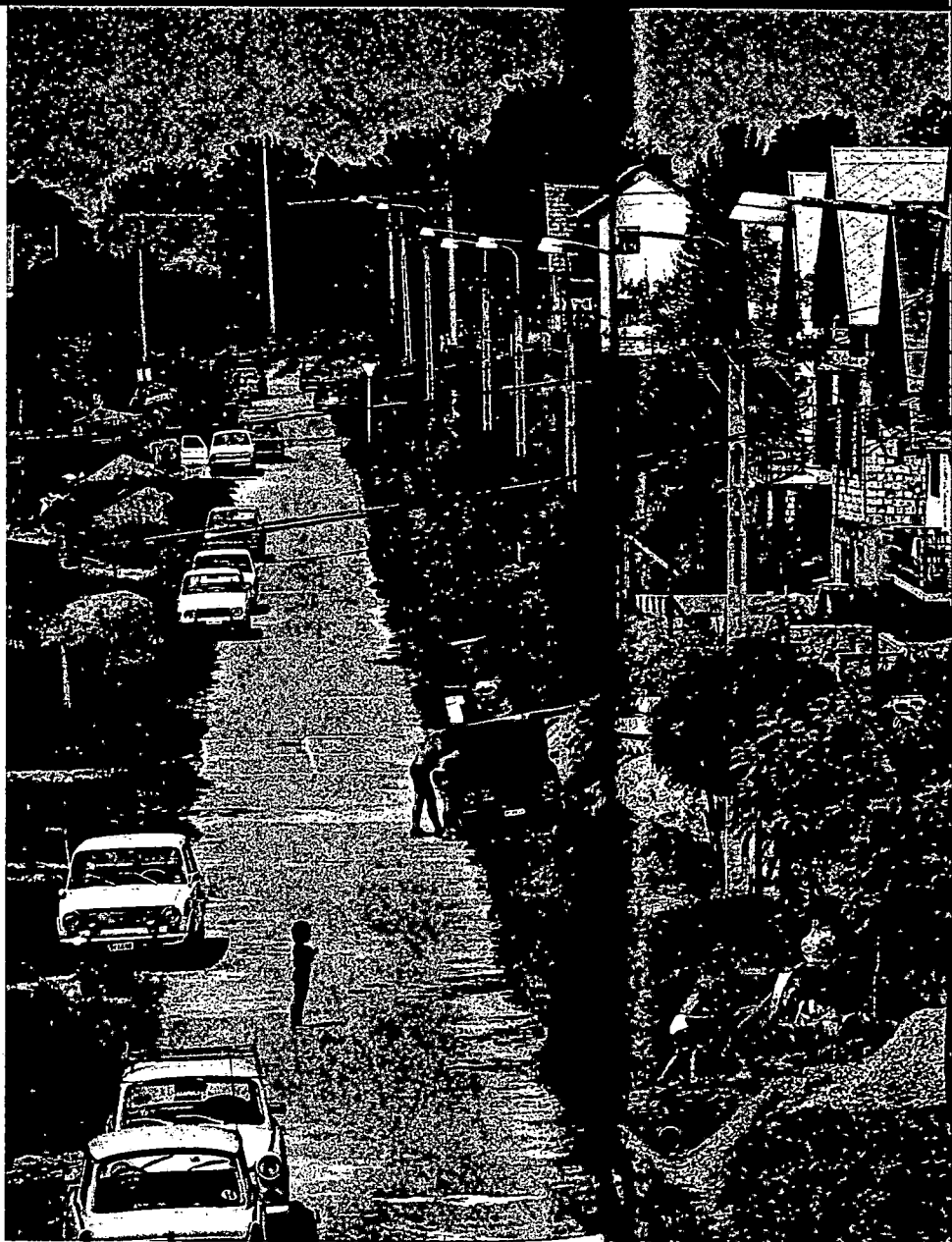
The church runs eight secondary schools in Hungary, six for boys, two for girls. "They are not free, and so the parents bear an extra burden. As for the state primary schools, it is not forbidden to have religious instructions if the parents so wish. The instruction may be in the morning before the first class, or after the last. In some places, very many students attend these instructions; in other places, not so many."

The priest saw a positive sign in this arrangement. "It is not explicitly stated, but there is an implication in this that makes us feel that we are somehow urged to go on with our religious instructions, to put a good impact on the children in schools, to have them under a good influence."

But there was a ghost in this place, the ghost of a man who once dwelt here, József Cardinal Mindszenty. His bitter resistance to Communism had made him a martyr. He died in exile in Vienna in 1975.

"For sure he had some good qualities," the priest said. "He was very strongly protecting the rights of the church, but he also tried to defend political positions that did not exist any longer. He did not recognize a republic; he called himself prince primate, a title from the Habsburg kings; and he thought of himself as the foremost 'baron' of the country."

"He expected everybody to become a martyr like himself. But it was not naturally desired by everyone, nor by the political situation, nor by (Continued on page 248)



Do-it-yourself house building is a common pastime in Hungary, both in suburban neighborhoods (above) and in the countryside. Private construction in 1982 accounted for 60 percent of the nation's new housing, including homes built by contractors and apartments put up by construction cooperatives.

In the village of Szigliget, family and friends of Béla Kovács (right) pass building blocks hand to hand. It will take the Kovács family more than two years to finish the new house, which will stand next to that of Béla's mother.



Outperforming the rest of the Soviet bloc, Hungary's farms bring in bumper crops of grain under a system of loose controls unlike any other in the Communist world. Managers of the nation's 130 state farms follow production guidelines, but chairmen of the 1,360 cooperatives that cultivate 80 percent of the farmland are left largely on their own to show a profit for their members. The results have been rewarding. While most Eastern European nations import foodstuffs, Hungarian agriculture contributes nearly a fourth of the country's exports.

Many cooperatives have diversified into light industry such as plastics manufacture or tire retreading. Such initiative can be important to their profitability since, though some cooperatives receive technical advice and financial aid from the state, they must purchase their own supplies and equipment.





Entrepreneurial fever grips nearly everyone in the countryside after the day's work is finished at state farms or cooperatives. In a field near Kiskunfélegyháza a member of the Lenin Cooperative sows corn with a homemade planter on the small portion set aside for his private use (above).

To supplement income, a housewife in Zákányszék (left) raises nutrias in her backyard to sell to furriers, and a boy outside Szeged (right) helps harvest beets from his family's private plot.

At least 1.5 million families have such private gardens or plots for raising animals. On these small plots they manage to raise half of the beef and dairy, a third of the beef and dairy, 40 percent of the poultry, 40 percent of the wine grapes, and 40 percent of the vegetables—in all, about 40 percent of everything produced in the country.

Private plots have become so important in fact, that life in some parts is said to be the most comfortable and profitable—in the country.

National Geographic, February 1983

Hungary: A Different Country



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At least 1.5 million families keep
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third of the beef and dairy cattle, 70
percent of the poultry, half of the fruit
and wine grapes, and 40 percent of the
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everything produced in Hungary.

Private plots have been so successful,
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graphic, February 1983

Hungary: A Different Communism

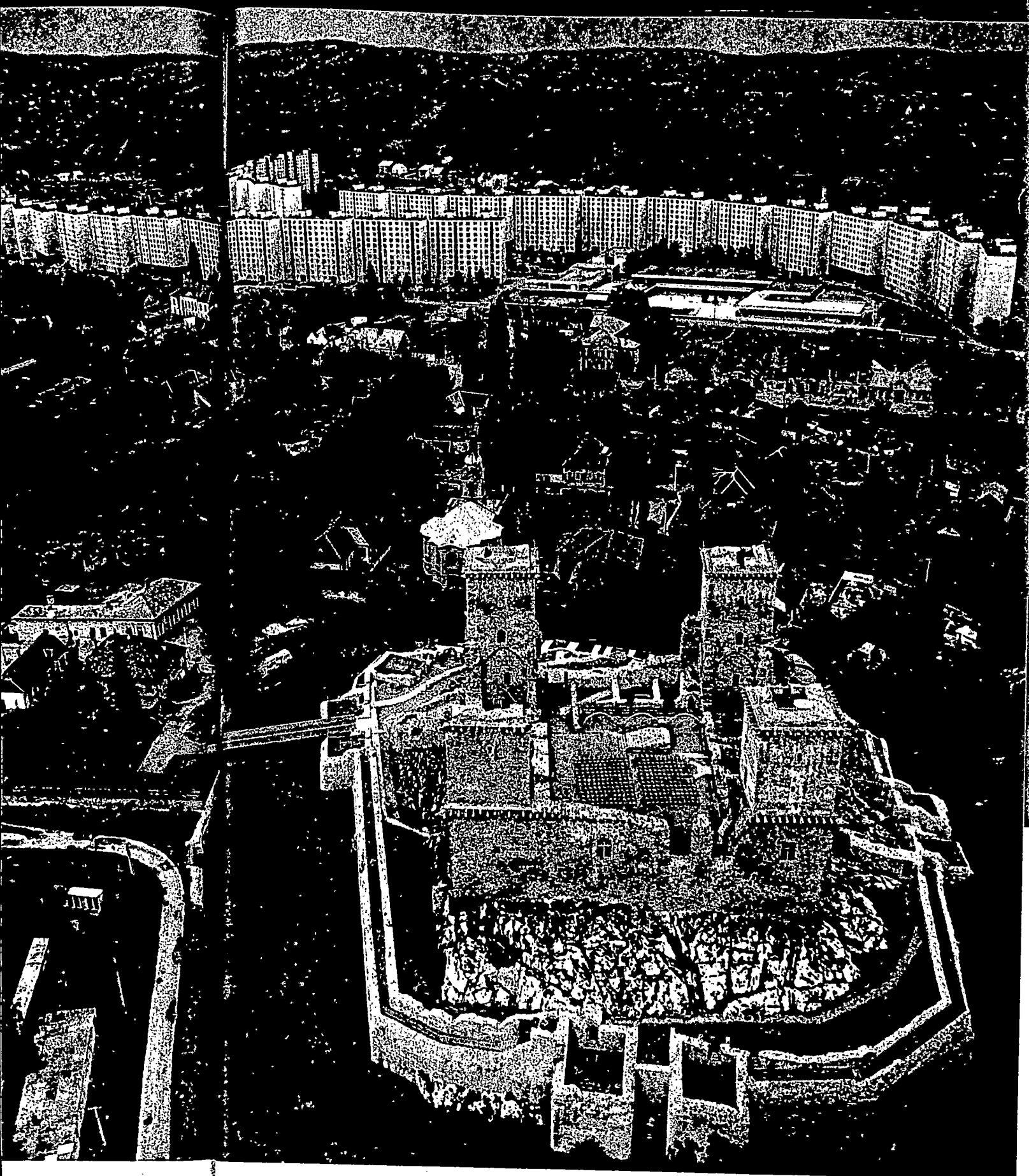


Fit for a queen: The Diósgyőr castle on the outskirts of Miskolc (right) was the scene of royal hunting parties during the 14th and 15th centuries, when it was known as the queen's castle. It is now used on summer evenings for open-air concerts of classical music, jazz, and operettas.

A commercial center since the Middle Ages, Miskolc is the nation's second largest city, with a population of 209,000. Expansion of its heavy industry in recent decades has created new urgency for additional housing. In response the state has erected strings of prefabricated apartment projects, background, like those going up all over Hungary.

To get away from it all for a while, many apartment dwellers keep a garden in the nearby countryside. Outside the city of Győr in western Hungary, László and Ágnes Csontos (above) taste the year's vintage. They also grow peaches, apples, and enough vegetables for their whole family on a plot with a tiny weekend house for sleeping. "It's a good place to relax," László says. "We come out every day after work and on most weekends in summer. Our granddaughter loves to play in the garden."





(Continued from page 240) the policies of the church itself. Of course, anyone who is religious fears the withering away of Catholicism, but there are many ways one can act in this situation. To be very stiff, just to reject everything: That is not the only way."

And so, as the perception of János Kádár has changed over the years, so, in the minds of some, has the perception of József Mindszenty, prince primate, baron, martyr.

THE JOURNALIST and I sat in a hotel dining room by the Danube. Through the curtains passersby outside appeared as silhouettes, spectral. "You could call me a survivor," he said. He had been a member of the Communist Party in 1956; in the midst of the uprising he found himself in the Parliament Building, a functionary of the government of Imre Nagy.

I pressed him: Why did Nagy, a Communist, declare Hungary neutral and ask the United Nations to help get the Russians out? "He was desperate, all else had failed." And who was in the streets? Who had the guns? Who led them? What did they want? Exactly what happened?

"To this day, my friends and I spend hours digging up every little detail. Still, we don't understand what happened. It was so quick. Perhaps if it had taken more time, we could see what really happened. Power totally collapsed. All this in just a few days!"

He remembered the time after the revolt had been suppressed. "Strange things were happening. Some came back from arrest, others didn't. Ministers seemed to come back from the earth. I didn't join the party again. I had some difficult years, employment problems."

Why didn't he rejoin the party? A silence, then: "Some who were executed were party members. Perhaps that is one reason."

Among the party members executed was Imre Nagy, the man he had served. Nagy was a thickset man with a farmer's mustache and a schoolmaster's pince-nez. The ghost of Nagy was often with me, especially as I walked in Budapest. He had liked to stroll the boulevards, boutonniere in place, responding to the greetings of admirers. He was a kindly man, popular.

Another who had been in the Parliament Building, serving under Nagy, was János

Kádár, until he slipped away to the Russian side. In Eastern Europe, Mr. Kádár could clearly see, good intentions and popularity are not enough.

But there was another ghost in this matter, a man whose name I would hear from time to time in Hungary, spoken as if a verbal charm, to ward off the return of evil: Rákosi. Mátyás Rákosi was, some remember, a dumpy little man with a moon face, always dressed in the regulation black suit and silver tie, always accompanied by two men, each with a hand in his pistol pocket.

Rákosi came to power with the Russian Army after World War II. He destroyed opposition parties bit by bit, "like slicing salami." Then he proceeded to oppress his fellow Hungarians: "If the doorbell rang after ten in the evening, you were terrified." The terror, the oppression helped inspire the events of 1956. Among those who served Rákosi, and who were jailed by him and in jail tortured, was János Kádár. There were lessons to be drawn.

I sat in a large book-lined office in the Parliament Building. The man opposite had been an orphan, raised in institutions; once he had wanted only to read poetry. Now he was a deputy prime minister, a member of the politburo, soon to be secretary of the central committee. His graying hair was swept backward, his nose prominent, his shoulders stooped as if weighted by more than a single lifetime of experience.

"I have no personal reasons to say that what happened before 1956 could be portrayed in clean colors," György Aczél said. He had spent more than five years in prison.

His perceptions of the events that led to the uprising:

"There was a group of leaders who misused the name of the Communist Party and made several faults by misusing that name. There were brutal deeds attributed to these people, and I would state that the Hungarian people in 1956 were disappointed not because of socialism but because of these brutal distortions."

In Mr. Aczél's view the revolt had been started by young people wishing to reform the Communist Party, then was seized by people wishing to overthrow the socialist system. And so it was crushed. This is the view taught in schoolbooks.

What had he learned? It is impossible to make a choice against their will; and one to subject a people to such experiments. So it is our common fate to be built with sweat, and tears; we hope for people happy, not for

I BEGAN with my mother's so rich and peppery beefsteak, to be eaten with sliced brown toast; then the house specialty, beefsteak, smothered with onions, paprika. My mother, Hajdú, watched with a now and then refilling with a white wine from the Balaton region. József's wife, Marika, operated the restaurant Aranyhíd (Golden Bridge), a contract restaurant, a sample of the individualism that is now encouraged in Hungary. I wanted to learn how it worked.

József told me that the restaurant was owned by the state and was in the south Buda, which operated restaurants and coffeehouses. He rented out some to employees. He had a long time with such a job, and I had done so. The menu, and monthly pay for food and drink supplies.

The hours are long, but the pay is good. "Before we took over, we offered just beer, some food. Now we have a kitchen, everything cooked to order. The restaurant was open 24 hours, now it is open to midnight, just as long as people stay."

Now their goal was to build a side terrace: "If we get it, we'll have contracts, and then we'll be able to expand."

After testing individualism in restaurants, the government was moving into other areas, such as computer technology.

And so one fine spring day László Barthó, 37, with an anxious expression of his face and wife and two children

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graphic, February 1983

What had he learned in prison? "That it is impossible to make a people happy if it is against their will; an ideology should not be one to subject a people to tests and experiments. So it is our conviction that this system is to be built without unnecessary blood, sweat, and tears; we have to make people happy, not force them."

I BEGAN with marrow soup, so rich and peppery it had to be eaten with slices of thick brown toast; then I addressed the house specialty, Hungarian beefsteak, smothered in tomatoes, onions, paprika. My host, József Hajdú, watched with interest, now and then refilling my glass with a white wine from the Lake Balaton region. József and his wife, Marika, operate the restaurant Aranyhíd (Golden Bridge) as a contract restaurant. It is an example of the individual enterprise that is now encouraged in Hungary. I wanted to learn a little of how it worked.

József told me that the restaurant was owned by the state catering company of south Buda, which operates about 160 restaurants and coffeehouses. "They decided to rent out some to employees who had worked a long time with such companies. My wife and I had done so. There was a down payment, and monthly payments. We can buy food and drink supplies anywhere."

The hours are long, but the results satisfying. "Before we took over the restaurant, it offered just beer, some warm sandwiches. Now we have a kitchen, offer a wide variety, everything cooked to order. And before, the restaurant was open only to 10 p.m.; now it is open to midnight or even 4 a.m., just as long as people stay."

Now their goal was to build a large outside terrace: "If we get it, we will get tourist contracts, and then we will succeed!"

After testing individual enterprise in restaurants, the government allowed it in other areas, such as computer software.

And so one fine spring day I talked with László Barthó, 37, who had the slightly anxious expression of any man with a wife and two children who is planning to

In her dreams a young Gypsy, Gizella Bogdán, travels far from her village near the Yugoslav border to the world of high fashion she finds in magazines. A tough people with a footloose past, Hungary's 320,000 Gypsies are slowly being drawn into the rest of society.



abandon a certain salary for the risks of entrepreneurship.

In lieu of a card he presented me with a freshly printed sheet of stationery. It read: "DATACOM, Számítástechnika [Computer Technology]." He said there were three other partners in the company, that their clients were state-owned enterprises, from the largest software house to small businesses. "We have about ten years' experience in the field, a lot of connections. Some companies advertise; we have not felt the need."

He cited an example: "One large-scale state company got in trouble with a contract. It needed a packaged program in one month, a very short deadline. No one wanted the job. They came to us."

While building their business, the partners hold onto their old jobs. The company's business is handled "after work, on the weekends, whenever there is time. But it's impossible to go on like this always. One must choose."

"It's a little bit dangerous. The future is hopeful. We do not know if there will be changes, and if so, in what direction. But the company is useful and good, and in it I feel

that I am truly responsible for what I do."

In the 1950s Hungary utilized a classic socialist economic system, one patterned on that of the Soviet Union in the 1930s and '40s. This was successful in turning an agricultural country into an industrial nation. But by the beginning of the 1960s, results diminished. "We realized," one economist said, "that if we wanted to continue the economic development of our country, we had to change our methods."

So in 1968 the state introduced the New Economic Mechanism, a set of rules that to a degree decentralized planning and control, reinstated the profit motive, allowed the functioning of supply and demand, and permitted accumulation of individual wealth.

"I think our system is unique," the economist said. "And the reason is that our position in the socialist bloc is unique. Almost 50 percent of our national income is based on foreign trade. So we are obliged to have a very elastic, very flexible system."

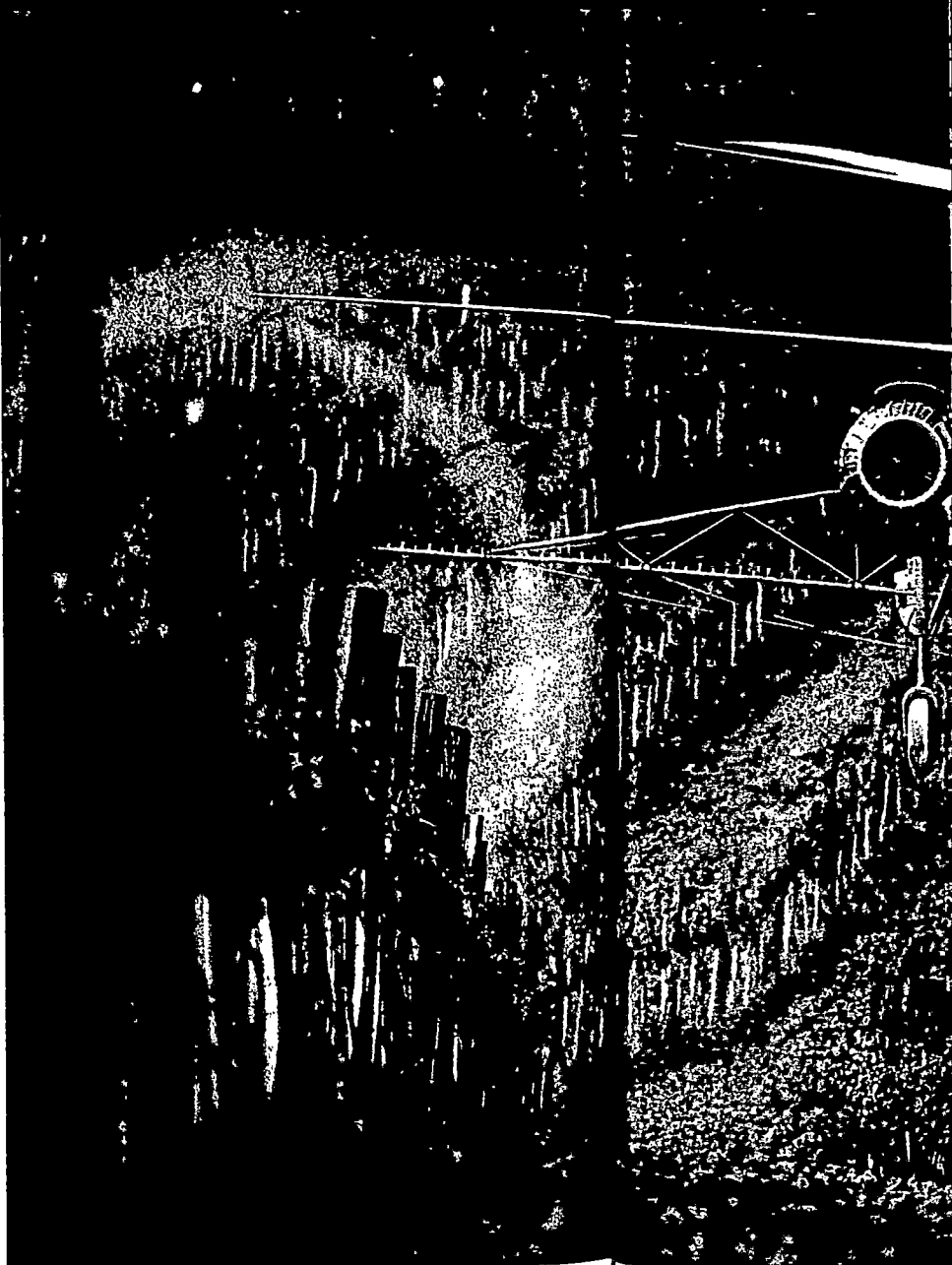
POOR in natural resources, save for its good earth and bauxite, Hungary must import (petroleum, natural gas, automobiles). To pay for those imports, it must export (pharmaceuticals, buses, axles, salami, wheat, alumina). About half the trade is with nonsocialist nations.

In the scramble for foreign earnings Hungary vigorously seeks joint enterprises with Western companies and searches for new markets. The French and Italians like very much the taste of white rabbits? Well, send them 40 million dollars' worth a year. Send them also doves, pigeons, goose liver.

Does the world seek new novelties? Send it a rather curious toy, the Rubik's Cube.

I caught up with Ernő Rubik at the Academy of Applied Arts in Buda, where he is a professor (page 235). I had read somewhere that he had created the cube as a tool to help his students; I expected an old, kindly, possibly distracted gentleman. Instead I found a 38-year-old father of two, of moderate height, with a finely wrought face, quick eyes, clad in brown slacks and sweater and open-necked shirt. In the cabin of a jetliner, where he is often found nowadays, you might mistake him for a French entrepreneur, bound to or from a ski holiday.

I asked if indeed he had developed his



Doing battle to protect a national treasure, a helicopter sprays a vineyard of the northeast, where raisinlike aszú grapes are grown to produce a world famous sweet wine. Praised by Voltaire and cherished by Peter the Great, Tokaj (Tokay) wines reflect the skills of nine centuries of vintners.

In a dank cellar of the state winery at Eger, wine master János Árvai (right) draws a sample of Egri Bikavér, called bull's blood for its velvet color and potent kick. Excellent wines are also made in the hills above Lake Balaton.

Refreshing their spirits after a long day of picking hops destined for a brewery in Budapest, a farm couple unpack a little supper. The standard of living in rural areas has steadily improved since the end of World War II, when the Communists dismantled a feudal-like system of large estates. Today every village is said to have electricity, though not every farmhouse has it.



cube as a teaching aid. "Everything a teacher does is related to the teaching process." But a teacher is human like everyone else, and he creates for himself as well as for others. "I could say the reason I started to be active in this field is simply my own character. You could say it grew out of my profession. I am an architect and an interior designer."

Of his earnings (more than 30 million cubes have thus far been produced) he would only say: "In my case, which would characterize the situation of other inventors also, I get a certain share of the sales. Of course, in the case of the cube, which is so popular, the profit is quite large."

Yes, he has other ideas, new ones, and is pursuing them. Among them a book.

SOMETIMES, in Hungary, a sense of tragedy sneaks up on you. I was visiting the bauxite mines near Tapolca when an official led me proudly into the miners' social and educational center. It was a fine new building with classrooms,

meeting rooms, a library, and an auditorium. Something about the auditorium seemed odd. It was, the official said, previously a synagogue; the new part of the building had been built around it. All over Hungary synagogues now serve such purposes. In them, if you have an imagination, you may hear a terrible cry.

In 1944 German and Hungarian Nazis rounded up 600,000 Jews and shipped them to concentration camps and death. Today perhaps 20,000 Jews remain outside Budapest: not enough to keep the rural synagogues alive; only enough, perhaps, to muster the required ten Jewish men for services in a prayerhouse. So the synagogues were sold, for uses deemed appropriate.

The Jews of Budapest were luckier. Their total destruction in the ghetto was frustrated. Two days before a final effort by the Nazis to eliminate them all, the Soviet Army fought its way into the city. Mrs. Ilona Seifert, secretary-general of the Central Board of Hungarian Jews, was then a young girl,

cowering in a cellar. She remembers the terrible fear that it was the appearance of a

Mrs. Seifert, a clear and clean taste, a short woman, still diminished. "We have gogues and prayerhouses, the greatest Jewish community in Europe. Perhaps 80,000 people, a hospital with 200 beds, a kindergarten, a school, teachers, and a kosher kitchen for older people who care for themselves. And we have a theological Seminary, a school such as no other remains in Europe. It has 18 students. In the Soviet Union, one from the German Democratic

The cost for all these institutions from the state, international organizations, and the Jewish community.

Mrs. Seifert led me to a synagogue, built in 1859, a museum adjoining it, a small simple cloth, and the small garden. A Nazi legacy, a mass grave, I think, 3,500 buried there.

With that background, it appeared good. The renovation began after 1956. "Then in our time it is not somebody has written a capital letter or with an interesting if somebody is religious. What is important is the country.

"And after this began

By all rights, some should not be in Hungary. The language is incomprehensible to foreigners, if their history has been their own doing. Where from? I talked with Dr. Ethnographical Institute of the Academy of Sciences. I saw a large map of the Soviet Union.

"Here is the place, just in western Siberia: New East, not west, of the region was then a pin

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cowering in a cellar with 84 other people. She remembers the cellar door opening, the terrible fear that it was a Fascist killer, then the appearance of a young Russian soldier.

Mrs. Seifert poured kosher slivovitz, clear and clean tasting, into glasses. She is a short woman, stout now, energy undiminished. "We have in Budapest 30 synagogues and prayerhouses; ours is now the greatest Jewish community in middle Europe. Perhaps 80,000 strong. We have a hospital with 200 beds, three old-age homes, a kindergarten, a school, two day-care centers, and a kosher kitchen to prepare food for older people who cannot shop or cook for themselves. And we have the Jewish Theological Seminary, a century old, the only such school remaining in Eastern or middle Europe. It has 18 students; three from the Soviet Union, one from Czechoslovakia, one from the German Democratic Republic."

The cost for all these was met by contributions from the state, international Jewish organizations, and the Jewish community.

Mrs. Seifert led me into the main synagogue, built in 1859 in Moorish style; the museum adjoining it, its most eloquent object a small simple cloth, six pointed, yellow; and the small garden behind it, another Nazi legacy, a mass grave. "There are, I think, 3,500 buried there," she said.

With that background the present appeared good. The renaissance, she said, began after 1956. "Then Mr. Kádár said that in our time it is not interesting whether somebody has written the name of God with a capital letter or with a small letter. It is not interesting if somebody is an atheist or religious. What is important is to build together the country.

"And after this began a new life."

By all rights, some say, the Hungarians should not be in Hungary at all; if their language is incomprehensible to their neighbors, if their history has been problematic, it is their own doing. Where had they come from? I talked with Dr. Péter Veres of the Ethnographical Institute of the Hungarian Academy of Sciences. He jabbed a finger at a large map of the Soviet Union.

"Here is the place, just east of the Urals, in western Siberia: New evidence places it east, not west, of those mountains. The region was then a pine forest, the people

hunters and fishermen. They were a mix of Caucasian and Mongoloid. They are now called the Finno-Ugric people.

"Some of those people migrated north. Some became the Finns, while smaller groups settled across the northern part of what is now the Soviet Union. There, perhaps 25 ethnic groups still speak Finno-Ugric languages. Some live a very archaic life. Some are hunters and fishermen and also deal in reindeer breeding. We study them, to find out about our own past.

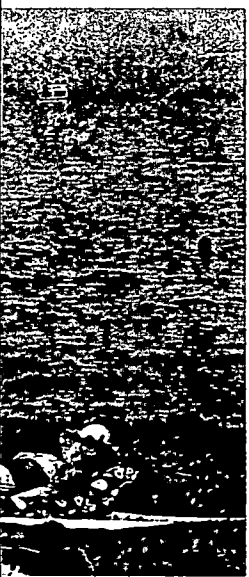
"Between the 12th and 10th centuries B.C. a change of climate took place in western Siberia. The groundwater began to rise, the area became a sort of marsh, and the people had to move. The ancestors of the Hungarians moved south. They abandoned their life as hunters and fishermen and became a pastoral people, always in movement. Gradually, over a period of 2,000 years, they moved to the west, arriving here in the year 896."

WHAT REMAINS of the old culture? "Elements in our folkloric music. Our skill at husbandry. And, there are old people alive today who remember shamanism—how certain people, when they became shamans, could cure illness, could locate lost or stolen goods, could find the answers to problems."

And there was the language, the language that binds Hungarians together. Only 15 million people in the world speak it, the nearly 11 million within Hungary, some four million outside—among them perhaps two million in Romania, 800,000 in Czechoslovakia, 800,000 in Yugoslavia.

It is an irony that after World War I, when Hungary regained its independence for the first time in the modern era, it lost by a treaty 71 percent of its territory, much of its population. Those lost people remain in the consciousness of the Hungarians. Especially those in Romania: "They are badly treated," I was told more than once.

But there were life-affirming memories I would take from Hungary. I liked the streetcars, three little cars in tandem, bright yellow, darting this way, that way, like goldfish in a row; the Bükk Mountains, lilliputian, with forests, castles, pine smells, and then you are out of them. I liked Gypsy musicians,



Millions of sun lovers come each summer to Lake Balaton (above) from all over Europe to swim, sail, or just soak up a tan by a log-cabin-style tent (left).

The number of tourists visiting Hungary has doubled during the past decade to more than ten million in 1981, 85 percent from socialist nations such as Czechoslovakia and East Germany. Winter sports are popular in the Bükk Mountains of the northeast, where a skiing family (right) takes a break for a bite of hot lunch.



but you must be lingering over wine and with friends (and perhaps two of those friends are falling in love; he will give her earrings, she will have her ears pierced). I liked the young Budapest couple's flat on Molnár Street, the old-fashioned windows; the boarder who uncorked plum brandy from his father's house in Yugoslavia; the old lady who lived alone and came each day just to sit quietly and hear voices and so hold on to life.

I like Hungarian poetry, the way it evokes the mystery of the land, and the way tragedy runs through it as rivers, creeks, and rivulets of rain run through the land itself. I like its devil-take-the-hindmost defiance. The poet Attila József shocked his university teachers in the early 1900s but later won the hearts of his countrymen with this bold challenge to life, its blows, its demands:

*Without father without mother
without God or homeland either
without crib or coffin-cover
without kisses or a lover . . .*

Even on journeys with only pleasure in mind, I found more ways that individual enterprise is harnessed in Hungary. I went

to the Tokaj wine region in the northeast, where the Great Hungarian Plain meets the Carpathian Mountains. The southern slopes of these mountains have been cultivated for the grape since medieval times.

One old cellar, 2,700 meters of labyrinth, held 6,000 barrels; I sampled from 14. The wines varied from clear, sharp new ones to sweet, old, brownish ones, some made with raisinlike *aszú* grapes. As I sipped, very contentedly, a wine company official told me that about half of the vineyards were in private hands, with 14,000 owners. Grapes require intensive seasonal work, he said. But the owners can call on relatives and friends at the harvest; they are all inspired by the profit motive to relentlessly pursue the demanding handwork.

On the way back to Budapest I stopped at another famous wine-producing center, Eger. In the little limestone valley where the caves cluster, I chose one at random: perhaps because the vintner, standing at its entrance, appeared rough cut, the cave simple.

As he drew the wine, the vintner talked of business. "It's good. I sell to the Hilton." He pointed out across the valley to the caves

opposite. "I've just bought my daughter—180,000 forints. We'll open it soon. We'll have cabbage and such, and toilets!"

"Listen, I've just bought a yard. I have a nice home. I'm a retired factory worker."

"Here," he said, pulled out a piece of homemade sausage, a loaf of bread, and a knife. Goodbye.

By now I knew the meaning of the sausage, drank the wine as a secular sacrament, and saw the prospects.

AT TIMES I was disappointed in a country government that was adopting aspects of Marxism and Western capitalism while wrapping them in the Marxist dialectic. I would like to see how the might help clarify matters. I called on Dr. Eleni of the Center for Values of the Center for Values. He is a youngish man, quick in word and move-



Shoulder to shoulder with the highest ranking Soviet officers in Hungary, third from left, leading military and government officials salute the year's officer corps at a Constitution Day ceremony.

Since the unsuccessful invasion of 1956, when Soviet tanks rolled into Budapest, the party-controlled government has strictly supported the Soviet Union in foreign policy, as it experiments with social reforms at home.

With four Soviet divisions stationed in their country, Hungarians are worried that unrest in Poland may upset relations with Moscow.

A chalked heart (right) on the Budapest wall—still poignant after the gunfire of 27 years ago—symbolizes the feeling that no matter what, life will go

region in the northeast, Hungarian Plain meets mountains. The southern mountains have been cultivated since medieval times.

100 meters of labyrinth, sampled from 14. The ear, sharp new ones to old ones, some made with stone. As I sipped, very companionable official told me the vineyards were in private hands. Grapes require manual work, he said. But his relatives and friends are all inspired by the desire to pursue the de-

In Budapest I stopped at a wine-producing center, a stone valley where the wine is made at random: perrier, standing at its entrance cut, the cave simple. The vintner talked of selling to the Hilton." He took me to the caves

opposite. "I've just bought a cellar there for my daughter—180,000 forints [\$4,800]. We'll open it soon. We'll have food, stuffed cabbage and such, and even beautiful toilets!

"Listen, I've just bought a fourth vineyard. I have a nice home, a bicycle. I'm 61, a retired factory worker, but I have a life!

"Here," he said, pulling from a paper bag homemade sausage, a slab of fat bacon, bread, and a knife. Glasses were refilled.

By now I knew the ritual: As we cut into the sausage, drank the local wine, it seemed a secular sacrament, commemorating life, prospects.

AT TIMES I was confused: Here was a country governed by Communists, adopting aspects of Western capitalism and Western socialism, and all the while wrapping the reforms in veils of Marxist dialectic. I wondered if a sociologist might help clarify matters.

I called on Dr. Elemér Hankiss, director of the Center for Value Sociology in Budapest. He is a youngish man, spare in body, quick in word and movement. He had taken

part in the events of 1956, and then spent a year in jail. There he learned, he said, "not to be afraid. In Eastern Europe the person who learns this has learned the most important thing. Then one indeed is free."

And today? "A kind of game is played in this country. Everybody knows the rules, what he can do, what he can accept for what. And this is more or less working. It has been working for the past 20 years."

There were at least two results. One edged on politics.

"We have a kind of slowly developing pluralism. There are special-interest groups, agrarian and industrial lobbies, the cooperative farms and those in the second or private economy, and so on. And they have a number of ways of protecting their interests. All behind the scenes."

And there was an important sociological result, a sort of healing. "Before World War II we had very strong class identities. After that war these identities were destroyed, consciously and surgically, by the Communist Party at that time. Everybody was mortified and humiliated. If you were a small landholder, you were called an oscillating



Shoulder to shoulder with the highest ranking Soviet officer in Hungary, third from left, leading military and government officials salute the year's new officer corps at a Constitution Day ceremony.

Since the unsuccessful revolt of 1956, when Soviet tanks rolled into Budapest, the party-controlled government has strictly supported the Soviet Union in foreign policy, even as it experiments with social reforms at home.

With four Soviet divisions stationed in their country, many Hungarians are worried that unrest in Poland may upset their relations with Moscow.

A chalked heart (right) on a Budapest wall—still pocked by the gunfire of 27 years ago—symbolizes the feeling that, no matter what, life will go on.



Pride and joy in their eyes, József and Katalin Nagy (right) emerge from a Reformed Church in Debrecen after the baptism of their son, Lőrinc. Dubbed the Calvinist Rome, Debrecen is the spiritual center of Hungarian Protestantism and the home of a 450-year-old seminary.

Dr. Tivadar Rózsay (below right) emphasizes a point in the religion class he teaches.



On a carpet of flowers that winds all through the village of Csömör, a priest blesses the congregation (right) during the Day of the Lord procession—Úrnapi körmenet. Each family decorates a section of the carpet with a variety of bright patterns, combining their artistic talents and Roman Catholic heritage.

Traditional in their clothes as well as their customs, the women of the village (left) return home after Mass. Of the nation's estimated nine million church members—only a portion of them active—six million are Roman Catholics, two million belong to the Reformed Church, and 500,000 are Lutherans. Hungarian Jews—600,000 of whom were shipped to Nazi concentration camps—now number only 100,000.





peasant; if you were called a servant instead of these old ideas of guilt was substituted. "With the prosperity of the past 20 years of good feeling about identity. We have been able to achieve something that have been growing very three or four years."

SOCIOLOGISTS poets and writers, memories, perceptions, seize reality from complement one another. I met me at No. 9 Józsefhegy, long the most fashionable Budapest. An older house crammed with 80, the most distinguished writer, appeared, a man and some signs of recent Cakes were brought.

Mr. Illyés began in the 1920s. He is not has been; he calls revolutionary.

He spoke of how long ago on horseback circumstances, and he concluded from this the geous people, very brave. But for him, "the Hungarian people is to work, if they have a chance they can work freely."

As for today: "The feature of the situation Hungarian citizens can country. Not immediately very much like to leave official passport within a od, and one can come any feeling that we are perhaps it is not so easy this means here in central

*Laid-back cowboy of Hungary
horses mainly at tourist spots,
whether he's resting or being
Hungarians a pragmatic person*

Hungary: A Different Color

peasant; if you were an intellectual, you were called a servant of fascism. And so instead of these old identities, a kind of feeling of guilt was substituted. A skillful strategy.

"With the prosperity, the growing economy of the past 20 years, there is a slow growing of good feeling about ourselves, a sort of identity. We have begun to feel maybe we can achieve something, and these feelings have been growing very quickly in the past three or four years."

SOCIOLOGISTS WORK from data; poets and writers from intuition, memories, perceptions, as if trying to seize reality from some ether. They complement one another. The taxi dropped me at No. 9 Józsefhegyi Street on Rose Hill, long the most fashionable neighborhood in Budapest. An older woman let me into a house crammed with books. Gyula Illyés, 80, the most distinguished living Hungarian writer, appeared, a man with a kindly face and some signs of recent illness.

Cakes were brought, wine opened.

Mr. Illyés began publishing his poems in the 1920s. He is not a Communist, never has been; he calls himself a leftist, a revolutionary.

He spoke of how the Magyars had come long ago on horseback and under romantic circumstances, and how Hungarians have concluded from this that they are a courageous people, very brave, with hot tempers. But for him, "the genuine quality of the Hungarian people is that they are able to work, if they have a chance to do that, and if they can work freely."

As for today: "The most characteristic feature of the situation nowadays is that Hungarian citizens can legally leave the country. Not immediately, but if one would very much like to leave, one could get an official passport within a relatively short period, and one can come back. So there is not any feeling that we are closed in. For you perhaps it is not so easy to understand what this means here in central Europe.

"And I could be on a train and have a conversation. The other passenger may disagree, and may say so, but it is inconceivable that he would leave the train at the next stop and request the police to come. It is just impossible to imagine that. So there is a feeling of freedom.

"And, in relation to this, the leading strata of the society somehow have adjusted to the taste of the inhabitants of this country. They have a rather modest attitude and a modest way of life. For instance, János Kádár lives in a house nearby. The garden does not belong to him, and the house itself has three rooms only."

The future? "The small people always depend on the big powers."

IT WAS a bright, sunny day. The noises of the traffic in the city below arrived on Rose Hill only as a murmur: You could hear the songs of birds; the voices of an old man and his grandson carried by the breeze. I decided to walk down to the city.

What do the Hungarians think in their heart of hearts? Would they prefer, as one Western diplomat suggested, to be like Austria, neutral, free of bonds to East or West? I don't know. Perhaps in a small country in the middle of Europe with powerful neighbors, one deals with realities, while wishes atrophy. I do know that most Hungarians believe their life to be "not bad"; much better than before, better than that of their socialist neighbors. But I know also that two questions hang like specters over those with memories: "Will there be war? What will happen after Kádár?"

The first question is universal, the second Hungarian. While Communism wears a humanistic face in Hungary today, the classic party apparatus of control remains in place, to be taken in hand and wielded by another Rákosi, should one arise. And, as one former Communist told me, "the next chapter will be written in Moscow." We quickened our steps, the ghosts and I, down Rose Hill. □

Laid-back cowboy of Hungarian legend, today's csikós displays his mastery of horses mainly at tourist shows like this one—though it's not clear in this case whether he's resting or being rested on. Their history has helped make Hungarians a pragmatic people who make the best of what life gives them.

PRESIDENT'S DEPARTURE REMARKS AT BUDAPEST AIRPORT

July 13, 1989

LADIES AND GENTLEMEN:

I WOULD LIKE FIRST TO THANK THE PEOPLE OF HUNGARY FOR THE WARMTH OF THEIR HOSPITALITY TO BARBARA AND ME. THIS HAS BEEN A VERY ENJOYABLE VISIT FOR BOTH OF US.

DURING THE PAST TWO DAYS, WE HAVE BEEN MEETING WITH HUNGARIANS OF ALL WALKS OF LIFE -- POLITICAL LEADERS OF THE PRESENT AND, PERHAPS, THE FUTURE; STUDENTS; WORKING PEOPLE. AND I WOULD LIKE TO SAY THAT WE HAVE BEEN LISTENING AS WELL AS TALKING; LISTENING TO PEOPLE EXPRESS THEIR HOPES AND THEIR CONCERNS ABOUT THE FUTURE OF THIS COUNTRY. WE AMERICANS SHARE THOSE HOPES AND THOSE CONCERNS.

THERE IS A CHINESE SAYING: "MAY YOU LIVE IN INTERESTING TIMES." AS WE HAVE SO SADLY SEEN RECENTLY IN CHINA, THERE IS A LOT OF TRUTH IN THAT SAYING. CHANGE CAN BRING INSTABILITY AND INSTABILITY CAN BRING DANGER. BUT WITHOUT CHANGE, NOTHING IMPROVES, AND THIS ITSELF WILL LEAD TO CERTAIN DISASTER. HUNGARY IS ON THE RIGHT ROAD, THE ROAD OF PEACEFUL REFORM IN BOTH THE ECONOMIC AND THE POLITICAL SPHERES. IT IS THE WAY OUT OF THE STAGNATION OF THE PAST, OF THE SUPPRESSION OF THE ASPIRATIONS OF THE PEOPLE FOR A BETTER LIFE. YOU HAVE NO REAL CHOICE BUT TO MOVE FORWARD TOGETHER.

THE AMERICAN PEOPLE JOIN ME IN WISHING YOU GOOD LUCK IN THIS ENDEAVOR AND IN TELLING YOU THAT WE ARE WITH YOU. GOD BLESS YOU.

Mark D

PRESIDENTIAL ADDRESS: KARL MARX UNIVERSITY
JULY 12, 1:15 P.M.

LADIES AND GENTLEMEN, DR. CSAKI (CHAH-KEE). IT'S
A PLEASURE TO BE BACK IN BUDAPEST, AND I AM PROUD TO BE
THE FIRST AMERICAN PRESIDENT TO VISIT HUNGARY.

SOME MIGHT FIND IT IRONIC THAT I AM SPEAKING AT A
UNIVERSITY NAMED AFTER KARL MARX. BUT THE FACT THAT I
AM HERE TODAY IS LESS A CAUSE FOR SURPRISE THAN PROOF
THAT AMERICA WELCOMES THE UNFETTERED COMPETITION OF
IDEAS.

THE UNIVERSITY'S PRINCIPAL TASK IS TO PROMOTE THIS
COMPETITION. THAT IS THE SPIRIT THAT BRINGS US
TOGETHER -- A SPIRIT THAT GUIDED A GREAT TEACHER AT
KARL MARX UNIVERSITY, WHOSE NAME WAS IMRE (EEMH-RAY)
NAGY (NUDGE). ((PAUSE))

AS HIS FUNERAL PROCEEDED IN HEROES' SQUARE A FEW WEEKS AGO, THE RISING VOICE OF HUNGARY WAS HEARD RECITING THE SZOZAT [SO-ZAT]. AND IN THIS SIMPLE, SOMBER CEREMONY, THE WORLD SAW SOMETHING MORE THAN A DIGNIFIED ACT OF RECONCILIATION. WE WITNESSED AN ACT OF TRUTH. IT IS ON THIS FOUNDATION OF TRUTH, MORE SOLID THAN STONE, THAT HUNGARIANS HAVE BEGUN TO BUILD A NEW FUTURE . . . A GENERATION WAITED TO HONOR IMRE (EEMH-RAY) NAGY'S (NUDGE'S) COURAGE; MAY A HUNDRED GENERATIONS REMEMBER IT.

WHILE HUNGARY REDISCOVERS ITS NATURAL ROLE IN THE AFFAIRS OF EUROPE, THE WORLD AGAIN LOOKS TO YOU FOR INSPIRATION. A POPULAR NON-FICTION BOOK IN MY COUNTRY TODAY IS ENTITLED BUDAPEST 1900. DR. JOHN LUKACS LOVINGLY DESCRIBES THE BUDAPEST OF MEMORY, WITH ITS PROUD STOCK EXCHANGE AND GREAT OPERA; A TIME WHEN EUROPE'S FIRST ELECTRIC SUBWAY RAN UNDERNEATH THE HANDSOME SHOPS OF ANDRASSY AVENUE.

A CITY THAT RIVALED PARIS IN ITS SPLENDOR . . .
VIENNA IN ITS MUSIC . . . LONDON IN ITS LITERATURE. A
CENTER OF LEARNING THAT ENLIGHTENED THE WORLD, AND GAVE
AMERICA ONE KIND OF GENIUS IN JOSEPH PULITZER, AND
ANOTHER IN BELA BARTOK. BUT FOR FOUR DECADES, THIS
GREAT CITY, THIS GREAT NATION, SO CENTRAL TO THE
CONTINENT IN EVERY RESPECT, HAS BEEN SEPARATED FROM
EUROPE AND THE WEST.

TODAY HUNGARY IS OPENING AGAIN TO THE WEST --
BECOMING A BEACON OF LIGHT IN EUROPEAN CULTURE. I SEE
PEOPLE IN MOTION. I SEE COLOR, CREATIVITY,
EXPERIMENTATION. I SEE A NEW BEGINNING FOR HUNGARY . .
. THE VERY ATMOSPHERE OF BUDAPEST IS ELECTRIC, ALIVE
WITH OPTIMISM.

YOUR PEOPLE AND YOUR LEADERS -- GOVERNMENT AND
OPPOSITION ALIKE -- ARE NOT AFRAID TO BREAK WITH THE
PAST, TO ACT IN THE SPIRIT OF TRUTH. AND WHAT BETTER
EXAMPLE OF THIS COULD THERE BE THAN ONE SIMPLE FACT:
KARL MARX UNIVERSITY HAS DROPPED DAS KAPITAL FROM ITS
REQUIRED READING LIST . . .

SOME HISTORIANS ARGUE THAT MARXISM AROSE OUT OF A HUMANE IMPULSE. BUT KARL MARX TRACED ONLY ONE THREAD OF HUMAN EXISTENCE, AND MISSED THE REST OF THE TAPESTRY -- THE COLORFUL AND VARIED TAPESTRY OF HUMANITY. MARX REGARDED MAN AS HAPLESS --UNABLE TO SHAPE HIS ENVIRONMENT OR DESTINY. BUT MAN IS NOT DRIVEN BY IMPERSONAL ECONOMIC FORCES. HE IS NOT SIMPLY AN OBJECT ACTED UPON BY MECHANICAL "LAWS" OF HISTORY.

RATHER, MAN IS IMAGINATIVE AND INVENTIVE. HE IS ARTISTIC, WITH AN INNATE NEED TO CREATE AND ENJOY BEAUTY. HE IS A LOVING MEMBER OF A FAMILY, AND A LOYAL PATRIOT TO HIS PEOPLE. MAN IS DYNAMIC, DETERMINED TO SHAPE HIS OWN FUTURE.

THE CREATIVE GENIUS OF THE HUNGARIAN PEOPLE, LONG SUPPRESSED, IS AGAIN FLOURISHING IN YOUR SCHOOLS, YOUR BUSINESSES, YOUR CHURCHES. THIS IS MORE THAN A FLEETING SEASON OF FREEDOM. IT IS HUNGARY RETURNING TO ITS TRADITIONAL VALUES. IT IS HUNGARY RETURNING HOME.

VOICES LONG STILLED ARE BEING HEARD AGAIN. AN INDEPENDENT DAILY NEWSPAPER IS NOW SOLD ON THE STREETS. COMMERCIAL RADIO AND TELEVISION STATIONS WILL BROADCAST EVERYTHING FROM THE NEWS . . . TO THE MUSIC OF STEVIE WONDER. AND RADIO FREE EUROPE IS OPENING ITS FIRST EAST EUROPEAN BUREAU RIGHT HERE IN BUDAPEST.

ALONG YOUR BORDER WITH AUSTRIA, THE UGLY SYMBOL OF EUROPE'S DIVISION AND HUNGARY'S ISOLATION IS COMING DOWN, AS THE BARBED WIRE FENCES ARE ROLLED AND STACKED INTO BALES. FOR THE FIRST TIME, THE IRON CURTAIN HAS BEGUN TO PART. AND HUNGARY IS LEADING THE WAY.

THE SOVIET UNION HAS WITHDRAWN TROOPS, WHICH I ALSO TAKE AS A STEP IN OVERCOMING EUROPE'S DIVISION. AND AS THOSE FORCES LEAVE, LET THE SOVIET LEADERS KNOW THEY HAVE EVERYTHING TO GAIN, AND NOTHING TO LOSE OR FEAR, FROM PEACEFUL CHANGE. WE CAN WORK TOGETHER TO MOVE BEYOND CONTAINMENT, BEYOND THE COLD WAR.

ONE OF THE KEY STEPS IN MOVING BEYOND CONTAINMENT IS EASING THE MILITARY CONFRONTATION IN EUROPE. TO THIS END, THE NATO ALLIES JOINED, AT THE MAY SUMMIT MEETING, IN MY PROPOSAL OF A COMPREHENSIVE CONVENTIONAL ARMS CONTROL INITIATIVE -- AN INITIATIVE THAT WOULD CUT THE NUMBERS OF TANKS, ARMORED TROOP CARRIERS, ARTILLERY, COMBAT AIRCRAFT, ATTACK HELICOPTERS, AS WELL AS U.S. AND SOVIET TROOPS STATIONED ON FOREIGN SOIL IN EUROPE -- ALL TO LOWER, EQUAL LEVELS.

THE ISSUES MAY BE COMPLEX, BUT WE ARE WORKING, DAY AND NIGHT, TO GET A SOLID, HISTORIC AGREEMENT TO STRENGTHEN STABILITY IN EUROPE AND REDUCE THE RISK OF WAR. AND WE ARE DETERMINED TO GET IT SOON.

THERE IS NO MISTAKING THE FACT THAT WE ARE ON THE THRESHOLD OF A NEW ERA. AND THERE IS ALSO NO MISTAKING THE FACT THAT HUNGARY IS AT THE THRESHOLD OF GREAT AND HISTORIC CHANGE. YOU ARE WRITING A REAL CONSTITUTION - - AND YOU ARE MOVING TOWARD DEMOCRATIC, MULTI-PARTY ELECTIONS.

THIS IS PARTLY POSSIBLE BECAUSE BRAVE MEN AND WOMEN HAVE FORMED OPPOSITION PARTIES. AND THIS IS POSSIBLE BECAUSE HUNGARIAN LEADERS ARE GOING TO SHOW THE ULTIMATE POLITICAL COURAGE -- THE COURAGE TO SUBMIT TO THE CHOICE OF THE PEOPLE IN FREE ELECTIONS.

BUT TO SUCCEED IN REFORM, YOU WILL NEED PARTNERS -
- PARTNERS TO HELP PROMOTE LASTING CHANGE IN HUNGARY.
I AM HERE TO OFFER HUNGARY THE PARTNERSHIP OF THE UNITED STATES OF AMERICA.

THREE VITAL SPHERES STAND OUT IN OUR PARTNERSHIP -
- ECONOMICS, THE ENVIRONMENT, AND DEMOCRATIC AND CULTURAL EXCHANGE.

INVESTMENT IN HUNGARY

THE UNITED STATES BELIEVES IN THE ACCELERATION OF PRODUCTIVE CHANGE, NOT IN ITS DELAY. SO THIS OUR GUIDING PRINCIPLE -- THE UNITED STATES WILL OFFER ASSISTANCE NOT TO PROP UP THE STATUS QUO, BUT TO PROPEL REFORM.

OF COURSE, THE WEIGHT OF THE PAST STILL BURDENS HUNGARIAN ENTERPRISE. THERE ARE REMNANTS OF THE STALINIST ECONOMY -- HUGE, INEFFICIENT INDUSTRIAL PLANTS; A BEWILDERING PRICE SYSTEM NO ONE UNDERSTANDS; THE MASSIVE SUBSIDIES THAT CLOUD ECONOMIC DECISIONS -- ALL OF THIS SLOWS WHAT YOU COULD OTHERWISE ACHIEVE. IT'S AN ECONOMIC RUBIK'S CUBE THAT DEFIES SOLUTION.

TO MAKE THE TRANSITION TO A PRODUCTIVE ECONOMY WILL TEST YOUR METTLE AS A PEOPLE. THE PRICES OF SOME COMMODITIES MAY RISE. SOME INEFFICIENT FACTORIES WILL CLOSE. BUT THE HUNGARIAN GOVERNMENT IS INCREASINGLY LEAVING THE BUSINESS OF RUNNING SHOPS TO SHOPKEEPERS AND FARMS TO FARMERS. AND THE CREATIVE DRIVE OF THE PEOPLE, ONCE UNLEASHED, WILL CREATE A MOMENTUM OF ITS OWN. THIS WILL BRING YOU A GREATER TREASURE THAN SIMPLY THE RICHES YOU WILL CREATE. IT WILL GIVE EACH OF YOU CONTROL OVER YOUR DESTINY . . . A HUNGARIAN DESTINY.

AND, AS I SAID, THE UNITED STATES WILL BE YOUR PARTNER IN THIS TRANSFORMATION TO A SUCCESSFUL ECONOMY.

LAST THURSDAY, I INVITED AMERICAN LEADERS FROM BUSINESS, EDUCATION, LABOR AND OTHER FIELDS -- TO COME TO THE WHITE HOUSE AND DISCUSS THE NEW PRIVATE SECTOR OPPORTUNITIES OPENING UP IN HUNGARY. THEIR RESPONSE WAS ENTHUSIASTIC. THIS WAS ESPECIALLY TRUE OF HUNGARIAN-AMERICANS, SO PROUD TO BE BUILDING A BRIDGE BETWEEN THEIR NEW COUNTRY AND THEIR MOTHERLAND. AS LONG AS OUR TWO GOVERNMENTS EASE THE WAY, THE PEOPLE OF AMERICA AND HUNGARY CAN DO THE REST.

IT IS IN THIS SPIRIT THAT I ANNOUNCE THE FOLLOWING MEASURES.

FIRST, AS I SAID IN WARSAW, I WILL PROPOSE AT THE PARIS ECONOMIC SUMMIT CONCERTED WESTERN ACTION FOR POLAND AND HUNGARY, TO BACK YOUR REFORMS WITH ECONOMIC AND TECHNICAL ASSISTANCE FROM THE SUMMIT PARTNERS. OF COURSE, OUR EFFORTS FOR HUNGARY WILL BE TARGETED TO YOUR NEEDS.

SECOND, I WILL ASK THE U.S. CONGRESS TO AUTHORIZE A \$25 MILLION FUND AS A SOURCE OF NEW CAPITAL TO INVIGORATE THE HUNGARIAN PRIVATE-SECTOR. I WILL ALSO ENCOURAGE PARALLEL EFFORTS FROM THE OTHER NATIONS OF THE ECONOMIC SUMMIT.

THIRD, ONCE YOUR PARLIAMENT PASSES THE NEW EMIGRATION LEGISLATION PROPOSED BY YOUR COUNCIL OF MINISTERS, I WILL INFORM OUR CONGRESS THAT HUNGARY IS IN FULL COMPLIANCE WITH THE JACKSON-VANIK AMENDMENT TO OUR 1974 TRADE LAW. NO COUNTRY HAS YET BEEN RELEASED FROM THE RESTRICTIONS OF THIS AMENDMENT. SO I AM PLEASED TO TELL YOU THAT HUNGARY WILL BE THE FIRST. ((PAUSE)) THIS ACTION WILL GIVE HUNGARY THE MOST LIBERAL ACCESS TO THE AMERICAN MARKET FOR THE LONGEST TERM POSSIBLE UNDER OUR LAWS.

FOURTH, AMERICA IS PREPARED TO PROVIDE YOUR COUNTRY WITH ACCESS TO OUR GENERALIZED SYSTEM OF PREFERENCES, WHICH OFFERS SELECTIVE TARIFF RELIEF. SIMPLY PUT, THESE LAST TWO MEASURES WILL ALLOW YOU TO TAKE ADVANTAGE OF THE LARGEST SINGLE MARKET IN THE WORLD.

FIFTH, WE HAVE CONCLUDED A DRAFT AGREEMENT TO AUTHORIZE THE OVERSEAS PRIVATE INVESTMENT CORPORATION TO OPERATE IN HUNGARY. ONCE OUR SENATE PASSES ENABLING LEGISLATION, OPIC WILL BE ABLE TO PROVIDE INSURANCE TO ENCOURAGE AMERICAN INVESTMENT IN PRIVATE ENTERPRISES IN HUNGARY. THROUGH OPIC, AMERICAN BUSINESS EXECUTIVES WILL SEE FIRSTHAND THE GREAT OPPORTUNITY OF HUNGARY.

PRIVATE INVESTMENT IS CRITICAL FOR HUNGARY. IT MEANS JOBS, INNOVATION, PROGRESS. BUT MOST OF ALL, PRIVATE INVESTMENT MEANS A BRIGHTER FUTURE FOR YOUR CHILDREN; A BRIGHTER FUTURE FOR HUNGARY.

ENVIRONMENTAL INITIATIVE

YET ECONOMIC PROGRESS CANNOT BE AT THE EXPENSE OF THE AIR WE BREATHE AND THE WATER WE DRINK. SIX WEEKS AGO, IN MAINZ, I PROPOSED COOPERATION BETWEEN EAST AND WEST ON ENVIRONMENTAL ISSUES. THAT IS WHY I WILL ASK THE U.S. CONGRESS TO APPROPRIATE \$5 MILLION TO ESTABLISH AN INTERNATIONAL ENVIRONMENTAL CENTER FOR CENTRAL AND EASTERN EUROPE, TO BE BASED IN BUDAPEST, WHICH WILL BRING TOGETHER PRIVATE AND GOVERNMENT EXPERTS AND ORGANIZATIONS TO ADDRESS THE ECOLOGICAL CRISIS. OUR SHARED HERITAGE IS THE EARTH. AND THE FATE OF THE EARTH TRANSCENDS BORDERS; IT IS NOT JUST AN EAST-WEST ISSUE.

HUNGARY HAS LED EASTERN AND CENTRAL EUROPE IN ADDRESSING THE CONCERNS OF YOUR CITIZENS FOR CLEANER AIR AND WATER. NOW YOU CAN DO EVEN MORE, WORKING WITH THE WEST TO BUILD A BRIDGE OF TECHNICAL AND SCIENTIFIC COOPERATION.

ALONG THESE LINES, I AM ALSO PLEASED TO ANNOUNCE THAT THE U.S. HAS PROPOSED AN AGREEMENT BETWEEN OUR TWO COUNTRIES TO ESTABLISH SCIENTIFIC AND TECHNICAL COOPERATION IN THE BASIC SCIENCES, AND IN SPECIFIC AREAS, INCLUDING THE ENVIRONMENT, MEDICINE AND NUCLEAR SAFETY.

DEMOCRATIC AND CULTURAL EXCHANGE

IT IS MY HOPE THAT THIS VISIT WILL ALSO LEAD TO A WIDER EXCHANGE BETWEEN EAST AND WEST, SO OUR SCIENTISTS, OUR ARTISTS AND OUR ENVIRONMENTALISTS CAN LEARN FROM ONE ANOTHER . . . SO THAT OUR SOLDIERS AND STATESMEN CAN DISCUSS PEACE AND OUR STUDENTS CAN DISCUSS THE FUTURE. ((PAUSE))

BUT TO DISCUSS ANYTHING REQUIRES A COMMON LANGUAGE. THE TEACHING OF ENGLISH IS ONE OF THE MOST POPULAR AMERICAN EXPORTS. AS STUDENTS YOU KNOW THAT ENGLISH IS THE LINGUA FRANCA OF WORLD BUSINESS, THE KEY TO CLINCHING DEALS FROM HONG KONG TO TORONTO. SO TO OPEN THE GLOBAL MARKET TO MORE HUNGARIANS, I AM PLEASED TO ANNOUNCE THAT THE PEACE CORPS WILL, FOR THE FIRST TIME, OPERATE IN A EUROPEAN COUNTRY. AND OUR PEACE CORPS INSTRUCTORS WILL COME TO BUDAPEST AND ALL 19 COUNTIES TO TEACH ENGLISH.

IN SUCH EXCHANGES, WE WANT TO HELP YOU IN YOUR QUEST FOR A NEW BEGINNING AS A DEMOCRATIC HUNGARY. SO THE UNITED STATES IS ALSO COMMITTING MORE THAN \$6 MILLION TO CULTURAL AND EDUCATIONAL OPPORTUNITIES IN EASTERN EUROPE. WE WILL MAKE AVAILABLE FUNDS FOR A SERIES OF MAJOR NEW U.S.-HUNGARIAN EXCHANGE PROGRAMS -- AMONG CONGRESSMEN AND LEGISLATIVE EXPERTS, AMONG LABOR AND BUSINESS LEADERS, AMONG LEGAL EXPERTS, AMONG COMMUNITY LEADERS, EDUCATORS AND YOUNG PEOPLE. WE ARE CREATING DOZENS OF FELLOWSHIPS TO ENABLE HUNGARIANS TO STUDY AT AMERICAN UNIVERSITIES. AND WE WILL FUND ENDOWED CHAIRS IN AMERICAN STUDIES AT YOUR UNIVERSITIES . . . AND BOOKS -- MANY THOUSANDS OF THEM -- TO FILL THE SHELVES OF YOUR NEW INTERNATIONAL MANAGEMENT CENTER AND THE LIBRARIES OF SCHOOLS AND UNIVERSITIES ACROSS HUNGARY.

THE UNITED STATES WILL ALSO OPEN, WITHIN THE NEXT SEVERAL YEARS, AN AMERICA HOUSE IN THE CENTER OF BUDAPEST. TODAY, THE CELEBRATED AMERICAN ARCHITECT ROBERT STERN IS RELEASING HIS DESIGN FOR THIS CENTER, WHICH WILL BE AN OPEN HOUSE OF BOOKS, MAGAZINES AND VIDEOCASSETTES -- AN OPEN HOUSE OF IDEAS.

CONCLUSION

IN ECONOMIC REFORM AND DEMOCRATIC CHANGE, IN CULTURAL AND ENVIRONMENTAL COOPERATION, THERE ARE GREAT OPPORTUNITIES -- AND GREAT CHALLENGES. HUNGARY HAS A LOT OF WORK AHEAD; SO DO THE UNITED STATES AND HUNGARY, WORKING TOGETHER TO BUILD A BETTER FUTURE -- A DYNAMIC FUTURE.

YOUR CHALLENGE IS ENORMOUS AND HISTORIC: TO BUILD A STRUCTURE OF POLITICAL CHANGE AND DECENTRALIZED ECONOMIC ENTERPRISE ON THE RUINS OF A FAILED STALINIST SYSTEM.

GIVEN THE OPPORTUNITY TO SHOW YOUR CHARACTERISTIC INITIATIVE, CREATIVITY AND RESOURCEFULNESS, I BELIEVE THAT THE HUNGARIAN PEOPLE WILL MEET THE CHALLENGE. YOU STAND ON THE THRESHOLD OF A NEW ERA OF ECONOMIC DEVELOPMENT AND POLITICAL CHANGE.

I BELIEVE YOU ARE READY TO MEET THE FUTURE. I SEE
A COUNTRY WELL ON THE WAY. I SEE A COUNTRY RICH IN
HUMAN RESOURCES AND RICH IN THE MORAL COURAGE OF ITS
PEOPLE. I SEE A NATION TRANSCENDING ITS PAST AND
REACHING OUT TO ITS DESTINY. I CONGRATULATE YOU FOR
HAVING COME SO FAR.

LET US BE EQUAL TO THE OPPORTUNITY THAT LIES
BEFORE US. LET US HAVE HISTORY WRITE OF US THAT WE
WERE THE GENERATION THAT MADE EUROPE WHOLE AND FREE.

THANK YOU.

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Hungary's Party Chief, Premier in Public Row

By Imre Karacs

Special to The Washington Post

BUDAPEST, April 24—A public row between the leader of Hungary's ruling Communist Party and the country's prime minister escalated today as the Budapest party leadership called on the two men to clarify their recent statements on the need to introduce a "state of emergency in the economy."

The row erupted Saturday, when in a casual comment to young party members, party chief Karoly Grosz said he had recently tried to persuade the party's governing Politburo to declare a "state of emergency in the economy." He claimed he had lost a vote on the matter in the 11-man Politburo, but that Miklos Nemeth, the prime minister and a Politburo member, had supported him.

When Nemeth heard about Grosz's remark, he telephoned Hungarian television and angrily denied that he ever favored Grosz's propos-

al. "Who Is Telling the Truth?" asked a headline in today's official Budapest daily, Magyar Nemzet.

The rift between the two politicians comes at a bad time for Grosz, as advocates of radical reform within the party are seeking to oust him and other party leaders they perceive as too conservative. Grosz came in for heavy criticism at a meeting of reformists a week ago in the town of Kecskemet, and a campaign was launched to convene an emergency party conference with the power to oust him.

Budapest Radio today broadcast a recording of Grosz's Saturday remarks, in which he said, "I see the situation ripe for the introduction of a state of emergency in the economy" but added that this would not be a "military move."

needs to be slowed down here."

"A few weeks ago, my own Politburo voted against this suggestion of mine, so I did not submit it to the Central Committee," he said, refer-

ring to the party's policy-making body. He claimed, however, that the prime minister had backed him. "In the government, Miklos Nemeth did have such ambitions, because this is why he set up his [inner] cabinet," Grosz concluded.

But the broadcast offered no hint of what sort of emergency Grosz had in mind and left listeners confused about the extent of his support. Nemeth's reaction was swift. "The prime minister has authorized us to declare that he never had any such ambitions," Budapest Television's evening news program announced.

For good measure, Nemeth telephoned Budapest Radio today to confirm his position, saying he was so opposed to Grosz's idea that he voted against him in the Politburo.

Nemeth's remarks appeared to put him on a collision course with Grosz, whose backing was responsible for his rapid rise from the middle ranks of the party to his present position as government leader.

HUNGARIAN TELLS OF DEMOCRATIC AIM

High Aide Disavows Marxism
and Cites Plans for New
Parties and Pluralism

By HENRY KAMM

Special to The New York Times

BUDAPEST, April 24 — An important Government and Communist Party official told a group of reporters, most of them Westerners, today that the establishment of genuine democracy was Hungary's main goal.

The official, Gyula Horn, said his country's top priority was "to institutionalize pluralism and establish a real role for Parliament."

Mr. Horn said another goal at the top of the leadership's agenda was to adopt the European tradition of maximum political freedom. He said there was no difference between "bourgeois and socialist criteria for democracy and human rights."

Mr. Horn holds the title of State Secretary in the Foreign Ministry and is a member of the party's central committee. Diplomats consider him the right hand of the party's General Secretary, Karoly Grosz, in dealing with the major Eastern and Western powers in Hungary's efforts to gain support as it navigates through grave economic, social and political difficulties.

Speaks at Italian Meeting

Mr. Horn spoke at a news conference held in connection with a congress of Italy's Radical Party. The party, which represents anti-establishment views similar to West Germany's Greens, is holding its convention here in recognition of Hungary's recent progress away from orthodox Communism.

The Hungarian official spoke with considerable candor of the need for change. "The end result must be of revolutionary nature," he said. "Any attempt at undermining reform would be counter-revolutionary."

He said the Hungarian socialism that is the object of the present liberalization campaign was not Marxist. "In fact, we discredit the ideas of Marx," Mr. Horn added. He listed as the three main criteria of socialism equality of opportunity, democracy and solidarity among social strata and on the international scene.

"The relationships of the ownership of property are not an indispensable feature of socialism," Mr. Horn said.

Mr. Horn said that in 1949, with a pluralist structure in place, "we liquidated it." He continued: "For decades, this made impossible the enforcement of democracy. All that we did is that we called 'socialist democracy' that which in a real sense was not democracy but a party and state monopoly."

PERSPECTIVES ON EASTERN EUROPE

Reformers Are Asking: Where Do We Go From Here?

183

By Eric Bourne

VIENNA

REVOLUTION is in the air in the East bloc. In the Soviet Union, *perestroika* is surely breaking revolutionary ground. Mikhail Gorbachev's policies of restructuring are undoing most of what was established during the Stalinist period and much too of Lenin's revolution of 1917.

Poland's extraordinary accord between a communist regime and the independent trade union Solidarity is nothing short of a Polish revolution.

Events in Hungary, however, transcend everything. Russians, after unprecedented elections, and Poles, after their agreement, seemed to take a pause to ponder: "And where do we go from here?" But Hungarians, both within the party and outside it, are in a hurry.

In the last year they have had a nonstop round of legislative reform and won liberties more sweeping than envisaged by the failed revolt of 1956. Yet there is no slackening of demand. Most recently, the Politburo was cleansed of four members whose reform credentials were either suspect or lukewarm. The nine-member body is now in the hands of the "revolutionaries."

Mr. Gorbachev, promoting democracy in the Soviet Union, sedulously invokes Lenin. It is doubtful, however, if the latter — could he offer an opinion — would endorse everything done in the name of *perestroika*.

The latest Hungarian reform was a so-called "reform workshop" that recalled the great open forums of Czechoslovakia's 1968 Prague Spring. They were short-lived. These, however, are different times.

It was a communist "workshop," called by the Politburo's two most forward-looking and articulate members, Rezso Nyers and Imre Pozsgay. Also attending the workshop were three other members and 500 lower-ranking officials and party members, plus some prominent noncommunist intellectuals.

It was a unique occasion. There was an electrifying debate bluntly postulating a "peaceful" split in the party itself. Two-thirds of the present membership (780,000), it was said, should form a "reform party," leaving the rest to preserve — if they could — an orthodox Communist Party to compete for power with all the other pluralist groups.

'WHERE do we go from here?" Indeed! Market economies and democracy alone cannot solve these East-bloc crises. Even with Western help, more hardship, not less, must be endured by the Hungarian public before the benefits from reform policies begin to accrue.

Meanwhile, with all the changes, one urgent question remains. That question — boldly acknowledged in Budapest and feared just as much in Warsaw — is simply whether stability and social patience can be maintained that long.

Events meanwhile also are creating an added dimension

with a new, ideological Iron Curtain, falling not this time across Europe as a whole but dividing the communist area itself. On one side are Hungary and Poland (backed by the Soviet Union), on the other East Germany, Czechoslovakia, Romania, and Bulgaria. A conflict of words begins to flow across this new curtain as much as over the East-West divide of old.

People in all these nations know only too well the system's inefficiencies. But only the Poles and the Hungarians have challenged it. The rest have yet to stir, and their regimes are doing everything they can, however repressive, to ward off threats to the system.

Gorbachev certainly approved but he did not initiate the Polish accord, nor prompt the Hungarians to go flat out for the multiparty system. In each case change was forced on local leaderships by deteriorating internal conditions and similar forces must in time propel the reluctant ones toward change.

It is all part of what former French President Valéry Giscard d'Estaing has just termed "the post-cold-war period" which West and East enter together with a mutual responsibility.

Discerning East European reformers see it too as a situation in which the West can best help, not by talking glibly about "reversing" the Yalta agreement, but by seeking a process of adjusting a mischievous wartime agreement to the needs of the the *contemporary* world. This adjustment, they say, would encourage reform anywhere in Eastern Europe, without disturbing super-power balance and trust.

Goodbye and Ciao to Soviet Tanks in Hungary

By HENRY KAMM

Special to The New York Times

BUDAPEST, Hungary, April 25 — The Soviet Union began today to carry out Mikhail S. Gorbachev's promise to withdraw some of its military forces from countries of the Warsaw Pact.

Thirty-one heavy tanks of the 13th Guards Armored Division were loaded onto flatbed cars at a rail siding outside this provincial town 90 miles south of Budapest and left in the direction of the Soviet Ukraine.

Speaking at United Nations last Dec. 7, Mr. Gorbachev, the Soviet leader, pledged that Moscow would withdraw

50,000 of its troops from Hungary, East Germany and Czechoslovakia. At the same time, Mr. Gorbachev said the Soviet Union would demobilize 500,000 of its total armed personnel and deactivate 10,000 tanks.

The departure today, believed to be the first in any of the three affected countries, was staged by the Soviet command in Hungary for maximal publicity.

Foreign reporters and television crews, mainly from the West, were warmly greeted by English-speaking officers and allowed to clamber over the tanks and railroad cars, photographing at will.

So tolerant were the Soviet officers that they appeared to take a bewildered pleasure in the unexpected presence of Iona Staller, a member of the Italian Parliament of Hungarian birth, who has become known throughout Europe by reverting at public occasions to her former professions of strip-tease artist and pornographic-movie actress.

Miss Staller is in Hungary for a congress that the Italian Radical Party, which she represents, is holding in Budapest. Col. Boris Y. Adamenko, deputy chief of staff of the southern group of Soviet forces, raised no objection when Miss Staller, wearing a wreath of wilted flowers in her long

blond hair, distracted attention by posing and mugging beside him into the cameras as he made the official announcement of the departure.

At the command of Italian photographers, Miss Staller released a white dove of peace at the side of the train, only to watch the frightened bird tumble into the fatal treads of a moving tank.

Only 18 soldiers accompanied the T-64 main battle tanks, armed with 125-millimeter cannon, to the Soviet Union. The withdrawal of troops is to begin next month. By some time next year, more than 10,000 Soviet soldiers are to have left Hungary.

Western military experts estimate the number of Soviet troops in Hungary at between 62,000 and 70,000. The tanks that left today are the first of 450 to be withdrawn from the country.



ASSOCIATED PRESS

Hungarian troops roll up wire fencing that has separated them from Austria for 20 years. It replaced a mine field.

"... an era of our relations with Western Europe ... is closed."

— Interior Ministry official Andras Kovari



BY CLARICE BORIO—THE WASHINGTON POST

Hungary Tears Down 'Iron Curtain' With Austria

Reuter

183/173

HEGYESHALOM, Hungary, May 2—Hungary began a symbolic dismantling of the "Iron Curtain" that has divided Europe for four decades as it started to remove a barbed-wire fence on its border with Austria today.

"With the dismantling of this barrier, an era of our relations with Western Europe and particularly Austria is closed," Interior Ministry official Andras Kovari told a news conference.

The 20-year-old barbed-wire barrier replaced a mine field laid after the Communist takeover of Hungary in the late 1940s.

The phrase "Iron Curtain" was coined by former British prime minister Winston Churchill in a 1946 speech discussing the dangers of Soviet

expansionism. "From Stettin in the Baltic to Trieste in the Adriatic," Churchill told an audience in Fulton, Mo., "an iron curtain has descended across the continent."

Reformist Minister of State Imre Pozsgay said in October that the fence had become outdated historically, politically and technically. Dismantling began in the no man's land near this small town on the main road between Budapest and Vienna and at three other points: Koszeg, Sopron and Szentgotthard.

Journalists watched as soldiers with sledgehammers disconnected the alarm system, lifted six-foot posts and rolled up wire.

The head of the border guards, Col. Balazs Novaky, said he hoped the entire 150-mile fence would be removed by the end of 1990. "It makes

Hungarians feel much better that we no longer have such an old-fashioned border with the West," he said. "It will help Hungary's international relations."

While Hungarians have been able to travel abroad freely since Eastern Europe's most liberal passport law was introduced last year, Austria has mixed feelings about the dismantling of the fence.

In Vienna, Foreign Ministry spokesman Walter Greinert said Austria regarded the move as a "very positive sign." But Austrian government sources fear that other East Europeans, especially Romanians now flooding into Hungary because of ethnic strife, could use Hungary as an easy transit route to the West by simply walking into Austria.

ESSAY | William Safire

291/183p

Salami Tactics

WHAT a weird May Day: First, hardly anybody came to the Communist Party parade. Then the party leader, at an open town meeting, was asked what happened to the borrowed \$18 billion that has become an intolerable debt burden. Finally, the state television gave equal time to panels run by the nascent opposition parties.

Is this the wave of the future? I came to Hungary because it is advertised as "the hole in the Iron Curtain," the nation in Eastern Europe supposedly slipping out of the Soviet orbit.

To project this image, Hungarian border guards this week ostentatiously chopped down barriers along the Austrian border, handing out snippets of barbed wire as souvenirs. This was an example of baloney tactics, an updating of the salami tactics by which the Communist regime sliced away its coalition partners at the start of the cold war. Although Hungarians are free to travel, no Soviet dissident can slip into Hungary and then across to the West without papers issued in Moscow.

Other changes, though surface-deep, are real. Communists are preparing to share power in a coalition government after free elections, and insist they are even willing to risk ouster. In the past year, Hungary has embraced South Korea, which needs ties to Communist nations as much as Budapest needs capitalist investment; next month Hungary will normalize relations with Israel.

And the evils of the repressive past are being exhumed. The bones of Imre Nagy, the patriot who was executed three decades ago and dumped in a mass grave, will be reburied in honor on June 16, the anniversary of his execution. Some officials worry that this may trigger a new uprising.

Nobody can measure the depth of latent violence because of the huge gap between the political wrangling at the top and the real misery at the bottom. Inflation is betraying aged pensioners; newly marrieds have no place to live; poverty afflicts one person in five, and many workers drag themselves to two jobs to survive.

To avert revolution, Communist leaders explain that gradual, peaceful change was blessed by Mr. Gorbachev; they tell me he assured them only last week that the Brezhnev doctrine was dead, that Hungary can find its own middle way provided it does not make an embarrassing fuss.

But such assurances are ripples on the deep current of events. A system based on state ownership and central control is bound to fail, and cannot be patched or "restructured"; it cries out for replacement.

"Political change without basic economic change," says Miklos Vasorhelyi, last surviving leader of the 1956 freedom fighter revolt still resident in Hungary, "merely gives us the freedom to complain about what we cannot do anything about."

That old hero understands what the newest class of power jockeys cannot grasp: For a nation to prosper, proprietorship must be personal. This can range from farmers owning their own cooperatives to entrepreneurs owning their companies.

What Hungary shows is great activity without underlying action.

A new stock market opens without

Hungary woos the West.

a base of money convertible across borders; a handful of sentimental joint ventures offers only the illusion of serious business. The nation that lost seven out of its last seven wars is cunning enough to survive, but has produced no recent figure capable of leading it out of loserhood.

The current leadership is eager to play host to George Bush, who visited this country as Vice President in 1983. Our activist Ambassador here, Mark Palmer, is a young pro clued in to the new-breeze Eastern Europe strategy laid out, like Poe's purloined letter, in Mr. Bush's speech in Hamtramck, Mich. My guess is that the President will expound his doctrine in Poland and Hungary in mid-July, just after the Paris economic summit meeting.

I hope he delays his decision until June 16; let's see how this regime, so fearful of what it calls the aftermath of anarchy, reacts to the big Nagy demonstration. Having made the wrong decision on wheat subsidies to the Soviet Union, Mr. Bush may take the right road on aid to Hungary: Instead of lavishing Government loans on the central bank to prop up systemic failure, as the Japanese and Germans have done, we should let U.S. business take its risk and wish it well.

If and when the U.S. President gets here, he should ask: Why does Hungary spend 4.5 percent of its G.N.P. on its army, compared with Western Europe's 3 percent? He may find the Hungarians willing to cut back from 120,000 to 70,000 troops in a hurry. Hungary offers a parallel in the change we see in the Soviet Union: ferment without focus, old wine in new bottles. □

1831 Hungary Tears Down a Fence

HUNGARY's dismantling of a barbed-wire fence separating it from Austria takes a little more iron out of a corroding "Iron Curtain." It's a symbolic act, but the symbolism is poignant.

Budapest is lurching toward political change. Its once-monolithic Communist Party shows signs of splitting into factions (long a Marxist-Leninist no-no), with the most liberal reformers wielding the bulk of power. A new constitution is on the horizon, incorporating checks and balances and doing away with the Communists' "leading role." Free elections are promised for next year.

Hungarians look West for their role models these days. The social democracy of Sweden, Finland, and Austria — not Soviet-style socialism — is the object of emulation. It was only logical that the fence come down.

Ironically, the highest partitions in Eastern Europe now are those between the reformist socialist states, Hungary and Poland, and their hard-line communist neigh-

bors. Hungary's relations with Romania are particularly tense. Romanian refugees flow its way.

In July, George Bush will recognize the new openness in the East, with stops in Hungary and Poland as part of his first European tour as President. Leaders in both countries will doubtless use the occasion to ask for greater US help with their economic reforms.

Poland is almost as gung-ho for change as Hungary is. Party leader Wojciech Jaruzelski admits that aspects of socialism haven't worked in Poland. Arm in arm with Lech Walesa, head of the Solidarity trade union he once banned, General Jaruzelski is striding into a new era of elections and multipolar politics. The country's redesigned parliament — with all seats in the new upper house and a third of those in the lower chamber freely elected — will have a decisive say in crucial economic reforms.

Jacek Kuron, a Polish activist and political theorist, has said the goal is "an entirely new political geography," with new alignments and new antagonists. Both the Commu-

nist Party and Solidarity could be transformed, he says.

The Soviet Union, for now, appears willing to let things proceed. The Poles may be encouraged that *perestroika* has now embraced a limited right to strike for Soviet unionists. Not long ago, that would have been considered an ideological absurdity in the "workers' state." But wildcat strikes have been occurring anyway under Mikhail Gorbachev; the shift favors reality over ideology.

Hungarians busily redefining their politics retain memories of 1956 and the Soviet invasion — triggered, they'll recall, by talk of leaving the Warsaw Pact. Still, Mr. Gorbachev has given his blessing to reform in Hungary and Poland. But even he could be shocked by what the future holds.

Just as important as the Soviet response is the response of average Hungarians and Poles. Can a somewhat cynical, economically strapped populace be rallied behind reform? The coming election campaigns will provide at least a partial answer to that important question.

Hungary and Refugees: a Historic Reversal

1931

By Dennis Gallagher

THIRTY-THREE years ago, an abortive effort by Hungarians to loosen their ties to the Soviet Union led to the flight of more than 200,000 refugees to the West. On March 14, 1989, the Hungarian government became the first Warsaw Pact country to accede to the United Nations Convention and Protocol Relating to the Status of Refugees. This event — largely unreported — is historic.

When the 1956 Hungarian uprising was put down by Warsaw Pact forces, the message was crystal clear that the USSR would not tolerate independent political developments in Eastern Europe. Underestimating the Soviet intent, Washington had encouraged dissent within Hungary, repeatedly broadcasting on Radio Free Europe to the "liberationists" that "America will not fail you." But when actually confronted with Soviet military resolve to retain control over Hungary, the United States — and other Western gov-

ernments — could do no more than agree to resettle those Hungarians who fled.

Besides the obvious political implications this event had for "East-West" relations, the massive exodus of Hungarians into neighboring countries had an enormous impact on the international refugee system. The UN High Commissioner for Refugees, created in 1951, was floundering with almost no resources and a mandate that was about to expire. UNHCR was resuscitated when, over the opposition of the USSR, a General Assembly resolution was passed on Nov. 9, 1956, authorizing UNHCR to coordinate international assistance to Hungarians.

New diplomatic and organizational arrangements were formed to handle the Hungarian exodus. Austria, Italy, and Yugoslavia, countries on the periphery of the East bloc, became countries of first asylum from which arrangements were made by governmental and non-governmental organizations to resettle refugees to other Western European countries, as well as to the US, Canada, and Australia. These

arrangements prevail today in handling movements of people out of the USSR and Eastern Europe.

As with the Hungarian uprising in 1956, Hungary's signing of the refugee convention has important political implications for relations within the East bloc as well as between the East and West. The

Even more dramatic than its more open attitude toward travel is Hungary's receiving of refugees from Romania.

events also signal an important change in the evolution of the international refugee system.

No country in Eastern Europe has adopted *glasnost* with more fervor than Hungary. Karoly Grosz replaced longtime leader Janos Kadar in mid-1988 and announced sweeping economic and political reforms soon thereafter. In Hungary, the word "liberalization" is now on everybody's lips.

Since World War II, Hungary has been considered by the West a refugee-producing country. With the trend toward liberalization, Western governments are reassessing the situation. Austria, for example, only approves 1 percent of Hungarian applications for asylum.

Foreign travel for Hungarians is now relatively easy. Early last year, exit visa requirements were abolished and new passports, valid for five years, were issued. On Nov. 7, 1988, the anniversary of the revolution of 1917, some 100,000 Hungarians exercised their freedom to travel abroad and went to Vienna, primarily to shop.

Even more dramatic than this more open attitude toward travel is Hungary's receiving of refugees — in particular, refugees from a neighboring socialist country, Romania. Further, Hungary has formally expressed its concerns about human rights abuses in Romania by calling on the UN's Center for Human Rights to investigate them.

To date, more than 80,000 Romanian citizens have been given refuge in Hungary. There is every prospect that more will come. While

the largest number of those arriving are ethnic Hungarians, the welcome has extended to ethnic Romanians as well.

These current developments in Hungary, like those in 1956, are momentous. They signal that:

- Within the context of *glasnost* and *perestroika*, East-bloc countries can chart varied courses and even challenge each other in international forums.

- East-bloc governments can adopt policies that afford new freedom for people to exit their countries.

- Socialist countries — perhaps the USSR itself — may join the international refugee system.

Without doubt these developments present significant challenges to Western and Eastern governments, as well as to the international refugee regime. Unlike the developments in 1956, however, they are to be celebrated rather than condemned.

■ Dennis Gallagher is executive director of the Refugee Policy Group, a nonprofit policy research institute based in Washington.

Hungary's Janos Kadar Retired From Party Posts

Kadar Loses Titles as Health Deteriorates

By Imre Karacs
Special to The Washington Post

BUDAPEST, May 8—Janos Kadar, the grand old man of Hungarian politics who once was hailed as the most liberal Communist leader in Eastern Europe, lost all of his official titles tonight when he was retired from the Central Committee and relieved of his post as Communist Party chairman for health reasons.

The decision by the Central Committee ended weeks of speculation about Kadar's fate.

Since his dismissal nearly a year ago at a special party conference, Kadar, who will be 77 later this month, has suffered a severe deterioration in his health.

Until recently, party leaders had seemed prepared to wait for their chairman to die in office. But they appeared to grow more alarmed at the worsening state of Kadar's mental condition.

The position of party chairman, essentially powerless, had been created for Kadar when he was replaced as general secretary by Karoly Grosz.

The post had entitled the former leader at least to attend Central Committee meetings and deliver speeches.

The elderly leader's often rambling, incoherent remarks, however, were becoming an embarrassment to other party members.

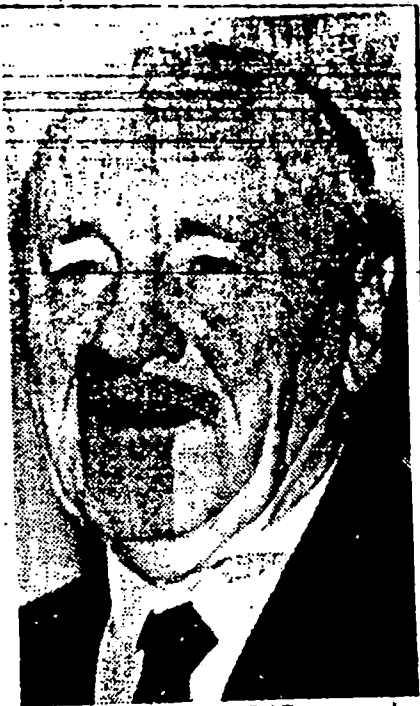
Mihaly Jasso, head of the Budapest party committee, reported over the weekend that doctors were trying to send Kadar for a rest—to the Crimea in the Soviet Union—but said Kadar did not want to go. Kadar is believed to be afraid of dying in Soviet exile, as his notorious predecessor Matyas Rakosi did in 1971.

Kadar, in the twilight of his life, appears haunted by other ghosts from the past. His role in the execution of several of his colleagues in the 1950s has become clear as official veils on contemporary history are being pulled back.

On Saturday, the government daily Magyar Hirlap published a document implicating Kadar in the execution in 1949 of the communist politician Laszlo Rajk, the most famous victim of the Stalinist show trials in Hungary.

Meantime, Grosz himself appeared to be coming under pressure from reformists to step down. Recent remarks by the general secretary about the need for a "state of emergency in the economy" have proved to be the last straw for many party members.

At the weekend, dissatisfaction with his performance burst into the open as delegates to two regional party conferences called for his dismissal. A party cell in the city of Gyor, in west Hungary, took the unprecedented step of withholding members' dues until a "leadership



JANOS KADAR
... health reportedly failing

truly committed to reforms" emerged.

Today, despite resistance from Grosz, Central Committee members agreed to convene an extraordinary conference on new party statutes, election strategy and personnel issues.

The date of the conference—only the second of its kind since 1957—is to be fixed later this month. The conference is expected to provide the venue for a clash between Grosz and reformists led in the Politburo by Imre Pozsgay.

This group argues that Grosz is a liability in the multiparty elections that are to be held next year for the first time in over 40 years. The latest opinion polls appear to support that view.

Even with opposition parties in complete disarray, the polls show that the Communists would win only 36 percent of the vote if the elections took place tomorrow.

KEN ADELMAN 250/143p

East Europeans remain unabashed fans of America, even if West Europeans don't. American allies may receive President George Bush blandly at the end of May, but our supposed adversaries will welcome him warmly in July when he visits Poland and Hungary.

There Mr. Bush will feel as much affection as Soviet President Mikhail Gorbachev feels on his forays into Western Europe.

How topsy-turvy things European seem nowadays!

As the first U.S. president to visit postwar Hungary, Mr. Bush will experience things that startle the eyes and amaze the senses. The pace of change there is breathtaking, the tempo exhilarating.

Hungary is a remarkable little country brimming with talent. Most U.S. nuclear scientists on the Manhattan Project were born in Hungary, as were four-fifths of the hydrogen bomb inventors. Such raw talent is budding on its own soil.

Recently a Radio Free Europe reporter downing drinks with the boys spotted a policeman beating someone outside a Budapest bar. He dashed to the scene to record the happening.

Finding himself in the reporter's nightmare, with a hot tale yet no way to transmit it, he gutsily rushed to the state-owned station. Could he beam his story to RFE headquarters in Munich?

Though RFE had been deemed the devil incarnate, permission was granted. His story was sent to Munich and broadcast back the next morning into Hungary, where it created a sensation. The new breed of investigative reporters queried authorities, who mumbled lame excuses.

Though lacking an independent press, Hungarian journalists act independently. "It's so funny to see TV speaking the truth," an intellectual quipped. The government says it

Ken Adelman is a nationally syndicated columnist.

Awaiting Bush in Hungary

would allow privately owned and operated media. A Western news outfit should pony up \$1 million for the worthwhile endeavor.

Other businesses have gone private. There's even an embryonic stock exchange. In a few years, half the Hungarian economy may be in private hands.

And in foreign hands. Wholly foreign-owned enterprises are allowed and outside capital flows in. Japanese own 40 percent of Hungarian securities, with the twin "tigers" of South Korea and Taiwan close behind.

Still, the Hungarian economy faces humongous foreign debt and a declining living standard. For the first time since 1952, per capita income fell last year. It took a toll: the country's suicide rate tops the world.

Everyone admits Marxism is dead. Hungary's prime minister said last month, "The model of a party state has hit a dead-end street and has proved to be incapable of making further headway."

Caught between the widening disintegration of the East European bloc and increasing integration of the West European community, Hungary looks West. Many there seek community membership.

First may come back-door association through Austria. Its border with Austria is the first part of the "iron curtain" to come down. Hungarians shear the barbed-wire fence, selling snippets as souvenirs.

Soviet forces are again on the march, but outward bound this time.

Moscow withdrew one division from Hungary, which remains bitter over the suppression of its 1956 revolt. Mr. Gorbachev assures Hungarian historians access to Soviet documents relating to that squalid event. We'll see if that happens.

Meanwhile, Hungarians long for a total Soviet withdrawal, not being particularly martially inclined. After all, Hungary has lost seven out of its past seven wars. Its foreign policy begins to edge out of the mold. Hungary is the first communist country to recognize South Korea, and soon will recognize Israel.

Socially, the place is experiencing what Jonathan Edwards would call a "great awakening." A genuine civil society is being reborn. Religious, cultural and social groups like the Boy Scouts sprout up independent of state or communist control.

Politically, the picture is dicey. A recent Communist Party poll found that it would muster only 30 percent of the vote in a free election. More than 40 political organizations have begun organizing. The splendid National Endowment for Democracy, U.S.-government-sponsored, helps local training in political and labor tactics.

A key moment in Hungary's metamorphosis comes a month before Mr. Bush arrives. On June 16, the 33rd anniversary of his hanging and being ditched in an unmarked mass grave, the bones of Imre Nagy, prime minister during the 1956 uprising, will be reburied with honor. For three decades, the mere mention of Mr. Nagy's name was forbidden. This year, three biographies on him have already been published.

The real crunch comes later. If free elections are held, the communists will have to share power, which means further withering away of the Marxist state. In a historic first, they could lose the Interior or Defense Ministry, or lose power altogether.

That seems inconceivable now. But then again, what's happening in Hungary seemed utterly preposterous just last year.

Hungary AT A GLANCE

History and Politics

Part of the Austro-Hungarian Empire, Hungary proclaimed itself an independent republic at the end of World War I in 1918. During World War II, it allied itself with Germany until its leader, Adm. Nicholas Horthy, a nationalist, tried to reverse course and was arrested by the Germans, who occupied the country. Soviet troops overran Hungary, and in 1948 a Communist regime consolidated control.

The uprising of 1956 and its brutal suppression with Soviet tanks shocked the world and were viewed as a historic turning point for the Soviet bloc. Hungary was led for three decades by its party chief, Janos Kadar, who was originally a supporter of the 1956 revolt. His regime tried and executed Imre Nagy and others involved in it. Before Mr. Kadar himself was ousted a year ago, having lost his taste for bold economic action and in failing health, he led Hungary to a level of economic well-being and personal freedom unmatched in the Soviet orbit.

The Economy

Until World War II, Hungary was mainly an agrarian society, but industries, construction and mining



now dominate the economy. In 1982 the Kadar regime began introducing measures to decentralize the economy and encourage private enterprise. The changes initially led to a rapid improvement in the standard of living. More recently, stagnation set in.

The Land and People

Hungary covers nearly 36,000 square miles, little more than the state of Maine. Its population of just over 10 million includes small minorities of Germans, Slovaks and others, and the official language is Hungarian (Magyar). The Danube is the country's only significant freight-moving waterway.

pressed pleasure at receiving President Bush here in July, placed the institution of a multi-party system in the context of creating confidence among the Western lending institutions and private investors that Hungary must convince of its credit worthiness.

In the view of Hungarian critics and defenders of the regime, as well as diplomats from East and West, Hungary's economic plight, its declining standard of living and rising inflation, even more than Mr. Gorbachev's liberalizing innovations in the Soviet Union, are the principal motives for the transformation under way.

Mr. Grosz cited the country's need for \$8 billion in Western capital over the next five years to modernize its obsolescent, stagnant economy, as well as its present debt of more than \$15 billion to Western creditors. In Parliament on Wednesday, Prime Minister Miklos Nemeth announced that Hungary needed to borrow \$2.5 to \$3 billion every year for debt service.

With this in mind, the party chief said: "We need to have the trust and confidence of the financial institutions as well as private investors."

To Strengthen the Money

To achieve this, he said, Hungary must strive to make its currency, the forint, at least partially convertible, so that foreign investors can repatriate profits. He continued:

"The other element of creating confidence is political reliability and stability, because nobody would invest in a place where they had to fear civil war breaking out the next day or have on their minds a fear that 'those communists' will change their minds and in five years nationalize it."

"To create safeguards, we try to shape the political system, the political superstructure in such a way that its operation would give guarantees for preventing events like that. One of the main ways of doing that is the establishment of a multi-party system. What do we seek by that? It is the following: we put our own party under social control by taking it out of the existing mechanism, which is a one-party system."

"We create a situation in society, a mechanism of checks and balances, so that every day we would be able to report on actions and results and check whether there is coincidence between intent and results."

Mr. Grosz made clear that he had no intention of presiding over a loosening of his party's hold over the country by allowing the proposed checks and balances to develop quickly into a method of transferring power.

'The Leading Role'

"I think a party is a damn fool if it doesn't try to play the leading role," he said. "Why does that party exist if it doesn't have that ambition? Secondly, tell me, to whom should we transfer power? Can you name a force that has the kind of constructive program not only for the management of the crisis resulting from our debts but also to draw up a new social system?"

"If we are unable in a period of six to eight years to acquire through political efforts the confidence of society that we need to carry out our program, then we deserve to lose its faith."

The party chief said that although he was sincere in proposing to create a system that would eventually allow the party to be voted out, he foresaw no loss of power.

New Communists

Strategy Is Based On Realism

A senior aide to Mr. Grosz explained the party's strategy in a separate interview. He said the leadership believed that there was no choice but to preserve the Communist system. Alluding to the Soviet role in Hungary's fate, he said: "This part of Europe became part of the socialist world. We can change this, but not today. Perhaps not

even tomorrow. This is a reality."

This reality, he continued, imposes the need for electing, even under a multi-party system, a party committed to socialism. Only the Communist Party has a clearly socialist program. If any of the new political groups came to power, there was a risk of radical change.

"In 10 or 15 years, after two or three normal elections under a multi-party system, there won't be any threat of changing the system as a whole," he said. "But in May 1989, there is only one party, and this party could lose an election."

The official said the party did not want to preserve its power "by administrative means or military force." Instead, the aide said, it wants to negotiate with the opposition a formula similar to that worked out between the Polish Government and its opposition. In elections next month, the Polish Communist Party reserves for itself 38 percent of the seats in a newly created lower chamber of Parliament, while the vote for the upper house would be unrestricted.

The aide said the Grosz leadership did not favor creating a bicameral parliament but wanted to propose to the opposition a system that would guarantee the Communist Party, at least in the first multi-party elections, enough members to be able to prevent the formation of a non-Communist government.

"The first elections won't be real elections," he conceded. He said their goal must be "to preserve stability for the life of one parliament," or five years. The first "real elections," the aide said, might be held in 1994 or 1995 at the earliest.

'A Possible Putsch?'

The Grosz aide said that the party was certain of winning 40 to 45 percent in the voting that he expected to be held this year or next. The party leadership, he said, favored a system similar to that of West Germany's Parliament

proportional representation, with part of the votes applied to individual candidates and the rest to a central pool for each party.

However, the opposition groups have rejected a round-table meeting at which they and the ruling party would work out a formula. Instead, they have proposed a "rectangular table," at which the opposition would jointly confront the Communists on the opposite side. They have also said they want to negotiate only with Communist representatives who are ready to accept far-reaching changes.

Meanwhile, the mood among those who have long struggled for a more liberal regime is exemplified by a round-robin question a magazine is putting to writers known for their critical views. It is: "Where will you be in case of a possible putsch?"

Gyorgy Konrad, the best-known of such writers, said, "Even if it is a bit of irony or mockery, it gives you something quite near to a shiver."

Much Is Ending in Hungary but Not Communist Rule

By JEFFREY KAYE
and MITCHELL KOSS 183

Almost every week in Hungary another symbol of the old-style East Bloc collapses. Within the past month the Soviets began to withdraw their troops, Hungarian soldiers started to dismantle the physical manifestation of the Iron Curtain—an electronic fence at the Austro-Hungarian border—and deposed party leader Janos Kadar, the man the Soviets installed to rule the country after the 1956 uprising, was stripped of all formal ties to the Communist leadership.

These changes come in a year in which Hungary has already made more than token moves toward democracy, steps that could theoretically allow the defeat of the Communist Party in free elections promised for 1990. But it would be a mistake to assume these moves will inevitably lead to an end to Communist rule.

To the contrary, a case could be made that the faster Hungary's movement toward democracy, the better the chance that the Communists will prevail.

Under its Communist government, Hungary is rapidly moving toward a peaceful realization of the same demands for which hundreds of its people died in the failed anti-Soviet uprising of 1956. In contrast to last year, when dissidents were still being arrested, the government has now legalized freedom of association and assembly. Organized opposition groups have been allowed to form and begin recruiting members for transformation into legal opposition parties. Going far beyond Poland's leaders in democratization, Hungary's government is rewriting its constitution, a move that it claims will guarantee development of a multiparty democracy.

In the three weeks we were on assignment in Hungary this March for PBS's "The MacNeil/Lehrer NewsHour," we saw the organizing conventions of three nascent opposition parties, the Social Democrats, the League of Free Democrats and the Democratic Forum. We also reported on the largest anti-government demonstration since 1956—an event the government not only facilitated by declaring the day a legal holiday, but also legitimized by devoting extensive coverage to it on state-run television.

Hungary's reforms were not forced by the opposition. Rather, the government implemented radical reforms because of an economic crisis: Hungary can no longer afford to maintain welfare state socialism. Having been forced by circumstances to act, Hungary's Communist Party moved quickly to seize the initiative, proclaiming itself a "party of reform" and trying to keep the public's attention on democratization instead of on the painful privatization of the economy.

Western banks, owed more than \$18 billion, have obliged the Hungarian gov-

ernment to move toward a free-market economy. But adopting capitalist features has proven to be a mixed bag. Hungary has instituted stock ownership and licensed half a million entrepreneurs. At the same time, austerity measures such as cuts in subsidies have resulted in a 20% annual inflation rate and pushed one-fifth of Hungary's 10.6 million people below the poverty line. In addition, the country faces large-scale unemployment as state-run industries are put on the auction block.

Although Hungarians may be hurt in the pocketbook by such radical changes, they don't seem to be backing away from the Communist Party. Opinion polls indicate that the most popular political figure is also the man spearheading many of the reforms, Imre Pozsgay, a member of the Politburo.

So far, the Hungarian public seems to have little interest in alternative politics. The 30,000 or so opposition activists are mainly intellectuals and students. One dissident leader, environmentalist Judit Vasarhelyi, complained that the opposition is being hurt by the nimble theft of its ideas and slogans by the Communists. She worries that the relatively unsophisticated opposition could be outmaneuvered by a party with long experience in steering public opinion.

Right now, opposition groups are offering little alternative to the party's program of radical reform. Rather than staking out clear ideological territories at this point, the various opposition organizations are propounding a vague potpourri of political thought. Gaspar Miklos Tamas, a leader of the League of Free Democrats, told us, half in jest, that his party follows the "two great traditions of liberalism, one of which is known in the United States as liberalism. The other of which is known in the United States as conservatism."

In order to outflank the party, some opposition groups may be forced to move further to the right. But such postures are likely to backfire and play into the Communist Party's hands. As a nation accustomed to full employment and social welfare faces unemployment and inflation, opposition parties that project Milton Friedman-like values are not going to be popular with voters.

The Communist Party has built up a degree of trust with the Hungarian people by delivering the highest standard of living in the East Bloc. Even though Hungary's consumerist proclivities are being eroded by the government's reforms, no credible alternative is emerging with a well-developed political platform. Unless it does, voters are likely to see the Communist Party as a reliable force of moderation.

Jeffrey Kaye, a senior producer at KCET-TV in Los Angeles, is a correspondent for PBS "The MacNeil/Lehrer NewsHour." Mitchell Koss is a producer for KCET's national productions department.

In Hungary, the Political Changes Are Tempered by Economic Fears

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By HENRY KAMM
Special to The New York Times

BUDAPEST, May 14 — In an atmosphere of increasing freedom of expression, Hungarians are looking forward to a possibility that after 44 years of Communist rule the party may permit free elections that could one day drive it from power.

But, deflating hopes held by many in the West and few in this nation of skeptics, Karoly Grosz, the Communist leader, said in an interview that it would be six to eight years before the party would run the risk of being ousted by the voters.

Hungary is heading toward multi-party politics under official promises to convert the Communist system, modeled on the Soviet Union's, into a more democratic society and freer economy.

This prospect excites those who value above all freedom of expression. It does not cheer the majority, which is more concerned with growing economic hardship.

The Communist Party, led by Mr. Grosz since last May, has dictated Hungary's fate since 1945, eliminated all other parties and built a centralized economy that is mired in such crisis that the party concedes that salvation must come from the West.

Aware of the need to make Hungary more acceptable to the West, the party has yielded to demands for recognition of the principles of political pluralism and civil liberties and the creation of a mixed economy with wide private ownership and a determining role for market forces.

Because of skepticism about Mr. Grosz's commitment to profound change, many Communists believe that internal challenges to his leadership are likely to remove him before Hungary holds its first free parliamentary election.

Mr. Grosz suffered a significant political setback when on Friday the Cabinet suspended work on the Hungarian section of a multibillion-dollar hydroelectric power project on the Danube north of Budapest and hinted at abandonment of the dam within two months. As late as May 1, the party chief reiterated his support for the joint Czechoslovak-Hungarian enterprise, which has financial backing from Austria.

Advocates of change favor for the top jobs two Politburo members identified more convincingly than Mr. Grosz with the modernizing movement. They are Imre Pozsgay and Rezső Nyers.

Four of the political parties that were dissolved by the Communists four decades ago have come back to life, and new political organizations that intend to constitute themselves as parties have been legally formed. Only one of the reborn or new groups claims more than 4,000 members.

Mechanisms are being prepared that are to lead this year or next to a law establishing the rights of parties, parliamentary elections and the framing of a more democratic constitution.

New Economics

Amid Decline, Brave Hopes

The main concern for the majority of Hungarians is the steadily declining standard of living, and to them the constantly echoing word "reform" means mainly the threat of an end to Government subsidies, with unemployment

The announced economic changes, which still await definition and enactment, foresee elimination of the state subsidies that make consumer prices artificially low and protect jobs by keeping alive unproductive enterprises.

The economic plight of the average Hungarian has not reached the poverty that has become common to many Poles and Yugoslavs. But the standard of living, long among the highest in the Communist world, has suffered steady attrition through the 1980's.

Consumption is declining, and the Government acknowledges that it will continue to do so until the projected changes bring about an upturn.

Stock Market in Embryo

The central statistics office reported that in the first quarter of this year food prices were up by 13.8 percent over the same period last year, clothing prices by 19.4 percent and services by 13.9 percent.

While little has been done to ease the pressure on most Hungarians, the Government this year introduced the eye-catching device of creating the first stock exchange in Communist Europe. Because foreign investment capital is not rushing into Hungary, it has done virtually no trading.

"It's embryonic," said George Soros, an American of Hungarian birth, who heads the Quantum Fund, a mutual fund. Mr. Soros is here to mark the fifth anniversary of the cultural and educational foundation that he finances.

Despite the far-reaching changes taking place, the public mood is unexcited, with little of the enthusiastic mass participation that marked the popular movements here and in Poland in 1956, the "Prague spring" of 1968 and the Polish Solidarity movement of 1980-81.

'Dissidents' Now Lionized

"There is fear and apathy," said Ferenc Kozseg, a leader of the Alliance of Free Democrats, a group that grew out of the dissident movement that spoke and printed critical views long before it became permissible. "They don't believe that the organizations can be effective. There is even a suspicion that they are movements of intellectual elites, not attached to the masses."

With exceptional civic courage, a small group of dissidents, as they were called until recently, had over the years asserted their civil liberties and preached them to the nation through illegal publications, often seized, and meetings in private homes, frequently raided by secret police. Now their views are being proclaimed not only in

new, unofficial dailies and weeklies but also in the official press, which a few months ago denounced or ignored them.

Writers and philosophers who less than a year ago, under the same regime, experienced the force of police truncheons on their backs now find themselves in demand for talk shows and university symposiums, contributions to the press and the right to publish their books in translation.

New Politics

Defining 1956 Is the Touchstone

At the center of the intense reexamination of the past, fraught with present-day political significance as Communist leaders compete in an unacknowledged power struggle, is the uprising of 1956, its crushing by the Soviet Army with the help of Hungarian support and the execution of its leader, Imre Nagy.

Within the ruling party, whose leaders all owe their rise to the former General Secretary, Janos Kadar, installed by Moscow as it put down the revolt, "liberals" and "conservatives" can be identified by the view they have adopted on 1956.

The 55-year-old Mr. Pozsgay, in whom non-party liberals as well as reform-minded Communists place their best hope for leadership, has identified himself with the opinion that the rising was an authentic national movement.

Mr. Pozsgay has built a reputation for enthusiastic support of the innovations of Mikhail S. Gorbachev, the Soviet leader.

A National Uprising?

Within the party, Mr. Pozsgay is a loner, not in close contact even with others committed to renewal. This includes Mr. Nyers, his 66-year old Politburo colleague, who was the architect of the economic changes of the late 1960's. They were halted and Mr. Nyers ousted when the "Prague spring" aroused Soviet opposition to all similar movements.

Mr. Grosz, 58 years old, who throughout his political life represented strict Communist orthodoxy, first adhered to the view that 1956 was a "counterrevolution." As the significance of the issue in the power contest rose, however, he moved to a centrist position. Mr. Grosz engineered a compromise in which the 1956 events were said to have begun as a "national uprising" and degenerated into "counterrevolution."

In what many Hungarians saw as a gratuitous act intended to use the 76-year-old Mr. Kadar to deflect blame from today's leaders, the party this month cast him into virtual disgrace. Pronouncing him physically and mentally ill, it completed his downfall, begun when Mr. Grosz replaced him a year ago. It expelled him from the honorary post of party president and membership on the central committee.

Mr. Kadar's consent to Hungarian participation in the Soviet-led invasion of Czechoslovakia in 1968 is one of the charges now laid against the former leader in the columns of the press and on the air.

New Parliament

Election May Come In November

Many Hungarians look forward to the expected parliamentary elections, perhaps as early as November, as the first step toward dislodging the Communist Party from power. This is not a view shared by Mr. Grosz, his advisers or his associates, even some in whom liberals place faith to transform the autocratic party into a democratic body ready for power-sharing or even a change of rule.

In a 90-minute interview in his spacious office at party headquarters in Pest on the left bank of the Danube, overlooking the green hills of Buda across the river, Mr. Grosz defined his view of a multi-party system and made clear that he regards the replacement of Communist government by another party as a long-term prospect at best.

The General Secretary, who ex-

Hungarian Asks Direct U.S. Aid To Industry

By Frank Swoboda
Washington Post Staff Writer

The spokesman for Hungary's fledgling independent trade union movement yesterday urged the Bush administration to bypass the government and provide direct aid to private industry as a way to speed political and economic reform in the communist-bloc nation.

Tibor Vidos, spokesman for the Democratic League of Trade Unions, said the current government has already squandered \$18 billion and still has been unable to cope with the nation's economic problems. The \$18 billion is the total amount of Hungary's current foreign debt, which it received in the form of government aid and loans from commercial banks and international lending agencies. Vidos said Hungary has no internal sources of capital to fuel an economic recovery.

President Bush is scheduled to visit Hungary in July, at a time when the nation's economy is in a state of crisis and the ruling Communist Party is in the midst of an internal struggle to reform itself. At the same time, nearly a dozen independent political parties are jockeying for support in next year's elections.

Vidos said the United States should promote the development of small and medium-size businesses with direct investments that bypass the communist government. He said Hungarian law allows companies with fewer than 500 workers to receive aid directly from foreign investors.

In the long run, Vidos said, the only real hope for the Hungarian economy is to get rid of the Communist Party. But he conceded that would take a long time.

He said he looked to the party reform movement—the Reform Circles—to help guide the country through its economic transition.

Vidos came to Washington last week to negotiate some direct aid of his own. He has been meeting with U.S. labor officials to discuss both financial aid and technical assistance to help the independent unions organize new members and administer their operations.

The Democratic Trade Union of Scientific Workers was formed just a year ago this month and Vidos said that he and other organizers of Hungary's first independent trade union have had little experience operating or expanding a union. He said independent trade unions in Hungary represent only about 10,000 workers in the scientific, teaching, and journalistic fields.

Although the new trade unions represent a low percentage of the Hungarian work force, Vidos said "our public acceptance is very good. We say things in a different way" than people are used to hearing.

185/178/173/173 Bulletin: We Won!

The Free World is reeling from too much success. Students in China carry around a replica of the Statue of Liberty and sound like Patrick Henry. The Polish regime sits down with Lech Walesa and recognizes Solidarity. The Baltics agitate for independence from Moscow, while Mikhail Gorbachev proposes unilateral arms cuts in Europe.

And in Washington, there's . . . dismay. All of these happy developments are beside the point, moans the nation's political community, because George Bush somehow isn't "doing something" to win "the public-relations" war. Bring back Mike Deaver!

The moans are heard from all political sides, left and right, though they may have been captured best by columnist David Broder, who this week compared Mr. Gorbachev to Gandhi and JFK. By contrast, he added, President Bush seems "rooted in the past," clinging to old "ideologies."

Perhaps Mr. Broder thinks one of those outmoded "ideologies" is the democratization that Mr. Gorbachev keeps endorsing. Or maybe he's referring to the free press and free speech that the Chinese demonstrators demand. The last time we checked, the man repudiating 70 years of his nation's history was Mr. Gorbachev, not George Bush. Perhaps it simply would be easier to say that Mr. Gorbachev is now following in the footsteps of Ronald Reagan.

Washington's problem is that it won't claim victory. While the late 1970s saw U.S. setbacks from Afghanistan to Angola to Central America, the late 1980s have brought reversals on nearly every front. Ronald Reagan rebuilt U.S. defenses, gave Stingers to the Afghans, heralded free markets, and unleashed Western science upon space-based defenses in a technological race the Soviets couldn't possibly win. Despite a setback or two when Congress resisted, containment plus the Reagan Doctrine worked. If the Cold War is over, the West has won.

Yet now the same people who fought Ronald Reagan want George Bush to embark on a new (if ambiguous) global strategy. Little wonder that he's cautious, favoring what he called in a speech on Sunday "a deliberate, step-by-step approach to East-West relations."

Mr. Bush's task is to consolidate and extend the Reagan victory, to

make sure the Soviets understand that the costs of backsliding will be high. As the President put it in Texas two weeks ago, the U.S. task is now "to convince the Soviet Union that there can be no reward in pursuing expansionism; that reward lies in . . . the evolution of the Soviet Union toward an open society."

Nowhere is this clearer than in Europe, where the critics want Mr. Bush to "respond" to every new Soviet initiative. Mr. Bush is urged to negotiate away NATO's last nuclear weapons; instead he's keeping his eye on the Warsaw Pact's dominance in conventional forces. On Sunday, he cited the pact's nearly 12-to-1 advantage in short-range missile and rocket launchers, and more than 2-to-1 advantage in main battle tanks.

While much of Washington swoons at Mr. Gorbachev's nuclear gambits, in Geneva the Soviets recently proposed conventional-arms reductions that aren't very far from NATO proposals. Mr. Bush may want to explore these ideas before he removes the last nuclear weapons that protect U.S. troops from surprise attack.

Others—even conservatives—want Mr. Bush to propose some grand deal that would pull U.S. troops back from NATO in return for Soviet withdrawal from Eastern Europe. Of course, once the U.S. withdraws, it is probably gone for good. Mr. Gorbachev, or his successor, can return in a few months—at a cost in Western opinion, to be sure, but he can still return. Mr. Bush's task would be to ensure that Soviet withdrawals are permanent, which means that troops also are demobilized back in the U.S.S.R.

As for political imagery, the one thing Mr. Bush might profitably do more of is talk about the yearning for freedom sweeping through the Communist world. His remarks about China's demonstrations have seemed pinched for such a mammoth cry for freedom. He could do worse than repeat every week or so Ronald Reagan's clarion call for liberty at Moscow University last year.

It is Mr. Gorbachev who is moving our way and the Communist system that is failing rather than our own. If the Soviets tear down the Berlin Wall, why should the West feel compelled to respond? We didn't want it built in the first place. The Soviets have to move or stagnate; George Bush can stand pat, resist complacency, and welcome defecting communists to the West.

Eastern Europe Tests The Limits of Liberalism

1830
By JOHN TAGLIABUE

THE sweeping new measures announced last week in Poland demonstrate once again how rapid the pace of change has become in parts of the East bloc — more rapid than in Moscow and fast enough to generate new debate in the West about how far it should go in encouraging political transformation in Eastern Europe. The Polish measures, which legalize the Solidarity trade union and introduce changes in virtually every area of political, cultural and economic life, are certain to broaden the ideological gap in the Soviet bloc.

On one side are Poland and Hungary, lurching ever more fitfully, prodded by severe economic difficulties, down the path of change. On the other are East Germany, Czechoslovakia, Rumania and Bulgaria, which accept neither the need for experimentation nor its desirability.

Indeed, the ink on Warsaw's pact was hardly dry when an East German newspaper fired a broadside at Communists who favored such suspect commodities as competing political parties and independent trade unions. "This is not socialism," the newspaper said, "and it will certainly not develop from this."

The East German jibes identified Moscow with Warsaw and Budapest. But Poland's new order is also likely to test the outer limits of what Moscow itself is willing to accept.

Though advisers to Mikhail S. Gorbachev, the Soviet leader, have given assurances that their East bloc allies have the right to choose their own road to socialism, relaxing if not revoking the Brezhnev doctrine that asserts Moscow's right to intervene militarily, the changes of last week had many Poles and other East Europeans wondering how Moscow would respond if a government chose a path away from Communism.

For the moment, the prospect of that happening does not appear large. The Polish changes assure the Govern-

ment continued control of the essentials like the military and security apparatus and, despite some loosening, the press. Moreover, the new powerful office of president will most certainly fall, by consent of the Communist Party and Solidarity, to Gen. Wojciech Jaruzelski, who has ruled Poland since 1981 and who declared martial law in December of that year in what turned out to be an unsuccessful effort to crush Solidarity once and for all.

So far, the changes in Poland and Hungary seem aimed at producing a kind of grand coalition in which Communists will keep the leading role for the moment, but will cede ever larger chunks of influence to other parties. In Hungary, the Government has approved laws permitting political parties, though it is not clear how much power — if any — the Communists will share with them, and allowed the formation of independent trade unions.

Still, appetites once whetted will not easily be satisfied. And as Hungary in 1956 and Czechoslovakia in 1968 demonstrated, liberalization creates its own momentum, rapidly overtaking more modest concessions and heightening the risk of unrest if rising expectations are not met. As though sensing the enormity of the problem, the Solidarity leader Lech Walesa last week offered to travel to Moscow "to seek understanding for the Polish reforms."

1956 Reconsidered

In their efforts to gain greater legitimacy and salvage the vestiges of authority, the Governments in Poland and Hungary have made concessions to revived national feelings. The Government of Hungary has debated the potentially explosive matter of whether the events of 1956 constituted a popular uprising, as most Hungarians believe. Moscow and the Hungarian Communists have always asserted that it was a counter-revolution. The Polish Government recently rejected what for 45 years was the official version of the wartime execution of thousands of Polish officers, asserting that Stalin's security police, not the Nazis, were the killers.

By evoking such symbolic departures from Soviet dominance, Hungary and Poland are sounding deep echoes in the consciousness of other East Europeans, a risky game in a region where nationalist feelings have already ignited two world wars.

The stakes for the West are also considerable. As they applauded the Warsaw accords, officials on both sides of the Atlantic recognized that the danger of popular uprisings could jeopardize even the modest changes Mr. Gorbachev has favored.

Should the United States and its European allies, as former Secretary of State Henry A. Kissinger has suggested, seek to negotiate a new arrangement for the region under which the West would guarantee the continuation of the Soviet sphere of influence in exchange for guarantees that the Soviets will not interfere with the growth of freedoms in the region? Or should the West continue a policy of encouraging liberalization in the nations on a country-by-country basis without offering Moscow reassurances that could prove to be unnecessary concessions? Certainly, this route would cost the West the least and be least likely to offend.

The West's Credits

In any case, Western countries must decide whether to provide substantial financial assistance to Poland as it struggles toward a less restrictive society. Last week, the Bush Administration was reported to be seeking new credits for Poland from American and international lending institutions. But little money is available in the West for largess toward East Europe.

Hungarian leaders who have visited Moscow recently, including Prime Minister Miklos Nemeth, have brought back the message that Moscow blesses what Budapest is doing and views the country as a laboratory of change. Similarly, Poland's Government spokesman, Jerzy Urban, returned from Moscow and offered assurances that the Soviet Union would no longer interfere in internal Polish affairs. Indeed, he said, "they now bend over backward to avoid the impression of meddling."

If all that sounded too good to be true, there were also ominous signs. Hungary's leader, Karoly Grosz, returned from Moscow after Mr. Nemeth to tell Hungarians that Mr. Gorbachev, who has tried to lay the Brezhnev doctrine to rest, had cautioned against allowing events in Hungary to give rise to conditions like those in Czechoslovakia in 1968. Shortly thereafter, Pravda warned of a rise of nationalism and "anti-socialist" feeling in Hungary. The message was aimed at Budapest, but Poles heard it clearly, too.

Diverging Paths

Events in the East bloc that exemplify the movement toward liberalization in some countries and against it in others.

Czechoslovakia, January 1989:

Playwright Vaclav Havel and dozens of other opposition leaders imprisoned in drive to stem growing dissent.

Hungary, March 1989:

Tens of thousands march in Budapest to mark anniversary of 1848 popular uprising put down with Russian help. Official permission for march is part of liberalization that includes legalization of non-Communist parties.

Poland, April 1989:

After year of labor unrest, Government signs accords with Solidarity restoring union's legal status and providing for first open elections since World War II.

East Germany, February 1988:

Disidents arrested and others expelled; stepped-up harassment of embryonic opposition. Government criticizes changes in other Communist bloc countries, including the Soviet Union.

Rumania, March 1989:

House arrest and interrogation of several former Communist Party officials who objected to razing hundreds of villages and relocating peasants, including thousands of ethnic Hungarians and Germans.

Bulgaria, January 1989:

Three leaders of emerging human rights group arrested after group's co-founder is killed. Crackdown occurs as Government pays lip service to Soviet-style changes.

Hungarian Shoppers Beat a Path to West, Buying in Vienna

173/1830

By Robert J. McCartney
Washington Post Foreign Service

VIENNA—A gray-haired Hungarian woman in a threadbare overcoat stood on the main shopping street of this Austrian capital with bags of bananas and high-quality coffee unavailable in her hometown of Győr, 65 miles southeast of here. She was on her first trip to a city that once had served as her parents' capital, under the old Austro-Hungarian Empire.

Her daughter, 13, clutched a boxed radio-cassette player, with which she said she planned to listen to Michael Jackson tapes. At \$140, it cost about \$50 less than at home—on the rare occasions when one is fortunate there.

The two were among 300,000 Hungarian shoppers who flocked to Vienna at the start of last week in what the Interior Ministry called the biggest mass crossing of Central Europe's most porous East-West border.

The Hungarians came to avoid an import tax increase that took effect Saturday, and to take advantage of last Tuesday's national holiday marking Hungary's liberation from the Nazis in 1945. The influx of cars and buses caused 40-mile traffic backups along the highway between Vienna and Hungary's capital, Budapest, 130 miles away.

The mass shopping trip illustrated a broad-based heightening of cooperation in the last two years between two countries that are particularly well suited to experiment in lowering the barriers between capitalist and communist states that have divided Europe since World War II.

Hungary has one of the most change-oriented leaderships in the Warsaw Pact, at the forefront of efforts to relax controls on the economy, travel and internal political debate. It hosts 65,000 Soviet troops, fewer than either of its more strategically located allies, East Germany and Czechoslovakia to the northwest.

Austria, although thoroughly capitalist and with a western-style parliamentary democracy, is officially neutral. Its foreign policy since it regained independence in 1955 has been clearly pro-western,

while it has sought to use its position as the West's most forward outpost in Central Europe as a bridge to the East Bloc. Foreign Ministry officials said Vienna seeks now to strengthen ties with Hungary as a way of encouraging liberal policies favorable to western interests.

The two states are cooperating in building a hydroelectric power station at Nagymaros in Hungary to dam the Danube River, which links their capitals. Austria is underwriting the project, with debt-burdened Hungary to pay its portion with electricity. Construction is under way despite charges of harm to the ecology.

Vienna and Budapest have scheduled a joint international exhibition in 1995. Billed as the first East-West world's fair, it is titled "Bridges to the Future."

Budapest plans soon to tear down the last electronically monitored fences and watchtowers along the border, Hungarian Foreign Minister Peter Varkonyi told his Austrian counterpart, Alois Mock, in February.

Hungary long ago removed the mines along the border that caused occasional injuries in the 1960s. Its border guards normally do not shoot at people trying to slip across the frontier.

The two countries' relationship has deep roots. "We have 400 years of common history" in the empire, Pap Gabor, a Hungarian who is the technical representative in Budapest of the American corporation Polaroid, said here. His boss works in Vienna, and he visits often.

On April 1, Hungary's Cardinal Laszlo Paskai attended the funeral here of the Austro-Hungarian Empire's last surviving monarch, Empress Zita. She was deposed with Emperor Karl as the empire collapsed in November 1918 at the end of World War I. The remnants became Austria, Hungary, Czechoslovakia, and parts of Yugoslavia, Poland, Romania and Italy.

In the 1800s, the Austro-Hungarian partnership in leading the empire was frequently troubled by Budapest's independent-mindedness and nationalism. "Our relations with Hungary are better now than they were under the empire," the Austrian Foreign Ministry official said with a chuckle.

On Mariahilfer Street in the heart of Vienna's retail district last Monday, Hungarian families lugged television sets, stereos and videocassette recorders. The two-day

spree brought \$160 million into Viennese merchants' coffers, the city's Chamber of Commerce said.

The numbers of Hungarian shopping trips have soared since Jan. 1, 1988, when the Budapest government granted all Hungarians the right to hold passports. It also increased the quantity of Hungarian currency that holders can exchange—at favorable rates—for such western currency as Austrian schillings. Austrians visiting Hungary provide the schillings.

"Ninety-nine percent of my business is with Hungarians," said Wolfgang Chroma, 30, co-owner of an electronic appliances store.

Some visitors load several washing machines, personal computers or other appliances onto trucks, and resell them in Hungary. But most come with families or other

small groups for one big purchase, such as a television set, and for odds and ends such as hair spray.

Despite this week's publicity over what headlines called Vienna's "Hungarian boom," official figures show Austrians made about 10 times as many visits to Hungary in 1988 as did Hungarians to Austria.

Austrians made 7 million visits to Hungary last year, frequently for inexpensive hunting trips, spa cures and other vacations. They also go for bargain prices in the East Bloc for dairy products and meat, and dental work and other services. An Austrian woman said she pays \$2.50 for a visit to the hairdresser in Budapest—and several times that much in Vienna.

Austria's easternmost province of Burgenland estimates that it loses \$60 million in sales each year as a result of its residents' shopping in Hungary.

For Hungarians, the biggest obstacle to travel here has become their shortage of hard currency. Overall trade has decreased since 1985 because of the shortfall.

Asked why the products they purchased in Austria were scarce or more expensive at home, the woman from Győr smiled brightly and answered, "because of [Hungarian Communist leader] Karoly Grosz." She did not respond when asked to explain further and would not give her name.

Hungary: It's 'America' to Refugees

1839

By Anne Underwood

Special to The Christian Science Monitor

BUDAPEST

IF she has any regrets about leaving Romania, Maria Boczoni doesn't show them.

A year after claiming refugee status in Hungary, she and her husband have found jobs and a two-room apartment. Half their rent is paid by her husband's factory. Her son is able to go to college - something he was unable to do in Romania because of quotas for the 1.7 to 2 million ethnic Hungarians in that country.

"This is our America," says Mrs. Boczoni.

It's been more than a year since Hungary began accepting refugees from Romania - astonishing the world by the image of people fleeing one Warsaw Pact country to another. The refugees keep coming - by the thousands, fleeing what they say is constant persecution. Within the Soviet bloc, where "fraternal" conflicts never used to surface, the exodus is a hot issue.

"The two coun-

tries would be close to war if they weren't restrained by the Soviet Union," says a Western diplomat in Budapest.

As Hungary prepares to dismantle its fences along the border with neutral Austria, the Romanian government is strengthening its barricades against its socialist neighbor. Recent arrivals say Romanian border guards shoot on sight and have installed a tripwire on the border.

"The Iron Curtain is coming down between Hungary and the West," notes Istvan, a volunteer working with the refugees. "It is going up instead between Hungary and Romania."

For most of the 26,000 refugees, life in Hungary is an improvement. The grocery stores are stocked with real meat and vegetables instead of the pictures or plastic models of food that are often found on shelves in Romania. There is electricity all day long and heating during the winter.

The vast majority do not have to contend with the culture shock that faces most of the world's refugees. Eighty-five percent are of Hungarian ethnic origin and already speak the language when they arrive. They know the customs and traditions, and many of them have relatives in Hungary who will lend a helping hand.

But there are problems. "Family reunification is our biggest headache," says Maria Vince of the Hungarian Red Cross.

The Romanian government will not give passports to both a

husband and wife, so one of the pair makes the journey to Budapest legally and waits for the other to sneak across the border later. Even if the couple meet up in Hungary, they know there are large numbers of friends and family - sometimes their own children - that they may never see again.

Communications back home are not easy. Letters arrive opened, if they arrive at all. It can take five or six hours to get a telephone line to Romania, and then sometimes the operator misconnects the call.

"Even if you get through," says Mrs. Boczoni, "you are not free to talk because you know informers in Romania are listening to the conversation and recording everything."

Although the refugees can easily obtain residence permits, they cannot become Hungarian citizens because of a bilateral agreement between Hungary and Romania forbidding dual citizenship. Gabor Bagi, head of the Foreign Ministry department that deals with Romania, says Hungary is weighing the consequences of withdrawing from the agreement.

WE have raised the citizenship issue with Romania, but they refuse to talk," he says. "They continue to hold us responsible for the refugee flow instead of asking themselves why people are fleeing the country."

Failing bilateral solutions,

Hungary is acting on its own. In mid-March it became the first Warsaw Pact country to join the 1951 Geneva Convention on refugees. The Hungarian government hopes that as a result, it will soon start receiving aid from the United Nations High Commission for Refugees. It also hopes the UN will put pressure on Romania to let citizens join their relatives abroad.

If the refugees of Hungarian origin find life difficult at times, the situation is bleaker for those of Romanian ethnic background. For them, arrival in Hungary is not a homecoming. Most say they want to move on to a third country. Some hitchhike to the Austrian border dozens of times in the hope that the car they are riding in will not be checked.

"We want to go to the West, maybe to Germany," says Adrianna, pointing to her husband and daughter, Melinda. They have lived for the past eight months in a concrete high-rise that was leased by a church group to house as many as 280 refugees. Adrianna's family shares the communal kitchen with a dozen other families. In their one-room apartment, the only decorations are some shriveled balloons and a sheet of gift wrap taped to the wall.

Still, most refugees have few regrets.

"In Romania, they used to refer to the Hungarians as *beczori*, 'the homeless people,'" says Istvan. "Here no one says we are homeless."

INTERVIEW

Hungarian Premier: Reform Is Risky, Painful . . . and Vital

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By Ned Temko

Staff writer of The Christian Science Monitor

BUDAPEST

WHEN Miklos Nemeth was eight years old, his native Hungary tried to opt out of Soviet-style communism. The Soviets answered with tanks. The prime minister, Imre Nagy, was executed.

Now, Mr. Nemeth has become prime minister. "Historical socialism is not practical, not useful for society," he said in a Monitor interview. Hungary needs free elections, a multiparty system, a free-market economy. "We need more pragmatism and less ideology."

And this time, he is convinced, Moscow will answer not with tanks, but with thanks. Soviet leader Mikhail Gorbachev, says Nemeth, has told him so.

These are heady days in Hungary, even by the standards of *perestroika* (restructuring) and *glasnost* (openness). The communist-run parliament has endorsed the idea of multiparty elections: A new constitution, enshrining this and other reforms, is being drawn up. The party has named a committee to take a new look at Hungarian history: One member has already reclassified the 1956 "counter-revolution" as a popular uprising, and Nagy's remains will be reburied with

honor on June 16, the anniversary of his execution.

Many Hungarians seem to welcome this swirl of political change. One woman says she has long wanted to become a teacher, but can't bring herself to endure the ponderous history courses needed for the degree. Under the present system, she explains, "they don't dare ask any question more recent than 1956. It's because they're scared of the answers they might get." Now, she hopes, that will change.

Kalman Kulcsar is a longtime lawyer and academic who, as Hungarian justice minister, is writing the new constitution. Hungary, he explains, has throughout history been influenced both from the East and West. The Western influence, he says with apparent satisfaction, now seems poised to reassert itself.

THE new law, to be submitted to a popular referendum early next year, will drop the traditional East-bloc provision for a "leading role" for the Communist Party, he says. It will provide for a judicial court — and for a system of checks and balances among the various branches of government.

For reformers like Mr. Kulcsar and Nemeth, one catalyst for change is simple pragmatism. The old system has won gradual, grudging acceptance since 1956, but not the grass-roots enthusiasm needed to ensure prosperity and stability. Although economic *perestroika*

(restructuring) began here in the late 1960s, it has had uneven effects. "Without political reform," says Nemeth, "economic reform was a little bit one-sided."

Mr. Gorbachev, too, has excellent reason to wish Hungary well. Nemeth has displayed a frank readiness to confront issues of *perestroika* that most Soviet reformers have dared not address. Of course, Nemeth says, there is the risk of free-market problems, like inflation and unemployment, in any serious move to let the market sort out decades of state-decreed inefficiency. "We have to live with this . . . side-effect," he says.

The solution, he suggests, is Western-style social democracy. Will it work here? No one, presumably, will want to know more urgently than Gorbachev. And few people can be more keenly interested in Gorbachev's political longevity than the Hungarians.

Nemeth plays down the link between the pace of Soviet *perestroika* and the prospects for reform in Hungary. Regardless of what happens in Moscow, he said, there was simply "no other possibility than to go fast and to take this [reform] route."

But another senior official, in an informal chat, is more circumspect. He, like Nemeth, suggests that reforms in both the Soviet Union and Hungary have progressed too far to be completely reversible. But, he adds, smiling, "I wake up every morning wishing that all goes well for Mr. Gorbachev."

Hungary Ousts 4 Conservatives in a Party Shuffle

183p

By JOHN TAGLIABUE
Special to The New York Times

WARSAW, April 12 — The Hungarian Communist Party shuffled its senior leadership today, dismissing the party's chief ideologist and three other conservatives on the Politburo and promoting two advocates of change.

The moves, approved after a day of debate within the Central Committee of the Communist Party, come at a time of stepped-up social and political change. They left the core of leaders representing the most liberal tendencies, including Imre Pozsgay and Rezső Nyers, in place. The ousted conservatives on the Politburo included

the chief ideologist, János Berecz, and János Lukács, the party's senior administrator.

A Visit to Moscow

The moves were significant, coming only days after a visit to Moscow by the party's General Secretary, Károly Grosz, who rose to power at a special party congress last May, and the announcement of broad liberalizing changes in Poland. Warsaw and Budapest are among the Eastern-bloc capitals most agreeable to political and economic changes like those that have been undertaken throughout the Soviet Union.

The decisions, reached after a special full session of the Central Committee, elevated two new members into the Politburo, the party's highest ruling body, but reduced the overall size from 11 members to 9. The new members were Mihály Jászó, the 53-year-old leader of the local Budapest party organization, and Pál Vastagh, the 43-year-old leader in Csongrad, in eastern Hungary.

Advocates of Change

Both men, but notably Mr. Vastagh, a university lecturer who recently reorganized the Csongrad party structure, are numbered among advocates of

change.

A Western diplomat said by telephone from Budapest that the moves were seen as necessary to restore the solidity of a party that has been shaken as it struggles to lead Hungary out of serious economic stagnation and maintain the initiative as alternative political groups increase.

A Conciliatory Path

Hungarians reached in Budapest said that László Major, the party spokesman, asked by an interviewer on state television whether the decisions reflected serious breakdown of party unity, replied, "No, no, that is not the case."

In excerpts from a report to the committee by Mr. Grosz that were published in the final statement of the committee meeting and reported by the

Hungarian press agency, the party leader sought a conciliatory path. He asserted that while "political, ideological and organizational" problems had arisen in party ranks, "renewal and development processes had also appeared."

In the last 18 months, party membership has dropped by 100,000, to 780,000 members. The decisions came amid increased calls for party unity and action against factions within the party opposing change.

Review of Activities

In February, the party ordered a full review of its activities and personnel after serious public disagreement among its top leaders. The spark for the differences was afforded by a debate over how to define the 1956 events in Hungary, in which Soviet forces

crushed the Hungarian uprising. Beneath the surface, however, what split the leadership was differences over the pace and scope of change.

A Compromise View

At a Central Committee meeting later that month, the party endorsed a compromise view of the 1956 events, ruling that what began as a legitimate uprising had degenerated into a revolt against the Communist system. But the party leadership appeared to accept the consensus at that meeting that Hungary's economic crisis and political uncertainties made an open leadership split unacceptable.

Also dismissed from the Politburo were the Health Minister, Judit Csehák, and István Szabo, often identified as a representative of the conservative farm lobby.

Rough Roads in Workers' Paradise

Change Will Create Hardships for Those Who Sought It Most

By Jackson Diehl

Washington Post Foreign Service

GDANSK, Poland—Nine years after they first draped their gates with the banners of Solidarity, the workers of the Lenin Shipyard won their battle this month for independent labor unions and radical political change in Poland. Yet Solidarity's activists have failed to get the one pledge that matters most to the workers: that when democracy comes, they will still have jobs.

The huge shipyard here is bankrupt and, even if some of the 9,000 jobs can be saved, the workers' future would remain bleak. As a result of the economic program that the government and opposition have agreed on, all the workers will see their living standards sink and many will face unemployment and poverty.

Thus it is that the workers who started Poland's struggle for change now threaten to boycott the historic elections for a new parliament and freely elected senate that their movement achieved. "We are simply trying to save our skins," Alojzy Szablewski, the yard's veteran Solidarity leader, said of the boycott, aimed at forcing the government to keep the yard open.

The crisis at Solidarity's birthplace at its moment of vindication is a sign of the tensions and contradictions

seem destined to free tumultuous forces that will rend both sides to pieces while encouraging dangerous currents of populism and nationalism. As this political upheaval moves forward, millions of people will be dislocated by the economic uprooting of socialism as inefficient state factories are closed down, prices are ruthlessly raised and vast welfare structures are replaced with competitive markets.

The goal of the emerging partnerships between the Communist and opposition elite here and in Hungary is to ensure that the transition remains both peaceful and orderly enough to be tolerated by Moscow. Yet, keeping the peace will require persuading large parts of society—among them workers who lose their jobs—that their sacrifices will benefit the nation and their children.

Splitting Up

If the process succeeds, neither the shipyard nor Solidarity will survive in anything like their present form. Moreover, workers who could move the world in 1970, 1980 and 1988 by striking will never again enjoy so much relative political power, economic privilege and social prestige in their country. Marx's proletarian dictatorship, in some ways perversely realized in the Poland of the 1980s, will be replaced by the professional and business classes that dominate western economies and the voters who will elect politicians to parliament.

"Someone said to me: 'Well, in four years Solidarity will win the elections and the Communists will be out,'" dissident Jacek Kuron wrote in a recent essay. "But that is a kind of thinking that supposes that our present situation will still exist in four years. And our whole chance lies in the supposition that along the way we will create an entirely new political geography, favoring political stabilization, so that in four years we won't have Solidarity running against the Pol-

ish United Workers' [Communist] Party. I think we will split up and the party will split up."

For Kuron, philosophers Adam Michnik and Leszek Kofakowski, and other theorists of the Polish opposition, the new wave of change represents the triumph of a political formula they began to elaborate in the 1970s. Their proposals came in the wake of the failed attempts at revolution against the Communist system in Eastern Europe, such as the Hungarian uprising of 1956, as well as the defeat of efforts by liberal Communist leaders to introduce reform from above, most notably during the 1968 "Prague Spring" in Czechoslovakia.

Broken Monopoly

The Polish dissidents urged the construction of independent, non-violent movements by citizens into a "civil society" that would effectively break the Communist monopoly on social organization and set the stage for a negotiated process of change. To avoid a violent revolution, Kuron and Michnik argued, the ruling Communists would eventually accept a partnership with independent groups that would organize a gradual, peaceful evolution to a more democratic system.

Solidarity's effort to begin that process failed in 1980-81, and Soviet pressure eventually prompted the Polish army to suppress the union. Yet, as the new partnership between opposition and government in Poland was formally sealed this month, the interior minister, Gen. Czeslaw Kiszczak, who lost a seven-year battle to liquidate the movement, paid the dissidents a special tribute: Poland's "reformed sociopolitical system," he said, "is to rest on the idea of civil society."

Although Hungary's independent and opposition movements are not nearly as large as those of Poland, the party leadership in Budapest also has adopted the Polish model, opening talks with opposition groups about a negotiated process of change. The two countries have developed similar aims and even similar timetables: each plans a shift to a parliamentary system through partially democratic elections. Poland will hold its elections in June, while Hungary is due to hold its vote early next year after allowing time for new political parties to organize. The Communists would initially be guaranteed control over government, in part through the institution of a powerful presidency, but would yield to free competition by a range of political parties in the mid-1990s.

Both Hungary and Poland plan to allow independent and opposition media in the next year, as well

DISMANTLING COMMUNISM

Second of three articles

built into the new wave of change beginning in Eastern Europe. In a shift unimaginable before Mikhail Gorbachev came to power in the Soviet Union, the Communist leaders of Poland and Hungary have embraced Sol-

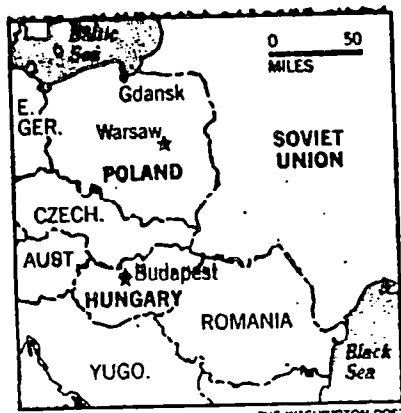
idity's ideals and planned a peaceful evolution away from the Communist system.

The new era of transition differs fundamentally from the reform programs attempted in Eastern Europe over the last 20 years—and now adopted by Gorbachev for the Soviet Union. Its aim is not to repair the Marxist-Leninist system of economic socialism and one-party rule, but to abandon it in everything but name, replacing it with a market economy and form of government modeled after those of neutral European states such as Sweden, Finland and Austria. As the final document of the "round table" accord signed by the Polish Communist leadership bluntly put it, "This is the beginning of the road toward parliamentary democracy."

The new evolution offers the promise to Poles and Hungarians of gaining the personal freedoms, economic prosperity and, eventually, the real national sovereignty denied them since the division of Europe in 1945. And yet the process also involves a crisis of transition, creating risks and hardships unimaginable until now by many of those who have fought to initiate the change.

Over the next few years, the new partnerships between the ruling Communists and opposition forces in Poland and Hungary

as noncommunist trade unions. Local government will be strengthened and elected democratically while courts will be made more independent from the party. Meanwhile, economic managers will be trying to shift the economy to a free market system in which state ownership would



operate on equal terms with co-operatives, foreign investors and private entrepreneurs. Unemployment, together with stock markets, will soon appear in both countries.

What will remain of Eastern Bloc socialism as it has been known since 1945? In Hungary, a vague list of ideals will be written into the constitution. "The constitution will define some values," explained Istvan Degen, a staff official of the Hungarian Socialist Workers' (Communist) Party Central Committee, "such as social care as a basic position, not to give up the possibility of full employment as a goal, and the dominance of public ownership, which doesn't mean state ownership. After all, if three people start up a company, that's already public ownership."

In Poland, chief party ideologist Marian Orzechowski was asked by an interviewer recently, "What guarantees do people have that the party is not going to give up one by one the values and goals implicit in socialism?"

"There are no such guarantees," Orzechowski promptly replied, adding, "because some of the things said by Marx, Engels or Lenin are no longer true in the world today."

In private, some party officials concede that the only check that will prevent Hungary and Poland from reverting entirely to Western-style democracy in the 1990s will be the need to maintain ties to Moscow. The party, they say, may need to keep control over military and foreign policy for an extended period to guarantee Warsaw Pact commitments, while economic policy must be handled in a way that does not radically disrupt trade with the Soviets.

In Poland, the prospect of full democracy is particularly questionable because of the likelihood that any Moscow-allied communist party would receive only a fraction of the votes in free elections if forced to run against nationalist or

Catholic parties. Although they have signed a commitment to free parliamentary elections in 1993, senior Communist officials are already hedging on the pledge, saying it is "only a goal."

"In fact, no one knows what the situation is going to be like in three or four years, no one has any idea of how the next elections will work," said Michnik. "The idea of the Communists is clearly that they will save themselves through this reform process and that they will win the next elections."

Indeed, perhaps the greatest challenge of the transition to the new system will be the effort by the ruling parties in Poland and Hungary to remake themselves entirely.

Learning Politics

"We have to become a real political party," said Janos Berecz, who until last week was the chief ideologist of the Hungarian party. "In the past, our basic role was to control economic production. The problem was how best to influence the bureaucracy. Now we have to aim at the citizens, because they are the voters. We have to enter into disputes and discussions at the grass roots and have tolerance for people who shout back."

In theory, Polish and Hungarian party leaders would like to change the profile of their party memberships, bringing in real organizers and politicians to replace policemen and bureaucrats, and establish a system of internal democracy rather than issuing orders from above. Yet in practice, such a

shift means attacking the positions and privileges of tens of thousands of people now employed as party managers in factories or in state administration, or holding powerful positions in the huge military and security apparatus.

In Hungary, the task will be relatively easier, because the Hungarian party retains a large corps of intellectuals and political professionals, including a number of professed Social Democrats, who strongly favor radical reforms. In Poland, however, repeated purges and upheavals in the Communist party, particularly after 1981, have had the effect of stripping it close to its core of 900,000 members in the military, security and economic apparatus, where the average age is 46.

After a battle stretching over several months, Polish Communist leader Wojciech Jaruzelski was able to force the overall plan for reform in the country through the Central Committee, with about one quarter of its members opposing him.

Populist Appeals

Yet in practice, the Polish party has already split, with the leadership of the Communist-run trade unions established in 1982, known by their initials as the OPZZ, strongly opposing the new program with the tacit support of al-

lies in the military and police. OPZZ leaders, topped by party Politburo member Alfred Miodowicz, are already seeking to undermine the political alliance between the party leadership and opposition with populist appeals to frustrated workers.

Some politicians in Hungary and Poland now predict that the ruling parties will eventually split into at least two parts, a hard-line Communist organization and a progressive Social Democratic party. In Hungary, the Ferenc Munnich Society, a group of hard-line Communists, already embodies one of the trends, while a fledgling Social Democratic Party is seeking to attract the right wing of the ruling Socialist Workers' Party.

The split in the Communist parties will be accompanied by a breakdown of the opposition into myriad factions that will then have to rebuild and ally themselves politically under conditions of open electoral activity. The process is already well under way in Hungary, which nourished only two broad dissident trends in the 1970s and 1980s but in the last six months has seen the creation of a dozen or more competing noncommunist parties, many of which are further divided by internal splits.

In Poland, where Solidarity created an alliance between intellectuals and workers in 1980 that claimed to represent the aspira-

tions of Polish society as a whole, many intellectuals and youth have already split off into separate political groups such as the Freedom and Peace Movement. Although Solidarity remains a powerful symbol, even the union's most loyal supporters expect that it will lose much of the rest of its political activists and may organize only 30 to 40 percent of workers.

In addition to differences of personality or tactics, powerful economic forces are changing the political landscape in Poland and Hungary. The new economic system will soon create a class of affluent private businessmen whose interests will differ sharply from those of workers. Even among workers, there will be divisions between winners in the white-collar professions, who will see their wages and affluence rise sharply under the new system, and blue-collar workers, who will be pushed down the social scale.

Where once East European societies were polarized between supporters and opponents of Communist rule, now they will be aligned in a more Western fashion according to greater or lesser support for private enterprise, industrial development, social welfare and environmental protection. "Until now the political battle has been about whether our countries were going to be totalitarian or democratic," said Michnik. "Now

taught workers' children for free—and made less money—will set up lucrative, and expensive, private clinics and schools.

Ironically, the new political system won by workers' strikes will have the effect of stripping workers of much of their disproportionate power. By shifting the sources of power from Communist factory organizations and unions to voters and parliaments, the reform process will probably create political coalitions that, unlike the party, can force the new austerity on workers and ignore their strikes.

A Role for Union

In Poland, Solidarity leaders see a role for the union in acting as a bridge between the political reformers and the workers, negotiating the factory closings, price increases and wage restructuring so that the process moves forward but is bearable for workers. "If Solidarity is going to survive and enjoy mass support, the market reform that Solidarity supports will have to have very strong limits," said Ryszard Bugaj, a leading opposition economist. "It must be done with the brakes on, and the whole question will be how much to have the brakes on. There has to be the appearance of an elite that arbitrates between various social groups and the economic policy."

Yet both in Poland, where Solidarity's support among workers is ebbing, and in Hungary, where industrial workers are largely unorganized, there is a danger that workers who feel unrepresented in the new political system and besieged economically will rebel. A repeat of the Hungarian uprising of 1956 or the violent clashes between workers and troops in Gdansk in 1970 could throw the entire process of change into disorder in Poland and Hungary or prompt Soviet intervention.

"To succeed, we need to be able to reach out to people and offer a minimum of hope," said Bronislaw Geremek, one of Solidarity's top strategists. "We need to convince them that if they accept hardships now, they will be rewarded with a dignified and decent life in the future. Our greatest problem is that so many people now, after all the failures of recent years in our country, have no hope. We have to find a way to give it to them."

NEXT: The environmental crisis

we will have a completely different landscape, and there will be a differentiation among the democratic groups."

Above all, the challenge of the transition to this new system will be in managing the decline of the biggest losers in the reform process: blue-collar industrial workers. For decades these workers have been pampered by Communist rulers, granted the highest wages and benefits and catered to with free social services and subsidized food. In Poland, workers have also acquired enormous political power, making them capable of halting price increases—or bringing down governments—with their strikes.

Yet, as the continuing crisis at the Lenin Shipyard portends, one of the first steps of the economic reforms in Poland and Hungary will be to close down or radically scale back the operations of inefficient state-run heavy industries. Hundreds of thousands of workers will experience unemployment for the first time. Those who remain will be forced to work much harder as Western companies and private investors buy into state firms and insist on major changes in job rules. Meanwhile, workers will see their real wages pushed down while many other groups in society soar ahead of them. Doctors and teachers who once treated and

The Hungarians Take Themselves Public

Stock Exchange Finds Few Buyers After Budapest Bond Crash

By BARRY NEWMAN

Staff Reporter of THE WALL STREET JOURNAL

BUDAPEST—With the Cold War winding down, this might be the right time to buy into an underperforming communist tank stock.

New tank orders have declined sharply from a year ago, market analysts here say, turning at least one unnamed low-multiple maker of Hungarian tank-chassis into a prime takeover target for a shrewd portfolio investor with staying power over the medium term.

"This company didn't realize that the army wouldn't need more tanks," says Zsigmond Jarai, the pin-striped, 37-year-old chairman of the Budapest Stock Exchange. "Now it's looking for some new investors. They can buy very cheap."

Mr. Jarai tips the tank unit as a hot prospect for repositioning into shipping containers. A buyout feeler, he confides, may soon fax in from an unspecified player in the U.S. "They can reorganize the company, change the management for Americans," he says.

The challenge: "We have to get them to understand the Hungarian investment system."

Entitled to Sell

That seems easy enough. Since Jan. 1, any company in Hungary has been entitled by law to sell any number of shares to anybody. Marxism's other big market maker, China, has eased off on stocks and bonds since a recent drop in the ideological indicators. But Hungary advises a blanket "buy." And investors here can span the spectrum now from socialist worker to capitalist raider.

Still, a communist stock market does have its inconsistencies. Even the most flexible of the East Bloc's reform-driven nations may take five or 10 years to iron them out. Hungarians are hard put to explain, for instance, how it is that a company owned by the people can go public. Among companies that do, an unnervingly large proportion are close to going bankrupt. Or so it's said, since an outside investor has no way of finding out.

Maybe this is why Peter G. Peterson looks puzzled. Mr. Peterson, former chairman of Lehman Bros., is an investment banker who heads the Blackstone Group, specializing in mergers and acquisitions. Now he sits against the blank wall of a windowless room, in a row of touring Americans with similarly puzzled looks. They have come here, to the stock exchange, to watch some stock get exchanged. Mr. Jarai stands to one side, explaining.

A woman at a microphone first recites a list of bonds. At narrow black tables, 25 dealers from the state's banks sit mute. Each time the woman reads a name, she

waits for bids. The dealers sit.

"Any demand?" asks the woman. "Does anybody want to buy? Any trade? Who's buying?"

Mr. Jarai bends toward the Americans and whispers, "Everybody wants to sell. Nobody wants to buy."

"You mean...you mean these are offers for sale and...and no buyers?" says Richard Furlaud. Mr. Furlaud, who is chief executive officer of Squibb Corp., seems to find this hard to imagine.

"Any offers? Any bids?" the woman says. A dealer raises a finger; it's a trade at last. Everybody smiles. A flashbulb pops. Mr. Peterson still looks puzzled.

"Do you have a debt-rating system here?" he asks Mr. Jarai.

"No, not yet."

"Then how do investors take into account risk?"

"They can't," Mr. Jarai says. "This is a problem. I think in a few years we will have a rating system."

Mr. Peterson smiles politely.

Salvation in Equities

Pressed for time, he and the other Americans leave before the action moves from bonds to stocks. They don't miss much. Not a share trades. "It seems the supply side is going a little ahead of the demand side," says Mr. Jarai. But these are early days, and few in this country doubt that socialism's salvation lies in equities.

A stock market, the Hungarians have realized, is an ingenious device for moving money around. It can supplant central planners in much the same way the steam engine supplanted mules. An ideologue may fear the rise of a class that gets rich cutting coupons, but Hungary's managers have other worries. They are losing subsidies. They need cash.

"Of course, some people are against all this," Mr. Jarai says. "They are the ones who lost money when the bond market crashed."

For those who missed it, the Hungarian bond-market crash took place in October of 1987, when something else caused a distraction in New York. To recap: In 1984, the bond market opened; yields were 11%, inflation 7%. A few hundred thousand people bought. Three years later, with yields still at 11%, the government issued an inflation forecast of 15%. A few hundred thousand people sold.

Prices therefore dropped. Rudely surprised by this, the crowds have since thinned in the lavish bond-buyers' hall of Budapest Bank. Marble columns, brass chandeliers and reassuring beeps from computer terminals haven't done much for customer relations.

On a weekday morning, one sad man studies the gold-lettered list of bond prices on a board at the hall's grand entrance.

"We are donkeys!" he says without being asked a question. "All bonds cheat the people. The companies don't lose. For them, inflation comes in handy. It means they pay back less! They profit, and we are hapal."

Regaining Investor Confidence

The stock exchange hopes to do better in the investor-confidence department. Hungarians, always ready for calamity, still carry a few billion dollars worth of pocket money. Inducing them to invest it requires a law, due this year, that will introduce such comforting novelties as audits and annual reports. The law could also lead some companies to issue shares, even when they aren't about to collapse.

Just in case, investment bankers, rating agencies, accountants and brokers are all setting up shop. The first brokerage house off the mark, a firm called Co-Nexus, has opened a swanky office with gray couches, gray carpets and red telephones.

"I'm a conservative capitalist and proud of it," says Bela Jansco. A 68-year-old with white-blond hair and gold-rimmed glasses, he owned a seat on the old Budapest Stock Exchange. His commissions dried up in 1948.

"We had 90 years of history," he says. "It's different now. We must persuade clients. We must explain everything. So far, nobody is interested." But then he flushes with enthusiasm and adds: "The fact that shares are on sale is a great advance for our ideology."

On the assumption that Mr. Jansco and his future competitors do eventually inspire a trade or two, the stock exchange is rushing to get ready. Advisers are piling in from London, Milan, and the World Bank. Soon, a tender will go out for the computer hardware. And the search is on in Budapest for a trading floor.

Unfortunately, the old stock exchange building isn't available; it was seized by Hungarian television. But Mr. Jarai has his eye on another place. It's a big, empty room at Karl Marx University.

Hungarian Fair Deal

Radical Economic Changes

Privatization of State-Owned Companies Proposed

By Bruce Karas

Special to The Washington Post

BUDAPEST—A high-level Hungarian government committee has drafted a far-reaching three-year program that would abandon step-by-step economic reforms in favor of radical measures such as factory closings, privatization of state-owned companies, budget cuts and the stimulation of private enterprise.

The draft program also calls for switching trade with the Soviet Union to a dollar basis within two to five years, and negotiating for associate membership in the European Community.

The 115-page document was prepared by the government's Economic Reform Committee, set up last year under Rezső Nyers, a senior Cabinet minister and a member of the Communist Party's Politburo who was the father of Hungary's 1968 economic reforms.

The document is remarkable for its pessimism about the prospects for change within the Soviet Bloc: "It would be an illusion to expect rapid positive change, since even in the Soviet Union the transformation of the internal economic mechanism is expected to be rather a slow and contradictory process, and several Comecon countries do not support any changes." Comecon is the Eastern Bloc's trading organization.

The document notes that Moscow has given Hungary carte blanche to implement internal changes, "provided the reforms do not fundamentally alter our alliance commitments." But the rest of Eastern Europe, the committee's report warns, is likely to become a disaster zone where "the emergence of new focal points of crisis or the deepening of old crises cannot be excluded."

The solution for Hungary, the authors argue, is to make drastic cuts in its trading ties with the East, while maintaining its membership in Comecon, and to reintegrate into the world market.

The program offers two alternatives for switching trade with the country's largest export market, the Soviet Union, to a dollar basis. According to the first version, dollar trade with Soviet companies should be introduced in 1991, virtually overnight. The second alternative sees a gradual, five-year transition to dollar trade.

Although Hungary currently has an annual trade surplus of 150 million rubles (about \$240 million at official exchange rates) with Moscow, thanks to the unrealistic pricing mechanism that operates within Comecon, economists here estimate

that it could lose up to \$1.5 billion annually with the introduction of hard-currency trade. Because the Soviets would then insist on world market quality to match the price. The government's economists hope the Soviet Union would be prepared to pay compensation.

"I have talked to three prominent Soviet economists—[Oleg] Bogomolov, [Leonid] Abalkin and [Abel] Aganbegyan," Akos Balassa, a member of the Hungarian government reform committee, said in an interview, "and they have all described the idea [of hard-currency trade] as conceivable." The idea also was discussed by Prime Minister Miklós Nemeth during his recent trip to Moscow, and the Soviets were said to be impressed by the potential of gaining a great deal of hard currency at the outset.

But for Hungary, Balassa explained, the initial flow of dollars to Moscow would be offset by the long-term prospect that "Hungary could become a bridge" for trade "between the West and the Soviet Union," attracting Western firms that seek to tap the potential Soviet market.

The draft program foresees that by the end of 1992 the infrastructure of the domestic market would be in place, with stock exchanges to help the flow of capital into the country. State-owned enterprises would be split up, turned into joint-stock companies or sold to private individuals and foreign capitalists.

By that time the first steps would have been taken to make the domestic currency, the forint, convertible, and Hungary would be seeking association with the European Community. The government plan envisions a form of associate membership, with Hungary undertaking to "adapt to the internal rules and norms of the Common Market" while the EC would allow Hungarian goods free entry.

The government intends to unveil the program next month, and until then changes could still be made. But government sources are confident the Communist Party, whose final seal of approval is required before the plan can be submitted to parliament, will raise no objections.

Opposition to the program is more likely to come from abroad—from Hungary's Communist allies and from Western creditors, concerned over the need for additional credits on top of a current foreign debt of about \$13.5 billion. While the document mentions no figure, Balassa said Hungary would need a modernization loan of between \$1 billion and \$1.5 billion to implement the huge structural changes the program would entail.

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402 (c) - usually they say
wouldn't qualify -
now one-yr waiver -
Few weeks ago Bush signed 1 yr waiver
- WE DON'T WANT 5 YR, BECAUSE IT
WOULD ~~HURT~~ HURT THEM.
House voted down 5 yr

Jim Hoagland

English Spoken—in Paris?

That Day Is Coming

PARIS—Even in an era when Communist dictators use their powers to promote democratic elections, when Republicans preside over huge budget deficits and HUD scandals in Washington, when the greenhouse effect and temperature inversions scramble the weather—even then, Americans should be able to count on a few time-tested verities: Like Mike Tyson's left jab, ants at a picnic, the French being snooty and defensive about their language and culture.

But another fixed point of the international landscape is on the move. The French are beginning to recognize that the sun has set on their linguistic empire. They increasingly see that language is an important weapon in the commercial wars raging around the globe and that the tongue profiting from this is not theirs.

President George Bush put it bluntly this summer in Budapest in announcing the dispatch of Peace Corps English teachers to Eastern Europe for the first time. "English is the lingua franca of world business, the key to clinching deals from Hong Kong to Toronto. Learning English would 'open the global market to more Hungarians,'" Bush said.

Not too long ago, Bush's contention (not to mention his syntax) would have been derided, satirized or ignored by French intellectuals and politicians. Now, any number of Frenchmen will tell you that Bush is absolutely right. And they will tell you so in English if you don't speak French. That is news, as any monolingual American who has visited Paris before this change began will tell you.

On the day Bush was speaking in Budapest, his point was being echoed here by Maurice Allais, the 1988 Nobel laureate in economics. Writing in *Le Monde*, the Paris daily, Allais told his countrymen that it was time to adjust to the economic and scientific realities created by the growing dominance of English in the world today.

Allais is a well-known figure in France, and not just because of his Nobel for economics, the first ever to a Frenchman. A few weeks before the October stock market crash in 1987, he published several articles warning of the "instability" of financial markets and the dangers investors faced. Since then, when Allais writes, people listen.

He is now warning the French that they have to accept and try to exploit the secondary rank that France commands as a linguistic power if they are to avoid a broader intellectual crash. By agreeing to publish more in English and achieve wider international recognition, intellectuals can preserve "French thought," as opposed to the French language. This Lutheresque schism between French thought and French language would have been branded heresy even a decade ago. Today, it wins Allais support.

The Allais plan also includes European treaties to require university graduates to learn two foreign languages. He would graft these treaties onto the European integration process in

the calculation that Germans, Spaniards, Danes and others would continue to choose English as their primary foreign language and turn to French as a respectable second choice.

"The integration of Europe is changing the way history is taught and culture is perceived in these countries. We can be less nationalistic" and more open to cooperating with other nations, Allais said. "In France, as a result of two World Wars, history was taught in a very

"It is a dangerous thing for the educated classes of important countries not to speak foreign languages."

—Maurice Allais

nationalistic way." This is no longer necessary or desirable.

I had expected Allais to provide provocative insights about his country; I had not expected him to provide them about my own. But Americans should consider the contrast drawn by this sympathetic and perceptive foreign observer, between Europe and the United States.

The concern expressed in *Le Monde*, Allais told me, was prompted by a recent trip abroad, during which he was stunned by the extent to which "educated people in Japan, in Canada, in the United States do not speak French or any other foreign language. It is a dangerous thing for the educated classes of important countries not to speak foreign languages. We are heading into an era of greater mutual incomprehension among peoples, when demographic trends are destabilizing many countries, when Latin America is economically unstable, when communist societies are unstable, when we may be on the edge of chaos."

Allais sees the growing acceptance of English as having negative feedback for Americans who no longer feel any pressure to learn foreign languages. "What strikes me when I visit America is that it seems much more nationalistic than ever. And I am struck by the degradation of English in public use, in newspapers or in speeches. It is as if the American people feel they can afford to be indifferent to their language."

As Bush noted in his Budapest speech, foreigners today are not indifferent to English. They are eager to learn English and other foreign languages and to use them correctly and expressively as a passport to fuller and better lives. That is true today even for the French.

It is a desire that every American should share.

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PRESIDENTIAL ADDRESS: HUNGARY DEPARTURE STATEMENT
JULY 13, 8:35 A.M.

Marked.

I WOULD LIKE FIRST TO THANK OUR HOSTS, AND THE PEOPLE OF HUNGARY, FOR THE WARMTH OF THEIR HOSPITALITY TO BARBARA AND ME. ((ACKNOWLEDGE LEADERS))

I WAS THE FIRST VICE PRESIDENT OF THE UNITED STATES TO VISIT YOUR COUNTRY SIX YEARS AGO. BUT NOW I AM ESPECIALLY HONORED TO BE THE FIRST AMERICAN PRESIDENT TO HAVE COME TO THIS BEAUTIFUL LAND.

- 2 -

DURING THE PAST TWO DAYS WE HAVE MET WITH HUNGARIANS FROM EVERY WALK OF LIFE. I SAW ((TURN-OUT NUMBER)) HUNGARIANS TURN OUT AT KOSSUTH SQUARE, A REMINDER OF THE SACRIFICES OF HUNGARY'S PAST. AT PARLIAMENT, I MET WITH THE POLITICAL LEADERS OF THE PRESENT -- LEADERS WHO HAVE THE COURAGE TO CALL FOR AN HISTORIC ELECTION.

AND AT KARL MARX UNIVERSITY, I SAW THE HOPEFUL FACE OF HUNGARY'S FUTURE AND ANNOUNCED A SERIES OF AMERICAN ACTIONS TO ENGAGE MY COUNTRY MORE DEEPLY IN THAT FUTURE.

AND THROUGHOUT, I FELT A DEEPENING OF THE FRIENDSHIP BETWEEN THE AMERICAN AND THE HUNGARIAN PEOPLES.

IN JUST A MOMENT, WE WILL LEAVE FOR PARIS FOR AN ECONOMIC SUMMIT WITH WESTERN LEADERS. THIS WILL BE AN HISTORIC MOMENT FOR EUROPE, FOR THE NATIONS OF THE ECONOMIC COMMUNITY ARE MOVING STEADILY TOWARD ECONOMIC INTEGRATION IN 1992. AND THIS SHOULD MEAN MORE THAN JUST A VAST TRADE OPPORTUNITY FOR HUNGARY. AS YOUR ECONOMY MODERNIZES, YOU WILL PLAY AN EVER GREATER ROLE IN THE EVOLUTION OF A NEW EUROPE -- A EUROPE THAT IS WHOLE AND FREE.

WHILE IN PARIS, WE SHALL ALSO CELEBRATE THE
INDEPENDENCE OF THAT NATION AND THE DECLARATION OF THE
RIGHTS OF MAN. BUT THESE RIGHTS ARE NOT FRENCH, NOR
ARE THEY AMERICAN. YOU ARE PROVING, HERE IN THE
HEARTLAND OF EUROPE, THAT THE RIGHTS OF MAN ARE THE
PROPER BIRTHRIGHT OF US ALL.

THANK YOU FOR YOUR WARM WELCOME, GOD BLESS YOU, AND
GOD BLESS HUNGARY.

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Public Papers of the Presidents

Remarks to Students and Faculty at Karl Marx University of
Economics in Budapest, Hungary

25 Weekly Comp. Pres. Doc. 1084

July 12, 1989

LENGTH: 2458 words

Mr. President and Mr. Prime Minister and Mrs. Nemeth, ladies and gentlemen, Dr. and Mrs. Csaki, it is a great pleasure for Barbara and me to be back in Budapest. And I am very proud to be the first American President to visit Hungary. Some might find it ironic that I am speaking at a university named after Karl Marx. [Laughter] If you don't find it ironic in Hungary, try it on for size in the United States. But the fact that I am here today is less a cause for surprise than proof that America welcomes the unfettered competition of ideas. And I understand that 50 or so of the faculty from this great university have been as either students or teachers in the United States of America. And that is a very good thing for my country, and I'm glad you came our way.

The University's principal task is to promote a competition -- an unfettered competition of ideas. And that is the spirit that brings us together: a spirit that guided a great teacher at Karl Marx University, whose name was Imre Nagy. As his funeral proceeded in Heroes Square a few weeks ago, the rising voice of Hungary was heard reciting the "Szozat" [patriotic poem]. And in this simple, somber ceremony, the world saw something more than a dignified act, an act of reconciliation. We witnessed an act of truth. It is on this foundation of truth, more solid than stone, that Hungarians have begun to build a new future. A generation waited to honor Imre Nagy's courage; may a hundred generations remember it.

While Hungary rediscovers its natural role in the affairs of Europe, the world again looks to you for inspiration. A popular nonfiction book in my country today is entitled "Budapest 1900." Dr. John Lukacs lovingly describes the Budapest of memory, with its proud stock exchange and great opera, a time when Europe's first electric subway ran underneath the handsome shops of Andrassy Avenue. A city that rivaled Paris in its splendor, Vienna in its music, London in its literature, a center of learning that enlightened the world and gave America one kind of genius in Joseph Pulitzer, another in Bela Bartok. But for four decades, this great city, this great nation, so central to the continent in every respect, has been separated from Europe and the West.

And today Hungary is opening again to the West, becoming a beacon of light in European culture. And I see people in motion -- color, creativity, experimentation. I see a new beginning for Hungary. The very atmosphere of this city, the very atmosphere of Budapest, is electric and alive with optimism.

Your people and your leaders -- government and opposition alike -- are not afraid to break with the past, to act in the spirit of truth. And what better example of this could there be than one simple fact: Karl Marx University has dropped "Das Kapital" from its required reading list. Some historians argue

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that Marxism arise out of a humane impulse. But Karl Marx traced only one thread of human existence and missed the rest of the tapestry -- the colorful and varied tapestry of humanity. He regarded man as hapless, unable to shape his environment or destiny. But man is not driven by impersonal economic forces. He's not simply an object acted upon by mechanical laws of history. Rather, man is imaginative and inventive. He is artistic, with an innate need to create and enjoy beauty. He is a loving member of a family and a loyal patriot to his people. Man is dynamic, determined to shape his own future.

The creative genius of the Hungarian people, long suppressed, is again flourishing in your schools, your businesses, your churches. And this is more than a fleeting season of freedom. It is Hungary returning to its normal, traditional values. It is Hungary returning home. Voices long stilled are being heard again. An independent daily newspaper is now sold on the streets. Commercial radio and television stations will broadcast everything from the news to the music of Stevie Wonder. And Radio Free Europe is opening its first Eastern European Bureau right here in Budapest.

Along your border with Austria, the ugly symbol of Europe's division and Hungary's isolation is coming down, as the barbed wire fences are rolled and stacked into bales. For the first time, the Iron Curtain has begun to part. And Hungary, your great country, is leading the way.

The Soviet Union has withdrawn troops, which I also take as a step in overcoming Europe's division. And as those forces leave, let the Soviet leaders know they have everything to gain and nothing to lose or fear from peaceful change. We can -- and I am determined that we will -- work together to move beyond containment, beyond the Cold War.

One of the key steps is moving beyond containment is easing the military confrontation in Europe. To this end, the NATO[North Atlantic Treaty Organization] allies joined, at the May summit meeting, in my proposal of a comprehensive conventional arms control initiative, an initiative that would cut the number of tanks, armored troop carriers, artillery, combat aircraft, attack helicopters, as well as United States and Soviet troops stationed on foreign soil in Europe -- all to lower, equal levels. The issues may be complex, but we're working, day and night, to get a solid, historic agreement to strengthen ability in Europe and reduce the risk of war. And we are determined to get it soon.

No, there is no mistaking the fact that we are on the threshold of a new era. And there's also no mistaking the fact that Hungary is at the threshold of great and historic change. You're writing a real constitution, and you're moving toward democratic, multiparty elections. And this is partly possible because brave men and women have formed opposition parties. And this is possible because Hungarian leaders are going to show the ultimate political courage: the courage to submit to the choice of the people in free elections.

But to succeed in reform, you'll need partners -- partners to help promote lasting change in Hungary. And I am here today to offer Hungary the partnership of the United States of America. Three vital spheres stand out in our partnerships: economics, the environment, and democratic and cultural exchange.

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The United States believes in the acceleration of productive change, not in its delay. So, this is our guiding principle: The United States will offer assistance not to prop up the status quo but to propel reform.

Of course, the weight of the past still burdens Hungarian enterprise. There are remnants of the Stalinist economy -- huge, inefficient industrial plants and a bewildering price system that is hard for anyone to understand, and the massive subsidies that could economic decisions -- all of this slows what you could otherwise achieve. It's an economic Rubik's Cube that defies solution.

To make the transition to a productive economy will test your mettle as a people. The prices of some commodities may rise. Some inefficient businesses and factories will close. But the Hungarian Government is increasingly leaving the business of running the shops to the shopkeepers, the farms to the farmers. And the creative drive of the people, once unleashed, will create momentum of its own. And this will bring you a greater treasure than simply the riches you create. It'll give each of you control over your own destiny -- a Hungarian destiny. And as I said, the United States will be your partner in this transformation to a successful economy.

Last Thursday at the White House, I invited leaders from business, education, labor, and other fields to come to the White House and discuss the new private sector opportunities opening up in Hungary. And their response was enthusiastic. This was especially true of Hungarian-Americans, so proud to be building a bridge between their new country and their motherland. As long as our two governments ease the way, the people of America and Hungary can do the rest -- the people can do the rest.

And it is in this spirit that I want to announce the following measures. First, as I said in Warsaw, I will propose at the Paris economic summit concerted Western action, for Poland and Hungary, to back your reforms with economic and technical assistance from the summit partners. Of course, our efforts for Hungary will be targeted to your needs.

And second, I will ask the United States Congress to authorize a \$25 million fund as a source of new capital to invigorate the Hungarian private sector. I'll also encourage parallel efforts from the other nations of the economic summit.

And third, once your Parliament passes the new emigration legislation proposed by your Council of Ministers, I will inform our Congress that Hungary is in full compliance with the Jackson-Vanik amendments to our 1974 trade law. No country has yet been released from the restrictions of this amendment. So, I am pleased to tell you that Hungary will be the first. And this action will give Hungary the most liberal access to the American market for the longest terms possible under our laws.

Fourth, America is prepared to provide your country with access to our Generalized System of Preferences, which offers selective tariff relief. Simply put, these last two measures will allow you to take advantage of the largest single market in the entire world.

And fifth, we've concluded a draft agreement to authorize the Overseas Private Investment Corporation -- OPIC we call it -- to operate in Hungary. And once our Senate passes the enabling legislation, OPIC will be able to

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provide insurance to encourage American investment in private enterprises in Hungary. Through OPIC, American business executives will see firsthand the great opportunity of Hungary. Private investment is critical for Hungary. It means jobs, innovation, progress. But most of all, private investment means a brighter future for your children, a brighter future for Hungary.

And yet economic progress cannot be at the expense of the air we breathe and the water we drink. Six weeks ago, in Mainz, I proposed cooperation between East and West on environmental issues. And that is why I will ask the United States Congress to appropriate \$5 million to establish an International Environmental Center for central and eastern Europe, to be based right here in Budapest, which will bring together private and government experts and organizations to address the ecological crisis. After all, our shared heritage is the Earth. And the fate of the Earth transcends borders; it isn't just an East-West issue. Hungary has led eastern and central Europe in addressing the concerns of your citizens for cleaner air and water. And now you can do even more, working with the West to build a bridge of technical and scientific cooperation.

Along these lines, I am also pleased to announce that the United States has proposed an agreement between our two countries to establish scientific and technical cooperation in the basic sciences and in specific areas, including the environment, medicine, and nuclear safety.

It is my hope that this visit will also lead to a wider exchange between East and West so our scientists, our artists, and our environmentalists can learn from one another; so that our soliders and statesmen can discuss peace; and our students -- God bless them -- can discuss the future.

But to discuss anything requires a common language. The teaching of the English language is one of the most popular American exports. And as students, you know that English is the lingua franca of world business, the key to clinching deals from Hong Kong to Toronto. So, to open the global market to more Hungarians, I am pleased to announce that the Peace Corps will, for the first time, operate in a European country. And our Peace Corps instructors will come to Budapest and all 19 countries to teach English.

And in such exchanges, we want to help you in your quest for a new beginning as a democratic Hungary. So, the United States is also committing more than \$6 million to cultural and educational opportunities in eastern Europe. We will make available funds for a series of major new U.S.-Hungarian exchange programs -- among Congressmen and legislative experts; among labor business leaders; among legal experts; among community leaders, educators, and young people. We are creating dozens of fellowships to enable Hungarians to study at American universities. And we will find endowed chairs in American studies at your universities, and books -- many thousands of them -- to fill the shelves of your new International Management Center and the libraries of schools and universities across Hungary.

And the United States will also open, within the next several years, an American House in the center of Budapest. Today the celebrated American architect Robert Stern is releasing his design for this center, which will be an open house of books, magazines, and video cassettes -- an open house of ideas.

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And so, in conclusion, in economic reform and democratic change, in cultural and environmental cooperation, there are great opportunities and great challenges. Hungary has a lot of work ahead, and so do the United States and Hungary, working together to build this better future -- dynamic future.

Your challenge is enormous and historic: to build a structure of political change and decentralized economic enterprise on the ruins of a failed Stalinist system. And given the opportunity to show your characteristic initiative, creativity, and resourcefulness, I believe that the Hungarian people will meet the challenge. You stand on the threshold of a new era of economic development and, yes, political change.

And I believe with all my heart that you are ready to meet the future. I see a country well on the way. I see a country rich in human resources -- rich in the moral courage of its people. I see a nation transcending its past and reaching out to its destiny. I congratulate you for having come so far.

And let us be equal to the opportunity that lies before us. Let us have history write of us that we were the generation that made Europe whole and free.

Thank you all. God bless each and every one of you. Thank you very much.

Note: The President spoke at 1:35 p.m. in Aula Hall at the university. In his remarks, he referred to Bruno Straub, President of Hungary's Presidential Council; Prime Minister Miklos Nemeth; Csaba Csaki, rector of the university; and Imre Nagy, former Hungarian Prime Minister and leader of the 1956 uprising against Soviet domination of Hungary. Prior to his remarks, the President participated in a discussion with students at the Old Prison on Castle Hill.

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