

Originally Processed With FOIA(s):

FOIA Number:

S

FOIA MARKER

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

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

OA/ID Number: 13495
Folder ID Number: 13495-005

Folder Title:
Karl Marx University 7/12/89 [1]

Stack:	Row:	Section:	Shelf:	Position:
G	25	6	4	1

PM 9/27/04

~~CONFIDENTIAL~~
CLASSIFICATION

CIRCLE ONE BELOW

MODE

PAGES 1

~~IMMEDIATE~~

~~SECURE FAX # 45~~

DTG 101508Z

PRIORITY

ADMIN FAX # _____

RELEASER JK 09

ROUTINE

FROM/LOCATION

1. Philip ZELIKOW

TO/LOCATION/TIME OF RECEIPT

1. AMB. BLACKWILL
2. DR. CONDI RICE / WARSAW

INFORMATION ADDEES/LOCATION/TIME OF RECEIPT

- 1. _____
- 2. _____

SPECIAL INSTRUCTIONS/REMARKS:

Deliver ASAP.

~~CONFIDENTIAL~~
CLASSIFICATION

~~CONFIDENTIAL~~

Sentences on CFE for use in Karl Marx University speech

One of the key steps in moving beyond containment is easing

~~I place a high priority on steps to ease~~ 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} and US and Soviet troops stationed on foreign
 soil in Europe ^{as well as} all to lower, equal levels. ^{FF} We said we were
 ready to move fast. The Western allies promised that we would be
 ready to table the details of our new proposal at the negotiating
 table in Vienna by early September. I am pleased to be able to
 announce today that we will do even better than that. Tomorrow,
 in Vienna, NATO will ^[present] follow through with the specifics on its
 proposal. The issues may ^{be} ~~be~~ ^{be} ~~be~~ ^{be} complex, but we are
 working, day and night, to get a solid, historic agreement to
 strengthen stability in Europe, and get it soon.

INSECT *

FF1 →

FF2 →

Determined To Be an Administrative
Marking Per E.O. 12356 Sec. 1.1 (a)

RML 9/27/04

~~CONFIDENTIAL~~

given to Hagle
7/6/89 12:25

WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/30/89 ACTION/CONCURRENCE/COMMENT DUE BY: 7/3/89 5:00 PM

SUBJECT: PRESIDENTIAL REMARKS: KARL MARX UNIVERSITY

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDOERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:
Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 5:00 Monday, July 3, 1989, with an info copy to my office.

RESPONSE: _____

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

NATIONAL SECURITY COUNCIL

EXECUTIVE SECRETARIAT STAFFING DOCUMENT

TIME STAMP

URGENT

89 JUN 30 P 6: 18

SYSTEM LOG NUMBER:

5228

ACTION OFFICER:

RICE

DUE:

3:30 PM 3 JUL

- Prepare Memo For Scowcroft/Gates
- Prepare Memo For Cicconi
- Prepare Memo _____

- Appropriate Action
- Prepare Memo for Hughes
- to _____

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext.

3912

- FYI
- Basora
 - Beers
 - Blackwill
 - Briggs
 - Brooks
 - Charles
 - Coulson
 - Deal
 - Donley
 - Dyke
 - Ebner
 - Grant
 - Haass
 - Hoffmann
 - Hutchings
 - Jackson
 - LaMagna
 - Kanter

- FYI
- Lampley
 - Leach
 - Levin
 - Lewis
 - Mahley
 - Mandel
 - McCue
 - Melby
 - Menan
 - Miller
 - Miskel
 - Needels
 - Paal
 - Pacelli
 - Passage
 - Popadiuk
 - Porter
 - Pryce

- FYI
- Rademaker
 - Reiss
 - Rice
 - Rodman
 - Rostow
 - Salvetti
 - Snider
 - Tilley
 - Tobey
 - Welch
 - Whitley
 - Working
 - Zelikow
 - _____
 - _____
 - _____
 - _____
 - _____

INFORMATION

- Hughes
- Scowcroft (advance)

- Gates (advance)
- Secretariat

- Exec. Sec. Desk
- SCHMANN

COMMENTS

Logged By CDM

Return to Secretariat

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

PRESIDENTIAL ADDRESS: KARL MARX UNIVERSITY
(Date, Time)

Ladies and gentlemen, Dr. Csaki (CHAH-kee). It's a pleasure to be back in Budapest, 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 Nemeth (^{NAY-net}~~Nameth~~) and Zsigmond (Zig-mund) Jarai (JAR-ree). But before any of them, there was a teacher at Karl Marx University, and his name was Imre ((EEMH-ray) Nag^y (^DNAZH)).

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

new future . . . a generation waited to honor his courage; may a hundred generations remember it.

While Hungary rediscovers its natural role in the affairs of Europe, *the world once again looks to you for inspiration.* ~~America is rediscovering you.~~ One of the ~~((bestselling))~~ non-fiction books in my country today is entitled Budapest 1900. Dr. John Lukacs lovingly describes the Budapest of memory . . . ((Quote to come))

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

But the city and country I see today is again opening to the West, again becoming a leading light in European culture. I see people in motion. I see color and creativity replacing grey conformity. I sense an atmosphere that is electric, alive with optimism. *There is a new spirit of experimentation -- of making a new beginning.*

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

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 an economic being. But Man is more than that.

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

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

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

Along your border with Austria, barbed wire is being removed. More than one hundred thousand Americans visited Hungary last year -- and more than 20,000 Hungarians have come to America. This very university operates exchange programs with 23

U.S. schools. For the first time, the Iron Curtain has begun to part. Hungary is changing the world.

The Soviet Union has withdrawn many troops, which I take ^{also} as a first sign that ~~Moscow truly respects your sovereignty.~~ *of overcoming the division of Europe.* And as they leave, let the Soviets ^{leaders} know they have everything to gain, and nothing to lose or fear, from peaceful change. ~~[Nor should we~~

4.

We can work together to move beyond containment, beyond the Cold War.

But all of these developments, as significant as they are, pale before this --- Hungary is at the threshold of great and historic change. You are writing a new constitution -- a real constitution -- and you are moving toward democratic, multiparty 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.

Hungary is embarking on an odyssey of change. I am here to tell you that the United States is with you. We want to help you build an alternative future -- a democratic future.

BF.

We are ready to help promote lasting change in Hungary in three vital spheres -- economics, the creation of democratic institutions, and the environment.

Last Thursday, before leaving Washington, I hosted a White House Symposium on Eastern Europe. I spoke to leaders from the American private sector -- from business, education, labor and other fields -- and I urged them to be involved in Hungary, to help Hungary build its democratic future. Their response was encouraging. America will be involved.

INVESTING IN HUNGARY

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

(EU)
4(a)

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

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

The Hungarian government has already started to leave the business of running shops to shopkeepers and farms to farmers. As you change, so will you integrate into the world economy. Just look to the West of the Danube -- your European neighbors are forming a single market. Soon you will have the chance to trade with this new economic colossus. But the United States will also be your partner in this transformation to a successful competitive economy.

INSERT

^{Third,} ~~So with trade in mind,~~ once your ~~future~~ ^{present} Parliament ~~legalizes~~ ^{enacts} ~~emigration legislation proposed by your Council of Ministers,~~ ~~the free movement of its citizens,~~ I will inform Congress that ^{in full compliance} Hungary is ^{our} complying with the 1974 Trade Act. ^{Hungary will then} ~~this will entitle~~ ^{qualify for} you to the maximum most-favored nation tariff status possible under U.S. law. Simply put, the largest single market in the world is opening its doors to you.

^{Fourth,} America is ~~also~~ ^{now} prepared to ^{provide} ~~include~~ Hungary ^{access to our} ~~in the~~ generalized system of preferences, which ^{offers selective tariff} ~~provides duty-free entry~~ ^{to all its beneficiary countries.} for certain goods. ~~Hungary can~~ ^{and should} -- develop the same

1 (6)

NATIONAL SECURITY COUNCIL

5-Jul-1989 16:45 EDT

CONFIDENTIAL

MEMORANDUM FOR:

Condoleezza Rice

(RICE)

FROM:

Robert L. Hutchings
(HUTCHINGS)

REWRITE FROM MIDDLE
OF PAGE 5 ON

SUBJECT:

KarlMarx

First, as I announced in Warsaw, I will propose at the Paris Economic Summit the formation of a Consortium for Poland and Hungary, which will coordinate the economic and technical assistance programs of our Summit partners in support of your reforms.

And we need to take account of the different economic situations in the two countries; our coordinated program

Second, I will ask the U.S. Congress to authorize a \$25 million grant to establish a Hungarian-American Enterprise Foundation to capitalize and invigorate the Hungarian private sector. I will also encourage parallel efforts from the other nations of the Economic Summit.

*for him:
will be
aimed at
meeting
your
needs*

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 tariff status possible under U.S. law. Simply put, the largest single market in the world is opening its doors to you.

Fourth, America is prepared to provide Hungary access to our

Generalized System of Preferences, which offers selective tariff relief for beneficiary countries.

Fifth, I am pleased to note the formation of the Hungarian Enterprise Group, which will match venture capital, both foreign and Hungarian, with entrepreneurs -- the small businessmen and -women with grand ideas. Some of you here today may have a few grand ideas of your own. Perhaps you will benefit from just this kind of collaboration.

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. Many innovative programs are underway already. Consider, for example, the American investment company Bears-Stearn, which has established a special "Hungary Fund," which pools 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: -- Hungary was not, but will be. Of this we are sure -- Hungary will be great again.~~

DEMOCRATIC CHANGE

But what Hungary seeks is not measured just in economic terms. And the assistance we offer is not only economic. We want to help you as you seek an alternative future for your country -- a democratic alternative.

recall
and will be
again.

7

The United States is ^{also} committing more than \$6 million ~~for~~
~~initiatives to support democratic change~~ ^{to provide cultural and educational opportunities} in Eastern Europe. We
^{make available} will ~~provide~~ funds for a series of major new U.S.-Hungarian
exchange programs -- among Congressmen and legislative experts,
among labor and business leaders, among experts and practitioners
in the field of law, among community leaders, educators, and young
people. We are creating dozens of fellowships whereby Hungarians
can 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 -- and open house of ideas.

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. As students, you know that English is the language of
world business, the key to successful commerce from Hong Kong to
Toronto. It also opens the doors to science, technology, and the
arts. It is among our most valuable exports.

ENVIRONMENTAL INITIATIVE

To build democratic institutions, to embark on a path of
economic revitalization -- these are the elements of Hungary's

future. But to realize a promising future, we must work together to protect our basic common possession -- 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 were again spoiled, this time not by war, but by a more subtle danger -- that of poisoned rivers and acid rain.

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

((ENVIRONMENTAL INITIATIVE TO COME))

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

MEETING THE FUTURE

In economic reform and democratic change, in cultural and environmental cooperation, there are great opportunities -- and, yes, great challenges. Hungary has a lot of work ahead; so do the United States and Hungary, working together to build a better future -- a democratic future.

Your challenge is enormous and historic. No nation has yet attempted what you are now attempting: to build political democracy 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 can meet the challenge. You stand on the threshold of a new era of economic development and democratic 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.

~~fear new thinking from Mr. Gorbachev~~ We can work together to move beyond containment, beyond the Cold War.

But all of these developments, as significant as they are, pale before this -- Hungary is at the threshold of ~~going what no historic change.~~ ^{great and} ~~other Communist power has done in history.~~ ^{You are writing a new constitution -- a real} ~~constitution -- and you are moving toward democracy, multiparty~~ ^{become the first Warsaw Pact nation to ever hold a truly free} ~~election.~~ ^{election.}

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

We are ready to help promote lasting change in Hungary in three vital spheres -- economics, ^{democratic change,} ~~cultural exchange~~ and the environment. Hungary is embarking on an odyssey of change. I am here to tell you that the United States is with you.

We want to help you build an alternative future -- a democratic alternative.

INVESTMENT IN HUNGARY

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

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

Last Thursday, before leaving Washington I hosted a White House Symposium on Economic Reform. I spoke to leaders from the business, labor, and education sectors. I urged them to be involved in Hungary to help with Hungary's democratic future. Their response was encouraging. They will be involved.

~~trade access to the American market that your Western neighbors enjoy.~~

~~The United States will offer some government assistance, including an entrepreneurial fund for economically depressed regions of your country. In years past, loans were written and accepted with little thought paid to their utility. We've learned that massive government and institutional loans hobble whole nations with debt, while private investment liberates creditor and debtor alike. The U.S. government can and will match American private sector investment in Hungary -- investment where it counts, in Hungarian factories, products and jobs.~~

Fifth,

I am pleased to note the ~~recent U.S. Hungarian agreement to promote the formation and development of small, private businesses all across your country~~ ^{formation of} the Hungarian Enterprise Group, this center will match venture capital, both foreign and Hungarian, with entrepreneurs -- the small businessmen and -women with the grand ideas. Some of you here today may have a few grand ideas of your own. Perhaps you will benefit from just such a collaboration.

Sixth, now included a draft agreement, to

~~We will soon authorize the Overseas Private Investment Corporation to encourage American investment in private enterprises in Hungary.~~ ^{much progress has been made already} ~~So far, however, little encouragement has been needed.~~ Consider the American investment company, Bears-Stearn, which has already established a special "Hungary Fund." This private pool of investment will purchase shares in Hungarian companies, helping to develop a Hungarian stock market.

*one on
to do
to do
to do
of the
to do*

Last Thursday, before leaving Washington, I hosted a White House Symposium on Eastern Europe. I spoke to leaders from the American private sector -- from business, education, labor, and other fields -- and I urged them to be engaged in Hungary, to help build Hungary's democratic

*alternatives. Their
in other areas w.d.r.*

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: "Hungary was not, but will be." Of this we are sure -- Hungary will be great again.

~~...~~
CULTURAL EXCHANGE

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

In fact, our student exchange programs are ^{already underway} ~~the most~~ successful. They have grown fast and can still accommodate thousands more. For this reason, I am pleased to announce that the United States Information Agency is going to initiate six new youth exchange programs in Hungary. To the students here today, I want you to know that the doors of America's universities are open to you.

~~((I am pleased to announce two agreements with your government -- on tourism and civilian air exchange to come))~~

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

It also opens the doors to science, technology, and the arts. It is one of our most valuable exports.

center, which will promote bilateral trade by helping Hungarians to learn American culture.

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

INITIATIVE ENVIRONMENTAL EXCHANGE

To learn a language, to start a business, is to embark on a great adventure. But to ^{realize} fulfill a promising future, we must also protect our basic common possession -- 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 ^{its} your citizens for cleaner air and water. And you are leading the way in environmental agreements with the West. [The U.S. Environmental Protection Agency and the Hungarian government

have just agreed on new programs for exchanges and joint training of environmental experts]

INITIATIVE
((Substance to come))

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

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

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

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

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

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

Hertelendy (HERT-Lindy) János (Yanosh). 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 upon anywhere on the surface (of the earth) and say: 'this is my country.'"

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

Thank you and God bless you all.

#

#

#

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 ^{FAN ACT} 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.

^{AND} TODAY HUNGARY IS OPENING AGAIN TO THE WEST --
BECOMING A BEACON OF LIGHT IN EUROPEAN CULTURE. ^{AND} I SEE
PEOPLE IN MOTION. ~~I SEE~~ COLOR, CREATIVITY,
EXPERIMENTATION. I SEE A NEW BEGINNING FOR HUNGARY . . .
. THE VERY ATMOSPHERE ^{OF THIS CITY, 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~~^{HE} 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 ^AMECHANICAL "LAWS" OF HISTORY.

RATHER, MAN IS IMAGINATIVE AND INVENTIVE. HE IS ^(P)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 ^{HERE} IN YOUR SCHOOLS, YOUR BUSINESSES, YOUR CHURCHES. ^{AND} THIS IS MORE THAN A FLEETING SEASON OF FREEDOM. IT IS HUNGARY RETURNING TO ^{NORMAL} 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~~ ^{YOUR GREAT COUNTRY} IS LEADING THE WAY. (A)

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~~ ^{AND I AM DETERMINED THAT WE WILL} 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.

(used as verb)

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. (A)

^{Now,} 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. (A)

BUT TO SUCCEED IN REFORM, YOU ~~WILL~~ NEED PARTNERS -
- PARTNERS TO HELP PROMOTE LASTING CHANGE IN HUNGARY.
LAND I AM HERE *TODAY* TO OFFER HUNGARY THE PARTNERSHIP OF THE UNITED STATES OF AMERICA. (AA)

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 ^{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; A BEWILDERING PRICE SYSTEM ^{HARD FOR ANYONE TO} ~~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 ^{THE} SHOPS TO ^{THE} SHOPKEEPERS, ^{THE} AND ^{THE} FARMS TO FARMERS, AND THE CREATIVE DRIVE OF THE PEOPLE, ONCE UNLEASHED, WILL CREATE A MOMENTUM OF ITS OWN. ^{HAND} 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. (A)

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

AT THE WHITE HOUSE

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. ^{UP TO THE WH} 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 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. ^(A) OF
COURSE, OUR EFFORTS FOR HUNGARY WILL BE TARGETED TO
YOUR NEEDS.

^{AND} 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.

^{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 AMENDMENT^S 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. (A)
((PAUSE)) ^{AND} THIS ACTION WILL GIVE HUNGARY THE MOST LIBERAL ACCESS TO THE AMERICAN MARKET FOR THE LONGEST TERM^S POSSIBLE UNDER OUR LAWS. (A)

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 ^{OPIC we call it,} ~~THE~~ 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. ^{AND} 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 ^{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 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. ^{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 PLEASSED 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))

GO BLESS THEM



~~BUT~~ TO DISCUSS ANYTHING REQUIRES A COMMON
LANGUAGE. THE TEACHING OF ^{THE} ENGLISH ^{LANGUAGE} 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.

^{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 ^{THE} LABOR AND BUSINESS LEADERS, AMONG ^{THE} 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. (A)

THE UNITED STATES WILL ALSO OPEN, WITHIN THE NEXT SEVERAL YEARS, AN AMERICAN^N HOUSE IN THE CENTER OF BUDAPEST. (A) 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.

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

LADIES AND GENTLEMEN, DR. CSAKI (CHAH-KEE). IT'S
A PLEASURE ^{FOR BARB & ME} 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. ^{Ad-Lib} BUT THE FACT THAT I
AM HERE TODAY IS LESS A CAUSE FOR SURPRISE THAN PROOF
THAT AMERICA WELCOMES THE UNFETTERED COMPETITION OF
IDEAS. [AD-LIB]

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))

CONCLUSION

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 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 *YES* POLITICAL CHANGE.

Davis/Martin
July 8, 1989
Title: b:karl
Draft: Five

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 country, since its route joins business with academe - academe with government. Many Hungarian leaders have also moved along this same route, including Miklos (MEEK-losh) Nemeth (NAY-met). But before any of them, there was a teacher at Karl Marx University, and his name was Imre (EEMH-ray) Nagy (NUDGE).

((PAUSE))

As his ~~slow reburial procession~~ ^{funeral proceeded in} moved through Heroes' Square, ^{a few weeks ago,} the rising voice of Hungary was heard ~~in the singing of~~ ^{reciting the Szozat.} 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

SZOZAT
[SO-zat]

PRONUNCIATION

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 decades, this great city, this great nation, so central to the continent in every respect, was separated 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, 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 a hapless being shaped by impersonal economic forces. But Man is more than that.

He is artistic -- Man 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 broadcast everything from the news . . . to the pop music of Huey Lewis and the News. And 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 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 first sign of overcoming Europe's division. 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 real constitution -- and you are moving toward **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, the environment, and **democratic** and cultural exchange.

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 weight of the past still burdens Hungarian enterprise. There are remnants of the Stalinist economy -- huge,

INSERT
A

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 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 the riches you will create. It will give each of you control over your destiny . . . a Hungarian destiny.

Just look to the West -- 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 economy.

Last Thursday, I invited American leaders from business, education, labor and other fields -- to come to the White House and discuss the new opportunities opening up in Hungary. Their response was enthusiastic. Most enthusiastic of all were 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 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 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 our 1974 trade law. No country has yet been released from the restrictions of this Jackson-Vanik Act. 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 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 private

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. Through OPIC, American business executives will see firsthand the great opportunity of Hungary.

((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 said: "Some think that Hungary has been; I like to think it will be." Of this we are sure -- Hungary will be great again.))

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 is not just an East-West issue; it is the issue of our times.

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 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 ^{- INITIATED} Management ^{CENTER} ~~Institute~~ and the libraries of schools and universities across Hungary.

The United States will also open, within the next ^{several} ~~two~~ years, an American ⁿ House in the center of Budapest. ^{Today,} The celebrated American architect Robert Stern ^{is releasing theis} ~~will design the plans~~ 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, yes, 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 can 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.

#

#

#

Davis/Martin
July 8, 1989
Title: b:karl
Draft: Five

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 country, since its route joins ~~business with academe - academe~~ with government. Many Hungarian leaders have also moved along this same route, including Miklos (MEEK-losh) Nemeth (NAY-met). But before any of them, there was a teacher at Karl Marx University, and his name was Imre (EEMH-ray) Nagy (NUDGE).

((PAUSE))

As his 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 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 decades, this great city, this great nation, so central to the continent in every respect, was separated 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, 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 a hapless being shaped by impersonal economic forces. But Man is more than that.

He is artistic -- Man 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 broadcast everything from the news . . . to the pop music of Huey Lewis and the News. And 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 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 first sign of overcoming Europe's division. 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 real constitution -- and you are moving toward 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, the environment, and democratic and cultural exchange.

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 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 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 the riches you will create. It will give each of you control over your destiny . . . a Hungarian destiny.

Just look to the West -- 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 economy.

Last Thursday, I invited American leaders from business, education, labor and other fields -- to come to the White House and discuss the new opportunities opening up in Hungary. Their response was enthusiastic. Most enthusiastic of all were 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 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 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 our 1974 trade law. No country has yet been released from the restrictions of this Jackson-Vanik Act. 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 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 private

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. Through OPIC, American business executives will see firsthand the great opportunity of Hungary.

((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 said: "Some think that Hungary has been; I like to think it will be." Of this we are sure -- Hungary will be great again.))

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 is not just an East-West issue; it is the issue of our times.

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 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.

CONCLUSION

In economic reform and democratic change, in cultural and environmental cooperation, there are great opportunities -- and, yes, 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 can 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.

#

#

#

THE WHITE HOUSE

Office of the Press Secretary
(Budapest, Hungary)

For Immediate Release

July 12, 1989

REMARKS BY THE PRESIDENT
AT KARL MARX UNIVERSITY OF ECONOMICS

Aula Hall
Karl Marx University of Economics
Budapest, Hungary

1:35 P.M. (L)

THE PRESIDENT: 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. (Applause.) 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. 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 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, 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

MORE

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. 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. (Applause.)

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 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 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 stability in Europe and reduce the risk of war. And we are determined to get it soon. (Applause.)

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, multi-party 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. (Applause.)

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

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 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 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 destiny -- a Hungarian destiny. (Applause.)

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. (Applause.) 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. (Applause.) And this action will give Hungary the most liberal access to the American market for the longest terms possible under our laws. (Applause.)

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 provide insurance to encourage American investment in private enterprises in Hungary. Through OPIC, American business executives will see first-hand 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. (Applause.) 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 soldiers and statesmen can discuss peace and our students -- God bless them -- can discuss the future. (Applause.)

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 counties to teach English. (Applause.)

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 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. (Applause.)

And the United States will also open, within the next several years, an American House in the center of Budapest. (Applause.) 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.

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. (Applause.) 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. (Applause.)

END

2:01 P.M. (L)

Davis/Martin
July 7, 1989
Title: b:karl
Draft: Four

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 country, since it stops at Karl Marx and goes on to Parliament and the Central Committee. Many great Hungarian leaders have also moved along this same route, including Miklos (MEEK-losh) Nemeth (NAY-met). But before any of them, there was a teacher at Karl Marx University, and his name was Imre (EEMH-ray) Nagy (NUDGE). ((PAUSE))

As his 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 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 decades, this great city, this great nation, so central to the continent in every respect, was separated 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, 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 a hapless being shaped by impersonal economic forces. But Man is more than that.

He is artistic -- Man 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 broadcast everything from the news . . . to the pop music of Huey Lewis and the News. And 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 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 first sign of overcoming Europe's division. 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 -- your version of the 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, the environment, and democratic and cultural exchange.

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 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 economy.

Last Thursday, I invited American leaders from business, education, labor and other fields -- to come to the White House and discuss the new opportunities opening up in Hungary. Their response was enthusiastic. Most enthusiastic of all were 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 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 fund as 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 law. No country has yet been released from the restrictions of this Jackson-Vanik Act. **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 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 private 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. Through OPIC, American business executives will see firsthand the great opportunity of Hungary.))

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 said: "Some think that Hungary has been; I like to think it will be.")) **Of this we are sure -- Hungary will be great again.**

ENVIRONMENTAL INITIATIVE

((Yet economic progress cannot be at the expense of the air we breathe and the water we drink. 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 is **not just an East-West issue; it is the issue of our times.**

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 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 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.**

CONCLUSION

In economic reform and democratic change, in cultural and environmental cooperation, there are great opportunities -- and, yes, great challenges. Hungary has a lot of work ahead; so do the United States and Hungary, working together to build a better future -- a Hungarian future.

Your challenge is enormous and historic. No nation has yet attempted what you are now attempting; 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 can 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 were the generation that made Europe whole and free.

Thank you.

#

#

#

ALTERNATE CONCLUSION

In our economic, environmental and cultural 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.

Throughout the Communist world today, as a younger generation is preparing 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.

I see a great Hungarian future in the bright faces of your youth. You know it is not enough to let you **purchase** what you want or cast a symbolic vote. You must be allowed to **say** what you believe. You must be allowed to **choose** your 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.

#

#

#

~~Patterson~~
JC

Davis/Martin
July 8, 1989
Title: b:karl
Draft: Six A

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.} ~~of how the world is changing.~~
~~This~~ ^{The} university's ^{principal task is to} ~~promote~~ ~~the~~ ~~this~~ competition. ~~of ideas.~~ 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} ~~was~~ separated from Europe and the West.

Today Hungary is opening again to the West -- becoming a ~~leading light in~~ ^{beacon of} 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} -- ~~unable~~ ^{to shape his environment or destiny.} ~~being driven instead by unchanging and~~ ~~being shaped by impersonal economic forces.~~ But Man is ^{not driven by impersonal economic forces.} ~~more than~~ ^{He} ~~not impassive,~~ and ~~man~~ is not simply an object ~~to be~~ acted upon by mechanical "laws" of history.

Rather

Man is imaginative and inventive. 3

^ He is artistic, ~~Man has~~ ^{with} 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 to its traditional values.~~
^ It is Hungary returning home, ~~returning to its traditional values.~~

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 broadcast everything from the news . . . to the pop music of ~~Ray~~ ^{Stevie Wonder,}

^{7/1} ~~Lewis and the News.~~ And Radio Free Europe is opening its first ^{East European} ~~Budapest~~ bureau, right here in ~~Budapest~~ 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} ~~first sign of~~ overcoming Europe's division. And as ^{those forces} ~~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.

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.

We said we were ready to move fast, ^{and we are.} The Western allies promised that we would be ready to table the details of our new proposal at the negotiating table in Vienna by early September. ~~I am pleased to be able to announce today that we will do even~~ ^{well, we're going to} better than that. Tomorrow, in Vienna, NATO will present the specifics on its proposal. 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} and get it soon. bold

~~There is no mistaking the fact that we are on the threshold of a new era. And there is also~~ ^{no mistaking} ~~But all of these developments, as significant as they are,~~ ^{partly} ~~partly~~ before the fact that Hungary is at the threshold of great and historic change. ~~You~~ You are writing a real constitution -- and you are moving toward democratic, multi-party elections. ~~You~~

This is ^{partly} possible because brave men and women have formed opposition parties. And this is possible because Hungarian leaders are ^{going to} ~~showing~~ the ultimate political courage -- the courage to submit their names ^{to the choice of} before 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 ~~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 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.

~~Just look to the West -- your European neighbors are forming a single market. Soon you will have the chance to trade with this new economic colossus, But~~ ^{And,} as I said, the United States

will ~~also~~ 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. ~~Most enthusiastic of all were~~ ^{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 ~~programs~~ ^{efforts} 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 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 ~~Jackson-Vanik Act~~ ^{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 ^{allow you to take advantage of} 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 private venture capital, both foreign and Hungarian, with entrepreneurs - the small businessmen and -women with the grand ideas.

~~Fifth, 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. Through OPIC, American business executives will see firsthand the great opportunity of Hungary.

~~((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 said: "Some think that Hungary has been; I like to think it will be." Of this we are sure -- Hungary will be great again.))~~

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. ~~it is the issue of our times.~~

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 ~~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-Initiated~~ ^{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 American ~~House~~ 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~~ 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} ~~can~~ 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.

THE WHITE HOUSE
WASHINGTON

89 JUN 4 P4:55

July 5, 1989

MEMORANDUM FOR CHRISS WINSTON
DEPUTY ASSISTANT TO THE PRESIDENT FOR
COMMUNICATIONS

FROM: NELSON LUND
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: Karl Marx University

At the request of James W. Cicconi, Counsel's office has reviewed the captioned draft remarks. Our comments follow.

Page 5, third paragraph. We believe it would be prudent to be less definite in promising most-favored-nation status to Hungary. Accordingly, we recommend that the first two sentences be reworded as follows:

"So with trade in mind, once your future Parliament legalizes the free movement of its citizens, I will be able to inform Congress that Hungary is complying with the relevant portions of the 1974 Trade Act. This will make you eligible to be granted the most favorable tariff status possible under U.S. law."

Page 6, first full paragraph. The last sentence promises that the USG can and will "match" American private-sector investment in Hungary. In the time allotted for our review, we have not been able to determine whether legal authority for such "matching" exists. Accordingly, we cannot clear this language.

Page 6, last paragraph. The first sentence promises that we will soon authorize OPIC to encourage American investment in Hungary. This office is informed by NSC that the Administration does not possess this authority, but that we are supporting legislation that would provide such authority. The wording of the sentence should be changed accordingly.

We also have a non-legal suggestion with respect to the last paragraph on page 2 (ending at top of page 3). This description of Marx's thought is not obviously correct, even if it is meant to apply only to Das Kapital. It might usefully be reworded as follows:

"Karl Marx focused too heavily on one thread in human history, and misinterpreted the rest of the tapestry -- the colorful and varied tapestry of civilization. Marx believed

that Man's life has been determined by impersonal, economic forces. But Man has always been, and will always be, much more than such a theory admits."

cc: James W. Cicconi
Condoleezza Rice

for file

5228



WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/30/89

ACTION/CONCURRENCE/COMMENT DUE BY:

7/3/89 5:00 PM

SUBJECT: PRESIDENTIAL REMARKS: KARL MARX UNIVERSITY

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 5:00 Monday, July 3, 1989, with an info copy to my office.

JUL 7 12:28

RESPONSE:

July 7, 1989

TO: CHRISS WINSTON

The NSC concurs with the changes indicated.

Brent Scowcroft

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

cc: Cicconi

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

PRESIDENTIAL ADDRESS: KARL MARX UNIVERSITY
(Date, Time)

Ladies and gentlemen, Dr. Csaki (CHAH-kee). It's a pleasure to be back in Budapest, 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 Nemeth (^{NAY-met}~~Namath~~) and Zsigmond (Zig-mund) Jarai (JAR-ree). But before any of them, there was a teacher at Karl Marx University, and his name was Imre ((EEMH-ray) Nage (^y~~NAZH~~)).

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

new future . . . a generation waited to honor his courage; may a hundred generations remember it.

While Hungary rediscovers its natural role in the affairs of Europe, *the world once again looks to you for inspiration.* ~~America is rediscovering you.~~ One of the ((bestselling)) non-fiction books in my country today is entitled Budapest 1900. Dr. John Lukacs lovingly describes the Budapest of memory . . . ((Quote to come))

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

But the city and country I see today is again opening to the West, again becoming a leading light in European culture. I see people in motion. I see color and creativity. ~~(replacing grey conformity)~~ I sense an atmosphere that is electric, alive with optimism. *There is a new spirit of experimentation -- of making new beginnings.*

~~This is happening because~~ your people and your leaders -- ^{are not afraid} ~~have the courage~~ to break with the past, to act in the spirit of truth. ^{Let me cite one} And what better example ~~than this ironic fact!~~ ^{! Karl Marx University has > dropped} of this could there be than one simple fact: ~~[Karl Marx University has dropped Das Kapital from its required reading list.]~~ ^[Karl Marx University has dropped Das Kapital from its required reading list.] . . .

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 an economic being. But Man is more than that.

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

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

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

Along your border with Austria, barbed wire is being removed: barbed wire, the symbol of Europe's division, last year -- and more than 20,000 Hungarians have come to America. This very university operates exchange programs with 23

~~U.S. schools.~~ For the first time, the Iron Curtain has begun to part. Hungary is changing the world.

The Soviet Union has withdrawn many troops, which I take ^{also} as a first sign that ~~Moscow truly respects your sovereignty.~~ ^{of overcoming the division of Europe.} And as they leave, let the Soviets ^{leaders} know they have everything to gain, and nothing to lose or fear, from peaceful change. ~~[Nor should we~~

4.

We can work together to move beyond containment, beyond the Cold War.

But all of these developments, as significant as they are, pale before this --- Hungary is at the threshold of great and historic change. You are writing a new constitution -- a real constitution -- and you are moving toward democratic, multiparty 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.

Hungary is embarking on an odyssey of change. I am here to tell you that the United States is with you. We want to help you build an alternative future -- a democratic future.

We are ready to help promote lasting change in Hungary in three vital spheres -- economics, the creation of democratic institutions, and the environment.

Last Thursday, before leaving Washington, I hosted a White House Symposium on Eastern Europe. I spoke to leaders from the American private sector -- from business, education, labor and other fields -- and I urged them to be involved in Hungary, to help Hungary build its democratic future. Their response was encouraging. America will be involved.

INVESTING IN HUNGARY

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

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

(15)
4(a)

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

The Hungarian government has already started to leave the business of running shops to shopkeepers and farms to farmers. As you change, so will you integrate into the world economy. Just look to the West of the Danube -- your European neighbors are forming a single market. Soon you will have the chance to trade with this new economic colossus. But the United States will also be your partner in this transformation to a successful competitive economy.

INSERT

~~So with trade in mind, once your future Parliament legalizes emigration legislation proposed by your Council of Ministers, the free movement of its citizens, I will inform Congress that Hungary is complying with the 1974 Trade Act. This will entitle you to the maximum most-favored nation tariff status possible under U.S. law. Simply put, the largest single market in the world is opening its doors to you.~~

Third, ~~So with trade in mind,~~ ^{Third,} once your future Parliament legalizes ^{passer the new} emigration legislation proposed by your Council of Ministers, ~~the free movement of its citizens,~~ I will inform Congress that ^{in full compliance...} Hungary is complying with ^{our} the 1974 Trade Act. ^{Hungary will then} ~~This will entitle~~ ^{qualify for} you to the maximum most-favored nation tariff status possible under U.S. law. Simply put, the largest single market in the world is opening its doors to you.

~~Fourth,~~ ^{Fourth,} America is ~~also~~ prepared to ^{provide} include Hungary ^{access to our} in the ~~generalized system of preferences, which provides duty-free entry for certain goods. Hungary can -- and should -- develop the same~~ ^{offers selective tariffs}

1 (6)

NATIONAL SECURITY COUNCIL

5-Jul-1989 16:45 EDT

CONFIDENTIAL

MEMORANDUM FOR:

Condoleezza Rice

(RICE)

FROM:

Robert L. Hutchings
(HUTCHINGS)

REWRITE FROM MIDDLE
OF PAGE 5 ON

SUBJECT:

KarlMarx

First, as I announced in Warsaw, I will propose at the Paris Economic Summit the formation of a Consortium for Poland and Hungary, which will coordinate the economic and technical assistance programs of our Summit partners in support of your reforms.

And we need to take account of the different economic situations in the two countries; our coordinated programs

Second, I will ask the U.S. Congress to authorize a \$25 million grant to establish a Hungarian-American Enterprise Foundation to capitalize and invigorate the Hungarian private sector. I will also encourage parallel efforts from the other nations of the Economic Summit.

for Hungary will be aimed at meeting your needs.

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 tariff status possible under U.S. law. Simply put, the largest single market in the world is opening its doors to you.

Fourth, America is prepared to provide Hungary access to our

Generalized System of Preferences, which offers selective tariff relief for beneficiary countries.

Fifth, I am pleased to note the formation of the Hungarian Enterprise Group, which will match venture capital, both foreign and Hungarian, with entrepreneurs -- the small businessmen and -women with grand ideas. Some of you here today may have a few grand ideas of your own. Perhaps you will benefit from just this kind of collaboration.

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. Many innovative programs are underway already. Consider, for example, the American investment company Bears-Stearn, which has established a special "Hungary Fund," which pools 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: Hungary was not, but will be. Of this we are sure -- Hungary will be great again.~~ } *Does this make sense*

DEMOCRATIC CHANGE

But what Hungary seeks is not measured just in economic terms. And the assistance we offer is not only economic. We want to help you as you seek an alternative future for your country -- a democratic alternative.

The United States is ^{also} committing more than \$6 million ~~for~~
~~initiatives to support democratic change~~ ^{to provide cultural and educational opportunities} in Eastern Europe. We
will ^{make available} provide funds for a series of major new U.S.-Hungarian
exchange programs -- among Congressmen and legislative experts,
among labor and business leaders, among experts and practitioners
in the field of law, among community leaders, educators, and young
people. We are creating dozens of fellowships whereby Hungarians
can 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 -- and ^{an} open house of ideas.

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. As students, you know that English is the language of
world business, the key to successful commerce from Hong Kong to
Toronto. It also opens the doors to science, technology, and the
arts. It is among our most valuable exports.

ENVIRONMENTAL INITIATIVE

To build democratic institutions, to embark on a path of
economic revitalization -- these are the elements of Hungary's

future. But to realize a promising future, we must work together to protect our basic common possession -- 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 were again spoiled, this time not by war, but by a more subtle danger -- that of poisoned rivers and acid rain.

Hungary has led eastern and central Europe in addressing the concerns of its citizens for cleaner air and water. And you are leading the way in environmental agreements with the West:

((ENVIRONMENTAL INITIATIVE TO COME))

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

MEETING THE FUTURE

In economic reform and democratic change, in cultural and environmental cooperation, there are great opportunities -- and, yes, 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} [democratic] future.

Your challenge is enormous and historic. No nation has yet attempted what you are now attempting: to build ^{a structure of} political ^{change} [democracy] 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 can meet the challenge. You stand on the threshold of a new era of economic development and ^{political} [democratic] change.

I believe you are ready to meet the future. I see a country

5

10

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.