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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: 13495-006

Folder Title:
Karl Marx University 7/12/89 [2]

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

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Telegram	U.S. Embassy, Budapest to Secretary of State, re: President Bush's Speech at Karl Marx University. (3 pp.)	07/06/89	P-1, (b)(1)	C

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Drafts
Subseries:
WHORM Cat.:
File Location: Karl Marx University 7/12/89 [2]

Date Closed: 9/27/2004	OA/ID Number: 03539
FOIA/SYS Case #:	
Re-review Case #: 2004-2249-S	
P-2/P-5 Review Case #:	
MR Case #:	Appeal Case #:
MR Disposition:	Appeal Disposition:
Disposition Date:	Disposition Date:

RESTRICTION CODES

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

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

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

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

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

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

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, ^{like} ~~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 the slow reburial procession moved through Heroes' ^{time} Square, the rising voice of Hungary was heard in the singing of the National Hymn. And in this simple, somber ceremony, the world saw something more than a dignified act of reconciliation. We witnessed an act of truth. It is on this foundation of truth,

more solid than stone, that Hungarians have begun to build a new future . . . a generation waited to honor Imre (EEMH-ray) Nagy's (NUDGE'S) courage; may a hundred generations revere it.

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

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

Today Hungary is opening again to the West -- becoming a leading light in European culture. I see people in motion. I see color and creativity replacing grey conformity. 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 . . .

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

He is artistic -- 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 . . .** ((PAUSE))

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. Even more dramatic, Radio Free Europe is opening its first Budapest bureau.

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

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

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

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

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

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

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

INVESTMENT IN HUNGARY

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

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

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

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

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

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

Second, I will ask the U.S. Congress to ^{provide} authorize a \$25 million ^{Fund} ~~grant to establish~~ a ~~Hungarian-American Enterprise~~

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

Third, once your Parliament passes the new emigration legislation proposed by your Council of Ministers, I will inform our Congress that Hungary is in full compliance with our 1974 Trade Act. Hungary will then qualify for the maximum most-favored nation trade status under U.S. law, *1st Comm. Country*

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

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

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

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

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

DEMOCRATIC AND CULTURAL EXCHANGE

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

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Move to top

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((Substance to come))

CONCLUSION

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For centuries, the youth of Hungary has been martyred in many fights for freedom. This was struggle of János (Yanosh) Hertelendy (HERTEL-indy), and this was the struggle of many of your parents. But today, young Hungarians can, without fear, plan for a future of freedom and peace.

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 men and women **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

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CHRISS -

HERE'S THE REDRAFT
COMBINING D² W/ NSC -

ALSO ATTACHED -

- DAVE'S CHANGES
- NSC CHANGES
- A. CABLE FROM BUDAPEST
STATION, PROB. BEST INTER-
PRETED BY NSC

Mark

Items in triple
BRACKET WERE CUT FROM
NSC DRAFT -

Davis/Martin
July 6, 1989
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PRESIDENTIAL ADDRESS

Also, same conclusion
here as in old DRAFT

M.D.

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

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

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

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

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

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

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

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

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

Sixth, we intend to authorize the Overseas Private Investment Corporation to operate in Hungary. Once our Senate approves, OPIC will be able to provide insurance for investment in private enterprises in Hungary. Bear Stearns, has already formed a "Hungary Fund" to pool resources to provide venture capital to companies.

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

How is this different from #2?

Is the HUNGARIAN-AMERICAN ENTERPRISE FOUNDATION the same thing as the Hung. Ent. Group? If not, can we group them together?

patriot. But it was another Hungarian patriot, a contemporary of Kossuth, Count Szechenyi (SAY-chaney), who coined a phrase in his great work on economic development that has been; I like to think it will be great again. - Hungary will

CAN WE CUT
HERE?

DEMOCRATIC AND CULTURAL

((These are the topics to discuss with your leaders. But I also consider exchange between East and West. We have economists and our environmentalists concerned. So that our soldiers and statesmen discuss peace and our students discuss the future.))) ((PAUSE))

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

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

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

ENVIRONMENTAL INITIATIVE

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

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

((Substance to come))

CONCLUSION

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

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

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

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

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

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

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

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

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

Thank you and God bless you all.

#

#

#

given to Boyle
7/6/89 12:25

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 type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
BREEDEN	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	<input checked="" type="checkbox"/>	
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	

See my REMARKS
IN YELLOW ON P. 4.

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 P.M. 3 Jul

- | | |
|--|--|
| <input checked="" type="checkbox"/> Prepare Memo For Scowcroft/Gates | <input type="checkbox"/> Appropriate Action |
| <input type="checkbox"/> Prepare Memo For Cicconi | <input type="checkbox"/> Prepare Memo for Hughes |
| <input type="checkbox"/> Prepare Memo _____ | to _____ |

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 3912

- | | | |
|---|--|---|
| FYI | FYI | FYI |
| <input type="checkbox"/> Basora | <input type="checkbox"/> Lampley | <input type="checkbox"/> Rademaker |
| <input type="checkbox"/> Beers | <input type="checkbox"/> Leach | <input type="checkbox"/> Reiss |
| <input checked="" type="checkbox"/> Blackwill | <input type="checkbox"/> Levin | <input type="checkbox"/> Rice |
| <input type="checkbox"/> Briggs | <input type="checkbox"/> Lewis | <input checked="" type="checkbox"/> Rodman |
| <input type="checkbox"/> Brooks | <input type="checkbox"/> Mahley | <input type="checkbox"/> Rostow |
| <input type="checkbox"/> Charles | <input type="checkbox"/> Mandel | <input type="checkbox"/> Salvetti |
| <input type="checkbox"/> Coulson | <input type="checkbox"/> McCue | <input type="checkbox"/> Snider |
| <input type="checkbox"/> Deal | <input type="checkbox"/> Melby | <input type="checkbox"/> Tilley |
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| <input type="checkbox"/> Dyke | <input type="checkbox"/> Miller | <input type="checkbox"/> Welch |
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| <input type="checkbox"/> Grant | <input type="checkbox"/> Needels | <input checked="" type="checkbox"/> Working |
| <input type="checkbox"/> Haass | <input type="checkbox"/> Paal | <input type="checkbox"/> Zelikow |
| <input type="checkbox"/> Hoffmann | <input type="checkbox"/> Pacelli | <input type="checkbox"/> _____ |
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| <input type="checkbox"/> Jackson | <input checked="" type="checkbox"/> Popadiuk | <input type="checkbox"/> _____ |
| <input type="checkbox"/> LaMagna | <input type="checkbox"/> Porter | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Kanter | <input type="checkbox"/> Pryce | <input type="checkbox"/> _____ |

INFORMATION

Hughes
 Scowcroft (advance)

Gates (advance)
 Secretariat

Exec. Sec. Desk
 Saltzman

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-met}~~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 through ^{a few weeks ago} 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 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 ^{of overcoming the division of Europe.} Moscow truly respects your sovereignty. And as they leave, let the Soviets ^{leaders} know they have everything to gain, and nothing to lose or fear, from peaceful change. Not 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.

DON'T NEED - HUNGARIANS
WON'T CARE - CUT (M.A.D.)

(151)
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

~~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 ^{in full compliance} complying with ^{our} the 1974 Trade Act. ^{Hungary will then} ~~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.~~

~~Fourth, America is ^{also} prepared to ^{provide} include Hungary in the ^{access to our} generalized system of preferences, which ^{offers selective tariff} provides ~~duty-free entry~~ relief for beneficiary countries. ~~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 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.~~

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.

maybe another quote
this one contradicts the theme -
Hungary was and will be again.

~~... the ...~~

7

The United States is ^{also} committing more than \$6 million ~~for~~ ^{to provide cultural and educational opportunities} ~~initiatives to support democratic change 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 other Communist power has done in history.~~ ^{great and historic change.} You are writing a new constitution -- a real constitution -- and you are moving toward ~~become the first Warsaw Pact nation to ever hold a truly free election.~~ ^{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.

We are ready to help promote lasting change in Hungary in three vital spheres -- economics, ~~cultural exchange~~ ^{democratic change,} 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.

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Last Thursday, before leaving Washington I hosted a White House Symposium on Economic Reform. I spoke to leaders from the American private sector -- business, education, labor, and other fields -- and I urged them to be involved in Hungary to help shape 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} ~~called~~ the Hungarian Enterprise Group, this center will match venture capital, both foreign and Hungarian, with entrepreneurs -- the small businessmen and -women with the grand ideas. Some of you here today may have a few grand ideas of your own. Perhaps you will benefit from just such a collaboration.

Sixth, some concluded a draft agreement, to

~~We will soon authorize~~ ^{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.

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~~INTERNATIONAL CAMPAIGN~~
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 ~~the most~~ ^{already underway} 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 clinching deals from Hong Kong to Toronto. So to give Hungarians greater entree into the global marketplace, I am pleased to announce that the Peace Corps will, for the first time, operate in a European country. And our Peace Corps 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 to save our common ^{inheritance} 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~~) Jamos (Yamosh). It is the heart of youth determined to live in freedom . . .]

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

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

PRESIDENTIAL ADDRESS

TWO CHANGES I'M
NOT QUITE SURE ABOUT
IN YELLOW.

Ladies and gentlemen
to be back in Budapest
President to visit Hungary

It's a pleasure
first American

Some might find

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 (Namath) and Zsigmond (Zig-mund) Jarai (JAR-ree). But before any of them, there was a teacher at Karl Marx University, and his name was Imre ((EEMH-ray) Nage (NAZH).

~~When he died~~ ~~of Hungary~~ ~~look a~~ ~~patient.~~ ~~And to~~ ~~rebuild~~
As his slow procession moved through Heroes' Square, the rising voice of Hungary was heard in the singing of the Szozat (SO-zat). And in this simple, somber ~~rebuild~~ ^{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, one more solid than stone, that Hungarians have begun to build a

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and though only now is he honored by the
last generation, his courage will be an inspiration
to the next generation

though the last had to wait his
new future . . . a generation waited to honor his courage; ~~may a~~
~~hundred generations remember it. his courage will inspire the next~~
~~generation.~~

While Hungary rediscovers its natural role in the affairs of
Europe, America is rediscovering ~~you~~ ^{Hungary}. 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.
Today ~~But~~ ^{Hungary is changing --} 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. ~~The~~ color and creativity replacing grey
conformity. ^{There's electric} I sense an atmosphere ~~that is electric,~~ alive with
optimism.

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

Karl Marx traced only one thread of human existence, and
missed the rest of the tapestry -- the colorful and varied

ca

the human condition. 3

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~~ *It is returning home*

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

POP
PICK
STAR

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.** *And leading the way:* **Hungary is ~~changing the world~~.**

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

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

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

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

Q
~~But you need partners - partners poised~~
~~We are ready to help promote lasting change in Hungary. I am~~
~~here to tell you that the United States is poised and ready. I am here~~
~~to tell you the United States can be your partner.~~
~~three vital spheres - economics, 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.~~

P Three vital spheres stand out - economics, cultural excha and the environ

INVESTMENT IN HUNGARY

The United States believes ~~aid should~~ ⁱⁿ accelerate change, not ~~its~~
delay ~~it~~. So this our guiding principle -- the United States ^{on 20} will
offers ^{assistance} ~~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 ^{state} 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 ^{productive} market economy will test your mettle as a people. The prices of some commodities ^{may} will rise. Some inefficient factories will close. ~~Hard choices already await you. But~~ ^{And} the creative drive of the people, once unleashed, will create a momentum of its own. This will eventually bring you ~~something~~ ^{a treasure} greater than the riches you will create. It will give you control over your destiny . . . a Hungarian destiny.

~~But~~ 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.~~

P Just look to the West of the Danube -- your European neighbors are forming a single market. Soon you will have the chance to trade with this new economic colossus. But the United States will also be your partner in this transformation to a successful competitive economy.]

So with ^{Because} ~~trade in mind~~, once your future Parliament legalizes the free movement of its citizens, I will inform Congress that Hungary is complying with the 1974 Trade Act. This will entitle you to the maximum most-favored nation tariff status possible under U.S. law. ^{these two measures open the door to} (Simply put, the largest single market in the world ~~is opening its doors to you.~~ ^{Hungary}.)

America is also prepared to include ^{your country} Hungary in the generalized system of preferences, which provides duty-free entry for certain goods. ~~Hungary can -- and should -- develop the same~~

~~trade access to the American market that your Western neighbors enjoy.~~ *Some have raised the question of government assistance.*

~~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.~~ *And yes, we will offer*
~~We've all~~ 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.

don't let the United States lose the vibrancy and strength of our economy so often excoriated by our small business sector.

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

And, We will soon authorize the Overseas Private Investment Corporation to encourage American investment in private enterprises in Hungary. 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.

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.

Certainly ~~Let~~ Our scientists, our artists, our environmentalists ~~share the~~ *can learn from one another* ~~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 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

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

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

ENVIRONMENTAL EXCHANGE

To learn a language, to start a business, is to embark on a great adventure. But to fulfill a promising future, we must also protect our basic common ^{heritage} 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 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.

((Substance to come))

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

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

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

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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.

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

Thank you and God bless you all.

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 7/10/89 ACTION/CONCURRENCE/COMMENT DUE BY: ----

SUBJECT: PRESIDENTIAL REMARKS: KARL MARX UNIVERSITY

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

REMARKS:

A mellekelt el lett küldve az Elnöknek.
(The attached has been forwarded to the President.)

89 JUL 10 A10:06

RESPONSE:

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

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

1.00 JUL - 8 11:15

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.

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

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

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((PAUSE))

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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.

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

PRESIDENTIAL ADDRESS: KARL MARX UNIVERSITY
(Date, Time)

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

When he died in Hungary he was a patriot.
As ~~his~~ ^{slow} ~~procession~~ ^{reburial} moved through Heroes' Square, the rising voice of Hungary was heard in the singing of the Szozat (SO-zat). And in this simple, somber ~~reburial~~ ^{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, one more solid than stone, that Hungarians have begun to build a

*and though only now is he honored by the
last generation, his courage will be an inspiration
to the next generation*
though the last had to wait him
new future . . . ~~a generation waited to honor his courage; may a
hundred generations remember it. his courage will inspire the next
generation.~~

While Hungary rediscovers its natural role in the affairs of Europe, America is rediscovering ^{Hungary.} 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. *Today Hungary is changing --* ~~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's electric*

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

Karl Marx traced only one thread of human existence, and missed the rest of the tapestry -- the colorful and varied

³
the human condition.
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~~ *It is returning home.*

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

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.** *And leading the way.* ~~Hungary is changing the world.~~

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

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

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

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

~~We are ready to help promote lasting change in Hungary. I am~~
~~here to tell you that the United States is poised and ready. I am here~~
~~to tell you the United States can be your partner.~~
~~three vital spheres -- economics, 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.~~

Three vital spheres stand out - economics, ^{cultural exchange} and ^{the environment}

INVESTMENT IN HUNGARY

The United States believes ~~aid should~~ ⁱⁿ accelerate ^{on of} change, not ~~its~~
delay ~~it~~. So this our guiding principle -- the United States ^{will}
offers ^{assistance} ~~aid~~ not to prop up the status quo, but to propel reform.

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

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

~~But~~ 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.~~

P Just look to the West of the Danube -- your European neighbors are forming a single market. Soon you will have the chance to trade with this new economic colossus. But the United States will also be your partner in this transformation to a successful competitive economy.]

So with ^{Because} ~~trade in mind~~, once your future Parliament legalizes the free movement of its citizens, I will inform Congress that Hungary is complying with the 1974 Trade Act. This will entitle you to the maximum most-favored nation tariff status possible under U.S. law. (Simply put, ^{these two measures open the door to} the largest single market in the world. ~~is opening its doors to you.~~ ^{Hungary}.)

America is also prepared to include ^{your country} Hungary in the generalized system of preferences, which provides duty-free entry for certain goods. ~~Hungary can -- and should -- develop the same~~

~~trade access to the American market that your Western neighbors enjoy.~~ Some have raised the question of government assistance.

~~The United States will offer some government assistance,~~ ^{And you, cannot will borrow.} We will offer 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.~~ ^{However} We've all 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.

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

^{And,} We will soon authorize the Overseas Private Investment Corporation to encourage American investment in private enterprises in Hungary. 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.

don't let the United States lose the vibrancy and strength of our economy so often exemplified by our small business sector.

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.

Certainly, we can learn from one another
~~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 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

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

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

ENVIRONMENTAL EXCHANGE

To learn a language, to start a business, is to embark on a great adventure. But to fulfill a promising future, we must also protect our basic common ^{heritage} 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 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.

((Substance to come))

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

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

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

I see a great Hungarian future in the bright faces of your students. But not all young people in the East ~~also~~ have as much freedom as you ^{also} ~~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) Jamos (Yamosh). It is the heart of youth determined to live in freedom . . .

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

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