

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

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SUBJECT: The President's Meeting with the Hungarian and Slovak Presidents (U)

PARTICIPANTS: The President
The Vice President
Strobe Talbott, Acting Secretary of State
Samuel Berger, Deputy Assistant to the President for National Security Affairs
Donald Blinken, U.S. Ambassador to Hungary
Theodore Russell, U.S. Ambassador to Slovakia
Daniel Fried, NSC Notetaker

President Arpad Goncz
Hungarian Ambassador Pal Tar
Bela Szombati, Diplomatic Advisor to the President

President Michal Kovac
Slovak Ambassador Branislav Lichardus
Pavol Demes, Foreign Policy Advisor to the President

DATE, TIME June 21, 1994, 10:40-11:15 am
AND PLACE: The Oval Office (U)

After delegations were seated, the press was invited in; the President made a brief statement. The President said that the United States was very honored to welcome the Hungarian and Slovak Presidents. They were on their way to New York to receive a well-deserved award for their common commitment to democracy and reform. They had supported both steadfastly, with great courage and consistency. The President noted that he had enjoyed very much the relationship they had had in developing the Partnership for Peace and in other areas. The President offered congratulations to the people of Hungary and Slovakia for their steadfastness, even in the face of great difficulty. The President concluded by noting that during the meeting they would discuss the role of the U.S. in Central and Eastern Europe (CEE) now and in the years ahead. The press then left. (U)

By mutual agreement, President Goncz began. He thanked the President for receiving him and President Kovac. He hoped this meeting was a sign that a new era was beginning in Hungarian-Slovak relations, one marked by genuine reconciliation. Elements of this reconciliation should include security for Slovakia, Slovak borders that were open and easy to cross and a solution to

issues involving national minorities -- both Slovaks in Hungary and Hungarians in Slovakia. This would be better for both countries, for Central European stability, and for the United States. (S)

This was an important moment in Hungary, President Goncz continued. The May elections meant that a new government shortly would take power. Goncz offered his assurance that the new government -- with the Hungarian Socialist Party the leading elements -- would continue the overall direction of Hungary's foreign and domestic policies of the past four years. In particular, the new government would cooperate with its neighbors and continue moving toward a market economy. Hungary was grateful for U.S. assistance in this area and wanted to see it strengthened. Hungary in particular valued OPIC's increased involvement; the recent OPIC mission had been very successful in exploring areas of possible U.S. investment. The U.S. was the number one foreign investor in Hungary, which was to be welcomed. The new government would further social reconciliation, but would use monetary (rather than command-socialist) means to administer and modernize the economy. (S)

President Goncz presented to President Clinton a letter from outgoing Prime Minister Peter Boross conveying his best wishes and emphasizing Hungary's intention to achieve full membership in Western institutions, including via the Partnership for Peace. President Goncz also conveyed orally greetings from Gyula Horn, leader of the Hungarian Socialist Party and most likely the next Prime Minister. Under the new government, President Goncz emphasized, friendship and cooperation with the United States would remain a priority. (S)

The political transfer of power was proceeding smoothly, President Goncz continued, demonstrating the maturity of Hungarian democracy. This was a change of governments, not a change of system. For new democracies, the second election was perhaps even more important than the first, because it represented a continuity of democracy. The Hungarian elections were honest, fair and unambiguous. He had just learned that the coalition talks (between the Hungarian Socialist Party and the liberal Free Democrats) had succeeded; the new Parliament was likely to meet on June 28 and a new government likely would be formed within 1-2 weeks. (S)

In sum, President Goncz concluded, the United States could count on the new government. Today's meeting was a firm demonstration of U.S. support for democracy and reconciliation in Central Europe, and he welcomed it. (S)

President Kovac opened his remarks by thanking President Clinton for receiving him and President Goncz. Both he and President Goncz were committed to reconciliation, and this meeting demonstrated that the United States and President Clinton understood the importance of democracy, reform and reconciliation in Central Europe. Thus, President Clinton was fulfilling his promise made in the Prague summit. (S)

In Prague, President Kovac continued, President Clinton had stated that the security of CEE was important to the security of the United States. This was a very important statement, especially in the absence of NATO membership for the CEE countries. It meant a lot to the governments and publics of the region. It gave them confidence and strengthened their resolve to continue reforms. He and others had noticed that following the Prague summit the United States had paid greater attention to CEE. Slovakia especially felt this and appreciated it. The recent OPIC mission, U.S. support for OECD membership for the Visegrad countries, U.S. leadership in developing PFP and the understand of the U.S. for the recent political changes in Slovakia were all evidence of strong and welcome U.S. engagement in the region. This was important in order to show Slovaks that they were not forgotten. (C)

A new coalition government had been established in Slovakia, President Kovac continued, a centrist reform coalition headed by Prime Minister Moravcik. This was a broad coalition including the Christian Democrats and the (ex-communist) Party of the Democratic Left, and had brought a welcome sense of peace to Slovak political life. This was a relief to the Slovak public and the government was now able to deal with the complex problems of economic reform. (C)

In this context, continued President Kovac, Slovakia had three requests to make of the U.S.:

-- First, Slovakia hoped for as much "moral and other" U.S. support as possible as elections approached, scheduled for September 30 or October 1. He hoped the elections would return to power the current coalition. This would be best for reform and for reconciliation with Hungary. He fully expected the new Hungarian government would continue, as President Goncz said, the general policy direction of the outgoing government. So there was a real chance to bring this process to fruition. He did not believe former Prime Minister Meciar would be able to return to power. It was possible that Meciar's HZDS party would obtain a plurality, but it would not obtain a majority and likely would be unable to form a governing coalition. Still, U.S. support would be important. (C)

-- Second, Slovakia hoped for greater U.S. investment, especially as it resolved its internal problems. Hungary enjoyed about \$8 billion of foreign investment, and the U.S. was the largest foreign investor. The Czech Republic had attracted about \$3 billion and the U.S. share was very high as well. Slovakia, however, had attracted only about \$600 million of foreign investment, and the U.S. was only number three or four. (C)

-- Third, Slovakia hoped for U.S. efforts to encourage West European countries to open their markets as much as possible to Slovak and Central European products generally. (C)

In conclusion, President Kovac stressed that the overwhelming majority of the Slovak people wanted the U.S. to remain in Europe. Slovakia would speed its own reforms and resolve its own problems, but the U.S. had a role to play in Central Europe. This meeting demonstrated the contribution the U.S. could make to reform and reconciliation in the region. (S)

President Clinton responded that the U.S. would try to encourage more U.S. investment in Central and Eastern Europe and would continue to push the European Union to open its markets for CEE products. Changes of government were natural as conditions changed. This is not a cause for concern. It was most important for reforms to continue and for the overall policy to go in the right direction. The United States would remain engaged in CEE; Central Europeans could rest assured that we would do our part. The President hoped that the United States would be the number one investor in Slovakia as well. (S)

President Goncz asked whether the President would attend the December CSCE Summit in Budapest. President Clinton responded simply that he would like to visit Budapest and that December was one possibility. (S)