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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Antall of Hungary

PARTICIPANTS: The President
Robert L. Hutchings, Director, European Affairs, NSC, Notetaker

Josef Antall, Prime Minister
Gyula Kodolanyi, Primary State Secretary in the Prime Minister's Office
Dr. Rudolph Joo, Deputy State Secretary, Ministry of Defense
Andras Kelemen, State Secretary in the Foreign Ministry
Interpreter

DATE, TIME July 10, 1992, 11:40 am - 12:10 pm
AND PLACE: Helsinki Fair Center, Helsinki, Finland

The President: (Continuing discussion begun during photo op.) Actually, the U.S. economy is getting better. But there is still a perception that it is getting worse. There is an atmosphere of negativism and pessimism in the country that should be getting better. This fall I hope people will see the economy is on the upturn. But its been a difficult year. (U)

Prime Minister Antall: Mr. President, may I remind you that in the White House I said if you happen not to be elected President of the United States you would be sure to be elected President of Hungary. But I would be very pleased to see you remain President of the United States. We will keep our fingers crossed. (U)

The President: I really believe I will be. But it's a strange year. In the final analysis, I believe our team's experience and program will prevail, but it's too early to say for sure. I'm dying to hear how things are going for you at home. Please be frank with me. (U)

Prime Minister Antall: Mr. President, first, the prestige and image of the U.S. in Hungary is as good as ever. More than half of our investments are from the U.S. (U)

The President: Did that GE deal ever go through? (U)

Mr. Hutchings: Yes, it was a joint venture with Tungfram. (U)

Prime Minister Antall: The Atlantic idea is of paramount importance to us. The presence of the U.S. in Europe is the only

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I'm not only referring to Russia. Any step we can take, that will help people understand, we will take. (Ø)

The President: The fact of your statement a few moments ago before our press is very helpful. Hungarian Americans and others need to know that you consider the presence of the U.S. and NATO to be very important. This will be an issue in the fall. So the comments you made will be very helpful. (Ø)

Prime Minister Antall: It is very important, indeed, that you remain. I recently discussed this with Mr. Woerner and said that, among Europeans, conflicts are quite easy and whether you like it or not, America will have to make an appearance, so it's better to just stay on. (Ø)

The President: Do you think, as you travel around Europe, that any countries would prefer the U.S. to leave? I know there are some problems on the far left. (Ø)

Prime Minister Antall: I don't see this with serious politicians. It can not be denied that some are thinking that way in Western Europe, but it's a very limited phenomenon, in France, for example. But it's not serious if you really pose the question right. (Ø)

The President: As you know, sometimes we have our differences with the French on how much U.S. influence there should be. But I've asked Mitterrand directly, "Do you want us to stay or go?" And his enthusiastic response was that "of course we want you to stay." (Ø)

Prime Minister Antall: Sometimes the French say paradoxical things. There's something in a miniature of this in Slovakia's attitude toward the Czechs. The Slovaks wanted independence, wanted sovereignty, but if the Czechs take them at their word they are frightened by it. (Ø)

The President: Are there many Czechs in Slovakia and vice versa?
(U)

Prime Minister Antall: Not really, there are some Slovaks in Prague connected with government ministries. Around 20% of families are intermixed. The situation in Czechoslovakia will be peaceful, it'll be a peaceful solution. In a few years they will split. The problem is much less than in Yugoslavia. There will be a peaceful solution. It may take a few years. The problem is that about 90% of western investment is in the Czech lands. The question is what direction Slovakia will go. We keep assuring Czechs and Slovaks that Hungary wants to maintain good neighborly relations. If the division comes about, Slovakia should not be isolated, because it might choose the wrong allies. A lot of responsibility will rest on the Czechs and on Hungary and Austria and to a lesser extent Poland. May I go back to Yugoslavia? (Ø)

The President: Please. (U)

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Prime Minister Antall: There is a major, grave problem with the Hungarian minority and deportations. They are taking place as in Bosnia. Bosnia has closed its borders. Also, others are doing so. So we have gotten 3,000 Moslem refugees and 50,000 right now from Yugoslavia overall. In the past year there have been about 100,000. I must tell you, even from a military point of view, we do not feel secure enough. The Hungarian army is very poorly equipped. We have outdated equipment, and in no way represent a major military force. Being close to an adventurous army, like the Serbian Army, it is very important that we have some element of guarantee to be protected. (Ø)

The President: Can you conceive of a situation in which they might cross over your borders? (Ø)

Prime Minister Antall: I would not exclude it. We are trying to keep in touch with the Serbian Army. We are observing the sanctions, although this is a major problem for us, 80% of our exports to Yugoslavia were concentrated in Serbia. There is also the important energy-carrying pipeline, though some retaliatory measures could not be excluded. The Hungarian ethnic minority is very close to the border, so it is very important to find some guarantee within the borders and outside. (Ø)

The President: How are we going with our military-to-military cooperation? (Ø)

Mr. Hutchings: It's quite active. We are doing more with Hungary than any other country. Secretary Cheney visited in December and the Hungarian Defense Minister Fur has visited Washington twice. We have also set up a bilateral working group to assist in the reorganization and restructuring of the Hungarian military. (Ø)

The President: We are ready for cooperation, but we need to be sure we define our cooperation clearly. (Ø)

Prime Minister Antall: One more point for you to bear in mind, the Romanian Army is moving closer to the Hungarian border. There has been a major redeployment and they are stronger on the Hungarian border now. It means we might get under some pressure. We want an army with a small number of troops, but with a certain capacity for self-defense. I recently had discussions with President Yeltsin and a major result was regarding the Russian planes for troop withdrawals. We agreed on no payments. (Ø)

The President: I'm glad they're gone. The Baltic leaders were jumping all over me a few minutes ago on this issue, they are very agitated. (Ø)

Prime Minister Antall: Another issue I would like to indicate is the question of a cease-fire in the Balkans. We have talked about how to achieve it and have thought about the potential incidental actions of the Yugoslav National Army which cannot be excluded. If the Yugoslav army can effect a takeover, this would create a new situation. After that, it would be hard to say.

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Political opposition is very weak in Serbia and in Montenegro. In a year or two the Baltic situation might even be destabilized because of the troop withdrawal issue, the East Prussian issue. I was interested to hear Yeltsin's remarks here in Helsinki. Emotional feelings are very intense in the Baltic regions. (S)

The President: Do they have problems among themselves, or are all these against Russia? (S)

Prime Minister Antall: There is some rivalry. (S)

The President: That's what I thought. Landsbergis dominated our recent conversation. (S)

Prime Minister Antall: Even the situation in Finland seems problematic. The Fins try to talk them out of extreme things, but the Finnish system of argument is old fashioned. They don't seem to understand how to deal with the Baltic States. I tried politely to tell President Koivisto that. These countries have major problems. Their police and border guards have no arms. They would like the simplest machine guns. They are trying to acquire these in a subtle way, but the Fins won't do it. I advised them to try to get some arms from Russia. Why not try Yeltsin? It is obvious that police and border guards need arms. Yeltsin is a clever man, he probably could understand. It's my view that American-West European solidarity must remain. And also, our West European friends have to know that Russia will find only the U.S. impressive enough. Tocqueville wrote about that a century ago. So did Lenin. (S)

The President: We do have a responsibility to be a stabilizing force in Europe, also with Russia. In that respect we have unique responsibilities. (S)

Prime Minister Antall: While attention goes to Russia, some also should go to Ukraine, it is a major European country, the second largest after Germany. (S)

The President: We will not neglect Ukraine, we had Kravchuk over not to long ago. But I understand your point and I know they think we may be neglecting them. (S)

Prime Minister Antall: Many ex-Communist leaders were really only anti-Russian, but they were still part of the communist nomenclatura and they managed to set that image like Yeltsin did. But they didn't launch an economic reform as he did. (S)

The President: Well, I'm sorry we must break up, they are sending me a signal I must go. (U)

- End of Conversation -

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