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FRANCISCO MARROQUIN UNIVERSITY
GUATEMALA, CENTRAL AMERICA
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THE COLLAPSE OF COMMUNISM: THE CONTINUED CHALLENGE OF SOCIALISM

Rector emeritus Manuel Ayau
Rector, Fernando Monterosso
Ambassador William Mittendorf
Reverend Clergy, Ladies and Gentlemen

One year ago we witnessed the collapse of communism. We may not hear the cry "Communism is Dead; Long Live Socialism." But, since today every institution of communism in Eastern Europe remains in place except for the Communist Party and the Secret Police, we have no assurance that all of the socialist institutions of Communism will not remain in place.

Refusing to go behind the Iron Curtain for moral reasons, I made my first visit to East Germany, Czech and Slovak Federal Republic and Hungary in May; and Hungary again in August. I was appalled and saddened by what I experienced. Things were so bad and there was no evidence of any attempts to bring about change from socialist institutions. The re-union of the five East German states to the Bundesrepublik will mean important positive developments. The East Germans automatically will get all the West German institutions. The immediate change will be similar to what Ludwig Erhart accomplishted in West Germany in 1948.

Unfortunately, the other countries have not sought such an automatic solution and will suffer for it. For several reasons, Poland had the best chance for success. It had a high level of private ownership, especially, of agricultural land, it had had a strong oppositional culture centered around the institutions of the Catholic Church, and through contact with emigrated Poles,



it had a sense of the culture of capitalism. Hungary had talked about economic reforms for a quarter of a century. Hungarians may be more likely to be ready for necessary changes.

We have seen the hopes of Russians disappointed when Stanislav Shatalin's 500 Day Program was replaced by Mikhael Gorbachev with one more postponement and more half measures.

There are many great minds in Eastern Europe working on problems. Perhaps Vaclav Klaus in Prague is the greatest of these. He has been finance minister of the Czech and Slovak Federated Republic for almost a year and last month was elected head of Civic Forum, the leading Czech party against the official candidate who was a soft reformer backed by President Havel. But, people such as Klaus are few and far between. Klaus had had a half dozen aides and that exhausts the free market experts in Prague. The ministries are filled with former communist officials.

In May, I lectured at the Prague School of Economics in exchange for Yuri Schwartz who was visiting IHS in preparation for launching a new research institute in Prague, the Liberal Institute. While I was lecturing at the Prague School of Economics, the government appointed a number of new professors who were Communists that the government wished to be rid of in the ministries. Reversing the proposal to abolish the department of central planning, it was kept and expanded with these new Communist faculty.

In Eastern Europe, university education is treated as unimportant. This will be the future challenge for East Europeans if they do not achieve full freedom from Socialist institutions and regulations, who will lead the intellectual struggle to achieve a free market? The universities have the central focus for socialist brain-washing.

Yet, there are tens of thousands of Eastern European students and intellectuals who are thirsting for books on the freedom philosophy. Despite all the secret police and party controls, a few books such as the writings of Ludwig von Mises and F. A. Hayek entered the Eastern European countries. They were passed from hand to hand and were more precious than jewels. In recent years, a few Hungarian students were able to attend the Liberty and Society Seminars of the Institute for Humane Studies.

In the Spring of 1989, the Institute for Humane Studies decided to send its director of student affairs to Vienna for six months starting in August. Located at the Vienna's Menger Institute, Tom Palmer made numerous trips to Czechoslovakia, Hungary, Poland, Yugoslavia, and Soviet Union often carrying computers or copiers. Then the great events of November-December, 1989 burst forth. Tom Palmer expanded his efforts to Roumania and Bulgaria.

When Tom Palmer's six months were up, IHS decided to establish a more permanent outreach office in Prague itself. IHS selected to head the outreach office David Park who had studied at Texas A & M University and George Mason University, and who spent some time in Guatemala with his late father, John Park. David recruited a large number of East European students to attend four IHS Liberty and Society seminars in the U. S. and four seminars sponsored by IHS Europe held in Sweden, Hungary and two in France.

IHS has been engaged in a project which is shipping \$100,000 free market English language books to Eastern Europe. They have been purchased for deep discounts in dollars, but even that is too expensive in soft currencies. Commercial bookstores are being organized in Warsaw, Lublin, Cracow, Prague and Budapest to sell the books at reasonable but not cheap local currencies. The income will be used to pay the bookstore salaries and rents.

IHS is arranging for the translation of economic texts into Polish, Russian, Czechoslovak, Hungarian, Roumanian and Bulgarian, and has helped arrange publication rights for the textbooks.

Although university education is treated in Eastern European countries as strategically unimportant in general, there are some bright sides. One is the proposals to establish new private universities. Several have been proposed to be funded by American foundations. These will be better than existing ones. The European countries are supporting new university programs in conjunction with West European universities.

For example, a cooperative law and economics program modelled on Henry Manne's law and economics program at George Mason University law school has been established. Centered at the University of Ghent, this Erasmus Program brings students to different universities in Eastern and Western Europe. One new private university is being established in the former Soviet army camp in Western Hungary. This new Hungarian institution is founded by dedicated supporters of the free market. It is starting from the ground up. It may be the model for future private universities in Eastern Europe.

I am reminded of a great, but unsuccessful attempt to create a Catholic University in Dublin in 1850 by John Henry Newman. Cardinal Newman's great book The Idea of the University is a landmark, but the university was not created in the end.

Today, we honor a great success in higher education as we approach the twentieth anniversary of Francisco Marroquin University. Francisco Marroquin University is a model for Eastern Europe. This university is a monumental and historical achievement. This great university is a beacon not only in the Western Hemisphere, but also across the Atlantic. In 1972, it seemed that the ideas of Ludwig von Mises and F. A. Hayek had disappeared in Europe and

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receding in North America.

Francisco Marroquin University, at that time, seemed to be created as a last bulwark before the lamps of the the idea of liberty went out. But, now the writings of Mises and Hayek have become new, fresh bestsellers in the United States, Western, and Eastern Europe. Their freedom philosophy is becoming the norm for academics and intellectuals. Francisco Marroquin University has played a key role in this historic development.

New universities in Eastern Europe could do no better than take the model from the Inaugural Address of Francisco Marroquin University by Dr. Manuel F. Ayau (January 15, 1972):

We firmly believe in the capacity of imperfect men to be better able to readlize their destiny when free and not when compelled by the collective entity personified by the State.

We believe in individual rights. Freedom and property must always be respected, not only because they are innate to man, but also because of their utilitarian value to society....

We believe that truth or justice cannot be discovered by counting votes. We believe in democracy, but we also hold that, whereas sufferage is an adequate method of determining the wishes of the majority and of deciding on matters of procedure, it is not the way to discover truth or justice.

We believe in the rule of law and not that of men or groups of men, be they a minority or a majority.

We believe that the spontaneous order which arises when men act freely and peacefully to achieve their common material and spiritual ends is far superior to a designed social order imposed deliberately - a type of organization proper only to a business, a government or an army.

We believe that only responslbe persons create prosperous and peaceful civilizations, and that where is no freedom, responsibility does not flourish.

We believe that there exists only one justice: that justice which gives to each his own. And we believe that any attempt to qualify justice tends to cause conflicts and to destroy justice itself.

In addition to Dr. Ayau, I wish to conclude with a tribute to the founders of Francisco Marroquin University represented by the late Hilary Arathoon, the late Ulysses Dent and Julio Lowenthal.