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Sunday, July 5, 1992

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WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

JULY 5th, 1992

[illegible]

[illegible]

PRESIDENTIAL MOVEMENTS

LOCATION Warsaw, Poland
Munich, Germany

DATE 5 July 1992

	TIME	MOVEMENTS
EDT	1056	Arrive Okecie Airport, Warsaw, Poland
	1110	Depart Okecie Airport via Motorcade
	1130	Arrive Royal Castle Courtyard
	1302	Depart Royal Castle Courtyard via Walk
	1306	Arrive St. John's Basilica
	1419	Depart St. John's Basilica via Walk
	1421	Arrive Castle Square
	1516	Depart Castle Square via Motorcade
	1541	Arrive Okecie Airport
	1553	Depart Okecie Airport via Air Force One
	1711	Arrive Munich International Airport, Munich, Germany
	1724	Depart Munich International Airport via Marine One
	1744	Arrive Munich Landing Zone
	1748	Depart Munich Landing Zone via Motorcade
	1753	Arrive Sheraton Hotel

WHITE HOUSE STAFFING MEMORANDUM

DATE: 7/2/92 ACTION/CONCURRENCE/COMMENT DUE BY: _____

PRESIDENTIAL REMARKS: CASTLE SQUARE
WARSAW, POLANDSUBJECT: _____
JULY 5, 1992 - 2:20 P.M.

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☐
SKINNER	☐	☒	MCBRIDE	☐	☒
SCOWCROFT	☐	☒	MOORE	☐	☒
DARMAN	☐	☒	PETERSMEYER	☐	☒
BRADY	☐	☒	PORTER	☐	☒
BROMLEY	☐	☐	SMITH	☐	☒
CALIO	☐	☒	YEUTTER	☐	☒
DEMAREST	☐	☒	FINDLAY	☐	☒
FITZWATER	☐	☒	KAUFMAN	☐	☒
GRAY	☐	☒	MCGROARTY	☐	☒
HOLIDAY	☐	☒		☐	☐

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

THE WHITE HOUSE
WASHINGTON

22 JUL 2 A10:19

July 2, 1992

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID F. DEMAREST *DD*
FROM: DAN MC GROARTY *DMG*
SUBJECT: PROPOSED REMARKS TO THE PEOPLE OF POLAND, CASTLE
SQUARE, WARSAW

I. SUMMARY

On Sunday, July 5 at 2:20 p.m. you will deliver remarks to an audience of about 10,000 in Castle Square, Warsaw, Poland.

II. DISCUSSION

Your remarks (approximately 9 minutes / cards), focus on Poland's progress toward free markets and democracy since the Revolution of '89.

Please note: the translation will be simultaneous.

McGroarty/Bunton
July 2, 1992
8:30 am
[WARSAW]

PRESIDENTIAL REMARKS: CASTLE SQUARE
WARSAW, POLAND
JULY 5, 1992
2:20 P.M.

Thank you, Mr. President, for those kind words.

[Acknowledgements.] Hello, Warsaw -- hello, Polska. Thank you all for this warm welcome. //

Barbara and I are honored today to come back once more -- to come home once more -- to the birthplace of the Revolution of '89.

Today is truly a homecoming: The day Poland welcomes home a part of its proud history -- a great patriot and patron of freedom. Through his long life, Ignacy Paderewski fought for a free and independent Poland. When independence came, Paderewski served as Prime Minister of your new nation. When occupation came, he joined the Polish government in exile. And when he died, America gave this great friend of freedom a place alongside our honored dead in Arlington Cemetery: To rest -- in the words of Franklin D. Roosevelt -- "until Poland would be free." //

Few knew then how many dark days would come and go -- how many lifetimes would pass -- until this day. When years passed without fanfare or ceremony -- when a small, simple marker took the place of a larger stone -- Poles understood. In five years or fifty years, Paderewski would one day come home / to Polish

soil. // Today, a patriot has come home. Today, Poland is free. //

On this Sunday -- from St. John's Cathedral to the village churches of Zakopane [Zah-koh-pahn-eh] -- the bells toll not simply the solemn requiem -- but a new beginning, a new birth of freedom, for Poland and its people.

It is a new beginning not just for Poland, but for all of Europe and the world. It is proper that we mark this new birth in your country. It was here, in Poland, that the Second World War began. It was here, in Poland, that the Cold War first cast its shadow. And it was here in Poland that the people at long last brought the Cold War to an end. //

I've said many times that in the deepest sense, the Cold War was a war of ideas -- a contest between two ways of life. The rulers of the old regime claimed they saw the triumph of totalitarian ideal written in the laws of history. They failed to see the love of freedom written in the human heart. //

I recall my last visit to Poland: The fierce defiance and determination in the faces of the workers gathered in what was then called the Lenin Shipyard in Gdansk -- the warmth and welcome for America made plain to Barbara and me by you, the good people of Warsaw. //

Think of the new world that's emerged these past three years: Europe -- whole and free. Russia -- turning from dictatorship to democracy. Ukraine and the other new nations of the old Soviet empire -- free and independent. Look at this new

world, and remember where that revolution began -- here, in Poland. //

Today, Poland stands transformed. Your bold economic reforms have earned the world's admiration and support -- and what's more, they are working. Shelves that once stood empty are now stocked with goods. Gone is the old Communist Party headquarters -- now home to the Warsaw Stock Exchange, and the Polish-America Enterprise Fund, providing seed capital to help Poland prosper. Gone are the slogans and the sham reality. Everywhere, you hear new voices, new hope. Freedom has come home to Poland. //

For all that is new, there are things that have not changed -- things that sustained you through your darkest days: Polish strength -- Polish spirit -- Polish pride. //

Reaching your dreams will be difficult. I know that the sheer volume of new voices can sometimes be deafening -- but in the clamor of new voices is not discord, but democracy. //

Of course, in many places, and for many people, there is more pain than progress -- real hardship, resulting from 40 years of Communist mis-rule. But make no mistake: the path you have chosen is the right path. Free government and free enterprise have helped Poland overcome a crippling past. Free government and free markets will bring Poland a bright future. //

Poland is no stranger to sacrifice. Many times before, you were asked to "do without" for the greater good of the State. Today is different: This time, yours is a sacrifice blessed by

freedom -- the sacrifice of a nation determined to make its destiny democracy.

Let there be no doubt: America shares Poland's dream.
America wants Poland to succeed. //

[[In the fall of 1989 -- in the early moments of Poland's revolution -- the United States took the lead in creating a \$1 billion fund to stabilize the Polish zloty. That stabilization fund helped support the market reforms that now fuel Poland's growing prosperity. Now, with the success of your reforms, the time has come to take the next step -- to start planning for the day the stabilization fund can be harnessed for new uses.

To that end, once Poland has reached agreement with the IMF on its economic program, the U.S. is prepared to convert its portion of the fund to support the next stage of Poland's reform. Because of your hard work -- because of your energy and enterprise -- Poland's progress is entering a new phase: and I will urge my partners at the Munich Summit to follow our lead.
//]]

We mark today not simply the memory of a great Polish patriot -- we celebrate the men of moral courage who sustain this nation: Lech Walesa. Father Popieluszko. Pope John Paul II.
//

But Poland could not have come this far -- Poland could not have won its freedom if only a few had the courage to stand against the State. Freedom was won by the every-day heroes of the underground: The men and women who kept faith when faith was

forbidden -- who spoke the truth against a wall of lies. The true heroes of democracy: the people of Poland. //

Your strength of spirit drives away all doubt: Poland will succeed. // Poland will succeed because Poles have made this journey before. In a strange new world called America -- in the stockyards of Chicago, in the steelworks of Cleveland, in a thousand towns thousands of miles from this land they loved, Poles worked and worshipped and built a better life. Polish hands -- building the American Dream. Now at long last, Poles can build that dream -- here at home. //

As President / as a fellow democrat / as friend of a free Poland, I bring this message: America stands with you. America wants Poland to succeed. America wants Poland to prosper. America wants Poland -- now and forever -- to be free. //

Barbara and I thank all of Warsaw for this warm welcome -- and may God bless the free people of Poland.

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From the desk of
George Bush

per

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*Any more
action request?
No*

Document Originally
Attached to
Following Page

THE WHITE HOUSE
WASHINGTON

Mr President

DATE: 6/5/92

TO: *Rose Zamaria*

FROM: W. HENSON MOORE
Deputy Chief of Staff to the President

At the request of the President,
I have spoken to Roosevelt
Green twice now. I have
taken care of his requests, but
during the second call, he
said "he still wants to talk to
the President." I pass this on
to you for consideration.

W. H. Moore

WHITE HOUSE
Office of the Press Secretary
Warsaw, Poland

For Immediate Release

July 5, 1992

FACT SHEET

U.S. Assistance to Poland

Poland is the largest recipient of U.S. assistance to Central and Eastern Europe. The three categories of U.S. assistance are development of democratic institutions, improvements in basic living standards, and economic restructuring and privatization.

I. ECONOMIC RESTRUCTURING AND PRIVATIZATION

This program, 90% of total U.S. assistance to Poland, supports the transformation of a centrally planned economy to a market-based economy led by the private sector.

Stabilization Fund. In 1989, the U.S. contributed a \$200 million grant to the Fund as part of a U.S.-led multi-donor \$1 billion reserve to support limited convertibility of the zloty. The Fund was renewed for another year in January 1992.

Polish American Enterprise Fund. The Enterprise Fund is the flagship U.S. bilateral assistance program. U.S. contributions will total \$188 million by September 1992. The Fund has disbursed \$111.7 million for development of the private sector through equity investment, loans, technical assistance and other measures. It has made \$108.5 million in loans to some 1100 Polish small businesses and 30 larger entities. The Fund recently established the Polish Private Equity Fund with \$50 million of its own resources and \$50 million matching funds from the European Bank for Reconstruction and Development.

Polish Debt Reduction. In 1991, the U.S. reduced Poland's official bilateral debt burden by 70% (20% beyond the 50% Paris Club terms) and led the way in securing Paris Club agreement for an overall reduction of more than 50% of Poland's official debt burden. The U.S. supports similar efforts to reduce Poland's commercial debt through the London Club.

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Trade Enhancement Initiative. This initiative provides substantially expanded market access to Polish exporters through greatly expanded textile quotas and elimination of many others, expanded (\$182 million) duty-free benefits under the Generalized System of Preferences, and more flexible steel quotas. The U.S. also is providing technical assistance in export promotion through the Capital Development Initiative, whereby specialists residing in Warsaw will help U.S. firms identify projects in Poland. Over 300 American companies have expressed interest. The U.S. Trade and Development Program has funded over \$5 million in feasibility studies and training programs.

Privatization. The U.S. has undertaken over \$8 million in a wide range of privatization assistance activities. Projects include privatization of LOT Airlines and the sectoral privatization of the furniture and glass industries. The U.S. has initiated two regulatory assistance projects with the Polish Securities Commission and the National Bank of Poland.

Banking and Finance. The U.S. is providing advisors to the Ministry of Finance assisting with domestic debt, tax policy and computerization. Advisors also will be placed in commercial banks in Lodz and Warsaw's Handlowy Bank. Work has begun establishing a Warsaw bank training institute. Under a grant to the International Executive Service Corps, \$2 million has funded advisors to firms seeking management assistance. An \$8 million project helped U.S. and Polish Universities develop management and marketing economics education.

Agriculture. The agriculture and agribusiness program seeks to develop and strengthen agribusinesses, assisting formerly state-owned enterprises become market-driven, economic units. To this end, over \$20 million in assistance has been provided concentrating on the rural, eastern half of Poland.

II. DEMOCRATIC INSTITUTIONS

This program involves assisting the development of democratic institution-building to establish the foundation for enduring political freedom and encourage broad-based participation in civic and economic affairs.

-- The U.S. Senate and House of Representatives have provided \$750,000 in equipment to the Polish Sejm and Senate.

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- The Peace Corps has sent 240 volunteers to Poland for English teaching, small business development and environmental assistance.
- \$1.7 million supports NSZZ Solidarnosc's Economic Foundation and Rural Solidarity through the AFL-CIO's Free Trade Union Institute.
- The U.S. has provided \$1.3 million to Rutgers University for assisting municipal and local governments through Poland's Foundation for Support of Local Democracy and its 16 regional training centers.
- Additionally, over \$7 million has been provided to support increased public participation, local governments, educational reform, civic reform, and independent media.

III. IMPROVING BASIC LIVING STANDARDS

This program focuses on improving or maintaining quality of life standards while Poland undergoes the disruptive processes of economic restructuring and political reform.

Housing. The \$25 million Housing Guaranty program will promote private sector housing and entrepreneurship in the housing industry. A \$10 million technical assistance program will provide institutional and advisory support for the Housing Guaranty program, and World Bank and EBRD housing sector loans.

Energy. Three U.S. energy experts are part of a joint U.S., E.C., and UK Energy Restructuring Group established to help privatize the energy sector. U.S. energy experts worked in eight industry and district heating plants to identify energy savings opportunities; savings are expected to reach \$2.3 million per year in reduced energy costs. A \$1 million partnership has been established between Polish Power Grid Company and Commonwealth Edison.

Environment. A \$7.7 million program to clean up the air around Krakow is underway at the Skawina Power Plant, along with a \$5 million project for air monitoring and wastewater drinking in Krakow. Additional regional projects focus on improving air quality in the "dead zone" of Poland's Upper Silesia and Czechoslovakia's Northern Bohemia.

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Health. Under a \$4.8 million grant, U.S. hospitals are working with Polish counterparts in Lodz, Krakow, and Bialystok to facilitate partnerships and the exchange of medical knowledge and technology in the areas of cancer and emergency medical services.

Labor Force. We are providing assistance to transform public employment services in Gdansk and Szczecin, and to improve unemployment compensation payment systems.

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WHITE HOUSE
Office of the Press Secretary
Warsaw, Poland

For Immediate Release

July 5, 1992

FACT SHEET
Enterprise Funds

POLISH-AMERICAN ENTERPRISE FUND

The Polish-American Enterprise Fund is a private non-profit corporation established pursuant to the Support for East European Democracy ("SEED") Act of 1989. Its Chairman is John P. Birkelund, Chairman of Dillon, Read & Co, Inc., and its U.S. Directors include Nicholas A. Rey, Zbigniew Brzezinski, Robert G. Faris, Charles M. Harper, and Lane Kirkland. Its Polish Directors include former Polish Prime Minister Jan K. Bielecki.

Purpose: The PAEF is engaged in a broad private investment program in Poland which emphasizes small- and medium-sized businesses. The Fund encourages development of the Polish private sector primarily through equity investments and loans, as well as through grants, technical assistance and other measures.

Start-up: Operation commenced in May 1990.

Capitalization: Under the SEED Act, Congress authorized \$240 million for PAEF operations. This sum will be disbursed over a four year period. As of June 15, 1992, \$111.7 million had been disbursed.

Investments: As of June 15, 1992, \$108.5 million in investments had been closed, providing financing to 30 major entities and 1090 small business borrowers, and an additional \$54.5 million in commitments were in the pipeline. Another \$6.1 million in technical and other assistance have been approved.

-- The PAEF has made 1090 small business loans of \$75,000 or less through its small loan subsidiary, Enterprise Credit Corporation ("ECC"), for a total of \$23.4 million as of June 10, 1992.

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- The PAEF made a total of \$2.7 million in equity or loan commitments to 14 major projects through another subsidiary, the Enterprise Venture Capital Corporation ("EVCC"). The EVCC provided capital to Polish businesses in the \$75,000 to \$500,000 range through loans or equity investments. The remaining major investments are in the \$500,000 to \$15 million range, and are financed directly by the PAEF.
- PAEF is currently establishing the Polish-American Mortgage Bank ("PAMBank") to stimulate private residential construction. The Mortgage Bank will have a total utilization of \$16 million and will be the first such institution offering construction loans to developers and financing for home purchasers.
- In support of its investments, the PAEF is providing technical assistance and training, and has trained more than 70 persons in the banking sector alone.

Polish Private Equity Fund: At its April 1992 meeting, the Board of Directors of PAEF unanimously approved the creation of the Polish Private Equity Fund ("PPEF"). The PPEF will be capitalized with \$50 million from the PAEF, an equal sum from the European Bank for Reconstruction and Development, and \$10 million from the private sector, with additional capital anticipated from other sources. Like the PAEF, the PPEF will focus on investments in small and medium-sized enterprises.

U.S.-JAPANESE REGIONAL ENTERPRISE FUND COOPERATION

During Vice President Quayle's May visit to Tokyo, Japanese Prime Minister Miyazawa announced a \$400 million Japanese Enterprise Facility to work in cooperation with the American Enterprise Funds operating in Poland, Hungary, Czechoslovakia, and Bulgaria. The Japanese-U.S. cooperation will work to promote private sector development in the countries where the Enterprise Funds operate. Of the \$400 million, \$100 million is for equity investments in cooperation with the Enterprise Funds and will be administered by JAIDO, the Japanese Industrial Development Organization. The Japanese Export-Import Bank (JEXIM) is offering \$300 million credit for private sector development.

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THE WHITE HOUSE

Office of the Press Secretary
Warsaw, Poland

For Immediate Release

July 5, 1992

FACT SHEET

Polish Stabilization Fund

The President announced today that the United States is prepared to convert its \$200 million contribution to the Polish Stabilization Fund to new uses, once Poland has returned to an IMF-approved economic program and with the agreement of other contributors to the Fund. He informed President Walesa that he has contacted other contributors and hopes they will make similar commitments, so that the entire \$1 billion fund can be made available to Poland as it moves to the next stage of its pioneering reforms. The President also endorsed President Walesa's proposal to host a conference of contributing countries, to discuss future uses of the Fund, and will discuss these ideas with G-7 leaders at the Munich Summit that begins tomorrow.

The \$1 billion Polish Stabilization Fund (PSF) is a U.S.-led initiative designed to bolster Polish foreign currency reserves and allow Poland to introduce currency convertibility. It was created at the end of 1989 by a group of 17 nations and has been extended twice, most recently in January 1992 for another year. The United States contributed a \$200 million grant. Great Britain, Germany, Japan, France, and Italy were other major contributors. When the Fund is terminated, the U.S. contribution will be used for "purposes mutually agreed."

Poland may not draw on the principal amount of the PSF when out of compliance with an IMF arrangement, as it has been since September 1991. Poland may, however, draw on interest earnings on the PSF, which totalled \$68.6 million as of January 31, 1992. Poland has drawn down \$25.2 million (\$9.1 million from the earnings on the U.S. grant). The interest on the U.S. grant can be used without restriction.

Once the Stabilization Fund's original objectives have been achieved, contributions to the Fund could be usefully redeployed for other critical needs as Poland's reforms move into their next phase. For example, some of these monies could be used to

establish a multilateral Export Financing Facility, modeled after the U.S. Export-Import Bank, to help promote Polish exports and facilitate Poland's integration into the global market. Another option would be to use some of the monies to recapitalize Poland's nine commercial and five specialized banks, so that they could more effectively compete in a market economy, attract foreign partners, and provide essential investment capital to Poland's growing private sector. Either or both options could be pursued, and the United States is open to other ideas from Poland and the other contributors to the Stabilization Fund. The U.S. supports Poland's call for a conference among all contributing countries to consider the best future uses of the Fund.

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THE WHITE HOUSE

Office of the Press Secretary
(Warsaw, Poland)

For Immediate Release

July 5, 1992

REMARKS BY PRESIDENT BUSH AND PRESIDENT WALESA
TO POLISH CITIZENS

Castle Square
Warsaw, Poland

2:15 P.M. (L)

PRESIDENT WALESA: Mr. President, ladies and gentlemen. We are receiving the great politician of our time, the President of the United States of America, Mr. George Bush, in Warsaw today. (Applause.) For many years as he has been taking an interest in our struggle, he has supported it and in the wake of a victory, has come forth with assistance for Polish reforms and for reforms in the whole region.

I was given the opportunity to learn about it when I was the leader of Solidarity. This is also happening now when I am the President. America has given us assistance in the struggle for freedom and democracy, and has helped to keep of our spirit even in the most difficult years. We are grateful to you, Mr. President. (Applause.)

We are grateful for your personal contribution to achieving the victory of democracy. This meeting at the gateway of the Royal Castle of Warsaw seems as though we're meeting the whole of Poland. All our fellow countrymen who are living here; likewise those people of Polish origin who are dispersed in the whole world. The Royal Castle is a special place for the Polish people. It is an epitome of the many centuries of national history and tradition. It is a symbol of our identity.

It is precisely at this very place that the Constitution of 3rd May was adopted over 200 years ago. After the American Bill of Rights, ours is the world's second modern-time fundamental law. It is also right in that same castle that Ignacy Jan Paderewski made his debut on the political scene and came to be one of the greatest of Poles. He has made his way to the National Pantheon. Today we are paying tribute to the great man.

Over half a century has gone by since the day of his death, but it is only now that we are able to fulfill his last will. He desired that his remains should be buried in a free Poland, and this has come true. The remains will stay forever in the Basilica of Poland, a place dear to all Poles and the hearts of the capital.

Ignacy Jan Paderewski was a patriot of great stature, and at the same time, an exponent of close bonds between our two nations. He was a statesman in the true sense of the word. Owing to him, decisions of great importance for Poland were made at the Conference of Versailles. This all became possible with the support of the United States. The great and well-set-in American democracy helped the young Polish democracy. Ever since then, and until now, America has been giving us numerous tokens of affection and friendship.

We have received them from many U.S. Presidents, including also yourself, Mr. President. Your present visit to Poland is taking place only a few days before the CSCE countries' meeting in Helsinki. It is taking place shortly before the

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summit meeting of the leaders of the industrialized countries. The latter will be of great importance also for my own country since matters related to Poland and to her economy will be discussed there. The visit of the President of the United States of America to Warsaw, with these events just a few days away, is of great significance.

We regard it as yet one more indication of your interest in the process of Polish reforms. It shows your sincere will to support the reforms and to make it possible for Poland to develop successfully.

We highly appreciate your country's commitment to and sense of responsibility for the destiny of contemporary Europe and of the world as a whole. The United States' presence on the European continent is an indispensable factor of maintaining the balance as well as security.

Of great significance is the attention with which America follows the process of transformations in Central and Eastern Europe. I have already had an opportunity to convey to you, Mr. President, the expressions of our gratitude and acknowledgement of your deep understanding for the essential meaning of these problems.

It is with a great deal of effort but nonetheless quite courageously that Poland is going ahead with the cause of reforms. Through the process of change she is striving to achieve stability.

Some people are saying now that we are a high-risk country and that it is risky to become involved and to invest in Poland. This view is certainly not without any justification. However, we are building a new reality. We are taking the path which no one has ever trodden before. This is the trail of pioneers. It is not easy because any change always brings along a certain measure of chaos. The new is becoming mixed with the old, but an order is growing out of this ferment, an enduring one as it is based on experience.

So we need more time. We want to use that time to learn democracy, to learn how to respect other people's views, to argue with each other and to know how to settle disputes. Changes of government, parliamentary turns of events, difficulties with making and enforcing laws -- all this means an arduous process of education about how democracy works. However, there is one stabilizing element in Poland. That is the office of president. The President was elected in a free election, and under his constitutional powers he can calm down the stormy and turbulent political scene.

Actually, the President is trying to accomplish just that. The people of Poland are now going through the process of change. Individuals are learning to take matters into their own hands. A new middle class is emerging. The private industry continues to account for an ever-greater proportion of the national economy. Private entrepreneurship is becoming an ever more powerful driving force in the economy of Poland. Once again, individuals are getting to know how to live in freedom and on their own account.

This notwithstanding, we continue to look forward to more assistance from the European communities. This is not only in our own interest, geography cannot be circumvented, neither can it be cheated. Business links are going to spring up in this region not merely to give benefit to just one single transaction or to last for a year only, they are going to be built for the benefit of future centuries. So the word long-term prospect should be added to the word profitability. Only then will they become fully meaningful.

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Economic ties have been disrupted in this region. The point is that they have been established for the use of an empire that has now passed into history, for the use of the empire and its battled states. Now we are determined to build up new ties in a new shape and with a different purpose in mind. To make them rely on new principles coming to the forefront there is the process of our step-by-step integration with the European communities.

At the same time we are establishing links with our neighbors. This is why we have signed treaties on good neighborhood and friendly cooperation with nearly all of our neighbors, including Byelorussia, the Ukraine, the Federal Republic of Germany, Czechoslovakia. We have signed treaties also with France, Italy, Hungary, Latvia and Estonia. These states are close to us, though they are not our direct neighbors in terms of geography.

We are also involved in making arrangements for regional cooperation within the Vyshehrad Triangle. As has been shown, Poland is capable of coming to terms with the neighbors and with the other countries of the region. She is capable of establishing reciprocal relations with them. Poland can and should play a stabilizing role in the region. We are working together with others on the setting up of institutions that would enhance stability in it and that would be of service to it. They could exercise their functions both in the political and economic fields as well as in the military one.

I have often said that there is a need for a European peacekeeping force. In this regard, it is necessary to have more coordination between the CSCE, the United Nations, the North Atlantic Alliance and the Western European Union. The choice of an organization will depend on the circumstances. The peacekeeping force could be deployed for peacekeeping missions in particularly threatened places. The situation now prevailing in the Balkans keeps reminding us of such threats.

Mr. President, economic stability is the prerequisite of security. Prosperity is the guarantor of peace, while economic crisis fosters social unrest. I believe that the stabilization fund could play an enormous role in bringing economic stability to the region. It seems that the sooner it comes into operation the sooner it will bear fruit. At long last Europe is beginning to breathe in and out through both its lungs, the Eastern and the Western one. However, we should not allow any fetters to restrict its freedom to breathe.

It is worth the while to talk together about matters related to economics and security. Poland and her capital, Warsaw, would be willing to host any conference. It could be held as early as the autumn of this year. We would welcome the participation in a conference of this kind of the countries of this region as well as of those of the Fund. We hope to be able to make a proposal to this end, for one cannot pursue one's policies in isolation, even though this isolation may be limited to one region alone. With this in mind, I would like to invite you, Mr. President, to take part in it. (Applause.)

It is necessary to pursue policies on a global scale. But no global policies are possible without the United States of America. (Applause.) America has shown the world what a country of free people means and what opportunities it can offer. No other country but America has demonstrated how freedom can be matched with a sense of responsibility, how action can bring success and respect for the rule of law.

It has managed to set a pattern in which political freedom matches that in the field of the economy. Our two countries are situated on two different continents; they are set apart by the ocean. And yet our nations remain close to each other. The geographical distance is less important in view of

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the shared understanding for the most crucial issues, the basic issues. Above all I have freedom in mind.

The people of Poland and of America have treasured it with particular dedication. We have always remained faithful to it. We have never failed to believe in its final victory. And we have won. With the help of God and with the goodwill of our friends, today we have a free homeland. (Applause.)

Today we have a free homeland. This freedom is a challenge and we have taken it up. We want to make it mean prosperity, well-being, a secure life and the happiness of the whole nation. Do not ask me if we can make it. Now that we are faced with so many difficulties, we shall overcome them. We shall certainly succeed. (Applause.) We shall certainly succeed. God bless Poland. (Applause.) God bless America and President Bush. (Applause.)

And now I would like to ask President Bush to honor the Polish nation. (Applause.)

PRESIDENT BUSH: Thank you, Mr. President, for those very kind words. And good afternoon to Mrs. Walesa. It's a pleasure to be back here. I'm pleased that the U.S. presidential delegation, headed by our own Secretary Derwinski, could be here today.

So hello, Warsaw -- and hello, Poland. Thank you all for this warm welcome. (Applause.) Barbara and I are honored to be come back once more -- to come home once more -- to the birthplace of the Revolution of '89. (Applause.) And I'm especially pleased to come here from America's 4th of July celebration of freedom -- and carry that same spirit to a free Poland. (Applause.)

This is truly a homecoming: the day Poland welcomes home a part of its proud history -- a great patriot and patron of freedom. You spoke eloquently of him. Through his long life, Ignacy Paderewski fought for a free and independent Poland.

When independence came, Paderewski served as Prime Minister of your new nation. When occupation came, he joined the exiled government. And when he died, America gave this great friend of freedom a place alongside our honored dead in Arlington Cemetery to rest, in the words of our President Franklin Roosevelt, "until Poland would be free." (Applause.)

Few knew then how many dark days would come and go -- how many lifetimes would pass -- until this day. When years passed without fanfare or ceremony -- when a small, simple marker took the place of a larger stone -- Poles understood. In five years or 50 years, Paderewski would one day come home to Polish soil.

Today, a patriot has come home. Today, Poland is free. And what a magnificent day this is. (Applause.) On this Sunday, from St. John's Cathedral to the village churches of Zakopane, the bells toll not simply the solemn requiem, but a new beginning, a new birth of freedom, for Poland and its people. (Applause.)

It's a new beginning not just for Poland, but for all of Europe and the world. It is proper that we mark this new birth in your country. It was here in Poland that the Second World War began. It was here in Poland that the Cold War first cast its shadow. And it was here in Poland that the people at long last brought the Cold War to an end.

I've said many times that in the deepest sense, the Cold War was a war of ideas -- a contest between two ways of life. The rulers of the old regime claimed they saw the triumph

MORE

of the totalitarian ideal written in the laws of history. They failed to see the love of freedom written in the human heart.

I recall my last visit to Poland: The fierce defiance and determination in the faces of the workers gathered in what was then called the Lenin Shipyard in Gdansk -- the warmth and the welcome for America made plain to Barbara and me by you, the good people of Poland. We'll never forget it. (Applause.)

Just think of the new world that's emerged these past three years: Europe -- whole and free. Russia -- turning from dictatorship to democracy. Ukraine and the other nations of the old Soviet empire -- free and independent. Look at this new world, and remember where that revolution began -- right here in Poland. (Applause.)

Today, Poland stands transformed. Your bold economic reforms have earned the world's admiration and support -- and what's more, they're working. Shelves that once stood empty are now stocked with goods. Gone is the old Communist Party headquarters -- now home to the Warsaw Stock Exchange and the Polish-America Enterprise Fund, providing seed capital to help Poland's private sector growth and prosper. (Applause.) Gone are the slogans and the sham reality. Everywhere, you hear new voices and new hope. Freedom has come home to Poland. (Applause.)

For all that is new, there are things that have not changed -- things that sustained you through the darkest days: Polish strength -- Polish spirit -- Polish pride.

Reaching your dreams will be difficult. I know the sheer volume of new voices can sometimes be deafening, but from the clamor of new voices must come democracy, a common vision of the common good.

Of course, in many places and for many people, there is more pain than progress. But we must take care to separate cause from consequence: Poland's time of trial is not caused by private enterprise, but by the stubborn legacy of four decades of communist misrule. Make no mistake: the path you have chosen is the right path. (Applause.) And as you say Mr. President, it is the path of pioneers.

Free government and free enterprise have helped Poland overcome a crippling past. Free government and free markets will bring Poland a bright future.

Poland is no stranger to sacrifice. Many times before, you were asked to do without for the greater good of the state. But today is different: This time, yours is a sacrifice blessed by freedom -- the sacrifice of a nation determined to make its destination democracy. (Applause.)

Poland has made great progress in its reforms -- moving this country to a new stage in its economic revolution. As always, the United States of America stands ready to help. (Applause.) In 1989, the United States worked with Poland and other to establish a \$1-billion fund to help support a free currency for a free Poland. Now we need to consider new uses for that fund, to help Poland as it faces today challenges. That's why I am proposing that once Poland is back on track with the IMF that we make that fund available for other uses -- perhaps to finance Polish exports or to help capitalize banks to support new businesses. The U.S. contribution alone will amount to \$200 million. This is a Polish and American idea that I will take to the Economic Summit at Munich. (Applause.) There, I will urge the leaders of the world's great democracies to join with us, to seek new ways to help Poland toward progress and prosperity. (Applause.)

6
Let there be no doubt: America shares Poland's dream. America wants Poland to succeed. And we will stand at your side until success is guaranteed to everyone. (Applause.)

We mark today not simply the memory of a great Polish patriot -- we celebrate the men of moral courage who sustain this nation: President Lech Walesa; Father Popieluszko; Pope John Paul II. (Applause.) But Poland could not have come this far -- Poland could not have won its freedom -- if only a few had the courage to stand up against the state. Freedom was won by the everyday heroes of the underground -- the men and women who kept faith when faith was forbidden, who spoke the truth against a wall of lies. The true heroes of democracy: the people of Poland. (Applause.)

Your strength of spirit drives away all doubt: Poland will succeed. Poland will succeed because Poles have made this journey before. (Applause.) In a strange new world called America -- in the stockyards of Chicago, in the steelworks of Cleveland, in a thousand towns thousands of miles from this land they love, Poles worked and worshipped and built a better life. Polish hands building the American Dream. Now at long last, Poles can build that dream right here at home. (Applause.)

As President of the United States of America, as a fellow democrat, as friend of a free Poland, I bring this message: America stands with you. (Applause.) America wants Poland to succeed and to prosper. America wants Poland -- now and forever -- to be free. (Applause.)

Thank you all for this warm welcome. And may God bless the free people of Poland. And may God bless both our great countries, Poland and the United States of America. Thank you, thank you very much. (Applause.)

END

2:55 P.M. (L)

MATERIALS FORWARDED TO THE PRESIDENT
Sunday, July 5, 1992

ACTION

CLASSIFIED

INFORMATION

REMARKS

1. Castle Square, Warsaw Poland -- cards.
2. Warsaw Press Availability -- cards.

SCHEDULE

1. Trip Briefing Book for Monday, July 6.

POOL REPORT # 4

July 5, 1992

Buffer zone, departure ceremony, motorcade and Warsaw-Munich AFI

You saw the crowds at the speech site. We were taken up to the platform to check it out at one point during the president's speech and there were people as far as you could see. Marlin Fitzwater said he hesitated to put a number on it, but said he knows it was "100s of 1000s."

At the speech site, former arms negotiator Edward Rowny was standing in the front row.

After the speech the Bushes worked the front row of the crowd. The president reached into the crowd to shake hands, mussed a couple of toddlers' hair and accepted a bouquet of roses. Mrs. Bush was asked to sign a couple of autographs and did. An older man in uniform kissed her hand.

~~XXXXXXXXXXXXXXXXXXXX~~

The crowd along the motorcade route was ^{AS}equally ^{AS}impressive with the one from the airport coming into town. For several miles the crowd was many people deep -- with onlookers waving hankies, American flags, ~~and~~ and flowers -- sometimes tossing the flowers in front of the limo. There were an impressive number of video recorders. Lots of parents brought babies and held them up for a glimpse. A bride and groom waved from the left side of the route. ~~OK~~ On the right at another point an onlooker held up a "Bye George, You're Great" sign. There was still a steady stream of onlookers many miles away from the site -- some looked down from overpasses as the motorcade passed underneath. All along the way people were clapping and smiling and waving.

The departure ceremony was like the arrival one -- two anthems and a review of the troops.

-- Kathy Lewis
Dallas Morning News

Dan Goodgame
Time ~~magazine~~.

July 5, 1992
(Munich, Germany)

Munich -- airport to hotel

The airport arrival was simple -- just handshakes from greeters along the red carpet and a bouquet for Mrs. Bush.

The president went by chopper to a landing zone set up on what normally is a track. He stopped to sign something at a podium apparently at his hosts request. Several women in German costume greeted the presidential party before he got in the limo. A fair number of onlookers turned out along the short motorcade route to the hotel - but nothing compared to the enormous crowds we saw on the way to the airport in Warsaw. The Bushes arrived at the Sheraton as scheduled.

-- Kathy Lewis
Dallas Morning News

Munich assist -

not exclude market

lighten sanctions

UN Rumsfeld

Not test it pressure

DRAFT PRESIDENTIAL PRESS CONFERENCE STATEMENT

we bring to table strongest econ
- multi force in world -

Serb. Montenegro
not be successor - test

I have spent the past three days discussing the responsibilities and opportunities we have for encouraging stronger economic growth in our countries and the world. We have also discussed sustaining political reform in the emerging democracies as well as regional political issues, including Yugoslavia.

I would cite five key accomplishments at the Munich Economic Summit:

-- we have succeeded in achieving a solid consensus on strengthening world growth.

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

8 1/2
now 3 1/4

inflation down

800k jobs created since January

Recovery is underway in the United States. Japan, Germany and Italy have taken actions in the last few days to strengthen their growth. Also, the United States has cut its interest rates. These actions will help our domestic economy continue its recovery. U. S. exports to a growing world economy will increase American jobs;

-- we will work with Poland on new uses for its currency stabilization fund that will support market reform once Poland reaches agreement with the IMF on a

program. I believe this is a very important encouragement for Poland and an expression of our faith in Poland's commitment to market reform;

-- We expressed strong support for President Yeltsin's reform efforts. This is a tribute to his leadership and vision in working to bring a great country firmly into the family of democratic, market-oriented countries;

-- we have demonstrated our commitment to the future of safe nuclear power by

agreeing on a coordinated, cooperative effort with Eastern Europe and the Former Soviet Union to improve the safety of Soviet-design power reactors;

-- finally, we are taking a number of steps relating to Yugoslavia, both to relieve the horrible suffering in Bosnia and to contain the spread of ethnic violence.

With more growth, we will create new job opportunities at home. We will also be able to help emerging democracies establish

the vibrant market economies so vital for their political and economic development.

We had a frank exchange of views on trade. We all recognize that completing the Uruguay Round will give a major boost to world growth by expanding trade for all countries, developed as well as developing. I have worked hard over the past year to identify constructive solutions to tough issues. It is natural that as we get close to the end, the going gets tougher. But I will persevere because the benefits of

success are tremendous. And all Summit leaders expect that an agreement can be reached by the end of the year.

One thing stands out clearly from our discussions -- the triumph of the ideals of democracy and free markets throughout the world means that distinctions between domestic and international economic policies are increasingly meaningless. This is particularly true for the U.S. where over 70% of our growth in the last five years has come from exports. Over

seven million American jobs are related to exports.

Clearly, America's well-being is tied closely to the health of the world economy. What has happened here -- and how we all follow through on our commitments -- concerns every American.

I will now be happy to take questions.

POOL REPORT #2

July 5, 1992

Airport Arrival to Royal Castle Talks
(Warsaw, Poland)

President Bush, who traveled more than 4,000 miles in search of favorable Poles, was greeted by tens of thousands waving U.S. and Polish flags, red carnations and tiger lilies all along his motorcade route into the city.

After a ceremonial greeting and review of troops in the large, cobblestone courtyard of the Royal Castle (now a museum), Bush and President Lech Walesa talked privately and then in an expanded session. All the sites in the old town are close, about the distance between the OEOB and the East Wing. After the formal talks, all the delegations, including Bush's, Mrs. Bush's and Ed Derwinski's walked along a cobblestone backstreet to the church for the Paderewski ceremony.

At the first session, when a reporter asked about neighbor Vaclav Havel's political troubles, Walesa responded: "We are learning democracy. We have our troubles. We shall manage with the help of friends." Then, sounding like Havel himself, he added: "Everything that is new is born in pain."

The press office put out a transcript of remarks during the expanded session.

Bush looks a little dragged out, eyes puffy and jaw a bit slack, though Fitzwater said the President went to bed at 8 p.m. as soon as he got aboard Air Force One.

Fitzwater said the talks were "harmonious" with the single exception of Polish trade concessions to the EC. The United States pumped \$4 billion into Poland since 1989, said Fitzwater. "We'd like to have some special consideration on the tariff questions. At least we'd like to see the EC not get a break over the U.S." The tariff issue, he said "puts us at a competitive disadvantage on tariffs."

The setting was much different than in 1989, Fitzwater noted, then Bush talked with Walesa at his home in Gdansk and was served meatloaf but now they meet under chandeliers and in great halls.

The conversation is also different, Fitzwater added. This time it was about "how do we help them, but also how do they help us."

There was a modest arrival ceremony at the airport with the Bushes met by a white-haired gentleman, who was identified by an advance person as Jausz Ziolkowski, Walesa's chief of staff. He kissed Mrs. Bush's hand in greeting.

Tim McNulty
Chicago Tribune

POOL REPORT # 1

July 5, 1992

Andrews AFB to Warsaw.
(Warsaw, Poland)

Bush never talked to us. He took a jog at Andrews before leaving and had dinner at the Officer's Club. (A wise move because we had finger sandwiches hours later. Bush reportedly hit the sack immediately upon entering his cabin. Lucky guy.

A senior administration official who insisted on talking on background only talked to us for a few minutes at the end of the flight. He explained what you will see shortly in a fact sheet. The US \$200 contribution to the Polish stabilization fund that was never used will remain in Polish hands, possibly as part of an EX-IM bank or a similar institution. Other countries have made similar contributions totaling \$1 billion including the US portion. Bush will ask the other countries at the G-7 summit to cough up the money to Poland rather than take it back. This is explained in detail in fact sheets to come.

The administration official said that Polish growth is now "stable," which is bureaucratic talk for a zero percent growth rate.

There is much buzz, as you probably know, about the ongoing question of who will be prime minister. This is a matter of discussion today in Parliament.

Other factoids: private enterprise counts for only 25 percent of GNP, foreign investment is slower here than in Hungary and Czechoslovakia, and Bush's main point here is to assure Eastern European countries that they are not being forgotten in all the fuss being made about Yeltsin visiting the G-7 on Wednesday.

Michael Kranish
Boston Globe







