

Originally Processed With FOIA(s):
2009-0275-S

FOIA Number:
2009-0275-S

FOIA MARKER

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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: USSR Chronological Files
Subseries: Soviet Power Collapse in Eastern Europe Files

OA/ID Number: 91124
Folder ID Number: 91124-005

Folder Title:
Soviet Power Collapse in Eastern Europe (July - August 1989)

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	3	3

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Talking Points	Re: Points To Be Made Meeting with European Commission President Jacques Delors (2 pp.)	n.d.	(b)(1)	C
02a. Memo	Brent Scowcroft to POTUS Re: Telephone Call to President Mitterrand of France (2 pp.)	8/25/89	(b)(1)	C
02b. Talking Points	Re: Points To Be Made for Telephone Conversation with President Mitterrand (3 pp.)	n.d.	(b)(1)	C
02c. Memo	Richard Haas/Adrian A. Basora to Brent Scowcroft Re: Telephone Call to President Mitterrand of France (1 pp.)	8/25/89	(b)(1)	C
03. Memo	Condoleezza Rice to Brent Scowcroft Re: Ethnic Tensions in the Soviet Union (2 pp.)	9/1/89	(b)(1)	S
04. Memo	Deane E. Hoffman to Brent Scowcroft Re: Eastern Europe (2 pp.)	9/8/89	(b)(1)	S
05a. Memo	Condoleezza Rice to G. Philip Hughes Re: Memoranda of Conversations from the President's Trip to Europe, July 9 -18, 1989 (2 pp.)	9/8/89	(b)(1)	C
05b. Memcon	Re: Bilateral Meeting with Wojciech Jaruzelski, Chairman of Poland (6 pp.)	7/10/89	(b)(1)	S

Page 1 of 3

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: USSR Chronological Files
Subseries: Soviet Power Collapse in Eastern Europe Files
WHORM Cat.:
File Location: Soviet Power Collapse in Eastern Europe (July - August 1989)

Pinksheet Number: cap1048
OA/ID Number: 91124-005
Date Closed: 3/18/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
05c. Memcon	Re: Meeting with Meiczyslaw Rakowski, Prime Minister of Poland (4 pp.)	7/10/89	(b)(1)	S
05d. Memcon	Re: Private Meeting with Bruno Straub, President of Hungary (2 pp.)	7/11/89	(b)(1)	C
05e. Memcon	Re: Meeting with His Excellence Tadeusz Goclowski, Bishop of Gdansk, and His Excellency Zygmunt Pawlowicz, Auxiliary Bishop of Gdansk (3 pp.)	7/11/89	(b)(1)	C
05f. Memcon	Re: Meeting with Rezso Nyers, Party Chairman and Karoly Grosz, General Secretary of Hungary (6 pp.)	7/12/89	(b)(1)	C
05g. Memcon	Re: Meeting with Miklos Nemeth, Prime Minister of Hungary (4 pp.)	7/12/89	(b)(1)	S
05h. Memcon	Re: Meeting with Matyas Szuros, Hungarian Parliament Speaker (2 pp.)	7/12/89	(b)(1)	C
05i. Memcon	Re: Meeting with Imre Poszgay, Hungarian State Minister (3 pp.)	7/12/89	(b)(1)	S
05j. Memcon	Re: Meeting with the Leaders of New Political Parties, Hungary (4 pp.)	7/12/89	(b)(1)	C
05k. Memcon	Re: Meeting with Francois Mitterrand, President of France (3 pp.)	7/13/89	(b)(1)	S

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Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
05l. Memcon	Re: Meeting with Margaret Thatcher, Prime Minister of Great Britain (3 pp.)	7/14/89	(b)(1)	TS
05m. Memcon	Re: Meeting with Ruud Lubbers, Prime Minister of the Netherlands (5 pp.)	7/17/89	(b)(1)	S
05n. Memcon	Re: Working Luncheon with Ruud Lubbers, Prime Minister of Netherlands (2 pp.)	7/17/89	(b)(1)	S
05o. Memcon	Re: Meeting with Wim Kok, Opposition Leader of The Netherlands (4 pp.)	7/18/89	(b)(1)	C
05p. Memcon	Re: Breakfast with Dutch Parliamentary Leaders (4 pp.)	7/18/89	(b)(1)	C

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Re-review Case #:
P-2/P-5 Review Case #:

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NSC/S PROFILE

RECORD ID: 8905837
RECEIVED: 25 JUL 89 14

TO: DELORS, JACQUES

CHRON FILE

FROM: PRESIDENT

DOC DATE: 27 JUL 89
SOURCE REF:

KEYWORDS: ECONOMIC SUMMIT
HUNGARY
EC

POLAND
ECONOMIC ASSISTANCE

PERSONS: DELORS, JACQUES

SUBJECT: PROPOSED PRES MSG TO DELORS

ACTION: ORIGINALS RETURNED TO NSC/S DUE DATE: 28 JUL 89 STATUS: C

STAFF OFFICER: STATE

LOGREF: 8905547

FILES: WH

NSCIF:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

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White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By Cop NARA, Date 3/18/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSRSC

CLOSED BY: NSAMM

DOC 3 OF 3

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POINTS TO BE MADE
MEETING WITH EUROPEAN COMMISSION PRESIDENT
JACQUES DELORS

USG SUPPORT FOR THE EC ROLE IN EASTERN EUROPE

- WE WERE PLEASED BY THE SPECIAL EC SUMMIT ON EASTERN EUROPE. UNITY SHOWN BY THE COMMUNITY WILL MAKE AN ALLIED APPROACH TO DEVELOPMENTS IN THE EAST EASIER TO COORDINATE.
- WE AGREE WITH THE SUMMIT'S CONCLUSIONS. ASSISTANCE MUST BE CONTINGENT UPON POLITICAL AND ECONOMIC REFORM TO BE SUCCESSFUL.
- WE LOOK FORWARD TO CONTINUING CLOSE U.S.-EC COOPERATION ON EASTERN EUROPE THROUGH THE G-24 MECHANISM AND BILATERALLY.
- WITH CHANGES OCCURRING SO RAPIDLY, IT IS IMPORTANT THAT THE U.S. AND EC STAY IN CLOSE TOUCH ON POLICY DEVELOPMENTS.

~~CONFIDENTIAL~~

(DELORS)

2

- THAT IS ONE REASON WHY I FELT IT ESPECIALLY IMPORTANT TO SEE YOU PERSONALLY FOLLOWING MY MEETING WITH GORBACHEV.

USG SUPPORT FOR ACCELERATING COMMUNITY INTEGRATION

- I SHARE YOUR AND PRESIDENT MITTERRAND'S VIEWS ON THE IMPORTANCE OF COMMUNITY INTEGRATION -- BOTH POLITICAL AND ECONOMIC. WE SEE THIS AS AN IMPORTANT INGREDIENT (OR FACTOR) IN STRENGTHENING THE VITAL TRANSATLANTIC ALLIANCE.
- AS THE EC ASSUMES A GREATER POLITICAL ROLE, THERE WILL BE A GROWING NEED TO EXAMINE THE RELATIONSHIP BETWEEN THE EC AND NATO. HOW DO YOU SEE THIS WORKING?
- AS WE HAVE DISCUSSED, AN EFFECTIVE U.S.-EC PARTNERSHIP WILL BE INCREASINGLY IMPORTANT.
- DEVELOPMENTS IN EASTERN EUROPE QUICKLY HAVE PUT OUR NEW RELATIONSHIP TO WORK -- BUT THIS

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2009-1000-MR
2/3/2014 MM

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(DELORS)

3

IS JUST THE FIRST EXAMPLE OF A GROWING NEED TO COOPERATE IN MANY AREAS.

-- I WOULD APPRECIATE YOUR VIEWS ON HOW TO FURTHER STRENGTHEN THE U.S.-EC PARTNERSHIP.

-- WE WILL BE VERY INTERESTED IN THE OUTCOME OF YOUR STRASBOURG SUMMIT. I WISH YOU SUCCESS.

~~CONFIDENTIAL~~

POINTS TO BE MADE

CALL ON KING BAUDOUIN

-- ENJOYED THE WORKING LUNCH YOU HOSTED FOR NATO LEADERS LAST MAY.

-- WE PLACE GREAT IMPORTANCE ON OUR EXCELLENT RELATIONSHIP WITH BELGIUM.

-- NATO AND THE TRANSATLANTIC RELATIONSHIP IT STANDS FOR ARE MORE NECESSARY THAN EVER IN THIS TIME OF CHANGE.

-- WE FULLY SUPPORT EC INTEGRATION.

August 3, 1989

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL Natl Sec Advisor
has seenFROM: CONDOLEEZZA RICE SUBJECT: Report on the Meeting in Brussels to Coordinate
Aid to Poland and Hungary.

On August 1, Condi Rice attended the European Commission organized meeting to coordinate aid to Poland and Hungary. The meeting of twenty-four (equating to the membership of the OECD) was called in response to the Paris Summit Communique's call for concerted Western action. The Commission's summary of the meeting is at Tab I.

This meeting served our primary goal well -- sustaining the momentum of the President's proposal for concerted Western action in support of reform in Eastern Europe. The European Commission chair, Horst Krenzel, made clear that the meeting was an outgrowth of the Paris Summit and continually referred to the importance of intensifying concerted Western action. Coordination of policy toward Poland and Hungary is proving to be an ideal issue on which to base new and closer U.S. political cooperation with the European Community.

The meeting's agenda was three-fold:

- coordinating emergency food aid for Poland in response to Jaruzelski's request in his letters to the Summit Seven;
- sharing of information on the participants' bilateral assistance programs for Hungary and Poland;
- and setting the agenda for a more extensive and higher level meeting in early or mid-October to continue consultations on assistance.

The United States has by far the most detailed and broadest program of assistance for Poland and Hungary. We recounted the measures that the President announced during his recent trip to Poland and Hungary. In addition, we announced \$50 million

dollars in food assistance to Poland (allocations from Agriculture and U.S. AID's existing and expected surplus stocks). This compares well with the \$120 million in food aid announced by the Agricultural Ministers of the 12 EC member states. Austria and Switzerland were the only other countries to announce food assistance and they revealed no specifics about the scale or composition of their food programs.

For the mid-October meeting, the Commission has asked that all participants provide written summaries of their programs for Poland and Hungary which will be used to identify gaps in assistance that one or more parties might be willing to address. There is little support for large-scale cash flows to these countries, particularly to Poland, so the coordinated assistance is likely to emphasize training and technical assistance to expand the private sector; strategies to encourage foreign investment; and medium term assistance to agriculture. Additionally, there will be reports from the international financial institutions (World Bank, IMF and Paris Club) on the status of their negotiations with the recipient countries. The focus of this multi-faceted assistance is almost identical to that the President outlined in Poland and Hungary and the October meeting should thus give another boost to U.S. policy.

The European Commission, with which the American delegation met prior to the full session, went out of its way to accommodate U.S. views on the structure of the meeting and on the agenda for the future meeting. It is important that we find a way to keep American concerns and participation at the center of this activity. There is a danger that U.S. policy could become lost in that of the twenty-four as a whole. We are reasonably confident that we can avoid this pitfall by continued and frequent contact with the EC and by keeping our agenda for Eastern Europe front and center in our own foreign policy.

Attachment

Tab I Commission's Summary of Meeting

<PREC> IMMEDIATE<CLAS> UNCLASSIFIED<OSRI> RUEHBS<DTG> 011831Z AUG 89
<ORIG>FM AMEMBASSY BRUSSELS
<TO>TO RUEHC/SECSTATE WASHDC IMMEDIATE 5224
INFO RUEHKK/EC POSTS COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 1295
RUEHWR/AMEMBASSY WARSAW 3288
RUDKDA/AMEMBASSY BUDAPEST 1643
RUEHKO/AMEMBASSY TOKYO 8327
RUEHOT/AMEMBASSY OTTAWA 7644
RUEHSW/AMEMBASSY BERN 4278
RUFHVI/AMEMBASSY VIENNA 6921
RUFHRK/AMEMBASSY REYKJAVIK 2269
RUFHOS/AMEMBASSY OSLO 7091
RUFHSH/AMEMBASSY STOCKHOLM 5954
RUFHNL/AMEMBASSY HELSINKI 3167
RUEHBY/AMEMBASSY CANBERRA 2764
RUEHWL/AMEMBASSY WELLINGTON 1410

<SUBJ>SUBJECT: CONCLUSIONS OF MEETING OF THE 24
ON AID TO POLAND AND HUNGARY

<TEXT>
UNCLAS SECTION 01 OF 03 BRUSSELS 09746
FROM USEC
DEPT FOR EUR - DAS JOHNSON
STATE PASS AGRICULTURE ELECTRONICALLY FOR ITP/
O'MARA-HELM, COMMODITY DIVISIONS AND EXPORT
CREDITS-GOLDTHWAIT
E.O. 12356: N/A
TAGS: PREL, PL, HU, EAGR, EEC
SUBJECT: CONCLUSIONS OF MEETING OF THE 24
ON AID TO POLAND AND HUNGARY

1. FOLLOWING ARE CONCLUSIONS OF THE AUGUST 1 MEETING ON
AID TO POLAND AND HUNGARY, AS DRAWN BY CHAIRMAN KRENZLER
AND REPORTED TO THE PRESS BY THE COMMISSION SPOKESMAN.
2. BEGIN INFORMAL STATEMENT OF CONCLUSIONS:
-- FURTHER TO THE DECLARATION ON EAST-WEST RELATIONS AT
THE CONCLUSION OF THE PARIS SUMMIT, THE COMMISSION OF
THE EUROPEAN COMMUNITIES INVITED THE INTERESTED PARTIES
TO MEET IN BRUSSELS ON AUGUST 1 FOR AN INITIAL ROUND
AIMED AT COORDINATING ASSISTANCE IN VARIOUS FORMS AND
SUPPORT FOR THE REFORM PROCESS IN POLAND AND HUNGARY.
(...) PARTICIPANTS HAD A FULL EXCHANGE OF INFORMATION ON
THEIR CURRENT BILATERAL PROGRAMS RELATING TO HUNGARY AND
POLAND AND AGREED THAT COORDINATION OF ACTIVITIES WAS
ESSENTIAL TO AVOID UNNECESSARY DUPLICATION OF EFFORT.

POLAND

-- THE URGENT NEED FOR COORDINATING FOOD SUPPLIES TO
POLAND, TAKING ACCOUNT OF THE POLISH REQUESTS AND
INTERNATIONAL OBLIGATIONS, WAS RECOGNIZED. SOME
PARTICIPANTS INTEND TO CONTRIBUTE ACTIVELY TO
COUNTER-PART FUNDS GENERATED BY FOOD AID. THIS SHOULD
BE USED IN COORDINATED FASHION WITH THE AIM OF ASSISTING
MAINLY WITH THE REFORM OF THE POLISH AGRICULTURAL SECTOR.
-- AS REGARDS THE REFORM PROCESS IN POLAND, THE
PARTICIPANTS RECOGNIZED THE FOLLOWING:

(A) PARTICIPANTS STRESSED THE NEED TO ENCOURAGE THE
ECONOMIC REFORM PROCESS IN POLAND, IN PARTICULAR BY
ASSISTANCE TO THE PRIVATE SECTOR. THERE WAS A CONSENSUS
THAT THE STRUCTURAL REFORM PROGRAM TO BE ESTABLISHED BY
THE POLISH GOVERNMENT AND TO BE DISCUSSED WITH THE
INTERNATIONAL MONETARY FUND IS AN ESSENTIAL ELEMENT IN

TAKING PLACE IN THE PARIS CLUB.

(B) AT THE SAME TIME PARTICIPANTS CONSIDERED THAT ANY ASSISTANCE TO POLAND SHOULD BE WELL COORDINATED. WESTERN ASSISTANCE SHOULD NOT LEAD TO COMPETITION IN GRANTING AID TO POLAND.

(C) PARTICIPANTS WERE IN GENERAL AGREEMENT ON MAIN PRIORITIES FOR SUPPORTING A POLISH REFORM PROGRAM:

- BETTER INTEGRATION OF POLAND INTO THE MULTILATERAL TRADING SYSTEM WITH THE AIM OF INCREASING POLISH EXPORTING CAPACITY BY MEANS OF IMPROVED MARKET ACCESS. SOME PARTICIPANTS HAVE ALREADY AGREED ON GSP TREATMENT OR ARE ACTIVELY CONSIDERING IT;
- PRIORITY NEED TO INCREASE ASSISTANCE TO VOCATIONAL AND PROFESSIONAL TRAINING IN POLAND, IN PARTICULAR IN THE SECTOR OF FINANCIAL SERVICES;
- THE ENCOURAGEMENT OF WESTERN INVESTMENT IN THE POLISH ECONOMY AND THE PROTECTION OF SUCH INVESTMENT, FOR EXAMPLE, BY RESTORATION OF EXPORT CREDIT INSURANCE COVERAGE UNDER CERTAIN CONDITIONS;

UNCLAS SECTION 02 OF 03 BRUSSELS 09746

FROM USEC

DEPT FOR EUR - DAS JOHNSON

STATE PASS AGRICULTURE ELECTRONICALLY FOR ITP/

O'MARA-HELM, COMMODITY DIVISIONS AND EXPORT

CREDITS-GOLDTHWAIT

E.O. 12356: N/A

TAGS: PREL, PL, HU, EAGR, EEC

SUBJECT: CONCLUSIONS OF MEETING OF THE 24

-- ACCESSION BY POLAND TO MULTILATERAL INVESTMENT GUARANTEE BODIES;

-- PARTICULAR ATTENTION TO ENVIRONMENTAL PROTECTION IN POLAND AND COOPERATION IN THIS FIELD;

-- -- -- --

HUNGARY

-- -- -- --

KRENZLER DREW THE FOLLOWING CONCLUSIONS:

-- PARTICIPANTS WERE IMPRESSED BY THE RAPIDITY, SUBSTANCE AND SERIOUS OF THE HUNGARIAN REACTION TO THE CONCLUSION OF THE PARIS SUMMIT. THE HUNGARIAN AUTHORITIES CIRCULATED TO THE 24 A MEMORANDUM WHICH WAS DEEMED TO BE "REMARKABLE" BY THE PARTICIPANTS.

-- THE REFORM PROCESS IN HUNGARY AIMED AT MARKET ECONOMY PRINCIPLES IS MORE ADVANCED THAN IN ANY OTHER EASTERN COUNTRY. THE 24 ENCOURAGE FURTHER REFORM. PRIORITIES FOR HUNGARY DO NOT BASICALLY DIFFER FROM THE PRIORITIES FOR POLAND BUT ARE AIMED AT OTHER PRODUCTS, OTHER SECTORS, OTHER AREAS, TAKING ACCOUNT OF THE SPECIFICITIES OF THE HUNGARIAN ECONOMY.

-- IT IS ESSENTIAL FOR HUNGARY TO GAIN BETTER MARKET ACCESS, INCLUDING FOR AGRICULTURAL PRODUCTS. INVESTMENT AND CAPITAL FORMATION ARE ESSENTIAL. MANAGEMENT AND PROFESSIONAL TRAINING IN ALL AREAS AND COOPERATION IN THE ENVIRONMENTAL FIELD ARE ESSENTIAL.

-- -- -- --

ORGANIZATIONAL PROCEDURES

-- -- -- --

-- IN PURSUING THE CONSULTATIONS, PARTICIPANTS AGREED ON THE FOLLOWING WORKING METHODS. PARTICIPANTS WILL SUBMIT TO THE COMMISSION BY SEPTEMBER 1 A WRITTEN SUMMARY OF THEIR BILATERAL PROGRAMS FOR POLAND AND HUNGARY AND THEIR CONCEPT OF FUTURE CONCERTED ACTION, IN PARTICULAR IN THE FOLLOWING AREAS: AGRICULTURAL SUPPLY AND USE OF COUNTER-PART FUNDS; INVESTMENT; FORMATION OF VENTURE CAPITAL AND JOINT VENTURE INFORMATION; MANAGEMENT AND PROFESSIONAL TRAINING; ADDITIONAL

ENVIRONMENTAL COOPERATION.

-- PARTICIPANTS' MISSIONS IN BRUSSELS WILL DESIGNATE A COORDINATOR TO BE A LIAISON CONTACT WITH THE COMMISSION TO FOLLOW ACTIVITIES BETWEEN NOW AND THE NEXT MEETING. COORDINATION WILL BE CONSIDERED BY SPECIALIZED WORKING GROUPS ON INVESTMENT, AGRICULTURE, PROFESSIONAL TRAINING, AND THE ENVIRONMENT. A FURTHER MEETING OF PARTICIPANTS WILL BE HELD IN EARLY AUTUMN IN BRUSSELS. END INFORMAL STATEMENT OF CONCLUSIONS

3. IN REPLY TO A QUESTION, THE SPOKESMAN INDICATED THAT THE NEXT MEETING WILL BE AT THE "OFFICIAL" LEVEL, BUT THAT THE ORGANIZATION OF A MEETING AT "POLITICAL" LEVEL WILL BE CONSIDERED AT THAT TIME.

4. THE SPOKESMAN FURTHER COMMENTED THAT THE AUGUST 1 MEETING HAD BEEN VERY PRODUCTIVE AND USEFUL AND THAT IT UNCLAS SECTION 03 OF 03 BRUSSELS 09746 FROM USEC

DEPT FOR EUR - DAS JOHNSON
STATE PASS AGRICULTURE ELECTRONICALLY FOR ITP/
O'MARA-HELM, COMMODITY DIVISIONS AND EXPORT CREDITS-GOLDTHWAIT

E.O. 12356: N/A

TAGS: PREL, PL, HU, EAGR, EEC

SUBJECT: CONCLUSIONS OF MEETING OF THE 24

TOOK PLACE IN AN EXCELLENT ATMOSPHERE. HE FURTHER EMPHASIZED THE RAPIDITY OF WESTERN ACTION IN RESPONSE TO THE PARIS SUMMIT COMMUNIQUE. IN RESPONSE TO ANOTHER QUESTION, HE REFERRED TO TODAY'S USG ANNOUNCEMENT OF USD 50 MILLION IN FOOD AID TO POLAND IN FISCAL YEAR 1990. HE ALSO INDICATED THAT AUSTRIA HAD MADE A COMMITMENT IN PRINCIPLE TO PROVIDE FOOD SUPPLIES (CEREALS, WHEAT, BEEF--NO VALUE ATTACHED) AND THAT SWITZERLAND HAD ALSO MADE A DECLARATION OF PRINCIPLE (NO DETAILS PROVIDED.) NILES

<SECT>SECTION: 01 OF 03<SSN> 9746<STOR> 890801144421 MSG000239294661
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<SECT>SECTION: 03 OF 03<SSN> 9746<STOR> 890801144514 MSG000239294714
<TOR>890801144952

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CLASSIFICATION

sent 6:10 pm 8-25
#6710

CIRCLE ONE BELOW

IMMEDIATE

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ROUTINE

MODE

SECURE FAX # _____

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RECORD # _____

PAGES _____

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CHRON FILE

FROM/LOCATION

1. Sharon Wagner/The White House

TO/LOCATION/TIME OF RECEIPT

1. Jim Cicconi/Kennebunkport

2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

INFORMATION ADDRESSEES/LOCATION/TIME OF RECEIPT

1. _____
2. _____

SPECIAL INSTRUCTIONS/REMARKS:

Attached is a recommended telephone call that NSC is requesting the President to make early tomorrow a.m.

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White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By cap NARA, Date 3/18/09

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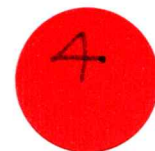
6710

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PER E.O. 13526

2011-1604-MR
SCS 5/23/13

THE WHITE HOUSE
WASHINGTON

09 AUG 25 1989
August 25, 1989



FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT (62)

SUBJECT: Telephone Call to President Mitterrand of France

DATE: August 25, 1989

PURPOSE: To discuss Lebanon and Poland

BACKGROUND: The French are under pressure at home to "do something" about Lebanon, but are unsure about what to do. They have dispatched an armada, only to pull back in the face of severe Muslim and Syrian criticism and threats. Nevertheless, France's actions have been perceived as one-sided support for Aoun and the Christians. The French have consulted with us and the Soviets, but apparently have not pressed any specific diplomatic proposals beyond appeals for a ceasefire and rejuvenation of the Arab League Tripartite Committee effort, ideas that we and the Soviets support.

We cooperated last week in obtaining a Security Council statement along those lines. While we would be willing to back further UN support for resolving the crisis, any UN role that supersedes an Arab one or appears to go beyond Lebanon, e.g., Shevardnadze's idea for a "UN Middle East Envoy", would present problems for us not only by taking the responsibility off the Arabs but also by involving the larger peace process. The French can be helpful in two respects: they have leverage with Aoun, and the Moroccans and possibly the Algerians might listen to them about reviving the Arab League Committee's work.

SECURE OR OPEN: Open Line Call

INTERPRETER: Alex Toumayan

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

2

~~CONFIDENTIAL~~

PHONE NUMBER: To be provided by White House Situation Room
CONTACT PERSON: To be provided by White House Situation Room
TIME DIFFERENCE: +6
SUGGESTED TIME: 8:30 a.m. EDT, August 26, 1989
TOPICS OF DISCUSSION: 1. Situation in Lebanon
2. Poland
Date of Submission:
Action:

Attachment
Tab A Points to be Made

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Declassify on: OADR

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POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
PRESIDENT MITTERRAND

LEBANON

- Like you, I continue to be deeply worried over the violence in Lebanon. I'm glad we were able to cooperate at the UN to obtain a good Security Council statement. As you know, we have also been supportive of your recent efforts involving the deployment of your fleet.
- I am concerned about what more can be done. We need a ceasefire. We will keep up our pressure on both Assad and Aoun in that regard. Then a political process is essential, something that combines internal reform and the withdrawal of foreign forces.
- We don't want the Arab League to turn away from its efforts. The Tripartite Committee is the best mechanism to keep pressure on Damascus. I hope you will press the Saudis, Algerians, and Moroccans to revive their efforts right away.
- I have two other concerns. I fear that General Aoun may have over-reached himself with his so-called "war of liberation" against Syria. We must remind him that the Christian leadership should reach out with genuine and unconditional offers to negotiate with the Muslims. He trusts you, and would listen to you.

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Declassify on: OADR

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2011-1604-MR
SCS 5/23/13

- My second concern is what role the international community should play. The Soviets might try to use the Lebanon crisis to create a broader agenda for the UN in the Middle East, and I think that would be a mistake. Let's keep the focus on Lebanon where it belongs.

POLAND

- The historic changes in the Eastern Europe that we discussed at Kennebunkport and in Paris are moving even faster than we anticipated, yet I believe the measures that we've taken, collectively and individually, so far are just right.
- We need to continue to show strong support for the new Polish government while keeping in mind that the situation is still very delicate.
- The pace of change in Poland is truly breathtaking, but we are encouraged by what we see. Prime Minister Mazowiecki has taken a careful approach and seems determined to press ahead with economic reform.
- As to economic assistance, I think the "Concerted Action" that we agreed to in Paris is off to a promising start. I would like to stay in close touch with you personally as we give further shape to this process.

- I would not be surprised if Mazowiecki, as one of his first acts, asks to be received quickly in Washington, Paris and other major Western capitals to present a plea for more assistance.
- Whether his plea is in this form or less direct, it is important that he hear a similar message from all of us: we are ready to help, in a coordinated way, but you will need to implement an economic reform plan that is realistic and that moves quickly to make the Polish economy more productive and competitive.
- One possibility would be for Mazowiecki or his finance minister to be invited to an early meeting of the Concerted Action group.
- I would be very interested in your thoughts on these issues.

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6710

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

August 25, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: RICHARD HAASS/ADRIAN A. BASORA (ACTING) *AWJ AH3*

SUBJECT: Telephone Call to President Mitterrand of France

Attached is a memorandum to the President for a phone call to Mitterrand on Lebanon and Poland. Talking Points are at Tab A.

Concurrences by: Tim Deal, David Welch, Condi Rice, Bob } *in Sent AH3*
Hutchings

RECOMMENDATION

That you sign the Telephone Call Proposal to the President at Tab I.

Attachment

Tab I Telephone Call Proposal
Tab A Points to be Made

~~CONFIDENTIAL~~

Declassify on: OADR

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PER E.O. 13526

2009-1000-MR
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**National Security Council
The White House**

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Dep Exec	_____	_____	_____
Philip Hughes	_____	_____	_____
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A = Action	I = Information	D = Dispatch	R = Retain	N = No further Action
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cc: VP Sununu Other _____

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(Date/Time)

COMMENTS

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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Natl Sec Advisor
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September 1, 1989

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL *RB*
FROM: CONDOLEEZZA RICE *CR*
SUBJECT: Ethnic Tensions in the Soviet Union

You suggested that I put down my thoughts on events in the Soviet Union each week. Last week's events in the Baltic Republics and Moldavia seem to me a reasonable place to start.

Two elements of the most recent crisis are new and disturbing. First, the emergence of wide spread anti-Russian sentiment in the debate as well as in proposed laws is a new, if not unexpected, development. Should Moscow fail to protect the interests of the Russian minority, a bad precedent will be set throughout the Soviet Union, including in the Ukraine. Any sense that the rights of Russians are being trampled can only serve to inflame Russian nationalist sentiment, giving a natural platform to Gorbachev's conservative opposition.

On the other hand, the emergence of russophobia in the Baltics could, if manipulated properly, give Moscow a lever against the independence movements. "Protection" of the Russian minority can be used as a pretext for a crackdown, including if necessary, by force. It is conceivable that those who wish to hasten the time of reckoning could provoke incidents against the Russian minority. Growing anti-Russian sentiment is a ticking time bomb.

The other development concerns the Baltic communist parties which are trying to keep pace with the increasingly radical independent nationalist movements. The original idea was to have reformist communist parties guide the "popular fronts" toward an accommodation acceptable to Moscow. As the platform of the nationalists has become more radical, moving toward secessionist policies, the communists are confronted with a choice between loyalty to Moscow and effectiveness at home. As the parties find themselves unable to serve both constituencies, the Baltic independence groups could emerge as the only functioning and legitimate leadership in the republics. It is worth noting that the independence movement in Latvia already has more members than the communist party.

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The situation bears watching closely over the next month. A plenum is scheduled for mid-September and some in the Supreme Soviet are calling for a redefinition of the relationship among the national republics. The draft CPSU proposal on "reinvigorating the federation" is a timid document that is already largely overcome by events. The decision to hold the plenum so close to the Molotov-Ribbentropp anniversary, was a tactical error since it gives the independence movements the spotlight for an extended period of time. Given the fever pitch in the Baltic states at this point, the plenum is bound to be a raucous event. A joint statement by the Baltic movements calling the authors of the recent Central Committee warning the "younger brothers" of the authors of the Nazi-Stalin Pact suggests that they are not backing down. Yet at this late date, a failure to address the problem at a national plenum may be politically more costly than proceeding.

Moscow does not have many good options but we might watch for a "creeping crackdown" rather than one that is dramatic. The stern warning from the Central Committee and Gorbachev's reported phone calls to the party leaders in Latvia and Lithuania suggest that Moscow is trying to lay down a marker in advance of the September plenum. A more ominous sign is Chebrikov's vicious attack on the Baltic communist parties yesterday which may portend a purge. As the former KGB chief and now commissioner for legal reform, his words carry considerable weight. Reassertion of control of the communist parties, followed by pressure on the republican press organs would be first steps toward trying to put the genie back in the bottle.

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RECORD ID: 8906861
RECEIVED: 31 AUG 89 17

TO: CONGRESS MEMBERS

CARON FILE

FROM: PRESIDENT

DOC DATE: 07 SEP 89
SOURCE REF:

KEYWORDS: POLAND
CONGRESSIONAL

HUNGARY

PERSONS:

SUBJECT: PRES LTRS TO CONGRESSIONAL LEADERS RE LEGISLATION FOR POLAND &
HUNGARY

ACTION: PRES SGD LTR DUE DATE: 08 SEP 89 STATUS: C

STAFF OFFICER: HUTCHINGS

LOGREF:

FILES: WH

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DOC 3 OF 3

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ACTION DATA SUMMARY REPORT

RECORD ID: 8906861

DOC ACTION* OFFICER

001 SCOWCROFT
002 PRESIDENT
003

CAO ASSIGNED ACTION REQUIRED

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Z 89090710 FOR SIGNATURE
X 89090716 PRES SGD LTR

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

09 SEP 7, A10: 02
September 7, 1989ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

BRENT SCOWCROFT 

SUBJECT:

Letter to Congressional Leaders on Legislation for
Poland and HungaryPurpose

To seek prompt Congressional action on the Administration's legislative package for Poland and Hungary and seize the initiative in responding to the latest dramatic changes in Poland.

Background

The Administration is now prepared to forward its legislative proposal entitled the "Poland and Hungary Democracy Act of 1989," embracing the Enterprise Funds, Labor Initiative, and Environmental Initiative. Anticipating a flurry of Congressional activity on Poland, we believe that letters from you to Congressional leaders will be important -- not only to secure prompt action on the legislation, but also to keep the Administration out in front in initiating policy. At Tabs A through E are letters from you to the majority and minority leaders of both bodies, as well as to Speaker Foley, outlining the legislation and the Administration's intent and calling on Congressional leaders to act promptly. The letters are identical except for the opening paragraph of the Dole letter, which thanks him for his visit to Kennebunkport and subsequent letter, which we are forwarding separately.

RECOMMENDATION

That you sign the letters at Tabs A through E.

Attachments

Tab A	Letter to Dole
Tab B	Letter to Mitchell
Tab C	Letter to Foley
Tab D	Letter to Michel
Tab E	Letter to Gephardt

cc: Vice President
Chief of Staff

THE WHITE HOUSE
WASHINGTON

September 7, 1989

Dear Senator Dole:

Thank you for stopping by Kennebunkport to share thoughts on Poland. I also appreciate your letter of August 28 and the letter you delivered from Lech Walesa. I agree entirely that the latest dramatic events in Poland call for prompt US action. That is why I am writing you and other Congressional leaders to explain the legislation we are submitting and to seek your support in moving it forward as quickly as possible.

The Administration is forwarding a legislative proposal entitled the "Poland and Hungary Democracy Act of 1989." It would authorize \$100 million for a Polish-American Enterprise Fund and \$25 million for a Hungarian-American Enterprise Fund; a Labor Initiative for Poland and Hungary; and an Environmental Initiative for fighting air and water pollution in Krakow and establishing an Environmental Center in Budapest. This initiative could be added to pending legislation to authorize the Overseas Private Investment Corporation to operate in Poland and Hungary, and grant Poland tariff treatment under the Generalized System of Preferences.

During the August recess, the Administration has been working in consultation with Congressional staffs, on legislation for the Enterprise Funds. These would be managed and directed by the private sector, as befits initiatives aimed at capitalizing and invigorating Polish and Hungarian private enterprise. Although the authorizing legislation and grant agreements will ensure control over the uses to which the Funds can be put, I believe it important to create flexible mechanisms that can move quickly and to engage the vitality and creativity of the American private sector in this effort. In this way, the Funds can have an impact far beyond the initial outlay we propose.

The Labor Initiative is similarly important. Economic reform, which is central to our ability to help the Poles and Hungarians help themselves, will cause major dislocations of the work forces. These disruptions could fuel labor unrest at a time when the Polish and Hungarian governments need public support for their reform measures. Our initiative will provide help where it is needed: job retraining, improved labor mobility, and technical assistance.

Our Environmental Initiative targets two particularly important needs: combatting pollution in and around Krakow, the cultural heart of Poland, and creating an Environmental Center in Budapest to study ways of cleaning up the Danube. Funding for the Krakow initiative will be borne in part by the Department of Energy, which will reprogram \$10 million in the coming fiscal year for retrofitting coal-fired plants in the Krakow area. It is also vitally important for the United States to support the view that economic and environmental progress must go hand in hand.

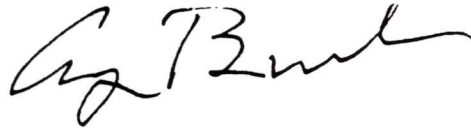
These measures, together with others we are taking in cooperation with our European allies, are part of a broad package of economic measures to support economic reform and democratic change in Poland and Hungary. We recognize that no amount of Western assistance can substitute for efforts the Polish and Hungarian governments have to undertake, and we must ensure that our support is conditioned on real progress toward economic reform. We also recognize that the United States cannot bear the entire burden of Western support. That is why we proposed at the Paris Economic Summit a mechanism for "Concerted Action" in support of democratic change in Poland and Hungary -- a proposal that is now reality through the "Group of 24" industrialized democracies convened under the auspices of the EC Commission. Along with other members of the "G-24," we have already met twice in Brussels, with another meeting scheduled for September 26. You will appreciate that the historic changes in Poland over the past few weeks have lent a new urgency to our efforts. The new Polish government under Prime Minister Mazowiecki will face enormous difficulties in implementing economic and political reform at a time of sharply rising inflation, but it will also have historic opportunities to build a new Poland and in so doing help bring about a new Europe. There may be but a small window of opportunity for us, together with our European partners, to render quick and effective support. It is vitally important that we seize the historic moment.

The Administration announced last month that the United States will provide Poland with up to \$50 million in food aid in the coming fiscal year, and we are working with other members of the G-24 to coordinate our emergency food assistance to cushion the impact of the decontrol of food prices. The Administration is also reviewing a full range of options for further economic assistance. And I should add that we may soon be seeing similarly dramatic changes in Hungary that will call for prompt reappraisal of our assistance measures.

..

Meanwhile, however, it is among my highest priorities to turn into reality the measures already announced for Poland and Hungary. I urge you to lend your support in moving this legislation forward, and I look forward to working with Congress toward that end.

Sincerely,

A handwritten signature in black ink, appearing to read "George H. W. Bush". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline.

The Honorable Robert J. Dole
United States Senate
Washington, DC 20510

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THE WHITE HOUSE
WASHINGTON

September 7, 1989

Dear Senator Mitchell:

I am writing to secure the assistance of the Congressional leadership in assuring prompt action in support of democratic change in Poland and Hungary. During my visits to Warsaw, Gdansk and Budapest in July, I outlined several initiatives for which I would seek Congressional authorization. Events in Poland -- the election of the first non-Communist Prime Minister in Eastern Europe in more than forty years -- have moved faster than any of us anticipated, making it all the more important that we act quickly.

The Administration is forwarding a legislative proposal entitled the "Poland and Hungary Democracy Act of 1989." It would authorize \$100 million for a Polish-American Enterprise Fund and \$25 million for a Hungarian-American Enterprise Fund; a Labor Initiative for Poland and Hungary; and an Environmental Initiative for fighting air and water pollution in Krakow and establishing an Environmental Center in Budapest. This initiative could be added to pending legislation to authorize the Overseas Private Investment Corporation to operate in Poland and Hungary, and grant Poland tariff treatment under the Generalized System of Preferences.

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Meanwhile, however, it is among my highest priorities to turn into reality the measures already announced for Poland and Hungary. I urge you to lend your support in moving this legislation forward, and I look forward to working with Congress toward that end.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. J. Mitchell". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

The Honorable George J. Mitchell
United States Senate
Washington, DC 20510

THE WHITE HOUSE
WASHINGTON

September 7, 1989

Dear Mr. Speaker:

I am writing to secure the assistance of the Congressional leadership in assuring prompt action in support of democratic change in Poland and Hungary. During my visits to Warsaw, Gdansk and Budapest in July, I outlined several initiatives for which I would seek Congressional authorization. Events in Poland -- the election of the first non-Communist Prime Minister in Eastern Europe in more than forty years -- have moved faster than any of us anticipated, making it all the more important that we act quickly.

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Meanwhile, however, it is among my highest priorities to turn into reality the measures already announced for Poland and Hungary. I urge you to lend your support in moving this legislation forward, and I look forward to working with Congress toward that end.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. Bush".

The Honorable Thomas S. Foley
House of Representatives
Washington, DC 20515

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THE WHITE HOUSE
WASHINGTON

September 7, 1989

Dear Congressman Michel:

I am writing to secure the assistance of the Congressional leadership in assuring prompt action in support of democratic change in Poland and Hungary. During my visits to Warsaw, Gdansk and Budapest in July, I outlined several initiatives for which I would seek Congressional authorization. Events in Poland -- the election of the first non-Communist Prime Minister in Eastern Europe in more than forty years -- have moved faster than any of us anticipated, making it all the more important that we act quickly.

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Sincerely,

A handwritten signature in cursive script, appearing to read "Ly B. Johnson".

The Honorable Robert H. Michel
House of Representatives
Washington, DC 20515

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THE WHITE HOUSE
WASHINGTON

September 7, 1989

Dear Congressman Gebhardt:

I am writing to secure the assistance of the Congressional leadership in assuring prompt action in support of democratic change in Poland and Hungary. During my visits to Warsaw, Gdansk and Budapest in July, I outlined several initiatives for which I would seek Congressional authorization. Events in Poland -- the election of the first non-Communist Prime Minister in Eastern Europe in more than forty years -- have moved faster than any of us anticipated, making it all the more important that we act quickly.

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Meanwhile, however, it is among my highest priorities to turn into reality the measures already announced for Poland and Hungary. I urge you to lend your support in moving this legislation forward, and I look forward to working with Congress toward that end.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cap Bunk". The signature is written in dark ink on a white background.

The Honorable Richard A. Gephardt
House of Representatives
Washington, DC 20515

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 5, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL RB

FROM: ROBERT L. HUTCHINGS RLH

SUBJECT: Presidential Letters to Congressional Leaders on
Legislation for Poland and Hungary

The August 30 Deputies Committee Meeting agreed that Presidential letters to the majority and minority leaders of both houses, as well as to the Speaker of the House, would be useful in securing prompt Congressional action on legislation for Poland and Hungary. As Congress returns, it will also be important for the President to maintain the initiative in proposing positive responses to the latest dramatic changes in Poland.

At Tab I is a memorandum from you to the President forwarding for his signature five letters to Congressional leaders. They review the elements of legislation the Administration is submitting, present a broader view of how the President is seizing the historic moment in Eastern Europe, and call on Congress for prompt action on the legislation. The letter to Senator Dole also acknowledges his visit to Kennebunkport and subsequent letter to the President. The letters should be sent as soon as the legislative package is submitted. The State Department concurs in this approach.

Concurrences by: Ginny Lampley, Tim Deal, Nick Rostow } RLH
Ron Peterson for OMB (all in draft) }

RECOMMENDATION

That you sign the memorandum for the President at Tab I.

Attachments

Tab I	Memorandum for the President
Tab A	Letter to Dole
Tab B	Letter to Mitchell
Tab C	Letter to Foley
Tab D	Letter to Michel
Tab E	Letter to Gephardt

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 8, 1989

INFORMATIONDeputy Natl Sec Advisor
has seen

MEMORANDUM FOR BRENT SCOWCROFT

FROM: DEANE E. HOFFMANN *DH*

SUBJECT: Re-Capturing Western Leadership in Eastern Europe

Eastern Europe is in the throes of dramatic change. There can be no lasting political change without fundamental economic reform which lifts living standards. While Communism is a proven failure, we do not yet have a country which has successfully managed the transition from a Communist economy to a market economy. If Poland fails to complete the course, the U.S., and particularly our President, will get a large part of the blame. The ramifications for our global political and moral leadership are devastating.

The world expects bold leadership from the U.S. No one, not even Congress, will let the Administration hide behind excuses like the budget deficit. Senator Dole has warned the President that the Congressional train is leaving. Margaret Thatcher is urging bold action. This is not a time for accountants but rather for political visionaries.

But for Stalin and Yalta, Eastern Europe would have benefitted from the Marshall Plan. We need a 1990 version -- the Bush Plan -- to reintegrate Eastern Europe economically and politically into the democratic family of nations.

Europe and Japan, the beneficiaries of the Marshall Plan, must make major financial contributions. However, only the U.S. can provide the political and economic leadership to carry economic reform through. It is a challenge we should seize eagerly. A dynamic Bush Plan for Eastern Europe can wipe out any suspicion that the accountants have taken over the Administration. It will be a long process. Large amounts of money up front would be counterproductive. We must set the mechanism in train now, however, to learn how to manage the process and to prevent precipitous and unwise Congressional action.

The so-called Concerted Action plan is way off track. By allowing the European Commission to coordinate assistance efforts to Poland and Hungary, we are getting trapped in a food donor program. Focusing on food aid will sap the entrepreneurial spirit we must be encouraging. Remember the adage -- instead of giving fish, you should give a fishing pole and teach how to fish.

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This is an historic opportunity. So far the Administration has failed its President. I believe a Bush Plan can reassert U.S. leadership for decades. It should have the following elements:

- strong U.S. leadership;
- substantial funding, mainly from Europe and Japan but with a healthy U.S. share;
- a focus on developing free markets and small enterprises, rather than modernizing state industries.

The Bush Plan must be bipartisan and multilateral. I believe a high-level fact-finding team can efficiently sketch out the main outlines and bring our allies on board. Some will argue that a Strauss/Shultz mission would raise expectations. Fine; high expectations will result in a splendid plan. The key is to manage the plan in a wise and prudent way. We have not yet begun to meet that challenge.

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NSC/S PROFILE

RECORD ID: 8906824
RECEIVED: 29 AUG 89 14

TO: HUGHES

FROM: RICE

COMMON FILE

DOC DATE: 08 SEP 89
SOURCE REF:

KEYWORDS: MEMCON
HUNGARY
GREAT BRITAIN

POLAND
FRANCE
NETHERLANDS

PERSONS:

SUBJECT: MEMCON OF CONVERSATIONS FOR PRES EUROPEAN TRIP

ACTION: NOTED BY HUGHES

DUE DATE: 01 SEP 89

STATUS: C

STAFF OFFICER: RICE

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By Cop NARA, Date 3/18/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMEN

CLOSED BY: NSAMM

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(w/ TOP SECRET attachments)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

6824

September 8, 1989

CHRON FILE
NOTED

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: CONDOLEEZZA RICE *CR*

SUBJECT: Memoranda of Conversations from the President's
Trip to Europe, July 9 - 18, 1989

Attached at Tabs I - XV are the subject Memoranda. We suggest that, consistent with your usual procedures, copies of these memoranda be made available to State and Defense, with the exception of the MEMCONS for the President's July 10 meeting with President Jaruzelski (Tab I) and the July 14 meeting with Prime Minister Thatcher (Tab XI).

Robert D. Blackwill *RB* concurs.

RECOMMENDATION

That the attached Memoranda of conversations be filed for the record.

Approve _____

Disapprove _____

That you approve release of all attached Memoranda to the Department of State with the exception of the MEMCONS for the President's July 10 meeting with President Jaruzelski (Tab I) and the July 14 meeting with Prime Minister Thatcher (Tab XI).

Approve _____

Disapprove _____

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(W/ TOP SECRET attachments)

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Attachments

- | | |
|----------|--|
| Tab I | Memorandum of Conversation for the President's July 10 Meeting with Polish Chairman Jaruzelski |
| Tab II | Memorandum of Conversation for the President's July 10 Meeting with Polish Prime Minister Rakowski |
| Tab III | Memorandum of Conversation for the President's July 11 Meeting with Hungarian President Straub |
| Tab IV | Memorandum of Conversation for the President's July 11 Meeting with Polish Bishops Goclowski and Pawlowicz |
| Tab V | Memorandum of Conversation for the President's July 12 Meeting with Hungarian Chairman Nyers and General Secretary Grosz |
| Tab VI | Memorandum of Conversation for the President's July 12 Meeting with Hungarian Prime Minister Nemeth |
| Tab VII | Memorandum of Conversation for the President's July 12 Meeting with Hungarian Parliament Speaker Szuros |
| Tab VIII | Memorandum of Conversation for the President's July 12 Meeting with Hungarian State Minister Poszgay |
| Tab IX | Memorandum of Conversation for the President's July 12 Meeting with Hungarian Leaders of New Political Parties |
| Tab X | Memorandum of Conversation for the President's July 13 Meeting with French President Mitterrand |
| Tab XI | Memorandum of Conversation for the President's July 14 Meeting with British Prime Minister Thatcher |
| Tab XII | Memorandum of Conversation for the President's July 17 Meeting with Dutch Prime Minister Lubbers |
| Tab XIII | Memorandum of Conversation for the President's July 17 Meeting with Dutch Prime Minister Lubbers |
| Tab XIV | Memorandum of Conversation for the President's July 18 Meeting with Dutch Opposition Leader Kok |
| Tab XV | Memorandum of Conversation for the President's July 18 Meeting with Dutch Parliamentary Leaders |

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THE WHITE HOUSE
WASHINGTON

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DECLASSIFIED
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AS AMENDED
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5/13/09

MEMORANDUM OF CONVERSATION

SUBJECT: Bilateral Meeting with Wojciech Jaruzelski,
Chairman of Poland (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President
for National Security Affairs (Notetaker)
Interpreter

Wojciech Jaruzelski, Chairman
Notetaker
Interpreter

DATE, TIME July 10, 1989, 9:30 a.m. - 10:15 a.m.
AND PLACE: Belvedere Palace

Chairman Jaruzelski began the meeting by presenting the President two volumes of "War in the Pacific" which included a picture of the President. He noted that few of the generation that fought in the war survive today. (U)

The President said that he had asked a young soldier in the United States whether young people still remember their history and the soldier had said yes. The President said that he was skeptical and wondered if young people in Europe and the United States could understand the tragedy of World War II. (U)

Chairman Jaruzelski said that the Poles are concerned that the memory of the war has lapsed and that the Right is growing in Germany. (C)

The President asked if he meant the Republicaners. (C)

Chairman Jaruzelski answered yes. The concern, he said, is that displaced persons who are not yet dangerous might grow and push for reunification. (S)

The President said that the United States had been very concerned about reunification which could put great pressure on East-West relations and that he wanted to hear Jaruzelski's views. (S)

Chairman Jaruzelski said that Prime Minister Thatcher had made an interesting point that reunification might take the form of a loose

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federation for all German speaking people rather than unification into a single state. Nevertheless, even this could be dangerous since the Germans have great discipline and reunification should be a matter of concern for the Western Alliance. (S)

Turning to the President's visit, Chairman Jaruzelski, expressed appreciation and called the visit a step forward and a contribution to the process of reform in Poland. He suggested that the meeting cover internal, bilateral and international issues and then asked the President to begin the discussion. (S)

The President expressed his pleasure at returning to Poland at a time of remarkable change -- changes that the world has watched with wonder. He said that he would do nothing to complicate the difficult and delicate job that Poland and Jaruzelski face. The President remarked that he would avoid rhetoric which would complicate the situation and that he had not come to Poland to place strains on the Soviet alliance. Rather, he noted that the United States would contribute positively to the reforms while stopping short of interference. The President asked Jaruzelski to advise him on ways that the United States could help without interfering so that the aspirations of the Polish people could be met. (S)

Chairman Jaruzelski thanked the President for expressing his intentions so frankly and said that he was aware of the respect that the President receives as leader of a superpower. He related that Gorbachev had said that during his visits to Germany and France he had been careful to do nothing to imperil U.S. interests. Jaruzelski remarked that it was heartening to see the two leaders so responsive to the needs of East-West cooperation and of reform in the East bloc. (S)

Chairman Jaruzelski assured the President that Poland has a wider spectrum of pluralism today than at any time in recent history. Within the Sejm, pluralism is restricted but far less than was originally planned. Democracy, he said, is not just a tactic. Quoting Churchill, Jaruzelski said that "democracy is not a very good system but it is better than all others." Political and economic changes must go together in order to insure progress. (S)

The Chairman went on to describe the new triangular Polish governmental structure with two houses of the legislature and a Presidency. He noted that the Polish Senate has real possibilities since the opposition controlled it. In order to prevent disruption of state functions, it was important to have a strong President but his power would be less than that of the French President. (S)

The President said that he would ask who the next President would be but that such question might be regarded as interference. (S)

Chairman Jaruzelski answered that there were no secrets about this issue. The President must be one in whom all have confidence and the powers of the office were described to do that. Jaruzelski

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stated that it was unofficially agreed that he would be a great candidate but after the election, polls were taken that showed that the opposition would vote against him. It would be a tug of war that Poland does not need at this time. In the meantime, Walesa said that Kisczak would be more electable. Jaruzelski went on to explain that legislative support for Kisczak was actually quite weak and that he (Jaruzelski) appears to be the strongest candidate though nothing can be taken for granted and the degree of support should not be exaggerated. (S)

The President asked whether the President of Poland is also commander-in-chief of the armed forces. (S)

Chairman Jaruzelski answered yes and called the issue delicate. (S)

The President related the story of Polish journalists who asked him whether he wanted to see Soviet troops out of Poland. He noted that his affirmative answer was viewed as interference by Gorbachev who then brought up the SNF issue which had already been decided in NATO. The President asked Jaruzelski whether Gorbachev was in fact that concerned. (S)

Chairman Jaruzelski said that Gorbache wanted to hear the issue linked to the said that because of the German questi comfortable, even in the future, with East Germany. (S)

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The President said that he had not men to be more contentious, only to look i

Chairman Jaruzelski said that the impo political events are developing. Cont internal Polish events, he noted that has socialist and social democratic wi more closely to the church. Many voic Poland and only political competition Party. Jaruzelski argued that Poland with a communist Prime Minister and opposition deputy prime minister. He remarked that the problem is that any government must undertake very tough economic measures which is particularly difficult for Solidarity which is at once a trade union and a political party. Hard work must be rewarded. (S)

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The President remembered Jaruzelski's comment to him that Labor had demanded 3-5 years maternity leave. (S)

Chairman Jaruzelski noted that organized labor controls about 20% of the U.S. work force but will control about 80% of the Polish work force. It is difficult to engender competition under these conditions. He went on to note that in the U.S. there are more goods than people need which brings about competition, while in Poland everything that is produced is sole. Free enterprise and the

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private sector are sick. Jaruzelski continued saying that Solidarity is demanding that farmers get three times more for dairy products than the store price. ~~(S)~~

The President opined that Solidarity must realize that all of this must change. ~~(S)~~

Chairman Jaruzelski said that the leadership does know but is afraid of losing its constituency. The West can help because in this period in which Poland needs severe austerity, pressure is needed from the outside to adopt the reforms. There are three stages: at present-- to prevent economic collapse; a second period of 2-3 years in which the situation needs to be stabilized; and third, to restructure the economy completely and change the basis of ownership. The final stage would take 10 years or so. Jaruzelski told the President that he had written a letter to the G-7 outlining Poland's problem and hoped that the President would raise these issues in Paris. ~~(S)~~

Chairman Jaruzelski continued saying that Solidarity has called for workers to have greater authority but the regime believes that powers must be restricted because workers favor distribution of profits rather than surplus. He thanked the President for the points made in Hamtramck. Jaruzelski underlined his agreement with the President that the 1970s could not be repeated. The goal is to obtain IMF help, which controls Poland's situation, and to attract joint ventures. ~~(S)~~

Chairman Jaruzelski then turned to bilateral issues, saying that Poland looked forward to the creation of cultural centers and wants very much to open a consulate in Los Angeles. Moreover, he said that while he understands COCOM, it is important to think about what might still be possible to increase the flow of technology to Poland. ~~(S)~~

Turning to foreign policy issues, Chairman Jaruzelski noted that at the Warsaw Pact meeting in Bucharest, Poland had stressed political rather than military coordination in the Warsaw Pact and pressed for further progress on arms control. Poland expressed support for the President's CFE proposal but SNF is still controversial. ~~(S)~~

Returning to economic issues, The President remarked that he understood Jaruzelski's frustrations with labor demands at a time when competitiveness was the issue. He promised to talk to Solidarity about the matter in Gdansk and to talk to the G-7 about what could be done to help Poland. He then outlined the U.S. assistance package for Poland that would be announced later in his speech to the Polish Sejm. The measures include: a proposal that the West engage in concerted action in support of Polish and Hungarian reform; the establishment of a \$100 million private enterprise fund; encouragement of the World Bank to move ahead with \$325 million in economically viable project loans; U.S. support for an early and generous rescheduling of the Polish debt which would

defer \$5 billion in payments; and a \$10 million environmental fund, in part to be used in the clean-up of Krakow. (C)

The President expressed his hope that these measures would demonstrate the commitment of the United States to Polish reform, saying that he was aware that some in labor unrealistically expected the West to come up with some \$10 billion in assistance. Such assistance, he noted, would be wasted without fundamental reform first. (S)

Chairman Jaruzelski agreed but added that the direct linkage is difficult to maintain in the domestic political environment. Other political parties, not only labor, fight such linkages. (S)

The President responded that he was interested to learn that other parties held the same view because the U.S. had assumed that the problem was to get labor to cooperate. He promised to talk about the problem in his meetings with Polish labor leaders. (S)

Chairman Jaruzelski said that it was important that the President remind Polish workers to keep their feet on the ground and to work hard. It is not enough to simply admire U.S. riches. (C)

The President remarked that he understood better the different forces in Poland and would speak wherever appropriate about the dangers of levying heavy demands on the economy. (C)

Chairman Jaruzelski added that he wanted the President to know that Polish people are coming together. He acknowledged his respect for Walesa, saying that he had progressed since 1980 and had become a full partner in seeking solutions to Poland's problem. It was therefore a sensitive matter for him (Jaruzelski) to be seen as criticizing Solidarity in his conversations with the President. (S)

The President promised to discuss reform without representing the issues as Jaruzelski's views. He stated that he was aware of the sensitivity of appearing to carry a message from Jaruzelski to Solidarity. The President called the current period a delicate one in which it is important not to lose ground on the tremendous Polish accomplishments that the West views so favorably. Reflecting on the contrast with China, the President called that situation tragic and an example of what happens when political and economic reform are delinked. He asked Chairman Jaruzelski if he worried about the effect of the Polish reforms on the Soviet Union. (S)

Calling the matter sensitive, Chairman Jaruzelski said that each East European state must find its own way. Dictators have certain advantages in that they control labor while democratization in Poland has given the Polish party less control. (S)

The President remarked that there was concern for awhile that the U.S. did not want Gorbachev to succeed and was pulling back from

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him. Saying that he did not want to get too deeply into Polish affairs, the President asked whether the Poles wanted Gorbachev to succeed. He reiterated that he was not in Poland to "stick a finger" in Gorbachev's eye nor to lecture on the road to reform. The President said that he believed the U.S. system to be the best but recognized that it is the U.S. system and may not be transferrable. The U.S. will support reform whatever form it takes. ~~(S)~~

Chairman Jaruzelski responded that there is a belief that Europe supports Gorbachev more than the U.S. because the Europeans see the benefits of stability. He told the President that their conversation had convinced him that this view was wrong and that he would communicate this to Gorbachev. Jaruzelski noted that Gorbachev held positive views of the President even before his election and hoped to see him soon. ~~(S)~~

The President asked whether a meeting would be valuable even without an arms control agreement. ~~(S)~~

Chairman Jaruzelski responded that it was difficult to say and that the President was a better judge. But it should be remembered that Reykjavik looked like a lost cause initially but turned out well because the two sides' positions drew closer. ~~(S)~~

The President said that he saw U.S.-Soviet relations as on track. The review of policy has been completed and Secretary Baker has met with Foreign Minister Shevardnadze several times. The President explained to Jaruzelski that Secretary Baker is not just the foreign minister but a close personal friend. He said that many small but positive things going on in the relationship, including the visit of the Chairman of the Joint Chiefs of Staff to the Soviet Union. He said that he felt that East-West relations were on track and that the U.S. would do nothing to make the course of reform more difficult. ~~(S)~~

Chairman Jaruzelski remarked that Americans and Russians are similar in their flamboyance. He noted that Gorbachev told him that people look at perestroika and see mobs plus ethnic problems; that the French, for instance, give perestroika little chance. But reform has already made a big difference and there have been involuntary changes already that make it impossible to reverse course. ~~(S)~~

Brent Scowcroft asked whether Jaruzelski was worried that political reform will outrun the economy in the Soviet Union. ~~(S)~~

Chairman Jaruzelski said that the Soviets are actually moving on both fronts, reforming the structure. He closed by saying that all of the economies of the East need to be more competitive and to improve efficiency. ~~(S)~~

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THE WHITE HOUSE
WASHINGTON

6824

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Meiczyslaw Rakowski, Prime Minister of Poland (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
John Davis, Ambassador to Poland
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Roger B. Porter, Assistant to the President
for Economic and Domestic Policy
Marlin Fitzwater, Assistant to the President
and Press Secretary
Robert Zoellick, Counsellor to the Department
Department of State
Margaret Tutwiler, Assistant Secretary for
Public Affairs, Department of State
James Dobbins, Acting Assistant for European
Affairs, Department of State
Curt Kamman, Deputy Assistant Secretary for
European Affairs, Department of State
Dennis Ross, Director, Policy Planning Staff,
Department of State
Condoleezza Rice, Director of European and
Soviet Affairs, National Security Council
(Notetaker)
Interpreter

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Meiczyslaw Rakowski, Prime Minters
Kazimierz Olisiak, Deputy Prime Minister
and Minister of Agriculture
Ireneusz Sekula, Deputy Prime Minister
Tadeusz Olechowski, Minister of Foreign
Affairs
Mieczslaw Wilczek, Minister of Industry
Andrzej Wroblewski, Minister of Finance
Andrzej Wojcik, Vice Minister of Foreign
Economic Relations
Jan Majewski, Vice Minister of Foreign
Affairs
Jan Kinast, Polish Ambassador to the United
States

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Edmund Pawiak, Director General, Council of
Ministers and Secretary to the Prime
Minister

Kazimierz Duchowski, Director of Department
III (The Americas), Ministry of Foreign
Affairs

Krzysztof Litwinski, Interpreter
Notetaker

DATE, TIME
AND PLACE:

July 10, 1989, 3:15 p.m. - 3:45 p.m.
Council of Ministers

Prime Minister Rakowski opened the meeting with comments on the President's speech to the Polish Parliament. He said that he found the speech permeated with realism and that he personally valued nothing more highly than realism. Poland has entered an historic phase of radical and profound change. Within months a new legal and governmental system would be in place and Poland would begin the road to economic reforms to free production of dogmatic approaches. The Prime Minister cited two major stumbling blocks to reform: the time factor -- the reforms need to bear fruit quickly; and the barrier of the peoples consciousness and receptivity to free market reforms. The latter barrier, he said, opens the way to conflicts and social strains. Poland's chief problem, according to the Prime Minister, is to introduce reforms while avoiding serious unrest. Every responsible politician has to take into account the public's mood. (S)

The Prime Minister continued, saying that socialism had caused a demobilization of society in which hard work was no longer appreciated because an egalitarian philosophy dominated the minds of the people. Moving away from those precepts requires courage and the Prime Minister thanked the President for his encouragement of the private sector. He pointed out that while a robust private sector is key, the very existence of private enterprise implies differentiation of material standards and leads to jealousy among the population. He noted that the Cabinet has been accused of giving the nation's material wealth over to private hands. Prime Minister Rakowski opined that it would be a full generation before Poles accepted the consequences of stratification of wealth. (S)

The Prime Minister remarked that some in Poland thought that President Bush would come with a blank check for the Polish people. He said that he was pleased that the President did not because the check would bounce. The point is not to get Western aid in the sense of untied credits but to convince the West to create the conditions for Poland's reform. This means encouraging the World Bank and the IMF to display flexibility in order to facilitate repayment later. Poland needs breathing

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space and would be pushed to the brink of conflict if that space is not provided. He stated that Poland's leaders know that economic and political reform must go hand in hand because one without the other is a recipe for a social explosion. He went on to say that the economic errors of the past constitute a closed chapter but that Poland's leaders knew that they could not repeat those mistakes. (S)

The Prime Minister then turned to the political situation, which he characterized as filled with emotion and hope. The issue, he said, is whether all forces in Parliament display common sense. Poland is trying to move to a new foundation without spilling blood. While both the Soviet Union and China have experienced violence, Poland has so far succeeded in carrying out a bloodless revolution. The Prime Minister noted that many of the reforms that were voluntarily launched could not have gone forward without Jaruzelski but that not everyone one is willing to admit that. He remarked that only history can write the final story of Jaruzelski and Walesa. If no blood is spilled, they will be judged great historical successes. (S)

The President stated that he agreed completely with the statement that economic reformers must always be cognizant of political circumstances. He said that it was not his intention to encourage the Polish government to do things that would break the treasury. The President related Jaruzelski's story of the labor union's demands for five years paid maternity leave for pregnant mothers. That story, he said, drove home to him the demands that are being made upon the regime. (S)

The President went on to say that the West will help but that the United States with a \$150 billion deficit cannot present Poland with a blank check. But the United States can help to create a propitious atmosphere internationally and help in innovative ways with the Polish economy. (S)

The President promised to avoid hot rhetoric but to encourage essential reforms while speaking up for principles of democracy and free enterprise. He said that the United States desperately wants to see Poland succeed and will encourage sound macroeconomic reform. (S)

The President remarked that Jaruzelski is a controversial but widely respected figure in the United States. There is a level of recognition that he is trying to lead Poland to a new era. He continued saying that he was not in Poland to pit Bush against Gorbachev but to lend genuine support for reform; the United States wants to see perestroika succeed in the Soviet Union too. (S)

Prime Minister Rakowski thanked the President for his prudence and said that he had tried to use his time to express the historical significance of the moment. He remarked that people

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are tired of the age-old tensions and looking for a better life. There is now a possibility to relieve those tensions thanks to the realistic view of President Bush and of Gorbachev. He said that Poland does not wish to disturb either the U.S. or the U.S.S.R. He closed, reiterating both Poland's need for Western support and his support for Jaruzelski who he characterized as a man of stature and the right person for the current period. ~~(C)~~

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THE WHITE HOUSE
WASHINGTON

6824

MEMORANDUM OF CONVERSATION

SUBJECT: Private Meeting with Bruno Straub, President of Hungary (U)

PARTICIPANTS: The President
Robert D. Blackwill, Special Assistant to the President for National Security Affairs (Notetaker)

Bruno Straub, President
Laszlo Kovacs (Notetaker)

DATE, TIME July 11, 1989, 8:20 a.m. - 8:35 a.m.
AND PLACE: Nandorfehervar Room, Parliament Building

President Straub thanked the President for his visit to Hungary and for his remarks. He noted that the visit of an American President, the first such visit, is valued highly by the Hungarian government. This is especially true since history is moving ahead rapidly. He said that the United States has helped a great deal, including setting up the highly successful management institute. (C)

The President said that he had come to Hungary to demonstrate the interest of the U.S. in the unfolding events in Hungary not to put the government on the spot. The President said further that he did not wish to complicate things for Gorbachev and did not view the trip as a part of a personality contest between the two of them. Rather, he intends to treat Hungary with sensitivity that recognizes how remarkable the country is. The President said that he wanted all Hungarians to understand how excited Americans are about the developments and how anxious the American people are to help Hungary move along the course of reform. He added that this was a policy that he was personally committed to as was Secretary Baker. The President said that Hungary's leaders should know that he is aware of the great differences among East European countries. (C)

President Straub said that Hungary is proud of its reformist heritage and believes that it is at the forefront of change. (C)

The President agreed and said that he hoped to share his experiences with his colleagues at the Paris Economic Summit and

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to share Hungarian perspectives with them. In U.S.-Soviet relations the U.S. is pushing forward with both START and CFE. He mentioned that Chairman Jaruzelski had been positive about arms control and that he had assured him that the U.S. intended to make progress. (C)

The President remarked that not all in the world was positive and commented that he was "sick" about China. (C)

President Straub said that he had been to China many times, in fact only two years ago and that he had been impressed with how individualistic the Chinese were. (C)

The President said that the great danger now was that everything, even science and education, would slip back. It is important not to cut off contact with China. He noted that there are 40,000 Chinese students in the U.S. and that this represents a breakthrough. At the same time, it is important to condemn the brutal actions of the government. (C)

President Straub said that he regretted events in China but was glad that things were moving favorably in Eastern Europe and the Soviet Union. (C)

The President told President Straub that he had asked a Pole to identify Gorbachev's greatest problem and he had said ethnic conflict. (C)

President Straub agreed saying that it had always been there beneath the surface. Now that ethnic groups can speak out that is what they are doing. (C)

The President commented that the times were delicate and remarked that talks in Poland had been interesting and open, even about who would be the next President. (C)

President Straub said that Hungary was learning from Poland's changes. (C)

The President talked of the agonizing times through which Solidarity is passing because labor unions and potential governors cannot act in the same way. (C)

President Straub commented that Hungary would likely face the same situation since the communists control the cadres working in government while the opposition has ideas and no experience. (C)

The President thanked President Straub and said that he learned a great deal. Expressing his desire for continued conversation, he said that he believed in talking to people in order to work on real world problems. (C)

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with His Excellency Tadeusz Gocłowski, Bishop of Gdansk, and His Excellency Zygmunt Pawłowicz, Auxiliary Bishop of Gdansk (U)

PARTICIPANTS: The President
Mrs. Barbara Bush
James A. Baker, III, Secretary of State
Mrs. Susan Baker
John Davis, Ambassador
Mrs. Helen Davis
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert D. Blackwill, Special Assistant to the President for National Security Affairs (Notetaker)

Tadeusz Gocłowski, Bishop of Gdansk
Zygmunt Pawłowicz, Auxiliary Bishop of Gdansk

DATE, TIME July 11, 1989, 11:50 a.m. - 12:40 pm
AND PLACE: Oliva Cathedral

Bishop Gocłowski asked whether the President was tired. (U)

The President answered that he was not and had had a very good visit to Warsaw. (U)

Bishop Gocłowski remarked that the President's visit to Poland was an affirmation of the values that the church has been promoting. (U)

The President thanked the Bishop for the constructive role that the church had played and the magnificent job that all had been doing to bring about reconciliation in Poland. (U)

Bishop Gocłowski in turn thanked the President for his public remarks which were helpful for a country in Poland's situation given the continued power of the communists. (U)

The President asked if the legalization of the church has had a significant effect to date. (U)

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Bishop Gocłowski replied that the church had been very active anyway but that now those activities will be legal. He noted that the government must take a good faith approach and that only time will tell. (S)

The President thanked the Bishop for his statement of welcome and told him that the U.S. considered it important to help Poland in its recovery. The U.S. has great respect for the role of the church and Solidarity and Lech Walesa's accomplishments have inspired the world. The President asked the Bishop for his views on the prospects for labor and the government to reach accord on the needed economic reforms. (S)

Bishop Gocłowski said that there had been strikes in May and in August but that a measure of political stability had now overtaken the nation. Confidence in the government would grow only in conjunction with participation, however. (S)

The President continued, asking whether Solidarity's membership would accept austerity or simply ask for more and more, making economic reform difficult. (S)

Bishop Gocłowski opined that the Polish nation had been economically asleep for forty years but that the climate of freedom can reinvigorate economic activity. This is in any case the hope that must occur in practice. (S)

The President stated that all rejoiced with Poland in the spirit of revitalization because it would have been difficult to think of Jaruzelski at a luncheon with the leaders of Solidarity. He noted the important role of the Bishop in this process as a great Christian leader. (S)

Bishop Gocłowski agreed with the President that such events would have been impossible to imagine even a few months before. He said that he had told General Kiszczak at the Roundtable negotiations that the events seemed almost unreal. (S)

The President said that the events were indeed real and suggested that the clock cannot be set back in the Soviet Union. On the other hand, China was a sad lesson in the tragedies that come about when economic reform lags behind political reform. (S)

Bishop Gocłowski concurred, saying that the Chinese disaster should remind people of the horrible things that are imbedded in communism. (S)

The President said that this was true but that at the same time it was important not to cut off all contacts with China and dash what hopes they have left. (S)

Bishop Gocłowski expressed respect for the prudent U.S. policy toward China. (S)

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Turning to other issues, The President inquired about the health of the Holy Father. (U)

Bishop Goclowski said that the Holy Father was in perfect health. (U)

The President remarked that the Pope must be an inspiration to all Poles. (U)

Bishop Goclowski agreed and said that he saw the Holy Father recently and that he was beside himself with joy at the legalization of Solidarity. He called the Holy Father a divine gift at this time for Poland. (U)

The President said that the Pope had made clear that his heart was heavy about Lebanon, as are all hearts, but that there was no easy answer. (U)

Bishop Goclowski told the President that the Pope appreciates U.S. efforts to help. He closed the meeting saying that the only basis for morality is religious conviction. He expressed the appreciation of all Poles for the President's demonstration of his own religious values which reveal the spirit of America. (U)

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THE WHITE HOUSE
WASHINGTON

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2/3/2014 MM

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Rezso Nyers, Party Chairman and Karoly Grosz, General Secretary of Hungary

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Robert Blackwill, Special Assistant to the President for National Security Affairs
Robert Zoellick, Counsellor to the Department, Department of State
James Dobbins, Acting Assistant Secretary for European Affairs, Department of State
Dennis Ross, Director, Policy Planning Staff, Department of State
Condoleezza Rice, Director for European and Soviet Affairs, NSC Staff (Notetaker)
Interpreter

Rezso Nyers, Party Chairman
Karoly Grosz, General Secretary
Gyula Horn, Minister of Foreign Affairs
Laszlo Kovacs, Deputy Minister, Foreign Affairs
Vencel Hazi, Hungarian Ambassador to the U.S.
Gyula Thurmer, Advisor to General Secretary
Bela Szombati, Interpreter

DATE, TIME July 12, 1989, 9:00 a.m. - 10:01 a.m.
AND PLACE: Munkacsy Room, Parliament Building

Party Chairman Nyers opened the meeting noting that Hungary is reevaluating its most recent history and trying to set a future political and economic course. New parties are forming and preparing themselves for the elections. The long-range goals of political reform are clear but that it is the next few months that are in dispute. (C)

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The President asked whether there is consensus in the Hungarian Socialist Workers Party (HSWP) and the government over the course of reform. (S)

Chairman Nyers answered that there is consensus "at this moment," though there had been conceptual differences over the last few months. While some differences had not disappeared, the leadership situation had been clarified through two decisions: the creation of a four man presidium, since the range of views could not be expressed by one person; and the decision to begin negotiations with opposition parties. (S)

Chairman Nyers continued, saying that there are many outstanding issues concerning the structure of the new government. Hungary must decide what laws should be salvaged from the old constitution and how soon elections should be held? The opposition prefers to have elections later rather than sooner, because the parties need time to organize. The HSWP, Chairman Nyers noted, is open to alternatives but many think that elections should be held in the Spring. The timing of elections is closely connected to the standing of the Parliament, whose authority expires in the Spring. (S)

The second major issue is the nature of the Law on Parties. This law is critical to the functioning of Parliament and would be binding on the HSWP. There is, however, an argument on whether there should be such a law. The President asked if the Law on Parties would define how parties operate. (S)

Chairman Nyers responded that its purpose would be to determine the rights and responsibilities of parties as well as how they would be sustained financially. (S)

Third, Hungary must create a new constitutional court which is likely to be an eleven member body with 3-5 members appointed by the current government and the remainder selected after the election. The opposition parties want all members to be appointed by the new government, but Chairman Nyers noted that if there is no court prior to the elections, there will be no body to judge the constitutionality of the election. (S)

Finally, there is the problem of the timing of the election of the President and the nature of the office. The HSWP believes that the President should be elected simultaneously with the Parliament in a country-wide election. The President asked whether there is a lively discussion about how much power the new President will have. (S)

Secretary Grosz said that they are thinking of a Presidency similar to the German or Italian model, less powerful than the American President. Chairman Nyers and Party Secretary Grosz prefer a unicameral Parliament, given Hungary's size, but others prefer a bicameral system. (S)

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Chairman Nyers ended the discussion of political reform by noting that there had been no external interference in the Hungarian deliberations. (S)

Turning to the economic situation, Chairman Nyers said that the primary concern in the long-term is finding more effective ways to generate and utilize capital. In the past, capital has been used mostly for state enterprises but Hungary wants to encourage entrepreneurship and create new forms of ownership. The government is ready to help new entrepreneurs and will be making institutional changes over the next few years to do so. There is a need to lift financial restraints, improve the tax system and create new capital markets. (S)

Chairman Nyers noted that there had been a spirited discussion concerning the balance between foreign and domestic capital and that they had come down unequivocally on the side of a policy of foreign capital and technology transfer. The majority, he said, are now behind this strategy and understand the need to create a safety net for foreign capital. (S)

Hungary faces a serious short-term financial crisis, including a balance of payments problem and a state budget deficit, that threatens the entire plan for economic reform. Chairman Nyers remarked that this situation emanated from trying to create a balanced system in a short time. Hungary has worked hard to meet its debt payments and has succeeded in reducing its current account balance by \$1 billion, leaving an outstanding balance of \$600 million. The problem is that the reforms have made it difficult to reduce this amount further. For instance, liberalization of travel restrictions has cost the Hungarian government \$300 million over a three year period. The IMF must understand that sometimes the process of reform and the process of income generation collide. (S)

Chairman Nyers then went on to say that Hungary shares a number of economic problems with the other reform countries; the Soviet Union, Poland and Yugoslavia. All are finding it difficult to stimulate economic development without engendering instability. Nationality problems have surfaced in the USSR and Yugoslavia and in Poland and Hungary, pluralism is producing its own contradictions. These experiences have limited that attractiveness of reform for other countries. The economic reforms are being introduced without a sound financial and macroeconomic base, causing inflation, budget deficits and problems in the balance of payments. Of all the reform countries, Chairman Nyers noted, Hungary's situation is the best. (S)

The President asked what Hungary's annual inflation rate is. (S)

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Chairman Nyers answered "16%" and added that the goal of the Hungarian government is to make certain that inflation does not increase and then to begin to slow the rate. This must be done through economic means rather than centralized controls. (S)

Chairman Nyers described Hungarian relations with the Soviet Union and particularly with Gorbachev as excellent. He said that Hungary was enjoying the highest level of freedom since 1947. The problem facing the COMECON countries, he said, is to introduce a market system within the organization. The Hungarians and the Soviets are inclined to move toward a convertible currency and a pricing system within COMECON that would reflect world market conditions. (S)

The President asked if the convertible currency would be for internal use as well. (S)

Chairman Nyers said that it would not be for internal use but that Hungary was currently thinking of tying external transactions to the dollar. He continued saying that collaboration within the region was good. The exception is with Romania, a state with which the Hungarians have a number of problems. Chairman Nyers highlighted the problem of nationalities and said that Hungary was asking only that all countries see it as an issue for discussion under the Helsinki Final Act and the Universal Declaration of Human Rights. (S)

Chairman Nyers ended his discussion noting that Hungary is seeking intensified dialogue with, but not membership in, the European Community. He said that Hungary had some fears that the Common Market might become a closed trading zone. Hungary is, in principle, in favor of free trade but the GATT and the Common Market list Hungary as centrally directed in a number of areas that have been freed over the years, a practice that is disadvantageous to the Hungarian reforms. (S)

The President thanked Chairman Nyers for his presentation and remarked that the frankness of the discussion struck him as both remarkable and fruitful. The United States has always seen Hungary as out in front in terms of economic reform and is watching with interest as the countries of the East, including the Soviet Union, move toward greater openness. (S)

The President said that he wanted to assure the Hungarian leaders that the U.S. views perestroika in the Soviet Union favorably. He emphasized that the U.S. wants to intensify relations with Hungary and to do so in a way that is not detrimental to reform in any of the countries of the East. (S)

Secretary Baker remarked that he has had useful contacts with Soviet Foreign Minister Shevardnadze and that these will continue. (S)

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The President went on to say that he had discussed the issue of the U.S.-Soviet relationship with Chairman Jaruzelski while in Poland and wanted to reiterate some of the points that he had made. The United States is moving ahead on START where our introduction of a new verification package was intended to accelerate, not stall, the negotiations. We are also moving ahead on CFE. The U.S.-Soviet relationship is in good shape and the better climate should result in less pressure on the countries of Eastern Europe, particularly those on the cutting edge of reform. (S)

The President said that the United States will deal fairly with the individual countries of Eastern Europe and is realistic about relations with Hungary and other reformist countries. It is important that the U.S. do nothing to adversely affect the exciting, but difficult process of reform. He remarked that it would be inappropriate for the United States to try and dictate the character of the internal reforms but that the West can play a constructive role in the economic reforms and, most importantly, create an international environment that allows those reforms to continue and develop. There is a keen interest in the United States in events in Hungary and Americans stand ready to share experiences when they are relevant. (S)

The President informed the Hungarian leaders that he would spell out several assistance measures in his speech at Karl Marx University and asked Secretary Baker, a former Secretary of the Treasury, to make any points that he wished. (S)

Secretary Baker commented that Hungary is making greater progress economically than any other country in Eastern Europe and expressed support of Hungary's goal of increasing foreign investment. The U.S. goal is to help Hungary help itself and the U.S. would encourage the G-7 to take concerted action in encouraging foreign investment and stimulating the growth of the private sector. (S)

Chairman Nyers said that he found the President's remarks and those of Secretary Baker encouraging because Hungary wants to be treated like an independent country and asks only that others help Hungary to help itself. He also remarked that the comments on U.S.-Soviet relations were reassuring. (S)

The President summarized by relating an incident that revealed the delicacy of the current period. When asked by a Polish journalist, prior to leaving Washington, if he wanted to see Soviet troops out of Poland, the President said "yes." He could then see that Gorbachev had been deeply troubled by this and thought that the President was trying to pressure a weak Soviet Union. The President said that he must always speak up for principles in which he believes but that he will try to be

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sensitive and handle matters delicately. He reiterated the importance that the U.S. attaches to creating a supportive international environment for reform in Eastern Europe. (S)

Chairman Nyers closed by saying that he was delighted that the U.S. will be intensely involved in the process of reform rather than isolated from it. (S)

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Miklos Nemeth, Prime Minister of Hungary (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Mark Palmer, Ambassador to Hungary
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Marlin Fitzwater, Assistant to the President
and Press Secretary
Robert Blackwill, Special Assistant to the
President for National Security Affairs
Robert Zoellick, Counsellor to the
Department, Department of State
James Dobbins, Acting Assistant Secretary for
European Affairs, Department of State
Dennis Ross, Director, Policy Planning Staff,
Department of State
Condoleezza Rice, Director for European
and Soviet Affairs, NSC Staff (Notetaker)
Interpreter

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Miklos Nemeth, Prime Minister
Gyula Horn, Minister of Foreign Affairs
Thomas Beck, Minister of Trade
Erno Kemenes, Director, National Planning
Office
Vencel Hazi, Hungarian Ambassador to the U.S.
Bela Szombati, Interpreter

DATE, TIME July 12, 1989, 10:10 a.m. - 10:45 a.m.
AND PLACE: Delegation Room, Parliament Building

Prime Minister Nemeth opened the discussion, saying that the Hungarian government is honored that the President chose to make this visit in the first year of his Presidency. The visit would give impetus to the Hungarian-American relationship. The Prime Minister noted that American political and moral support are needed as Hungary attempts fundamental political and economic reform. Hungary is trying to improve relations worldwide. The opening is not against any power but is toward many -- Southeast Asia, the West and the U.S.S.R. There is a great deal to do to

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break up the Stalinist system and move toward a more open one. Hungary must achieve a balance between constitutional, parliamentary, governmental and executive processes. The Hungarian Socialist Workers Party (HSWP) also considers it its basic duty to look at the past and open dark spots. At root of the reform is an understanding that the Stalinist model is at a dead end and that radical economic and political reform are needed. (C)

Prime Minister Nemeth called attention to the new draft constitution which does not express the leading role of the Party but does protect basic human rights and freedoms, including: the formation of a multiparty system; freedom of association and demonstration; free emigration; freedom of conscience; and freedom of the press and expression. The problem, he noted, is to simultaneously execute political and economic change. He said that he is confident that this can be achieved successfully. (C)

Prime Minister Nemeth continued, saying that the role of the government in the difficult period of transition is to guarantee peaceful conditions and create a partnership with the opposition parties. Discussing several outstanding issues, Prime Minister Nemeth remarked that the HSWP is committed to free and fair elections because they are the only basis for a stable government. He noted that Hungary is trying to avoid the creation of a power vacuum -- as exists in Poland -- because such a vacuum would be destabilizing and would be especially troubling for relations between the superpowers. He expressed his belief that the HSWP can renew itself and will be able to, through electoral means, gain a dominant position in the coalition. The danger is that if the HSWP is defeated, the opposition is not yet ready to rule. The HSWP is, however, developing a program of organizational assistance to the opposition. The goal is to keep the Interior Ministry and the Army out of politics, a position held by the leadership of these institutions. In summary, the HSWP must announce that it will not abuse its powers and on that basis, proceed to completely democratic elections, respecting the will of the people. (C)

Turning to the economic situation, Prime Minister Nemeth highlighted the high level of foreign debt as a key problem, admitting that the money had not been well spent. He said that in the future Hungary must emphasize working capital and joint ventures and the creation of new forms of ownership in which private, state and public property receive equal levels of protection. The Prime Minister also noted the importance of guarantees for foreign capital, including repatriation of profits and insurance against nationalization. (C)

The Prime Minister continued saying that the most important task, one which is broached rarely, is to reform thought and to engender a break with old ways. Hungary must reinstitute values

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of competition, enterprise and the system will only work well if there is entrepreneurial freedom. He cautioned that, while Hungary can learn a lot from other countries, including the United States, the model adopted must be uniquely Hungarian. The adoption of foreign models, before and after World War II, has led to nothing but difficulty. The Prime Minister asked the President to remember that the political and economic institutions of the United States have been developing for 200 years and to expect Hungary to change course completely in 3-5 years would engender disaster. (S)

Rather, Hungary needs tolerance and patience from the outside. In this regard, Prime Minister Nemeth said that Hungary is proceeding from the assumption that the Brezhnev doctrine is dead. This was, he said, affirmed at the Warsaw Pact Summit in Bucharest. Some leaders of socialist countries hold other opinions but not Gorbachev. (S)

Finally, Prime Minister Nemeth emphasized the importance for Hungarian reform of strengthened international financial and economic contacts. He said that in the fall, Hungary will present a concrete three year program and would like to get IMF support. While relations with the IMF are good, he argued that the Fund tends to give the same advice no matter what the disease: create realistic prices and devalue currency; reduce budgetary deficits; and privatize the economy. The Prime Minister stated that Hungary agrees with the prescription but needs flexible terms in undertaking these measures. He asked for the help of the United States and implored the President to raise the issues at the Paris Summit. (S)

The President said that he would like to make a few general comments, though he was more interested in hearing further views from the Prime Minister. The President remarked that he recognized the changes going on everywhere, including in the U.S.S.R. He said that he wished to reiterate, as he had earlier, that the United States was trying to undertake policies that would not adversely affect the reform process. The President articulated his support for the IMF and what it is trying to do in terms of broad economic policy but noted the Hungarians' plea for flexibility. The President promised to discuss with the Secretaries of State and Treasury what could be done in this regard. He said that he understood the uniqueness of Hungary's situation and that the U.S. is blessed with economic growth, sometimes modest, sometimes buoyant. If there is a lesson to be learned from the American experience, it is that entrepreneurship, especially small business, can have magnificent results. In the U.S., the 20 million new jobs were mostly in small business. (S)

The President said in conclusion that the U.S. understands that it cannot design a political system for Hungary but that the principles articulated by the Prime Minister are ones that

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Americans support. He underscored his intention to do nothing to complicate the process of reform and remarked that he looked forward to the meeting with the G-7 to describe the vibrancy of the Hungarian experience and to work out a plan of concerted action with the allies. (C)

Secretary Baker added that Hungary's 61% of GNP in government spending is far too high and that the central government share in the U.S. is much lower. (C)

Prime Minister Nemeth agreed but noted that everything takes time. He thanked the President and all of the participants for the exchange of views. (U)

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WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Matyas Szuros, Hungarian Parliament Speaker (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Mark Palmer, Ambassador to Hungary
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Condoleezza Rice, Director for European
and Soviet Affairs, NSC Staff (Notetaker)
L. Szimonisz, Interpreter

Matyas Szuros, Hungarian Parliament Speaker
Laszlo Kovacs, Minister of Foreign Affairs
Dr. Vencel Hazi, Hungarian Ambassador to the
U.S.
Bela Szombati, Interpreter

DATE, TIME July 12, 1989, 10:55 a.m. - 11:05 a.m.
AND PLACE: Room 37, Parliament Building

Speaker Szuros extended a welcome to the President from the Hungarian Parliament. He spoke of the exciting period into which Hungary has entered, noting that the role of speaker and of the parliament have become more important. The Speaker discussed the importance of a sound Hungarian-Soviet relationship for successful internal reform, saying that current relations with Gorbachev are excellent and proceed on the basis of mutual respect and loyalty. He said that the support of the United States is also critical and spoke of Hungary's centuries-old struggle for autonomy. The goal, he said, is to adopt a balanced political orientation, replacing one that has been one-sided. (C)

Speaker Szuros continued saying that the Parliament sees its duty as contributing to the constitutional reform process which is attempting to make Hungary a multiparty democracy. He took special note of the contributions of U.S. Ambassador Mark Palmer and promised to work personally for stronger mutual relations between the United States and Hungary. (C)

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The President thanked the Speaker for his comments and emphasized his agreement with the speakers comments on the importance of change in the Soviet Union for Hungary's own economic and political reform. The United States welcomes reform in the Soviet Union and wants Gorbachev to succeed. It is not in the interest of the United States to see Gorbachev step boldly out on the course of reform only to fail. (S)

The President said that the United States is not trying to make Hungary choose between East and West. He said that he looks forward to the further development of the new relationship with Hungary, recognizing that the nature of internal reform is a matter for Hungary to decide but that the United States can play an important role in Hungary's economic development. (S)

The President said that he wishes the Hungarians well in developing a system in which Executive and Legislature work well together. He noted some of the problems of coordination that the American system of separation of powers has created but assured the Speaker that support for Hungary's reform is bipartisan. (S)

The Speaker closed the meeting by noting the concern of the Hungarian people with the concerns of the Hungarian minority in a number of countries. While those in America are free this is not true of Hungarians in other places. Hungary believes that this matter is an issue under the Universal Declaration on Human Rights. The problem is one not only for Hungary but also for the U.S.S.R. (S)

The President answered saying that the United States speaks out for human rights abuses and supports the Helsinki Accords which say that human rights issues are matters for the international community not matters of internal affairs. (S)

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Imre Pozsgay, Hungarian State Minister (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Mark Palmer, Ambassador to Hungary
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert D. Blackwill, Special Assistant to the
President for National Security Affairs
Condoleezza Rice, Director of European and
Soviet Affairs, NSC Staff (Notetaker)
L. Szimonisz, Interpreter

Imre Pozsgay, Minister of State
Laszlo Kovacs, Deputy Minister, Foreign Affairs
Bela Szombati, Interpreter

DATE, TIME July 12, 1989, 2:10 p.m. - 3:00 p.m.
AND PLACE: Music Room, Ambassador's Residence

The President welcomed Minister Pozsgay and told him that he was anxious to get his views of the changes taking place in Hungary. (U)

Minister Pozsgay said that he would be happy to give his opinions and hoped that in doing so he was helping U.S.-Hungarian relations. He noted that the President had already met with several leaders of the Hungarian Socialist Workers Party (HSWP), all of whom would agree that Pozsgay holds a special view of the situation. He said that the Party must find a way to cope with the pressures of the new reform period and that the new four member leadership was a step toward doing this. He had, he noted, considered separating from the Party and is still not certain that the initiatives for reform that he has been pushing are meeting with success. Nevertheless, he remarked that developments in recent weeks have made him more optimistic that a breakthrough for reform has been made. (C)

Minister Pozsgay then elaborated, saying that if the HSWP breaks radically with the past, it will have a basis to gain broad acceptance in the country. The Party cannot be a meeting point for Stalinist elements and must show itself to be a socialist

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rather than one that is paternalistic and state-guided. This means, he said, acceptance of Western European principles of democracy, including a spirit of tolerance toward opposition parties. The Party, though, is accustomed to having all the means of power in its hands. But the time has passed when the Party is the sole guardian of truth. Yet, the reflexes of power are strong and some turn to the old ways when challenged. Poszgay remarked that the only solution was the acceleration of the pace of the process of democratization. (S)

The President asked what could reverse the reforms. (S)

Minister Poszgay answered that the most likely case would be a de facto alliance between extremist elements of the opposition and conservative forces if the leadership is unable to deal with the many social problems facing Hungary. (S)

The President said that the old model had failed, however, and asked whether even those Party elements who are old guard realize that it would be difficult to improve the situation using old methods. (S)

Minister Poszgay answered that it is unlikely that this would happen only as an internal solution. Help from the outside would be necessary and, in the present circumstances, that could not happen. (S)

The President said that the United States is pledged to helping to see that those circumstances do not occur. He said that it is important for Soviet reforms to go forward and that the United States does not want to exacerbate Gorbachev's situation or make the Hungarian course more difficult. (S)

Minister Poszgay said that he was not worried about the United States and that he saw only two points of risk: the emergence of civil war which would attract outside intervention; or a Hungarian declaration of neutrality. The former he deemed unlikely and remarked that the latter was simply not possible for Hungary. Hungary can, he said, have an open foreign policy without declaring its neutrality as the President's visit exhibited. In sum, he remarked that he saw no incentive for the U.S.S.R. to intervene. (S)

The President asked whether there were actually some who were asking Hungary to break from the Warsaw Pact. (S)

Minister Poszgay answered that there were extremists who demanded this but they were few in numbers. (S)

Minister Poszgay then turned to a discussion of the internal political situation, stating that the opposition has been very

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clear in its demands but slow to shape a political program. As the opposition distances itself from the HSWP it is natural for them to target the communists. This, Poszgay noted, makes some HSWP members uncomfortable but does not disturb him personally. He said that these voices are the natural outcome of forty years of rule and will soon be behind Hungary. When this phase is passed, he said that it will be possible to form a coalition government. The most important step will be to have free elections which some of the opposition wishes to hold in the fall and others next spring. The problem for the opposition is organization and needs the delay in order to prepare for the elections. Whatever the timing, the goal is to have the transition take place peacefully. (S)

The President asked whether Poszgay was confident that the transition would be peaceful. (S)

Minister Poszgay answered that he was confident though the old lines of communication have been dismantling making information more difficult to come by. New forms of learning the attitudes of the public are necessary. (S)

The President asked whether the HSWP is taking political polls. (S)

Minister Poszgay said yes but that he is suspicious of them. The Polish experience shows that polls are not always reliable because the leaders heard from the polls what they wanted and misinterpreted them only to be shocked by the results. (S)

Governor Sununu asked about media access for the opposition. (S)

Minister Poszgay said that he is personally in the middle on this issue because it is his responsibility to control radio and TV and he has been accused of "selling out" to the opposition. On the other hand, the opposition says that he has a monopoly which he uses to his own ends. Legislation is needed but the opposition will be given fair access. He noted that the media covered fully the Nagy funeral. (S)

The President closed the meeting saying that the United States wants to be a constructive part of Hungary's reform and to work toward common objectives. (S)

Minister Poszgay remarked that this was evident in the President's trip and that all of Hungary thanks him for coming. (S)

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2/3/2014 MM

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with the Leaders of New Political Parties,
Hungary (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Mark Palmer, Ambassador to Hungary
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Marlin Fitzwater, Assistant to the President
and Press Secretary
Robert D. Blackwill, Special Assistant to the
President for National Security Affairs
Robert Zoellick, Counsellor to the Department,
Department of State
James Dobbins, Acting Assistant Secretary for
European Affairs, Department of State
Dennis Ross, Director, Policy Planning Staff,
Department of State
Condoleezza Rice, Director of European and
Soviet Affairs, NSC Staff (Notetaker)
Interpreter

Imre Konya, Independent Lawyers Reform
Miklos Vasarhelyi, Historical Justice Committee
Viktor Orban, Fidesz
Tibor Vidos, Democratic League of Trade Unions
Janos Marton, Hungarian People's Party
Karoly Vigh, Silinsz Society
Istuan Prepeliczay, Smallholders Party
Zoltan Biro, Hungarian Democratic Forum
Sandor Keresztes, Christian Democratic Party
Balint Magyar, Free Democrats

DATE, TIME July 12, 1989, 3:15 p.m. - 4:00 p.m.
AND PLACE: Living Room, Ambassador's Residence

The President opened the meeting saying that the reform movement in Hungary has captured the imagination of the American people and that he wanted to use the session with the opposition leaders to hear their views. He said that the United States did not wish to dictate the course of reform for Hungary but to be a constructive part of it, drawing upon basic American values of capitalism, entrepreneurship and democracy. The United States,

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can also help to improve the international climate so that reform can flourish. (S)

Zoltan Biro, of the Hungarian Democratic Forum, asked how the United States plans to support Hungary given the differences among the various groups. He said that while American economic aid is important, the President's visit has even greater political significance. (S)

The President answered that U.S. aid is structured to encourage freedom and democracy though some of the means are economic. He made reference to the intention to increase information through cultural exchange and noted that he did not come to back a particular party but to back an idea -- democracy and reform. Everyone he said is realistic but Hungary is beginning to create open conditions under which people can fight for what they believe in through free press and free elections. He remarked that he wanted all to know that he did not come to Hungary to make things more complicated for the U.S.S.R. The worst thing to do would be to get applause in the United States but to make it so difficult for the Soviet Union that Gorbachev would be forced to take a different course. (S)

The President continued noting the desire of the United States to see Gorbachev's reforms succeed. He said that a CFE agreement is important so that U.S. and Soviet troops can begin to go home. The U.S. also wants to move forward on START. The significance of a reduction in East-West tensions is great for internal reform in Hungary. The United States will speak up for its principles, of which it is justifiably proud, but will do so without interference in Hungary's internal affairs. (S)

Janos Marton, of the People's Party, said that the international situation is significant. He remembered the significance of the Marshall Plan that the United States wanted to extend to all of Europe. At the time, geopolitics prevented Hungary from taking part. Fortunately, the situation is now different. (S)

Balint Magyar, of the Free Democrats, agreed saying that the symbolism of the President's trip was very important, demonstrating that Hungary has room to decide for itself. No one wants another Yalta. But, he said, it is the concentration of power in the hands of the HSWP that worries the opposition. Eighty percent of state employees, 82% of those in industry and 80% of the members of the Armed Forces are from the Communist Party. The goal is to make sure that the Party cannot just repaint old buildings rather than restructuring them. Finally, he said that the opposition worried that the communist regime will use aid to unite totalitarian methods and western technological progress. (S)

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The President assured the group that the United States will aid only market forces and said that the best insurance against totalitarian methods was free elections and a populace willing to stand up for the reform. (S)

Tibor Vidos, of the Democratic League of Trade Unions, stated that it was his party's concern to rebuild the human element in society. For this reason, he was particularly heartened by the President's proposal for an America House and for a new Environmental Center. He remarked that his party hoped that the United States would set a good example for fair treatment of labor, good working conditions, good environmental programs and the like. Hungarians are trying to build a completely new country, he said. (S)

Victor Orban, of Fidesz, argued that while personality is important in the process of reform, the goal must be to build new institutions and legal guarantees. This was not easy with the HSWP. The goals of Fidesz reveal deep differences in the country. For instance, Fidesz wants to extract the expression "Hungary is a socialist state" from the constitution and would like the Police and the Army to dissolve their party cells. (S)

Istvan Prepeliczay, of the Smallholders Party, said that while political and economic problems are paramount, Hungary also has a very delicate foreign policy problem. Every third Hungarian lives outside of Hungary and the problems concerning the rights of minorities are thus of crucial importance. (S)

The President said that the human rights issue is always high on the U.S. agenda and that all countries have the right to speak out under the terms of the Helsinki Final Act. While some have said that it is meddling to do so, the United States believes that abuses of human rights must be exposed and challenged. The best weapon is access to public fora for expression. (S)

Secretary Baker remarked that the United States has actively challenged Romania on human rights abuses, including those concerning Hungarian minorities. (S)

The President added that, even though the Bulgarians and Romanians are angry that the U.S. is raising these issues, he intends to continue to do so. (S)

Miklos Vasarhelyi, of the Historical Justice Committee, returned to the question of elections, saying that the opposition needs to arrive at the elections in a state of equality with the HSWP. This is problematic without access to media. (S)

Secretary Baker noted that international observation is one way to assure free elections. (S)

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Sandor Keresztes, of the Christian Democratic Party, said that his party's economic plans are similar to those supported by the President. He asked whether, in addition to English language experts, the U.S. could send economic experts. (S)

The President said that the Management Center was structured to do that. (S)

Ambassador Palmer added that the Management Center will devote \$500,000 to bring in experts to look at restructuring parts of the Hungarian economy on the model of Western Pennsylvania's restructuring of a coal and steel town. (S)

Imre Konya, of the Independent Lawyers Reform, went on to note that democratization began in the society and has signalled to the Party the need to reform. Yet, he said, the Party has used a number of means to sew disunity in the opposition and has only recently admitted that it has a unified negotiating partner for the Roundtable. (S)

The President expressed his hope that his meetings with the HSWP leadership helped by emphasizing democracy and pluralism and encouraging the government to move further. Hopefully it will be hard to go back and easier to go forward. (S)

Secretary Baker added that elections are won through organization and unity and that it is important for the opposition parties to be unified, especially in the first elections. (S)

Karoly Vigh, of the Silinsz Society, remarked that the process of democratization is moving at a slower pace in the countryside than in Budapest. In the countryside there has hardly been a break in the role of the party, of the country party secretary and of the heads of collective farms. It is important for intellectuals to go back into the villages to be entrepreneurs. He also asked whether the United States could help the churches in Hungary, lamenting the poor spiritual life of the country. (S)

The President said that, given separation of church and state in the U.S., there was not much that the government could do except speak out for freedom of religion. There might, however, be a role for American churches. (S)

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THE WHITE HOUSE
WASHINGTON

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DECLASSIFIED
PER E.O. 12958,
AS AMENDED

CAP

000429.F
8/21/09

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Francois Mitterrand, President of France (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President
for National Security Affairs (Notetaker)
Interpreter

Francois Mitterrand, President of France
Jacques Attali, Special Counselor to the
President (Notetaker)
Interpreter

DATE, TIME July 13, 1989, 4:00 pm - 4:35 pm
AND PLACE: Palais de L'Elysee, President Mitterrand's
Office

The President asked President Mitterrand whether they were meeting in his working office. (U)

President Mitterrand said no that it was his ceremonial office. (U)

The President congratulated President Mitterrand[^] on eloquent and moving ceremony for the celebration of the 200th Anniversary of the Rights of Man and asked whether the performers were actors. (U)

President Mitterrand answered that they were. He went on to say that he holds feelings of respect and confidence for the President that he started to feel before his election. He referred to the warmth of feeling at Kennebunkport and said that he hoped the President would feel absolutely at home. There are always minor squabbles but friendship is secure. (C)

The President said that the old saying "there are no pancakes that don't have two sides" was appropriate in this circumstance. (C)

President Mitterrand remarked that they were lucky to have Attali and Scowcroft to settle all. (C)

The President then made a few remarks about Poland and Hungary saying that he feared that the two countries knew not to expect a blank check and understood that they must help themselves. He said

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that he had found the Hungarian leaders extremely impressive, warm and friendly. They are convinced that Gorbachev wants real change. He noted that he is more worried about Poland where labor demands will make it difficult to introduce reforms. The authority of the regime and the power of the population must find a way to coexist if reform is to succeed. He opined that a state crackdown would bring chaos which would lead to intervention. The Poles cannot move away from their alliances. The President remarked that Jaruzelski was probably the best candidate since he had lived through difficult times and was thus battered but experienced. Moreover, Jaruzelski and Walesa know each other. He then asked President Mitterrand to share his views of Gorbachev. (S)

President Mitterrand said that he thought Gorbachev more imperiled than ever before and may have to assert his authority. Mitterrand said that Gorbachev detested the Chinese course and feels threatened by it. Moreover, he never has time to sleep and is under constant pressure. He noted that Gorbachev had made a few critical remarks about the U.S. not being helpful in Afghanistan saying that the Soviet troop withdrawal had gone unanswered. President Mitterrand said that his suggestion that the Soviets withdraw aid to Najibullah went unanswered. Gorbachev also mentioned the President's remark about withdrawing Soviet troops saying that he would not last one week if he did such a thing. (S)

The President said that he could see Gorbachev's concern about his remark and said that perhaps he should talk with him. (S)

President Mitterrand observed that Gorbachev was not concerned about the President's diplomatic intervention in Eastern Europe. He suggested that the President should meet with Gorbachev. (S)

The President asked whether it would be valuable to do so even without an arms control agreement. (S)

President Mitterrand expressed the opinion that the important thing was that the superpowers talk and exchange views. (S)

The President said that the problem was that there might be nothing concrete to do. (S)

President Mitterrand answered that the two could simply meet as Presidents who had not yet met. (S)

The President asked Mitterrand whether Gorbachev was worried that the U.S. did not want perestroika to succeed. (S)

President Mitterrand said that he did not think so but if he did worry about that it would be a dangerous sign. (S)

The President noted that Gorbachev had said in New York that there was an element in the U.S. that wanted perestroika to fail and that it was a group that would never give up. (S)

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President Mitterrand suggested that much needs to be cleared up. Gorbachev established a personal relationship with Ronald Reagan and desired one with President Bush. (S)

Turning to the Middle East, the President asked for President Mitterrand's views on the position of the Arab League. (C)

President Mitterrand admitted that he was pessimistic and feared that there would soon be an offensive on East Beirut. He said that Israel had not been helpful but if the great powers keep stressing the importance of a unified Lebanon, Syria would not dare attack. The French are seeking to keep the Iraqis out of Lebanon. (C)

The President asked about politics in Israel. (C)

President Mitterrand replied that the situation was bad. (C)

The President agreed noting the pull from the right on Sharon. (C)

President Mitterrand then asked if the President was tired. (U)

The President responded that he was not because he was so exhilarated by what he had seen. (U)

President Mitterrand said that it was very important not to push the East European states to withdraw from the Warsaw Pact which might have to exist to the end of the century for stability. Western action, especially economic action, is fine but a break with security commitments had been the problem for Imre Nagy. When he declared Hungarian neutrality, Russian troops moved in. It is simply too soon to talk about dissolving the Warsaw Pact. (S)

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Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
051. Memcon	Re: Meeting with Margaret Thatcher, Prime Minister of Great Britain (3 pp.)	7/14/89	(b)(1)	TS

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: USSR Chronological Files
Subseries: Soviet Power Collapse in Eastern Europe Files
WHORM Cat.:
File Location: Soviet Power Collapse in Eastern Europe (July - August 1989)

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Re-review Case #:		Appeal Disposition:	
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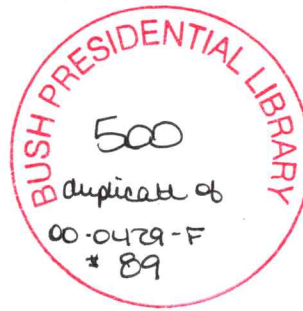
P-1 National Security Classified Information [(a)(1) of the PRA]
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WASHINGTON

6824

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Margaret Thatcher, Prime Minister of Great Britain (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs (Notetaker)

Margaret Thatcher, Prime Minister
Charles Powell, Private Secretary to the Prime Minister

DATE, TIME July 14, 1989, 8:45 am - 9:30 am
AND PLACE: Ambassador's Residence

The Prime Minister began the meeting by noting the importance of an IMF agreement for Poland, without which the reforms and assistance will be stalled. (Ø)

The President agreed and mentioned that Chairman Jaruzelski had said that it might be helpful to have the Head of the IMF on television in Poland to explain what they are trying to do. (Ø)

The Prime Minister said that flexibility is needed. (Ø)

The President then turned the discussion to North-South issues. (Ø)

The Prime Minister said that many of the developing countries realize that privatization is the key. If there is a pot of gold out there, it lies in private enterprise, which in turn depends on reform. Reform is the responsibility of the countries, debt is being worked on and aid should be carefully given. (Ø)

The President asked about the Prime Minister's earlier point that Third World countries are trying to sell the North commodities that are not needed but which are in surplus. (Ø)

The Prime Minister said that President Mitterand would surely raise the issue. But the goal for these countries is to get their economies functioning properly in order to attract private capital. She pointed out that aid would not increase markedly anytime soon. North-South dialogue should not be forced through a Summit. In fact, some leaders, like Gandhi, realize this. (Ø)

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The Prime Minister then raised the issue of refugees. The most immediate problem is Hong Kong where many of the residents want the UK to issue an insurance policy. (Ø)

The President asked whether the Prime Minister had contact with the new people in China. (Ø)

The Prime Minister

(b) (1)

(b) (1)

The President said that he had reason to think that there was hope for the Chinese leadership. Some have said that Li Peng is pretty good. The key question is what the West should ask China to do. (Ø)

The Prime Minister

(b) (1)

(b) (1)

The President turned to the question of Chinese students in the United States and said that a number were choosing to have children in the U.S. who would then be U.S. citizens. (Ø)

The Prime Minister added that the students will want to stay and that Britain intends to grant them working visas. (b) (1)

(b) (1)

The Prime Minister then turned to the problem of Cyprus,

(b) (1)

(b) (1)

The President remarked that he saw no reason not to back the Secretary General. (Ø)

The Prime Minister then asked about the President's assessment of the situation in Israel and the position of Prime Minister Shamir. (Ø)

The President said that the Israelis were upset but that they would not dictate American policy. Some are after Secretary

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Baker whom the President said he backed fully. The goal is to keep the election process on track. There are few answers to the problems there, he said. (S)

The Prime Minister

(b) (1)

(b) (1)

(S)

The President said that he had a lot of faith in people like Rabin when he was there but hoped to work with this leadership. Discussing the political situation further, the President noted that Egyptian President Mubarak appeared relaxed about the situation. (b) (1) (S)

The Prime Minister

(b) (1)

(b) (1)

The President closed the discussion of the Middle East, saying that some European states want to rehabilitate Qadhafi, a position that the United States rejects. (S)

The Prime Minister

(b) (1)

(b) (1)

(S)

The President remarked that he worried about another "aspirin plant" in Libya and consequences like the Iraqi nuclear reactor raid of several years ago. (S)

The President turned the conversation to structural problems in the Western economies asking Mrs. Thatcher's opinion. (S)

The Prime Minister noted that the British have a budget surplus and still a trade deficit even though the two are closely linked. (S)

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Ruud Lubbers, Prime Minister
of the Netherlands (U)

PARTICIPANTS: The President
The Vice President
James A. Baker, III, Secretary of State
C. Howard Wilkins, Ambassador
Governor John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Marlin Fitzwater, Assistant to the President
and Press Secretary
Roger B. Porter, Assistant to the President
for Economic and Domestic Policy
William K. Reilly, Administrator,
Environmental Protection Agency
Robert Zoellick, Counsellor to the
Department, Department of State
James Dobbins, Acting Assistant Secretary for
European Affairs, Department of State
Robert D. Blackwill, Special Assistant to
the President for National Security Affairs

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8/21/09

Prime Minister Ruud Lubbers
Rudolf de Korte, Vice Prime Minister
Hans van den Broek, Minister of Foreign
Affairs
Onno Ruding, Minister of Finance
Ed Nijpels, Minister of Housing
Richard Fein, Netherlands Ambassador to U.S.
Henry Wijnaendts, Director General, Political
Affairs
M.J.D. van der Voet, Director, Information
Service
Robert Meys, Head of Western Hemisphere
Directorate
Jan Willem Holtslag, Advisor to the Prime
Minister

DATE, TIME
AND PLACE:

July 17, 1989, 11:40 am - 12:45 pm
Binnenhof 20, The Hague

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Prime Minister Lubbers said he was gratified and honored to host the President in the Netherlands and expressed the hope that the President could relax after his taxing European journey.

The Prime Minister said he particularly welcomed the President back. It is not a cliché that our countries share fundamental values. The Dutch are grateful to the President, especially for the determination the President expressed in Brussels to overcome the division of Europe. (U)

The President replied that it was hard to be formal with a man he considers a friend of long standing. The President said he was touched by Queen Beatrix's coming back from vacation to meet the President at the airport. The President, offering to share his impressions of the Economic Summit, said he would ask Secretary Baker to sum up the actions taken, especially as they might effect the Netherlands, and ask Mr. Reilly to discuss the environment. The President added that he would also like to discuss Eastern Europe and the amazing changes that have occurred in Poland and Hungary in the last two years. (U)

Secretary Baker began by saying the Summit was a great success. It was his ninth in one capacity or another and one of the most successful he had attended. The Summit dealt with trade, monetary policy, and debt, which is the most serious problem. The Summit participants agreed to a certain amount of debt relief for the Third World, especially for sub-Saharan Africa. The Secretary noted they also talked about the Uruguay Round and thanked the Prime Minister for his government's help in moving the process along. On questions of development, the Summit agreed on the importance of structural adjustment. There were extensive discussions on the environment, about which Mr. Reilly would be dealing with expertly, and on drugs. (C)

Secretary Baker, continuing, noted that the Summit also issued political declarations on East-West relations, reflecting the breathtaking changes in Eastern Europe, and on China, human rights, and terrorism. The President had stressed the importance of supporting change in Poland and Hungary. In Poland, the economy is in desperate shape, but political changes are quite dramatic. In Hungary, there are also political reforms and more encouraging economic reforms. The Secretary said that in three to four weeks there would be a follow-up meeting, to which he hoped the Netherlands would come, chaired by the EC Commission. There had been little debate on China. The President's policy of avoiding isolating China was adopted in Paris. Finally, there were strong declarations on human rights and the importance of combatting terrorism, and especially aircraft safety. (C)

The President added that it is important to ask what we want China to do now and what China can do now, mindful of the constraints on this aging generation. The U.S. is trying to preserve what it can of this relationship because of its

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strategic importance. The President said the Administration is thinking this through and wanted to discuss this with the Dutch.

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Mr. Reilly observed that the Summit was wholly without precedent with regard to the environment, which accounted for one third of the communique. The Seven said action on an urgent basis is required to address a full phase-out of fluorocarbons, support for the Inter-Governmental Commission on Global Climate Change, and to focus special attention on developing countries and on Eastern Europe. Acid rain and pollution of rivers were of special concern. The Summit also supported industrial scientific research without delaying action. The Seven discussed the problem of tropical rain forests and the idea of debt-for-nature swaps. In short, he concluded, the Summit moved the environment from the margin to the mainstream. ~~(C)~~

Secretary Baker added that the Summit Declaration welcomed changes in the Soviet Union but emphasized the need for a strong NATO. ~~(C)~~

General Scowcroft said it was not clear whether Chairman Gorbachev had sent his letter to make news, but such was its result. His broad suggestion for closer cooperation shows a definite departure from past autarkic approaches. If the Soviet leadership is serious, this initiative may be part of this historic shift. It is not clear, however, whether they realize how far they have to go. ~~(C)~~

The President alluded to press speculation about whether Gorbachev might attend a G-7 meeting. That would be impossible, of course, but the Summit did not want to be begrudging. This had been a major topic at the President's press conference. ~~(C)~~

Mr. Fitzwater observed that this surprising element became important because the rest of the Summit had gone so smoothly.

~~(C)~~

Prime Minister Lubbers found it reassuring that Gorbachev, with all his problems, had time to write a letter. The Prime Minister said that the Dutch are positive about the G-7 summit but somewhat apprehensive about how the G-7 fits in with other Western institutions, especially regarding financial and economic matters. ~~(C)~~

Foreign Minister Van Den Broek said the communique was helpful and harmonious, but wondered how the discussions on monetary coordination would be carried out. Would it be in the G-7, where the Dutch do not participate, or in the IMF and other multilateral financial institutions, as the Dutch would prefer? The U.S. had created these institutions, and the Foreign Minister said he hoped the U.S. would protect them. The Dutch are often

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asked to follow up on G-7 decisions, and would like to be involved from the beginning. The Foreign Minister asked to what extent the Russians have in mind obtaining credits through, for example, the IMF. That would make the IMF a different sort of institution. As to the international debt strategy worked out by Secretaries Baker and Brady, the Dutch would have to examine the question of whether more capital resources should be made available for the IMF. (S)

The President replied that the Soviets will try to get economic help from the West in any way they can. Gorbachev knows his economy is in trouble. (C)

Secretary Baker noted that all the discussions within the G-7 assumed that the international monetary institutions would remain the center of this effort. As to the Dutch wanting to be present at takeoff as well as landing, the U.S. would take note of this very sensible point. The Soviet Union's joining international financial institutions is premature and would fundamentally change the charter of the IMF and World Bank. GATT would have to come before the others. (C)

The President commented that General Jaruzelski said he would welcome it if the heads of the World Bank and IMF came to Poland to speak to the Polish people on the need for sacrifice and reform. This would help Jaruzelski shift the onus for austerity from himself to an external body. His was a cri de coeur. The President said he could not imagine that happening in the Soviet Union. Nor could the scene in Gdansk, with the enormous crowds, happen yet in the Soviet Union. In Poland and Hungary, as well as at the G-7, the President had stressed that the U.S. offers no threat to Gorbachev. (C)

Prime Minister Lubbers said he hoped for intensified global efforts on the economy, but also expressed worry about new tensions between North and South. Forests are a global problem, which must be worked on together with the South. (C)

Mr. Mathis said it might be possible to establish a link between the World Climate Convention and the G-7 to address the CFC problem. (C)

Mr. Reilly noted that the question of international funding for world environmental issues is a delicate one. Perhaps the World Bank and the regional banks would be possible sources of funding. (C)

Governor Sununu noted that the U.S. will spend a quarter of a billion dollars this year on research modeling for environmental efforts. (C)

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Mr. Mathis added that at a conference in the Hague in November, the Dutch hoped to improve our capacity to cooperate on the environment. ~~(C)~~

Mr. Reilly emphasized the need for concentrating efforts on existing institutions. ~~(C)~~

Prime Minister Lubbers agreed that this was an increasingly important issue for politicians everywhere. He stressed the need for a pragmatic approach and close cooperation between the U.S. and the Netherlands. ~~(C)~~

The President, concluding, mentioned that he had discussed the environment with President Sarney at the Hirohito funeral and agreed that this is a very sensitive issue that demands careful handling. ~~(C)~~

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THE WHITE HOUSE
WASHINGTON

6824

MEMORANDUM OF CONVERSATION

SUBJECT: Working Luncheon with Ruud Lubbers, Prime Minister, of Netherlands (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
C. Howard Wilkins, Ambassador
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Roger B. Porter, Assistant to the President for Economic and Domestic Policy
William K. Reilly, Administrator, Environmental Protection Agency
Robert Zoellick, Counsellor to the Department of State
James Dobbins, Acting Assistant Secretary for European Affairs, Department of State
Robert Blackwill, Special Assistant to the President for National Security Affairs (Notetaker)

Ruud Lubbers, Prime Minister
Rudolf de Korte, Vice Prime Minister
Hans Van den Broek, Minister of Foreign Affairs
Onno Ruding, Minister of Finance
Ed Nijpels, Minister of Housing
Richard Fein, Netherlands Ambassador to U.S.
Henry Wijnaendts, Director General, Political Affairs
M.J.D. van der Voet, Director, Information Service
Robert Meys, Head of Western Hemisphere Directorate
Jan Willem Holtslag, Advisor to the Prime Minister

DATE, TIME July 17, 1989, 12:55 pm - 2:35 pm
AND PLACE: Jacob Catshuis

Prime Minister Lubbers asked the President if the French bicentennial had been successful. (U)

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The President answered that it had been marvelous and that the French should take pride. The President asked Prime Minister Lubbers to give his views of the role of the European Parliament. (U)

The Prime Minister answered that the authority of the Parliament is currently limited. Gradually the powers have increased but it is a slow process but as the European Community's stature grows, so will the power of the Parliament. The Prime Minister added that Austria has applied to join the EC but that its neutrality poses a strategic decision. The issue was raised with Gorbachev as well as whether the Council of Europe might be an appropriate institution for forging relationships with East European reformist regimes. (C)

Secretary Baker asked about the European Community's movement toward monetary union. (C)

The Prime Minister replied that the French are now positive about the prospect of monetary union but that the British are proving to be very difficult. It may take many years to move from a single market in 1992 to monetary union. (C)

The President asked how Turkey would be handled. (C)

Vice Deputy Minister Korte replied that Greece and Turkey are problematic because of their low GNPs and violations of human rights. (S)

The President asked why Austria wanted to join the EC but Finland had made no such approach. (C)

Vice Deputy Minister Korte answered that trade patterns explained the differences in the two approaches. (C)

The President continued, asking if these countries were not worried about the single market. (C)

Vice Deputy Minister Korte said that the European Free Trade Association (EFTA) is itself increasingly prosperous. (C)

The President then asked whether it was imaginable that a party could come to power in Germany that would call these trends into question. (C)

Prime Minister Lubbers answered that all Europeans are increasingly worried about emigration and that this has fueled the rise of the Republicaners who might question the single market. (C)

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THE WHITE HOUSE
WASHINGTON

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2/3/2014 MM

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Wim Kok, Opposition Leader of The Netherlands (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
C. Howard Wilkins, Ambassador
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert D. Blackwill, Special Assistant to the President for National Security Affairs
Condoleezza Rice, Director for European and Soviet Affairs, NSC Staff (Notetaker)

Wim Kok, Opposition Leader
Hans Alders, Labor Party
Jan Bronk, Labor Party
M.A.M. (Thijs) Woltgens, Labor Party
Relus Ter Beek, Labor Party
Arend Hilhorst, Personal Assistant to Mr. Kok

DATE, TIME July 18, 1989, 7:55 am - 8:25 am
AND PLACE: Ambassador Wilkins' Residence
The Hague, Netherlands

Mr. Kok opened the session by asking the President if he had been satisfied with his trip. (U)

The President said that his trip to Poland and Hungary and to the Economic Summit had gone well. He noted his satisfaction with the tremendous changes taking place in Eastern Europe. (U)

Mr. Kok thanked the President for visiting the Netherlands and noted that he shared the President's appreciation for the reforms in Eastern Europe. He said that he wanted to use the scarce time to ask about three specific possibilities for an expansion of U.S.-Soviet relations: arms reduction; ecological and technological cooperation between East and West; and economic cooperation. On the first matter, he expressed support for the President's CFE proposal but said that more needed to be done, particularly in the area of short-range forces (SNF). The other two opportunities, he said, were important because they fit with the strategy of helping perestroika to succeed. In this vein, he

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asked for the President's views of Gorbachev's letter to the Summit Seven. He said that he personally viewed the letter as an expression of the Soviets' wish to be a responsible member of the international community and as a sign that the West should be comprehensively involved in the Soviet Union's economic reform process. (S)

The President remarked that the Soviet economic system has failed and that Gorbachev is trying to change it. At this juncture, the signs are positive because they are trying to work their way out of an economic mess. But the Soviets have little to contribute to the world economy and must address themselves to their internal economic difficulties before they can play a constructive role. The Soviet Union needs to trim its bureaucracy and make the environment for joint ventures more favorable. At this point in time, the best that the West can do is encourage economic reform just as we are doing in Poland and Hungary. He added that the Soviets can tell the West nothing about running an economy. It is simply too early for the Soviets to even think of joining the IMF or like institutions. The society is probably not open enough yet to have the IMF go in to help. The President reiterated his desire to see perestroika succeed and his commitment to respond appropriately. But, he noted, there is no room for euphoria and it is important to avoid any action that would compromise Western security through loosening up the transfer of sensitive technologies. (S)

The President then turned to the military sphere, saying that NATO is in a strong position but that he differed with Mr. Kok on the desirability of SNF negotiations. The Soviets still possess superiority in this category and negotiations are very premature. He expressed the hope that CFE would proceed on the rapid timetable that NATO laid down and said that he was discouraged to hear General Staradubov say that the timetable was unrealistic. He noted that Foreign Ministry press spokesman Gennadyi Gerasimov had retracted that statement. Finally, the President commented that the U.S. verification and confidence building measures package could only help START. After all, the Soviets had been very disappointed when the U.S. was unable to ratify the SALT treaty. It would be a mistake to put forward another unratifiable treaty. (S)

Secretary Baker added that the question of parallel negotiation of SNF and CFE was a mistake in the view of the Alliance because a land-based force was critical in maintaining nuclear deterrence. He reminded Mr. Kok that the President has responsibility for 300,000 American lives in Europe and that they can only be protected through a strong nuclear deterrent which maintains security. (S)

The President asked Secretary Baker to comment on Mr. Kok's question concerning ecological cooperation. (S)

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The Secretary said that the United States and the Soviet Union have talked in general about environmental problems. (S)

The President opined that Gorbachev has so many economic problems that ecology might actually be a lower priority. (S)

Governor Sununu added that ironically global warming might turn out to be an asset for the Soviet Union given the northward location of the country. (S)

The President noted that his first priority had been cleaning up the American environment through passage of the Clean Air Act. (S)

Mr. Kok returned to the question of economic cooperation. He said that the issue of who could learn from whom was irrelevant because everyone is in the same boat. Soviet leaders are dealing with world-wide problems. (S)

The President asked Mr. Kok to clarify his statement. Did he mean political, military or economic problems? (S)

Mr. Kok said that he meant all problems and that the world should not try and test Gorbachev but should ask what we can do for him. He asked when the President would sit down with Gorbachev? (S)

The President remarked that there will eventually be a bilateral summit to discuss arms control and other issues but timing is everything and the timing has not yet been right. (S)

Secretary Baker said that Gorbachev could respond in the political-military area because there is a proposal on the table and there are conditions that could be met in the settlement of regional issues. But in the economic area there is nothing that the Soviet Union can offer. (S)

Mr. Kok said that in general he meant only to convey that dramatic changes are taking place and that while it is up to the Soviet Union to solve its problems it is up to the West to support the process of reform. It is psychologically important for the Soviets to know that we are supportive and critical for us that we not miss the opportunities. (S)

The President relayed the comment of an East European leader who said that the problem is not the economy but the nationalities. The President said that the key is to contribute where possible and to be careful not to hurt the process. (S)

Turning to the environment, Mr. Kok said that he read with interest the attention given to these issues in Paris. The issue that he wished to raise was one of implementation. He asked the

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President to what extent the U.S. is ready to strengthen UN bodies in the field of the environment in the search for multilateral solutions to the problems. (S)

The President answered that most of the emphasis was on strengthening internal processes but that international organizations had an important role to play. (S)

Mr. Kok expressed his support for a "World Environmental Fund" as proposed by Norway to help the least developed countries. (S)

Governor Sununu asked how such a fund would deal with the unwillingness of even developed countries to clean up their own problems. Moreover, countries have different priorities. Brazil, for instance, doesn't think that the destruction of the rain forests is a problem. (S)

Secretary Baker said that the difficulty with such organizations always came in implementation and that the U.S. favored working through existing institutions. The main problem is that many countries waste resources through central planning and cannot set up proper management of environmental protection. (S)

Mr. Kok argued that a new multilateral fund that saw the linkage between development and environmental protection was needed. (S)

The President ended the meeting by saying that East-West relations were on a good course and that the world community now seemed to see the logic of the U.S. policy course. (S)

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MEMORANDUM OF CONVERSATION

SUBJECT: Breakfast with Dutch Parliamentary Leaders (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
C. Howard Wilkins, Ambassador
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Marlin Fitzwater, Assistant to the President
and Press Secretary
Roger B. Porter, Assistant to the President
for Economic and Domestic Policy
William K. Reilly, Administrator,
Environmental Protection Agency
Robert Zoellick, Counsellor to the Department
Department of State
James Dobbins, Acting Assistant Secretary for
European Affairs, Department of State
Robert D. Blackwill, Special Assistant to the
President for National Security Affairs
Condoleezza Rice, Director for European and
Soviet Affairs, NSC Staff (Notetaker)

Piet Steenkamp, President First Chamber of
the States General
Piet van der Sanden, Fourth President, Second
Chamber of the States General, also Second
Vice President of CDA Parliamentary Group
in Second Chamber
Elizabeth Baarveld-Schoolman, Chairman,
Foreign Affairs Committee
Joep de Boer, Chairman, Foreign Affairs
Committee
A. J. Kaland, Floor Leader, PVDA
Parliamentary Group, First Chamber
Ger Schinck, Floor Leader, PVDA Parliamentary
Group, First Chamber
Y.P.W. van der Werff, Deputy Floor Leader,
VVD Parliamentary Group, First Chamber
Louise Tiesinga-Autsema, Secretary, Democrats
66 (D66) Parliamentary Group, First Chamber
Wim Kok, Floor Leader, PVDA Parliamentary
Group, Second Chamber

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Joris Voorhoeve, Floor Leader, VVD
Parliamentary Group, Second Chamber
Doeke Eisma, Foreign Affairs Specialist, D66
Parliamentary Group, Second Chamber

DATE, TIME July 18, 1989, 8:25 am - 9:45 am
AND PLACE: Ambassador Wilkins' Residence
The Hague, Netherlands

Dr. Steenkamp opened the meeting saying that the U.S.-Netherlands relationship is very sound and that the United States could expect continued good relations after the elections. The two countries have broad areas of common interests and deeply shared values. (C)

The President agreed and said that he would open with a few words about his trip which he viewed as positive. Remarkable changes are underway in Poland and Hungary. The President said that he had been especially impressed with the lunch at the American Ambassador's Residence where Solidarity and the regime affirmed the spirit of reconciliation. The goal of the West, he said, should be to encourage reform without interfering in internal politics. The United States is determined to handle the relationship in a way that reforms can go forward. (C)

The President said that he also wanted our allies to know that he is committed to a strong American economy and that he is pleased with the continuing economic recovery and job creation. The key now is to get the deficit down and this is sometimes in conflict with the need for resources for our international programs. Yet, it is important not to raise taxes because the growing economy has created 20 million jobs in the last seven years. He then asked the assembled leaders for their questions. (C)

Dr. Eisma began by saying that his party attaches great importance to the U.S.-Dutch relations and that the President's speech had answered most of his questions. While the rapid change in Eastern Europe was certainly welcomed, it had created some problems and he worried about the credibility of the Alliance in the future and the rebirth of nationalists feelings in places like Germany. (C)

Dr. Voorhoeve asked the President to comment on the U.S. peace initiative in the Middle East. (C)

The President regretted the fact that Shamir had been pulled to the right by the Israeli government but reminded the guests that the United States does not control Israel. He mentioned the U.S. decision to open a dialogue with the PLO and said that it was a positive step. (C)

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Dr. Voorhoeve asked whether the President was opposed to Secretary Baker sending a representative to the Middle East. (C)

The President said that he had full confidence in Secretary Baker and that he would have no problem with a representative going there when the time was right. There was never a question of a Presidential envoy, however. The President mentioned that there had been concern that Likud might be devaluing its own initiative under pressure from the right but said that the U.S. was now satisfied that Shamir has not changed his position. He added that he is deeply troubled by the situation in Lebanon which is emotional for Americans, especially in light of the U.S. hostages there. (C)

Dr. Eisma turned the conversation to environmental problems and asked for a comment on the U.S. approach. (C)

Secretary Baker said that the U.S. opposes the creation of a new institution and thinks that the Intergovernmental Panel on Climate Control (IPCC) is the appropriate institution. The real key is to get all countries to manage development and environmental protection simultaneously. (C)

Governor Sununu agreed and added that technical assistance and research would have significant long-term benefits. The United States is devoting \$250 million annually to research. (C)

Mr. Kok said that many of the ecological problems in parts of the world simply represented a lack of money and that this is why he supports Norway's proposal that the developed countries contribute 0.1% of GNP to a "World Environmental Fund." It is also necessary to improve the UN machinery. (C)

Governor Sununu pointed out that less developed countries say that the developed nations need to clean up their own environmental problems. Technical assistance is our best gift to developing countries. (C)

Secretary Baker asked Mr. Kok how the money for such a fund would be administered. (C)

Mr. Kok replied that an international body would do so. (C)

The President remarked that having served in the UN he was aware of its strengths and weaknesses and that it was not an effective institution in some areas. (C)

Secretary Baker reminded the group that the Bretton Woods Institutions could play a role since economic management was also a key to environmental protection and said that he had difficulty conceiving of a completely new organization for this purpose. (C)

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The WEU Assembly asked the President's view of the strengthening of the European pillar. (S)

The President answered that the United States supports a strong European defense pillar. (S)

Mevr. Baarveld-Schoolman asked the President how the development of expensive new weapons like the B-2 fit into his view of a changing world. Would not the Soviet Union see this as a contradiction and how do these expensive items fit into the U.S. plans to reduce defense spending. (S)

The President said that the importance of a strong deterrent was clear. The world is at peace, we are negotiating with the U.S.S.R. and looking boldly forward. That strategy has brought peace to the great democracies which are not aggressive nations. (S)

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