

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: 91125
Folder ID Number: 91125-009

Folder Title:
Soviet Power Collapse in Eastern Europe (August - October 1990)

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	3	4

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Memo	Robert L. Hutchings to Brent Scowcroft Re: Military Exchanges with Eastern Europe (1 pp.)	8/16/90	(b)(1)	S
01b. Draft	Re: Military-to-Military Contacts with Eastern Europe (2 pp.)	n.d.	(b)(1)	S
01c. Cover Sheet	NSC Profile Sheet Re: [Presence in US] (1 pp.)	08/23/90	(b)(1)	S
01d. Memo	To Robert M. Gates Re: [Presence Within the U.S.] (1 pp.)	8/23/90	(b)(1)	S
01e. Memo	From U.S. Justice Department Re: East European Diplomatic Presence (3 pp.)	8/17/90	(b)(1)	S
01f. Report	Re: [A Reevaluation of the Threat] (3 pp.)	6/1990	(b)(1)	S
02a. Cable	Re: His Political... (1 pp.)	n.d.	(b)(1)	
02b. Memo	Robert L. Hutchings to Brent Scowcroft Re: State Visit by President Jaruzelski of Poland (2 pp.)	9/10/90	(b)(1)	S
02c. Cable	Re: Timing of Poland's Presidential Elections: Perhaps December (3 pp.)	9/5/90	(b)(1)	C
02d. Cable	Re: Political Tea Table for September 18; Jaruzelski Visit (3 pp.)	9/11/90	(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 (August - October 1990)

Pinksheet Number: cap1061
OA/ID Number: 91125-009
Date Closed: 3/31/2009
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
03a. Memo	Adrian Basora to Brent Scowcroft Re: Your Meeting with Deputy Prime Minister Balcerowicz (2 pp.)	9/26/90	(b)(1)	C
03b. Report	Government report Re: Leszek Balcerowicz (1 pp.)	3/13/90	(b)(1); (b)(3)	C
04. Memo	Robert L. Hutchings to Brent Scowcroft Re: Your Meeting with Foreign Minister Jiri Dienstbier of Czechoslovakia, September 28, 1990 (1 pp.)	9/28/90	(b)(1)	C
05a. Outline	Re: Meeting with Prime Minister Jozsef Antall of Hungary (3 pp.)	10/17/90	(b)(1)	S
05b. Talking Points	Re: Points To Be Made for Meeting with Prime Minister Antall of Hungary (5 pp.)	n.d.	(b)(1)	S
05c. Report	Government report Re: Jozsef Antall (2 pp.)	10/9/90	(b)(1); (b)(3)	S
05d. Report	Government Report (1 pp.)	8/10/90	(b)(1)	S
05e. Report	Government report Re: Bela Kadar (1 pp.)	10/5/90	(b)(1); (b)(3)	C
05f. Report	Government report Re: Peter Zwack (1 pp.)	10/1/90	(b)(1); (b)(3)	C
05g. Memo	James A. Baker, III to POTUS Re: Official Visit of Prime Minister Jozsef Antall, October 17-19, 1990 (4 pp.)	10/15/90	(b)(1)	S

Page 2 of 3

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05h. Memo	Robert L. Hutchings to Brent Scowcroft Re: Visit of Hungarian Prime Minister Jozsef Antall (1 pp.)	10/16/90	(b)(1)	S
06. Memo	Adrian Basora to Brent Scowcroft Re: Renewed Push to Help Eastern Europe? (3 pp.)	10/9/90	(b)(1)	S
07a. Memo	Brent Scowcroft to POTUS Re: Polish Debt (2 pp.)	10/22/90	(b)(1)	C
07b. Memo	Timothy E. Deal and David C. Gompert to Brent Scowcroft Re: Polish Debt (1 pp.)	10/15/90	(b)(1)	C
07c. Cable	Re: Presidential Correspondence: Response to Mazowiecki July 3 Letter (2 pp.)	8/23/90	(b)(1)	C
07d. Memo	Brent Scowcroft to POTUS Re: Polish Debt (2 pp.)	n.d.	(b)(1)	C
08a. Memo	Robert L. Hutchings to Brent Scowcroft Re: November Trip: Replies to Teltschik and Black (1 pp.)	10/30/90	(b)(1)	C
08b. Message	Re: Message from General Scowcroft to Horst Teltschik (1 pp.)	n.d.	(b)(1)	C

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P-2/P-5 Review Case #:

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NSC/S PROFILE

RECORD ID: 9006578
RECEIVED: 16 AUG 90 09

CHRON FILE

TO: SCOWCROFT

FROM: HUTCHINGS
BASORA
KANTER

DOC DATE: 16 AUG 90
SOURCE REF:

KEYWORDS: EUROPE EAST
MILITARY OPERATIONS

NATO



PERSONS:

SUBJECT: US - EAST EUROPEAN MILITARY EXCHANGES

ACTION: NOTED BY SCOWCROFT DUE DATE: 20 AUG 90 STATUS: C

STAFF OFFICER: HUTCHINGS

LOGREF:

FILES: PA NSCP: CODES:

DOCUMENT DISTRIBUTION

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White House Guidelines

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

By *Cop* NARA, Date 3/31/09

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OPENED BY: NSALW

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DOC 1 OF 1

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RECORD ID: 9006578

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

001 SCOWCROFT
001

CAO ASSIGNED ACTION REQUIRED

Z 90081720 FOR INFORMATION
X 90082911 NOTED BY SCOWCROFT

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

By Cop NARA, Date 3/31/09

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6578

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

August 16, 1990

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ADRIAN BASORA (ACTING) / ARNOLD KANTER *AAB*
FROM: ROBERT L. HUTCHINGS *RZH*
SUBJECT: Military Exchanges with Eastern Europe *AK*

*Nat Sec Advisor
has seen*

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PER E.O. 13526

*2009-1016-MR
bah 4/15/13*

At our initiative, a working group of the Defense PCC met August 15 to review a JCS draft two-year plan for military exchanges with Eastern Europe. A few weeks ago, I prepared the attached draft as a conceptual framework to guide what has so far been a patchwork of military exchange proposals, many of which we have turned off in the past six months. The draft, which Mike Hayden and I coordinated informally with State and DoD, was presented and approved, with some additions, by the PCC working group as the draft "goals and objectives" of U.S.-East European military exchanges. The final draft, along with the proposed two-year plan, will be incorporated into a cable to posts, for handling in the crosshatch system.

The paper only touches on some of the larger issues with which U.S. policy must soon come to terms. (Havel's security advisor asked me the other day how NATO would respond if Czechoslovakia applied for membership -- revealing, among other things, how far the Prague leadership has moved since Havel's visit here in February.) If the East Europeans want out of the Warsaw Pact but cannot join NATO, yet also reject neutrality as their goal, where do they find their security in the Europe of the future? And how do we ensure that there is not a military vacuum in the heart of Europe? The near-term answer may be "armed neutrality," combined with such non-binding security assurances as can be provided multilaterally (NATO, the CSCE, the WEU) and bilaterally. But issues like this obviously go well beyond the purview of a PCC.

As we continue thinking through these and related questions, we will be looking at ways to bring high level attention to them at the appropriate time. **Meanwhile, we will ensure that any comments or changes you have to the Tab I draft are incorporated into the final paper.**

Mike Hayden concurs. *H*

Attachment

Tab I Draft Paper on U.S.-East European Military Exchanges

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D R A F T
=====

MILITARY-TO-MILITARY CONTACTS WITH EASTERN EUROPE

With the London Summit Declaration and a prospective CSCE Summit in November, our approaches toward the East European militaries (through NATO as well as bilaterally) will expand considerably. While some of the programs and exchanges we consider will be similar to those we have undertaken with the Soviets, our objectives are fundamentally different.

Ultimately, U.S. policy should aim to insure that in the event of armed conflict in Europe, the East Europeans would support U.S. objectives -- either through active cooperation or friendly neutrality. Toward that unspoken end, we should pursue the following principal objectives:

- Promoting the development of professional militaries accountable to democratic civilian leaderships.
- Encouraging development of defense postures designed to serve the national goals of the East Europeans and replace the collective security relationships of the Warsaw Pact.
- Moving from adversarial to friendly security relationships with the military leaderships of Eastern Europe, as well as with their intelligence services.
- Developing habits and patterns of U.S.-East European military cooperation from top to bottom.
- Assisting East European efforts to eliminate Soviet penetration of their defense establishments and intelligence services.
- Weaning the East Europeans gradually from reliance on Soviet suppliers of weaponry.
- Advancing U.S. objectives in arms control, as well as the NATO agenda set forth in the London Summit Declaration.
- Developing regular dialogues regarding arms sales and other military relationships with third countries, including the control of technologies for weapons of mass destruction.
- Coordinating among our Allies our broad goals and approaches toward the East European militaries.

The rapid development of U.S.-Soviet military-to-military exchanges shows that such programs can quickly take on a life of their own. While our ultimate objectives in Eastern Europe may be ambitious, our pursuit of those objectives should be circumspect. The following caveats should guide our approaches:

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2009-1016-MR

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- 2 -

- With the erosion of security ties in the Warsaw Pact, some East European political and military leaders are looking to the West for new security guarantees. Any individual or official engaged in contacts with the East Europeans should seek political guidance before offering an opinion or responding to inquiries on this very sensitive topic.
- Whereas we have had a broad, if not always cordial, political dialogue with Moscow for many years, our substantive dialogue with the East Europeans is just beginning -- and in some instances is being initiated through military rather than political channels. In initial exchanges touching on broad security issues, every effort should be made to include State, NSC, or other representatives in the U.S. delegation.
- Particularly before the conclusion of German unification and the withdrawal of all Soviet stationed forces, we should be sensitive to Soviet security concerns and avoid being seen as rushing in to fill the void left by a Soviet Union in retreat. The fact that a program has been undertaken with the Soviet military is not in itself sufficient grounds for pursuing a similar program in Eastern Europe.
- Even the most friendly, open, and avowedly anti-Soviet elements of the East European militaries remain thoroughly penetrated, as do their civilian and military intelligence services. Every program should be pursued on the assumption that its substance will reach Moscow.

Priority attention should be devoted to Poland. Czechoslovakia is next, followed by Hungary. These three, in that order, matter strategically to the West (and Moscow), and they have democratic governments with whom we are developing strong and cooperative relationships. Bulgaria and Romania are of a lower priority, and our exchanges should reflect their lower strategic significance and the greater salience of programs related to civil-military relations, as well as the fact of their still-Communist political leaderships. (As a rough guide, we should apportion our efforts as follows: Poland - 50%, Czechoslovakia - 20-25%, Hungary - 10-15%, Bulgaria and Romania - less than 10% each.)

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Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01c. Cover Sheet	NSC Profile Sheet Re: [Presence in US] (1 pp.)	08/23/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
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Date Closed:	3/31/2009	OA/ID Number:	91125-009
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Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
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TO: SCOWCROFT

CHRON FILE

FROM: HUTCHINGS
BASORA

DOC DATE: 10 SEP 90
SOURCE REF:

KEYWORDS: POLAND



PERSONS: JARUZELSKI, WOJCIECH

SUBJECT: STATE VISIT BY PRES JARUZELSKI OF POLAND

ACTION: SCOWCROFT APPROVED RECOM DUE DATE: 14 SEP 90 STATUS: C

STAFF OFFICER: HUTCHINGS

LOGREF:

FILES: PA NSCP: CODES:

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DOC 1 OF 1

HIS POLITICAL ARGUMENT SHOULD BE TAKEN SERIOUSLY.
HE AND HIS OFFICE CONTINUE TO BE ENGAGED, AND IN
THE RIGHT DIRECTION IN TERMS OF U.S. INTERESTS.
GIVEN THE UNCERTAINTIES ON THE POLISH POLITICAL
LANDSCAPE, HIS FATE MAY HAVE BEEN DECIDED BY THE
SECOND WEEK OF OCTOBER. BUT IT IS VERY UNLIKELY
THAT HE WILL HAVE RELINQUISHED HIS OFFICE BY THEN.
AS EMBASSY HAS ARGUED, A REVERSAL NOW WOULD BE AN
UNNECESSARY NEGATIVE SIGNAL CONCERNING U.S.
VIEW OF MAZOWIECKI'S DELIBERATE COURSE, WHILE CON-
FIRMATION OF THE INVITATION WOULD BE SIMPLE CON-
SISTENCY, WHICH I BELIEVE--AS I SAID TO HIM--IS A
VIRTUE. REQUEST EARLY AUTHORIZATION TO CONFIRM
THE PRESIDENT'S INVITATION, TO BE ANNOUNCED
PUBLICLY AFTER TEA TABLE MEETS SEPTEMBER 18.
(I NOTE ANNOUNCED DATE FOR SEJM DEBATE ON
POLITICAL CALENDAR HAS BEEN SEPTEMBER 20-22.)
SIMONS

<SECT>SECTION: 01 OF 02<SSN> 4340<STOR> 900911163444 MSG000274379683
<SECT>SECTION: 02 OF 02<SSN> 4340<STOR> 900911163502 MSG000274379702
<TOR>900911163950

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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has seen

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PER E.O. 13526
2009-1016-MR
ES 415113

September 10, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ADRIAN A. BASORA *AAB*
FROM: ROBERT L. HUTCHINGS *R/LH*
SUBJECT: State Visit by President Jaruzelski of Poland

As Condi and I discussed with you last week, we need to decide soon whether to proceed with the Jaruzelski visit, tentatively scheduled for October 11.

You asked whether a date for Presidential elections has been set. It has not, but Embassy Warsaw reports (Tab I) that Mazowiecki is likely to propose very soon that elections be held in December. Everyone agrees there is no chance that Jaruzelski will serve out a full term. We expect that by October 11, a December date for the election will have been set and Jaruzelski will have announced that he will not run. It is hard to imagine any outcome other than Walesa's election as President.

You also asked for John Davis' views. John believes the visit should go ahead. While recognizing the problems it will create, he nonetheless believes that, as Jaruzelski is likely to be a lame duck by then, the visit will be seen as a farewell gesture to a man who played a constructive role at a pivotal moment in Poland's history. He also sees the visit as useful to Mazowiecki in his battle with Walesa. If the visit were to be turned off, John suggests that it be "postponed" rather than cancelled.

Tom Simons, who has just presented his credentials in Warsaw, also feels the visit should proceed as scheduled and requests that he be authorized to formally set the date (Tab II). Elsewhere at State, Dennis Ross and EUR favor cancellation; Bob Zoellick and Larry Eagleburger feel just as strongly that it should go ahead. We do not know Secretary Baker's views.

Knowing that this is a tough call and that the weight of opinion seems to favor going ahead with the visit, let us simply lay out our views on its liabilities.

From the perspective of Poland's internal politics, John Davis and Tom Simons may well be right. We are looking at the issue from a different angle and are concerned that this visit risks embarrassing the President, involving him unfairly in an ongoing and heated election struggle within Poland, and making his

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*and
canceling
the visit
is not
involvement?*

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policies in the region seem out of step with events. At a time when we are trying to project our support for the new Eastern Europe, receiving a symbol of the old order with highest protocol honors could send a confusing signal to the Poles and others.

Jaruzelski and Mazowiecki understand our dilemma and know that we do not wish to get in the middle of Poland's internal politics, but they are prepared to have us do just that, using the planned visit to help fend off Walesa's challenge. This rationale, which John Davis and Tom Simons also support, is not one we should accept, as it would have the President being used in a campaign against Walesa. Whatever one thinks of his recent behavior, Walesa is, after all, Solidarity's leader, a Nobel laureate, a man just back from meeting the Pope in the Vatican, and almost sure to be President of Poland within a very few months.

Faced with two bad choices -- rescinding a longstanding invitation or contemplating the image of Jaruzelski with the President on the South Lawn -- we see the former as preferable for U.S. interests. One way would be to have Ambassador Simons approach first Jaruzelski, then Mazowiecki, to explain that we do not believe it appropriate to proceed with the visit under the current circumstances and propose that it be postponed until the issue of Presidential elections has been resolved in Poland. Alternatively, we could explain that the Gulf crisis has created problems with the President's schedule that make it necessary to postpone the visit until 1991. This approach, though less forthright, would be a face-saving pretext for all concerned, particularly Jaruzelski. (Either way, Jaruzelski suffers considerable embarrassment, but then he has consistently refused to spare the President and the U.S. embarrassment by taking it on himself to cancel the visit.)

If the visit does proceed, we will do all we can to limit the damage. The Polish side has already ruled out visits to Polish-American strongholds like Chicago for fear of anti-Jaruzelski protests, and we can steer Jaruzelski toward an itinerary less likely to provoke embarrassing incidents. We can also suggest informally that Jaruzelski be accompanied by Foreign Minister Skubiszewski and other respected leaders of the new Poland. And we would ensure that our public line continues to note that this is a longstanding invitation, returning Jaruzelski's hospitality and acknowledging his role in Poland's democratic transition.

RECOMMENDATION

That you discuss with the President whether to proceed with preparations for the visit or take steps to cancel it.

Approve

AD

Disapprove

Attachments

Tab I Cable on the Timing of Presidential Elections

Tab II Cable on Ambassador Simons' Meeting with Jaruzelski

~~SECRET~~

~~SECRET~~

<DIST>PRT: SIT
SIT: BENKO HUTCHINGS SIT SUM VAX

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<TO>TO RUEHC/SECSTATE WASHDC PRIORITY 4344
INFO RUEHXE/EASTERN EUROPEAN POSTS

<SUBJ>SUBJECT: TIMING OF POLAND'S PRESIDENTIAL
- ELECTIONS: PERHAPS DECEMBER

<TEXT>

~~CONFIDENTIAL~~ SECTION 01 OF 02 WARSAW 14020

E.O. 12356: DECL: OADR

TAGS: PGOV, PINR, PL

SUBJECT: TIMING OF POLAND'S PRESIDENTIAL

- ELECTIONS: PERHAPS DECEMBER

1. (~~C~~ENTIRE TEXT).

~BEGIN SUMMARY~

2. SUMMARY: A SOURCE CLOSE TO WALESA HAS TOLD US MAZOWIECKI'S CABINET HAS AGREED TO PROPOSE DIRECT PRESIDENTIAL ELECTIONS BE HELD IN DECEMBER OF THIS YEAR. END SUMMARY.

~END SUMMARY~

3. ZDZISLAW NAJDER, CHAIRMAN OF THE POLAND'S CITIZENS' COMMITTEE (KOMITET OBYWATELSKI, OR KO IN ITS POLISH ACRONYM) TOLD US ON SEPTEMBER 5 THAT PRIME MINISTER MAZOWIECKI AND HIS CABINET HAVE AGREED TO PROPOSE HOLDING DIRECT PRESIDENTIAL ELECTIONS THIS YEAR, PROBABLY IN THE FIRST HALF OF DECEMBER. THE ELECTIONS WOULD BE SET BY CONSTITUTIONAL AMENDMENT (THE CURRENT CONSTITUTION REFLECTING THE ROUND-TABLE ACCORDS, PROVIDES FOR ELECTION OF THE PRESIDENT BY THE COMBINED HOUSES OF PARLIAMENT). ACCORDING TO NAJDER, WHO SAID HE LEARNED THE NEWS EARLIER THAT DAY FROM LECH WALESA, MAZOWIECKI AND HIS CABINET HAD MADE THEIR DECISION LATE SEPTEMBER 4. THE CABINET'S DECISION ON THE ELECTIONS IS BEING CLOSELY HELD, PENDING THE FORMAL PARLIAMENTARY DEBATE ON THE POLITICAL CALENDAR, WHICH WILL BEGIN AROUND SEPTEMBER 21.

4. SOLIDARITY'S CHAIRMAN, NAJDER CONTINUED, MUST NOW DECIDE ON THE TIMING OF HIS OWN ANNOUNCEMENT OF CANDIDACY FOR PRESIDENT. WHILE SOME HAVE URGED WALESA TO AWAIT THE FORMAL PARLIAMENTARY DEBATE IN LATE-SEPTEMBER, NAJDER SAID HE HAD URGED WALESA TO MAKE A QUICK ANNOUNCEMENT, PERHAPS AS EARLY AS THIS WEEK. "WALESA MUST DEMONSTRATE, THAT HE IS CONTROLLING THE POLITICAL AGENDA," NAJDER STRESSED. AT THE SAME TIME NAJDER IS TRYING TO CONVINCE WALESA TO MAKE HIS CANDIDACY FORMALLY KNOWN THROUGH A DIGNIFIED AND STATESMANLIKE ADDRESS, RATHER THAN THROUGH SOME OFF-HAND OR CASUAL REMARK AT A WORKERS' RALLY. HE MUST AVOID THE APPEARANCE OF A POPULIST DEMOGOGUE, STRESSED NAJDER, AND CARRY HIMSELF AS PRESIDENTIAL MATERIAL.

5. MAZOWIECKI'S INTENTIONS CONCERNING A POSSIBLE RUN FOR THE PRSIDENCY ARE NOT KNOWN, AT LEAST TO HIM, NAJDER CONTINUED. IF HE DECIDES TO CONTEST THE OFFICE, WALESA WILL DEFEAT HIM SOUNDLY: THE POLLS THAT HAVE CONSISTENTLY SHOWN MAZOWIECKI'S POPULARITY TO BE WELL ABOVE THAT OF WALESA'S ARE MISLEADING NAJDER HELD BECAUSE THEY MEASURE

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POWERFUL AND CHARISMATIC WALESA. THE PRIME MINISTER'S PERSONAL POPULARITY, WHICH NAJDER ACKNOWLEDGED IS VERY HIGH, WOULD NOT TRANSLATE INTO POLITICAL STANDING IN A HOTLY-CONTESTED RACE.

6. WALESA HAS NOT RULED OUT THE POSSIBILITY OF KEEPING MAZOWIECKI ON AS PRIME MINISTER, FOLLOWING THE SOLIDARITY LEADER'S ELECTION AS PRESIDENT. NAJDER BELIEVED A WALESA-MAZOWIECKI TEAM AT THE TOP OF THE POLISH GOVERNMENT WOULD BE BEST FOR THE NATION, HELPING MAINTAIN SOCIAL STABILITY AND POPULAR CONFIDENCE AS LIVING STANDARDS CONTINUE TO DECLINE OVER THE NEXT TWELVE TO EIGHTEEN MONTHS. IN RESPONSE TO OUR QUESTIONS, NAJDER AFFIRMED WALESA'S CONFIDENCE IN DEPUTY PREMIER BALCEROWICZ AND THE GOVERNMENT'S CURRENT ECONOMIC COURSE. WALESA LIKES BALCEROWICZ'S TOUGHNESS AND HAS EVEN PLACED HIM ON HIS SHORT LIST OF ALTERNATIVE PRIME MINISTERS, IN THE EVENT MAZOWIECKI DECLINES TO SERVE UNDER WALESA. (NAJDER CONFIRMED THAT HE HIMSELF IS ALSO ON WALESA'S SHORT LIST FOR PRIME MINISTER.) IN ANY EVENT, STRESSED NAJDER, WALESA AS PRESIDENT WOULD NOT SEEK POPULARITY THROUGH A "POPULIST" PLATFORM, BUT WOULD USE HIS CREDIBILITY TO SUPPORT THE GOP'S CURRENT ECONOMIC COURSE. INDEED, NAJDER CONTINUED, IT IS IMPORTANT TO PUT WALESA INTO A RESPONSIBLE POSITION SO THAT HE AVOIDS THE TEMPTATIONS OF POPULIST APPEALS AGAINST THE CURRENT GOVERNMENT AND AGAINST NECESSARY ECONOMIC SACRIFICES. WALESA NEEDS TO BE A STABILIZING FORCE IN POLAND, AND TO FULFILL THIS ROLE HE MUST
~~C O N F I D E N T I A L~~ SECTION 02 OF 02 WARSAW 14020
E.O. 12356: DECL: OADR
TAGS: PGOV, PINR, PL
SUBJECT: TIMING OF POLAND'S PRESIDENTIAL RELOCATE TO WARSAW.

7. NAJDER'S INFORMATION TO US FOLLOWS A MEETING HELD SEPTEMBER 1 BY THE LEADERSHIP OF "ROAD" (CITIZENS' MOVEMENT - DEMOCRATIC ACTION, OR ROAD IN ITS POLISH ACRONYMS IN WHICH ROAD FORMALLY ADVOCATED CONSTITUTIONAL AMENDMENTS FOR DIRECT POPULAR ELECTIONS OF A NEW PRESIDENT BE PASSED AS SOON AS POSSIBLE. ROAD PROPOSES THAT PRESIDENTIAL ELECTIONS BE HELD THIS YEAR. ROAD FOUNDER AND LONG-TIME SOLIDARITY LEADER ZBIGNIEW BUJAK HELD A PRESS CONFERENCE IMMEDIATELY AFTER THIS MEETING OF ROAD'S FOUNDING COUNCIL, IN WHICH HE EXPRESSED CONFIDENCE THAT MAZOWIECKI WOULD AGREE TO RUN FOR THE PRESIDENCY. BUJAK ALSO STATED THAT IF MAZOWIECKI DECLINED TO RUN, ROAD WOULD ASK EITHER FOREIGN MINISTER KRZYSZTOF SKUBISZEWSKI, SENATE MARSHALL ANDRZEJ STELMACHOWSKI OR SOLIDARITY'S FLOOR LEADER IN THE SEJM BRONISLAW GEREMEK TO RUN IN HIS PLACE. THIS APPEARS TO HAVE BEEN AN ILL-CONSIDERED REMARK: BUJAK ACKNOWLEDGED THAT ROAD HAD NOT ACTUALLY CONTACTED ANY OF THE LATTER THREE POSSIBLE CANDIDATES. ASKED ON SEPTEMBER 4 WHETHER ANY OF THE ALTERNATE CANDIDATES MENTIONED BY BUJAK HAD YET BEEN FORMALLY APPROACHED ON THE SUBJECT, FELLOW ROAD FOUNDING MEMBER LOOKED DISTINCTLY EMBARRASSED AND ADMITTED TO US THAT NO, THEY HADN'T. BUJAK ALSO STATED THAT AN APPROPRIATE PLACE FOR

CAUCUS OF THE "CENTRUM" PARTY.

8. COMMENT: NAJDER'S INFORMATION NOTWITHSTANDING, THE TIMING AND MODALITIES OF NEW PRESIDENTIAL ELECTIONS IS STILL SUBJECT TO CHANGE. NEVERTHELESS, POLAND'S POLITICAL CALENDAR APPEARS TO BE CRYSTALIZING. ROAD, STUNG BY CENTRUM'S EFFORTS TO PORTRAY IT AS THE DEFENDER OF JARUZELSKI'S CONTINUED TENURE AS PRESIDENT, HAS NOW PUBLICLY ADVANCED ITS OWN QUICK TIMETABLE FOR CHANGING POLAND'S PRESIDENT. GIVEN THIS, WE FIND NAJDER'S INFORMATION ABOUT THE CABINET DECISION ON DECEMBER ELECTIONS TO BE CREDIBLE. WE ALSO AGREE WITH NAJDER THAT MAZOWIECKI'S DECISION WHETHER OR NOT TO RUN AGAINST WALESA IS AN AGONIZING ONE: WHILE WE HAVE ENORMOUS RESPECT FOR MAZOWIECKI'S ABILITIES AND ACCOMPLISHMENTS AS PREMIER, WE ARE NOT AT ALL SURE HE COULD DEFEAT THE CHARISMATIC SOLIDARITY CHAIRMAN IN A NATIONAL CAMPAIGN.

9. COMMENT CONTINUED: WHILE NAJDER DID NOT MENTION IT, A FIRING UP OF THE TIMETABLE FOR NEW PRESIDENTIAL ELECTIONS COULD SPEED JARUZELSKI'S DEPARTURE. JARUZELSKI AND HIS PRESS OFFICE HAVE SEVERAL TIMES CONFIRMED HIS READINESS TO STEP DOWN AT THE RIGHT MOMENT. THIS MOMENT COULD BE COMING SOON IF NAJDER'S INFORMATION IS CORRECT.

SIMONS

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<SUBJ>SUBJECT: POLITICAL TEA TABLE FOR SEPTEMBER 18;
- JARUZELSKI VISIT

<TEXT>

~~SECRET~~ SECTION 01 OF 02 WARSAW 14340

EXDIS

E.O. 12356: DECL:OADR

TAGS: PREL, ODIP, PL

SUBJECT: POLITICAL TEA TABLE FOR SEPTEMBER 18;
- JARUZELSKI VISIT

1. ~~SECRET~~ - ENTIRE TEXT.

~BEGIN SUMMARY~

2. SUMMARY. TOWARD END OF OUR POST-ACCREDITATION CONVERSATION SEPTEMBER 11, POLISH PRESIDENT RUZELSKI INFORMED ME THAT AT HIS INITIATIVE CARDINAL-RIATE GLEMP HAS CONVOKED SIX-SIDED POLITICAL MEETING FOR SEPTEMBER 18, WITH JARUZELSKI, MAZOWIEKI, WALESZA AND MARSHALS OF TWO PARLIAMENTARY CHAMBERS ALSO PARTICIPATING, TO DISCUSS POLITICAL SITUATION AND THEN EXPAND TO DECIDE ON IMPLEMENTATION OF WHATEVER BASIC DECISIONS THEY CAN TAKE, BEFORE SEJM MEETS SEPTEMBER 21 OR 22. JARUZELSKI SAID HE HAD TAKEN THIS INITIATIVE NOT ONLY TO HELP WITH CURRENT POLITICAL SITUATION BUT TO HELP INSTITUTIONALIZE PRESIDENCY SO THAT IT CAN CONTRIBUTE TO CONSOLIDATION OF COURSE TOWARD DEMOCRACY AND FREE MARKET. HE SAID HE WAS GRATEFUL FOR SIGNAL CONCERNING HIS VISIT TO U.S., UNDERSTOOD REASONS WHY IT HAD NOT BEEN CONFIRMED, AND HAD NO PERSONAL STAKE IN OUTCOME; BUT HE OPINED THAT HIS POINT ON INSTITUTIONALIZATION MIGHT BE RELEVANT TO U.S. CONSIDERATION OF ISSUES. I SAID I HAD NO ANSWER FOR HIM NOW, BUT HOPED TO HAVE ONE SOON. I BELIEVE HIS INSTITUTIONALIZATION POINT IS WORTH TAKING SERIOUSLY. HE WILL ALMOST CERTAINLY STILL BE ENGAGED BY SECOND WEEK OF OCTOBER, ALTHOUGH IT IS UNCERTAIN AT THIS POINT HOW MUCH LONGER HE WILL BE AFTER THAT. REQUEST EARLY AUTHORIZATION TO CONFIRM PRESIDENT'S INVITATION. END SUMMARY.

~END SUMMARY~

3. TOWARD THE END OF MY POST-ACCREDITATION CONVERSATION WITH PRESIDENT JARUZELSKI SEPTEMBER 11, N WHICH I WILL REPORT FULLY LATER, HE INFORMED E THAT AT HIS INITIATIVE CARDINAL GLEMP HAD CALLED TOGETHER A SIX-SIDED "MEETING FOR TEA" ON SEPTEMBER 18 AT 2:00 P.M. TO DISCUSS POLITICAL SITUATION AND TAKE WHATEVER DECISIONS ARE POSSIBLE TO KEEP POLITICAL PROCESS HEADED TOWARD STABILITY.

4. PARTICIPANTS WILL BE JARUZELSKI, PRIME MINISTER MAZOWIECKI, LECH WALESZA, AND MARSHALS OF SENATE AND SEJM, IN ADDITION TO CARDINAL. FORMAT CALLS FOR THEM TO MEET ALONE, AND THEN BE JOINED AT 5:00 P.M. BY JUNIOR COLLEAGUES TO WORK OUT IMPLEMENTATION OF WHATEVER DECISIONS THEY MANAGE TO TAKE BEFORE SEJM MEETS TO DELIBERATE AND DECIDE ON "POLITICAL CALENDAR" ON SEPTEMBER 21 OR 22. MINISTER OF STATE JOZEF CZYREK RATHER PROUDLY SHOWED ME INVITATION TO HIM FROM GLEMP, ON CARDINAL'S STATIONERY, FOR THIS LARGER MEETING; IN QUICK READING I NOTED LANGUAGE ON "SALVATION OF THE COUNTRY " JARUZELSKI

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PANTS.

5. FYI. AMPART MILTON FRIEDMAN INFORMED PAO SEPTEMBER 10 HE PLANNED TO MEET WITH WALESA IN WARSAW SEPTEMBER 18, WHICH FITS WITH TIMING JARUZELSKI PROJECTED. END FYI.

6. JARUZELSKI WENT ON TO SAY HE HAD TAKEN THIS INITIATIVE BECAUSE HE WISHED TO BE OF SERVICE TO POLAND AS LONG AS HE COULD. HE DID NOT EXPECT TO BE IN OFFICE LONG; HE HAD NO PERSONAL AMBITIONS; HE FOUND HIS SEAT HARD. BUT AS LONG AS HE WAS THERE HE WISHED TO DO WHAT HE COULD TO KEEP THE POLITICAL AND ECONOMIC PROCESSES HE HAD HELPED TO INITIATE GOING, AND TO HELP INSTITUTIONALIZE THE PRESIDENCY WHICH HE HELD BY SUCH USEFUL ACTIONS. HE NOTED JOCULARLY THAT THE FIRST PRESIDENT OF RESTORED POLAND AFTER 1918 HAD DIED A VIOLENT DEATH, THE SECOND HAD BEEN KICKED OUT OF THE PRESIDENTIAL PALACE IN 1926 BY PILSUDSKI, THE THIRD HAD ESCAPED TO THE WEST IN 1939, AND HE DID NOT EVEN WISH TO TALK ABOUT BOLESZAW BIERUT (THE STALINIST PRESIDENT WHO DIED IN MOSCOW SHORTLY AFTER KHRUSHCHEV'S SECRET SPEECH IN MARCH 1956): IT WAS TIME FOR POLAND TO HAVE A NORMAL PRESIDENCY, AND HE WANTED TO CONTRIBUTE TO CREATING ONE.

7. JARUZELSKI ADDED THAT HE WAS GRATEFUL FOR THE SIGNAL HE HAD RECEIVED FROM PRESIDENT BUSH CONCERNING A VISIT TO THE UNITED STATES. HE APPRECIATED IT NOT ONLY POLITICALLY BUT PERSONALLY, SINCE HE HAD AFFECTION FOR PRESIDENT BUSH FOLLOWING HIS TWO VISITS TO THIS COUNTRY. HE ALSO UNDERSTOOD THE KINDS OF CONSIDERATIONS WHICH WOULD ACCOUNT FOR
~~SECRET~~ SECTION 02 OF 02 WARSAW 14340
EXDIS

E.O. 12356: DECL:OADR

TAGS: PREL, ODIP, PL

SUBJECT: POLITICAL TEA TABLE FOR SEPTEMBER 18
LACK OF CONFIRMATION OF THAT SIGNAL SO FAR, THE KINDS OF QUESTION MARKS WHICH AFFECT IT, INCLUDING THOSE CONCERNING THE POLITICAL SITUATION HERE. HE WOULD HAVE NO PERSONAL PROBLEM IF THE SIGNAL WAS NOT CONFIRMED. AT THE SAME TIME, WHETHER OR NOT IT IS CONFIRMED MAY BE SEEN AS REFLECTING THE U.S. ATTITUDE TOWARD THE OFFICE HE HOLDS, AND WHICH HE IS CURRENTLY TRYING TO ENHANCE, AS HE HAD NOTED. CONSISTENCY, HE CONCLUDED, CAN BE A VIRTUE IN POLITICS.

8. I REPLIED THAT I WAS NOT IN A POSITION TO ADD TO WHAT JARUZELSKI ALREADY KNEW CONCERNING OUR INVITATION. I WAS AWARE THAT THERE WERE QUESTION MARKS OF THE KIND HE HAD MENTIONED. WITH REGARD TO THE SEPTEMBER 18 MEETING, IT SEEMED TO ME USEFUL, AS WAS HIS DESIRE TO HELP FASHION A NORMAL PRESIDENCY WHICH COULD PLAY AN ACTIVE, CONSTRUCTIVE PART IN POLAND'S POLITICAL LIFE. FINALLY, I PERSONALLY AGREED WITH HIM THAT CONSISTENCY IS A VIRTUE IN POLITICAL AFFAIRS, INCLUDING OUR RELATIONS. I SAID I HOPED TO HAVE SOMETHING MORE ON THE VISIT SOON.

9. COMMENT AND RECOMMENDATION. JARUZELSKI'S DISCLAIMER OF PERSONAL INVOLVEMENT IN THE FATE OF HIS VISIT SHOULD OBVIOUSLY BE DISCOUNTED, SINCE HIS WELL-KNOWN PERSONAL SENSITIVITIES ARE CLEARLY INVOLVED. AT THE SAME TIME, HE APPEARS TO HAVE TAKEN A HELPFUL POLITICAL INITIATIVE--
HELPER BOTH IN THE SHORT TERM AND IN TERMS OF

HIS POLITICAL ARGUMENT SHOULD BE TAKEN SERIOUSLY.
HE AND HIS OFFICE CONTINUE TO BE ENGAGED, AND IN
THE RIGHT DIRECTION IN TERMS OF U.S. INTERESTS.
GIVEN THE UNCERTAINTIES ON THE POLISH POLITICAL
LANDSCAPE, HIS FATE MAY HAVE BEEN DECIDED BY THE
SECOND WEEK OF OCTOBER. BUT IT IS VERY UNLIKELY
THAT HE WILL HAVE RELINQUISHED HIS OFFICE BY THEN.
AS EMBASSY HAS ARGUED, A REVERSAL NOW WOULD BE AN
UNNECESSARY NEGATIVE SIGNAL CONCERNING U.S.
VIEW OF MAZOWIECKI'S DELIBERATE COURSE, WHILE CON-
FIRMATION OF THE INVITATION WOULD BE SIMPLE CON-
SISTENCY, WHICH I BELIEVE--AS I SAID TO HIM--IS A
VIRTUE. REQUEST EARLY AUTHORIZATION TO CONFIRM
THE PRESIDENT'S INVITATION, TO BE ANNOUNCED
PUBLICLY AFTER TEA TABLE MEETS SEPTEMBER 18.
(I NOTE ANNOUNCED DATE FOR SEJM DEBATE ON
POLITICAL CALENDAR HAS BEEN SEPTEMBER 20-22.)
SIMONS

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~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9007658
RECEIVED: 26 SEP 90 10

TO: SCOWCROFT

FROM: RICE

CHRON FILE
DOC DATE: 26 SEP 90
SOURCE REF:



KEYWORDS: POLAND

ANSA

PERSONS: BALCEROWICZ, LESZEK

SUBJECT: SCOWCROFT MTG W/ DEPUTY PM BALCEROWICZ OF POLAND

ACTION: NOTED BY SCOWCROFT DUE DATE: 29 SEP 90 STATUS: C

STAFF OFFICER: RICE LOGREF:

FILES: WH 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

BASORA
NSC CHRON
RICE

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By Cap NARA, Date 3/31/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSJWD CLOSED BY: NSRLG DOC 1 OF 1

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506
September 26, 1990

INFORMATION

Natl Sec Advisor
has seen

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: CONDOLEEZZA RICE *CR*FROM: ADRIAN BASORA *AAB*SUBJECT: Your Meeting with Deputy Prime Minister
Balcerowicz

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PER E.O. 13526
2009-1016-MR
bah 4/15/13

In the year since you saw him, Balcerowicz has achieved remarkable results. The drastic economic stabilization and reform plan that he was just beginning to float last fall has now been in effect for 9 months. Inflation, at 78% monthly in January, was down to 1.8% as of August. The zloty, made partially convertible in January, has held firm since then. The trade balance has improved considerably, foreign exchange reserves have climbed sharply, and Poland is in full compliance with its IMF program.

The inevitable downside is a major decrease in industrial production and rapidly rising unemployment -- both healthy in the long term, but taking an increasing toll on the government's popularity. This, and the slowness with which Balcerowicz and Mazowiecki have moved on privatization of industry and services, have given Walesa an opening for attack on economic grounds. The government finally seems poised to begin moving faster on privatization, however, and there are even some signs of bottoming out in the economic decline.

The question now is how much longer the Mazowiecki government will be in office and in a position to hold to its favorable course. Walesa is expected to win election as President later this fall and there is no guarantee that Mazowiecki/Balcerowicz, or even a similar government, will be in place as of January. You should nevertheless encourage Balcerowicz to be steadfast. His views on the political prospects would also be interesting.

Balcerowicz' main pitch to you is likely to be on long-term debt relief for Poland. He argues that the \$40 billion overhang puts a severe damper on Polish economic prospects and on Warsaw's ability to attract foreign investment. With the U.S. move to forgive Egypt's FMS debt, Balcerowicz' ardor for debt forgiveness is likely to be even stronger.

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

You can tell him that Treasury is already working with the Europeans, who are Poland's major creditors, to see what can be done. Rather than holding out great hopes for the write-down of long-term debt, however, you should emphasize the very generous Paris Club rescheduling we achieved in February and our expectation that similar terms will be offered for another year beginning next March. Poland is thus not required to pay anything on its debt over the near term, while receiving generous foreign assistance for restructuring. Ultimately, only privatization and good economic policies will serve to attract foreign investment. We are already providing consulting and technical assistance in support of the privatization effort, and plan to do more.

Balcerowicz will probably also make a plea for more financial help based on the impact of the Gulf crisis. Here, you can assure him that we are working with our allies, and with the IMF and World Bank to help cushion the shock of increased oil prices and lost exports. We are also asking the Soviets, despite their own problems, to help ease the transition to hard currency payments for oil scheduled for January 1.

Balcerowicz saw the President briefly yesterday just before his speech at the Bank/Fund meeting. Balcerowicz made his demarche on debt relief, and the President was non-committal.

Concurrences by: Bob Hutchings and Tim Deal

(in draft) AHB

Attachment

Tab A

Biography

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Report	Government Report (1 pp.)	3/13/90	(b)(1); (b)(3)	C

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 (August - October 1990)

Document Partially Declassified
 (Copy of Document Follows)
 By 31 on 4/11/14

Date Closed:	3/31/2009	OA/ID Number:	91125-009
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2009-1016-MR (502.01)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	5/30/2013	MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

(b)(1); (b)(3)

POLAND

**Leszek BALCEROWICZ**

(Phonetic: bahltsərOVitch)

*Deputy Prime Minister; Minister
of Finance (since September 1989)**Addressed as: Mr. Minister*

To get Poland back on its economic feet, Leszek Balcerowicz outlined a plan in record time, known as the "Balcerowicz Program." He hopes his quick action will assure the International Monetary Fund and the World Bank that the new administration is serious about reform. He has been an outspoken critic of past regimes for having been unable to stick to tough reform and austerity measures. He has put strict controls on the monetary supply, eliminated most restrictions on prices, trimmed wage indexation, reformed taxes, and cut subsidies to industry. He plans to create an "antimonopoly" office and has overseen the internal convertibility of the zloty.

(b)(1); (b)(3)

(b)(1); (b)(3)

Balcerowicz has been a well-known economist for several years. During the 1978-81 negotiations to develop an economic reform program for Poland, he maintained a high profile. At that time he headed one of several government-appointed teams to study the economic situation, but the program his group proposed was rejected for being too radical—Balcerowicz is a staunch supporter of free enterprise. In 1981 he resigned from the Polish United Workers' Party (PZPR), (b)(1); (b)(3) the party's unwillingness to implement meaningful reform. He then became a consultant to Solidarity, but since the mid-1980s he has maintained his distance from the labor union, (b)(1); (b)(3). His theories are more radical than those of mainstream Solidarity members, who tend to be more social democratic. A supporter of political and social change, in 1988 Balcerowicz signed the Letter of the 30, which appealed to the government to allow freedom of association. (b)(1); (b)(3)

Balcerowicz was born in 1947. A graduate of the M.B.A. program at St. John's University in New York (1972-74), he holds a Ph.D. in economics from the Central School of Planning and Statistics in Warsaw, where he has been a professor of international finance since 1970. He has been head researcher at the Institute of Economic Development since 1978. In addition, he has worked at the Institute of International Economic Relations (1970-80) and at the Department of Economic Policy in the Institute of Basic Problems of Marxism and Leninism, attached to the PZPR Central Committee (1978-80). During 1981-82 he was deputy chairman of the Polish Economics Society. He has written on the economic aspects of advanced technology. (b)(1); (b)(3)

Balcerowicz appears to be growing into his new role as a public figure. Late last year he was criticized for being unable to clearly explain his economic reforms to the public. More recently, however, his popularity has gone up in public opinion polls. Moreover, poll respondents have indicated an increasing satisfaction with his explanations on how his program should work. (b)(1); (b)(3) he participated in a USIA visitor program in 1987. (b)(1); (b)(3)

(b)(1); (b)(3) He is a former track star and still runs regularly. He speaks fluent English. Married, he has three children. (b)(1); (b)(3)

(b)(1); (b)(3)

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NSC/S PROFILE

RECORD ID: 9007752
RECEIVED: 28 SEP 90 14

TO: SCOWCROFT

CHRON FILE

FROM: HUTCHINGS
RICE

DOC DATE: 28 SEP 90
SOURCE REF:

KEYWORDS: CZECHOSLOVAKIA

ANSA

PERSONS: DIENSTBIER, JIRI

SUBJECT: SCOWCROFT MTG W/ FOMIN DIENSTBLER ON 28 SEP

ACTION: NOTED BY SCOWCROFT

DUE DATE: 02 OCT 90

STATUS: C

STAFF OFFICER: HUTCHINGS

LOGREF:

FILES: WH

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

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HUTCHINGS
NSC CHRON
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White House Guidelines

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

By Cop NARA, Date 3/31/09

COMMENTS: _____

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DOC 1 OF 1

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7752

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506
September 28, 1990

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: CONDOLEEZZA RICE *cd*
FROM: ROBERT L. HUTCHINGS *RLH*
SUBJECT: Your Meeting with Foreign Minister Jiri Dienstbier
of Czechoslovakia, September 28, 1990

*Natl Sec Advisor
has seen*

Dienstbier has no specific agenda but will want to discuss with you, in advance of Havel's bilat with the President in New York, the broad questions of European security. While Prague has moved toward a more realistic and helpful foreign policy posture since Havel was here in February, Dienstbier remains instinctively inclined toward pan-European schemes of collective security.

It would be useful to review with him the London Summit initiatives, which the Czechoslovaks have welcomed. The prospect of a substantially transformed NATO has alleviated some of the concerns they raised in February, and they have already made good use of their liaison mission at Brussels. The Prague leadership also welcomes NATO's CSCE proposals and is eager that Prague be the site of the proposed CSCE Secretariat. Dienstbier knows that was our idea from the beginning, and he appreciates our support for locating new CSCE institutions in the new democracies of central Europe. He continues to harbor more ambitious hopes for CSCE, however, and it would be hearing his current views.

He may also mention the so-called "Dienstbier plan," which he put forward in his Harvard address a few months ago, for \$16 billion in Western credits over three years to finance Soviet purchases of East European exports and help modernize East European industries. The figure was chosen because it represents one tenth of one percent of the G-24's total GNP -- revealing the arbitrary way the plan was put together. Not surprisingly, there is no inclination among Western countries to give the idea anything more than a polite hearing. Along with the very serious energy crisis now facing Czechoslovakia, however, the plan indicates the extent to which domestic economic concerns have overtaken Prague's foreign policy agenda.

Finally, the Czechoslovaks have been strongly supportive of UN sanctions against Iraq and have just offered to send medical and other support units to Saudi Arabia should they be invited by the Saudi Government. A word of praise would be in order.

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2009-1016-MR
ES 4115113

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NSC/S PROFILE

RECORD ID: 9007791
RECEIVED: 01 OCT 90 09

TO: PRESIDENT

CHRON FILE

FROM: SCOWCROFT

DOC DATE: 17 OCT 90
SOURCE REF:

KEYWORDS: HUNGARY
CM

VISIT



PERSONS: ANTALL, JOZSEF

SUBJECT: PRES MTG W/ PM ANTALL ON 18 OCT

ACTION: NOTED BY PRES

DUE DATE: 04 OCT 90

STATUS: C

STAFF OFFICER: HUTCHINGS

LOGREF: 9007976

FILES: PA

NSCP:

CODES:

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White House Guidelines

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

By Cop NARA, Date 3/31/09

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DOC 12 OF 13

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7791

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

October 17, 1990

MEETING WITH PRIME MINISTER JOZSEF ANTALL OF HUNGARY

DATE: October 18, 1990

LOCATION: Oval Office/Cabinet Room

TIME: 10:30 - 11:30 a.m.

CHRON FILE

FROM: BRENT SCOWCROFT 

I. PURPOSE

To reaffirm your support for democratic Hungary and establish a sound basis for cooperation with its new leadership.

II. BACKGROUND

Your objective in this visit will be to put the spotlight back on East Central Europe after a period in which U.S. policy has been preoccupied first with German unification and then with the Gulf. It will be an opportunity to recall U.S. leadership from the beginning of Hungary's democratic transformation, reaffirm our strong interest in central and eastern Europe, and chart a course for the future of U.S. engagement in the heart of Europe.

This visit represents the post-revolutionary, democratic leadership of East Central Europe. Antall's party, the Hungarian Democratic Forum, gained a large plurality in the elections last spring and now leads a center-right coalition government that is arguably the most conservative in Europe. The Free Democrats (the party of new Hungarian President Arpad Goncz, whom you met in May) and Young Democrats constitute a strong parliamentary opposition. Indeed, those parties dealt Antall's Democratic Forum a sharp defeat in this week's local elections in Hungary, with the result that Antall will be weaker and more vulnerable to the ardent nationalists within his own coalition.

Despite its political growing pains, Hungary is now a functioning parliamentary democracy and seeks to be treated as one. Antall particularly wants Hungary removed from discriminatory lists of "Communist" or Warsaw Pact countries and so will welcome such steps as the lifting of diplomatic travel restrictions and agreeing to a Los Angeles consulate.

cc: Vice President
Chief of Staff

~~SECRET~~

Declassify on: OADR

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PER E.O. 13526

2009-1016-MR
ES 4/15/13

~~SECRET~~

The largest cloud over Hungary's future is economic. The unprecedented transformation from a centrally planned to a market economy -- difficult enough under favorable economic conditions -- is being severely complicated by the Gulf crisis, which has resulted in soaring energy prices, lost exports to Iraq and Kuwait, and the elimination of Iraqi oil deliveries in repayment of its debts to Hungary. On top of this, the Soviet Union intends to move to hard currency prices for energy deliveries beginning January 1. You heard many of these concerns from Havel and Mazowiecki in New York at the UNGA. Hungary's plight is complicated still further by a severe drought.

The initiatives you will announce in your arrival remarks -- a call for IMF and World Bank energy assistance to East Central Europe, as well as an offer of \$40 million in U.S. credits for Hungarian purchases of feed grains -- will be welcome news to the Antall government. In your private discussion with Antall, you can explain U.S. efforts to enlist the international financial institutions and the G-24 to help offset the economic consequences of the Gulf crisis. We are also preparing to seek additional resources for the region from the Gulf states, but we recommend that you not refer specifically to this possibility in your remarks to Antall at this point. (By the time of your prospective Prague visit next month, we hope to have developed a complete "U.S. Energy Initiative for Eastern Europe" for your announcement in a speech there.)

Antall has been the most responsive of all the new leaders of central Europe to the letters you sent after your Washington meeting with Gorbachev, the London Summit, and the Helsinki meeting. In his most recent letter to you, dated October 10, he reiterates Hungary's determination to withdraw from the Warsaw Pact and integrate itself into the mainstream of European security. Hungary expects to be admitted to the Council of Europe next month and has applied for EC membership. Antall has also emphasized Hungary's interest in developing stronger ties with the U.S. and its strong support for NATO.

Antall recently proposed that Hungary, Czechoslovakia, and Poland establish a Central-East European Defense Union, modeled on the Western European Union, as an interim security arrangement. We support such efforts, as well as the Pentagonal grouping that links Hungary with Italy, Austria, Czechoslovakia, and Yugoslavia. We see no conflict between these links and closer ties to the West and NATO. Given Hungary's proximity to inter-ethnic disputes in Yugoslavia and Romania, it would be worth drawing Antall out on the regional security situation in central and southeastern Europe.

III. PARTICIPANTS

The lists of participants are at Tab B.

IV. PRESS PLAN

Open photo, writing pool

V. SEQUENCE

One-on-one meeting in the Oval Office followed by expanded meeting in the Cabinet Room

Attachments

Tab A	Points to be Made
Tab B	Participants Lists
Tab C	Biographies
Tab D	Secretary Baker's Memorandum

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POINTS TO BE MADE FOR MEETING WITH
PRIME MINISTER ANTALL OF HUNGARY

- Let me welcome you again to the White House.
- I wanted to put forward most of our initiatives during my arrival remarks so that we would could devote our time here to discussing Hungary's role in the new Europe and some of the other issues you raised in your letter of October 10.
- I do want to underscore, though, that your success is very important to us. Hungary led the way to democratic change in central and eastern Europe, and we recognize that the economic difficulties you face could jeopardize your successes. We want to help in easing your economic burden.
- We also want to build a new partnership between the U.S. and Hungary. From your messages over the past few months, I know that you feel the same way.
- I recognize how important it is to you that Hungary no longer be treated under U.S. law as a "Communist" country.
 - o In addition to the lifting of travel restrictions on your diplomats, we are working to ensure that Hungary enjoys the status of a friendly country.
 - o We have over 40 years of legislation to revise, so I hope you will understand that we cannot change it all overnight.

ECONOMIC REFORM EFFORTS

- I understand the difficulties involved in transforming the Hungarian economy into a free market, but this is terribly

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ES 4/15/13

- important. Your government is taking important steps to decontrol prices, to ensure convertibility of the forint, and to reduce the government's role in business decisions.
- It takes political courage to stick with a tough economic reform program despite the temporary hardship it entails for the Hungarian people. I congratulate you on your determination to maintain the momentum of this process, and I encourage you to move as quickly as possible.
 - Along with the other members of the G-24, we are committed to supporting your efforts, but the most important assistance will be the measures you take to reform your economy and to attract Western capital.
 - I recognize that this is a particularly tough time for Hungary due to the concurrence of the Gulf Crisis, changes in your trade relationship with the Soviet Union, and the summer's drought.
 - I have proposed an aid package totaling \$300 million for Eastern Europe in FY 1991. Congress has reacted favorably, and I hope to know the final form of the package soon.
 - As I said a few minutes ago at the arrival ceremony, we can also offer \$40 million in medium-term credits for the purchase of more than 400,000 tons of feed grain. We have also asked the G-24 to accelerate its review of Hungary's food aid requests.

GULF CRISIS AND REDUCED SOVIET OIL SUPPLIES

- I appreciate Hungary's steadfast support in condemning Iraqi aggression and upholding U.N. sanctions. We must continue our mutual efforts to demonstrate to Iraq that it must undo

its aggression.

- I know that the Iraqi invasion of Kuwait and the resultant U.N. embargo, as well as reductions in Soviet oil deliveries, have caused economic difficulties for Hungary.
- In addition to our call for up to \$5 billion in IMF credits for East Central Europe, we will ask the World Bank and our partners in the G-24, especially Japan and Germany, to increase assistance in response to the energy crisis.

EUROPEAN SECURITY

- As I explained in my letter just after the London Summit, our initiatives for a transformed Atlantic Alliance were taken with your security concerns very much in mind.
- I appreciate your positive response in agreeing that NATO continues to play an indispensable role and in being the first to open a liaison mission at NATO. We want the Alliance to play a constructive role in putting an end to the division of Europe.
- We also support a stronger role for the CSCE, as I know you do. As you know, we have proposed that new CSCE institutions -- a Conflict Prevention Center, a small Secretariat, and an elections office -- be located wherever possible in the new democracies of central Europe.
- We are prepared to support Budapest as the site of the elections office, which we see as playing an important role in building stable parliamentary rule throughout central and eastern Europe.
- We hope the CSCE Summit can take some concrete steps in that direction. As you know, we consider the completion of a CFE

agreement to be a prerequisite for a November summit in Paris. I am confident we can reach that goal, and I appreciate Hungary's strong role at the Vienna negotiations.

- We recognize that Hungary wants to be integrated into the economic, political, and security structures of Europe. We recognize, as you do, that this will take time.
- But I want you to know that the United States supports this goal. We do not want Hungary, Poland, and Czechoslovakia left in a kind of no man's land between east and west.
- ((IF ANTALL PROPOSES A NEW MANDATE FOR FOLLOW-ON CFE TALKS)) We are prepared for new negotiations. That said, let's not reopen issues like naval forces and area of application that we settled with so much difficulty in the past.

SOVIET UNION

- I would be very interested in your views about the Soviet Union. Do you believe they have the will and ability to transform their economy?
- Are you satisfied with the timetable for withdrawal of Soviet troops from Hungary? Do you expect them all to leave by next June, as agreed?
- How do you see the future of the federation in the USSR? Do you expect, for example, a much different Ukraine on your eastern border?

REGIONAL SECURITY ISSUES

- You have been very active in promoting regional cooperation, including a Central-East European Defense Union with Poland and Czechoslovakia. This strikes us as a very sensible interim security arrangement. We do not think that such an

arrangement is incompatible with closer ties to the West and NATO.

- I am also interested in the Pentagonal group that you have formed with Italy, Austria, Czechoslovakia and Yugoslavia.
- We are worried about Yugoslavia. A major conflict there could lead to broader instability in the Balkans.
 - o I hope you can use your influence, perhaps through the Pentagonal group, to promote a peaceful settlement.
 - o It seems to us that the international community needs to exert pressure on the Serbs to democratize, while also persuading the Croats and Slovenians to work with the framework of a single Yugoslavia.
- I know you have concerns about Romania, because of the large Hungarian population there. How are your bilateral relations with Bucharest? What kind of role would you like the international community to play?
- It seems that extreme nationalism is on the rise in much of Europe. We are certainly seeing it in Yugoslavia and Romania. How are you dealing with this phenomenon in Hungary?
- ((IF ANTALL PROPOSES A CSCE CONFERENCE ON NATIONAL MINORITIES)) We agree that CSCE should play a strong role in defining and defending the rights of national minorities, as well as in the peaceful resolution of conflicts. We'll give the idea of a conference further thought.

PARTICIPANTS

Oval Office

The President
Brent Scowcroft, Assistant to the President
for National Security Affairs
Laszlo Szimonisz, Interpreter

Jozsef Antall, Prime Minister
Gyula Kodolanyi, Adviser to the Prime Minister
Interpreter

Cabinet Room

The President
James A. Baker III, Secretary of State
Nicholas Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert M. Gates, Assistant to the President
and Deputy for National Security Affairs
David C. Gompert, Special Assistant to the President
for European and Soviet Affairs
Charles Thomas, Ambassador to Hungary
Robert L. Hutchings, Director for European Political Affairs
Curtis Kamman, Deputy Assistant Secretary of State
for European and Canadian Affairs
Laszlo Szimonisz, Interpreter

Jozsef Antall, Prime Minister
Geza Jeszenszky, Foreign Minister
Bela Kadar, Minister of International Economic Relations
Peter Zwack, Ambassador to the U.S.
Gyorgy Matolcsy, State Secretary, Office of the Prime Minister
Gyula Kodolanyi, Adviser to the Prime Minister
Pal Tar, Adviser to the Prime Minister
Istvan Forrai, Director of the Prime Minister's Office
Interpreter

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05c. Report	Government Report (2 pp.)	10/9/90	(b)(1); (b)(3)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: USSR Chronological Files
Subseries: Soviet Power Collapse in Eastern Europe Files

Document Partially Declassified
 (Copy of Document Follows)
 By *js* on 4/11/14

WHORM Cat.:

File Location: Soviet Power Collapse in Eastern Europe (August - October 1990)

Date Closed:	3/31/2009	OA/ID Number:	91125-009
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2009-1016-MR (502.02)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	5/30/2013	MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

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 (b)(9) Release would disclose geological or geophysical information

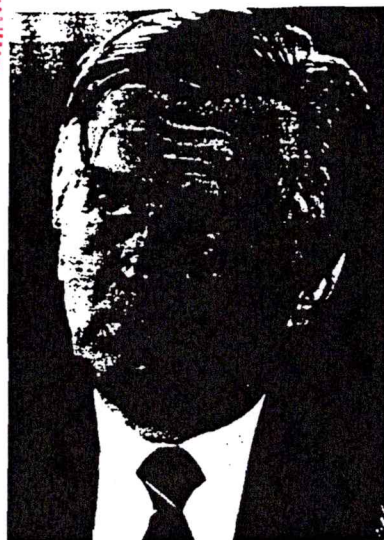
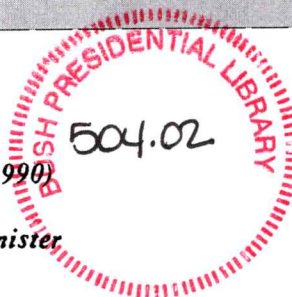
2009-1016-MR
ES 513413

Jozsef ANTALL
(Phonetic: AWNtall)

HUNGARY

Prime Minister (since May 1990)

Addressed as: Mr. Prime Minister



Jozsef Antall, president of the Hungarian Democratic Forum, has established himself as the unquestioned leader of Hungary's three-party coalition government. A historian and son of a 1940s government minister, (b)(1); (b)(3)

(b)(1); (b)(3) adept at concentrating power squarely in the Prime Minister's office. He has also moved Hungary firmly toward the West. (b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3)

—was revealed in negotiations that preceded the inaugural session of the National Assembly in May 1990. (b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3) Antall engineered an agreement that resulted in the election of Free Democrat Arpad Goncz as Hungary's president. In exchange, Antall's rivals agreed to a constitutional change that allowed most government legislation to be passed with a simple majority vote, rather than the previously required two-thirds. (b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3)

The makeup of the 17-member body approximates the relative strength of the three parties in the governing coalition—eight members from the Democratic Forum, four from the Independent Smallholders' Party, and one Christian Democrat. (There are four cabinet ministers without party affiliation.) Within this seemingly equitable distribution of power, however, a number of factors are at work to ensure that the Prime Minister can operate with maximum independence. Antall reserved the key posts—among them Foreign Affairs, Defense, Interior, and Justice—for Forum loyalists. (b)(1); (b)(3)

(b)(1); (b)(3)

Early Life and Career

Antall was born in Budapest on 8 April 1932. During World War II, his father was the Hungarian Government's commissioner for refugees; Antall, Sr. frequently risked his life helping Jews and Poles escape the advancing Nazis. Antall began study at Budapest's Lorand Eotvos University in the late 1940s. After graduation in 1954 he entered a Ph.D. program at the same university. He also worked as a secondary school teacher and librarian. (b)(1); (b)(3)

(b)(1); (b)(3)

(cont.)

LDA M 90-15975

In October 1956, during the Hungarian people's uprising against Communist rule, Antall played a role in reorganizing the previously outlawed Independent Smallholders' Party. After Soviet troops intervened he was arrested and imprisoned. Released under a general amnesty in 1963, he embarked upon the study of medical history, a field that he decided was "less prone to the Communists' distortions." Antall eventually became director of the Semmelweis Medical Museum and Library in Budapest. (b)(1); (b)(3)

A Germanophile

Antall is well versed in European affairs; he has close ties to German Christian democratic parties. (b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3) He has publicly spoken of an "organic interconnection of a united Europe and North America that has been proven by two world wars." (b)(1); (b)(3)

Antall has published more than 300 books and articles on the history of medicine, culture, and politics. He belongs to several national and international historical and medical societies. He is nearly fluent in German; he does not speak English. Married since 1958, he has two sons. (b)(1); (b)(3)

9 October 1990

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05d. Report	Re: Biography (1 pp.)	8/10/90	(b)(1)	S

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 (August - October 1990)

Date Closed:	3/31/2009	OA/ID Number:	91125-009
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05e. Report	Government report Re: Bela Kadar (1 pp.)	10/5/90	(b)(1); (b)(3)	C

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 (August - October 1990)

Document Partially Declassified
SS 10/16/24

Date Closed: 3/31/2009	OA/ID Number: 91125-009
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #: 2009-1016-MR (502.04)	MR Case #: 2009-1016-MR (502.04)
AR Disposition: Released in Part	MR Disposition: Released in Part
AR Disposition Date: 5/30/2013	MR Disposition Date: 5/30/2013

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

(b)(1) National security classified information
 (b)(2) Release would disclose internal personnel rules and practices of an agency
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 (b)(8) Release would disclose information concerning the regulation of financial institutions
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Presidential Records Act - [44 U.S.C. 2204(a)]

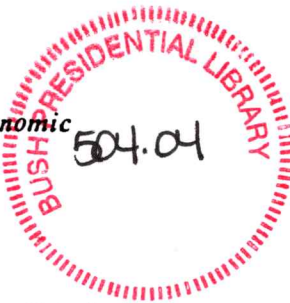
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Bela KADAR
(Phonetic: KAWdahr)

HUNGARY

*Minister of International Economic
Relations (since May 1990)*

Addressed as: Mr. Minister



Bela Kadar is one of two political independents whom Prime Minister Jozsef Antall chose to hold key economic portfolios. (b)(1); (b)(3)
(b)(1); (b)(3) an expert on foreign trade and the economic problems of less developed countries. He has studied Western economic and trade policies for most of his nearly 35-year career. In addition to furthering Hungary's overall trade performance, Kadar is currently responsible for the ongoing negotiations with the Soviet Union over troop withdrawals and bilateral trade relations. He is also involved in preparations for the Vienna/Budapest World Exhibition scheduled for 1995. (b)(1); (b)(3)

Kadar was born on 21 March 1934 in Pecs in southwestern Hungary. He graduated from the Budapest University of Economics in 1956 and went to work for the International Economics Division of the Hungarian National Bank. During 1965-68 he was a department head and research director at the World Economy Research Institute of the Hungarian Academy of Sciences. He spent 1967 at Harvard on a Ford scholarship. Kadar earned a candidate's degree in 1970 and became a doctor of economics in 1980. Before he assumed his current post, he was director of the Planning Institute of the National Planning Office. (b)(1); (b)(3)

(b)(1); (b)(3)

He is active in a number of international scientific and political societies. He has traveled extensively and has lectured in Europe, South America, and the United States. Kadar speaks English, German, Spanish, Portuguese, and Russian. He is married and has a child. (b)(1); (b)(3)

LDA M 90-15900
5 October 1990

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ES 5/30/13

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05f. Report	Government Report (1 pp.)	10/1/90	(b)(1); (b)(3)	C

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 (August - October 1990)

Document Partially Declassified
 (Copy of Document Follows)
 By gr on 4/11/14

Date Closed:	3/31/2009	OA/ID Number:	91125-009
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2009-1016-MR (502.05)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	5/30/2013	MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
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 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

Peter ZWACK
(Phonetic: zwock)

HUNGARY

Ambassador to the United States
(since September 1990)

Addressed as: Mr. Ambassador



A former US citizen and businessman, Peter Zwack reflects a clean break with Hungary's former diplomatic representation in Washington. He is a scion of the family that developed Unicum, the popular Hungarian aperitif, and produced it for 150 years until the Communist takeover in 1948 forced the family to flee, taking the secret formula with them. In 1987 he was one of the first prominent Hungarian emigres to return to his country to help rebuild the economy; he initiated the repurchase of the nationalized Zwack Company and resumed production.

(b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3)

although Zwack was raised a Catholic, his forebears were predominantly Jewish merchant aristocrats and, at the turn of the century, belonged to a group of Jewish intellectuals and artists.

(b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3)

when living in Chicago in 1956 he was a founder of First Aid for Hungary along with former President Herbert Hoover, Washington notable William Blair, and Peace Corps founder Sargent Shriver.

(b)(1); (b)(3)

Zwack was born on 21 May 1927 and grew up on his family's estate near Szeged, in southeastern Hungary. During his early years he spoke only German and English. His first contact with Americans probably came during World War II, when his family sheltered downed Allied airmen. Later, to escape the Hungarian Communist regime, he walked through Yugoslavia to Trieste and then to Italy to be reunited with his family in the United States.

(b)(1); (b)(3)

(b)(1); (b)(3)

(b)(1); (b)(3)

He speaks English, Hungarian, German, Italian, and some French. His second wife, Anne, is British and is a graduate of Cambridge who speaks English, French, and Italian and writes for culinary and travel magazines. The Zwacks have two children—both US citizens—who will attend high school in Washington. He also has five children from his first marriage who have also retained their US citizenship.

(b)(1); (b)(3)

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LDA M 90-15838

1 October 1990

(b)(1); (b)(3)

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THE SECRETARY OF STATE
WASHINGTON

October 15, 1990

~~SECRET~~

MEMORANDUM FOR: THE PRESIDENT
FROM: James A. Baker, III 
SUBJECT: Official Visit of Prime Minister
Jozsef Antall, October 17-19, 1990

I. SETTING

- o U.S.-Hungarian relations are excellent, the best they have been since the end of World War II.
- o Prime Minister Antall's visit to the United States is the first by a democratically elected Hungarian leader in over 40 years. Parliament's approval of Antall's coalition government in May 1990 marks the return of Hungary to democratic traditions.
- o Partisan battles between the governing coalition and the opposition have delayed the government's tackling of Hungary's pressing economic problems. In September's first round of local elections, strong showings by independent and opposition candidates may indicate voter concern about the government's performance.
- o Hungary has been hard hit by recent economic shocks, including loss of trade and higher oil prices due to the Gulf Crisis and reduced Soviet oil deliveries, the switch to hard currency trade within CEMA, and a summer drought. Hungary's oil stocks are depleted. Hungary seeks Western assistance to help it cover an estimated \$4.0 billion in costs associated with these shocks. The GOH wants assistance in establishing a \$1.5-2.0 billion stabilization fund to support its currency convertibility and price reform plans.

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- 2 -

- o The Antall government recently published its three year economic reform program, designed to cut the approximately 25% inflation rate and to dismantle the predominantly state-run economy. The program appears to allow the government to retain considerable control over certain business decisions.
- o Hungary considers itself part of the West, but recognizes the implications of its geographic position. The Antall Government is searching for ways to find a natural home in a rapidly changing Europe, and looks to the United States for guidance. President Goncz favors a more gradual approach to distancing Hungary from the USSR, while the Prime Minister has taken a more aggressive stance.
- o Antall has led the way in calling for a new European security architecture including a strong U.S. presence. Hungary has effectively ceased military cooperation with the Warsaw Pact and has called for its dissolution by the end of 1991. Antall has suggested the formation of a transitional Central-East European Union of Hungary, Poland and Czechoslovakia.
- o Soviet-Hungarian relations are being tested by disagreement over compensation for damages by departing Soviet troops. Hungary and Romania have made little progress in discussions regarding the Hungarian minority in Transylvania.
- o Hungary has upheld all U.N. security resolutions on the Gulf War and has shared intelligence information regarding Iraq with the United States.

OBJECTIVES

- o Demonstrate that the United States regards Hungary as a member of the Western world and a valued bilateral partner. With its unique history and geographic position, Hungary is pioneering creative thinking about new European security relationships.
- o Recognize that Hungary has become a functioning parliamentary democracy. Vigorous political debate and a strong opposition are crucial to maintaining democratic traditions.

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- 3 -

- o Underline continued U.S. support for political and economic reform in Central and Eastern Europe, and to assert U.S. leadership in efforts to overcome economic shocks caused by the transition to a free market economy and a rise in energy costs.
- o Show understanding of Hungary's pressing economic problems. Congratulate Antall on recent economic reform efforts, and urge his government to accelerate the momentum.
- o Explain U.S. efforts to obtain multilateral economic assistance for Hungary and other countries who have incurred significant costs due to the Gulf Crisis. Discuss what Hungary can do to reinforce U.S. actions.
- o Review U.S. discussions with the Soviets on CFE and on oil deliveries to Eastern Europe.
- o Applaud Antall's attempt to carve out a place for the new Hungary in a new Europe. Underscore U.S. determination to play a role in ensuring stability and security in Europe.
- o Express appreciation for Hungary's firm support for multilateral actions in the Gulf Crisis.

STRATEGY

- o We should use this visit to underscore the importance of the U.S.-Hungarian bilateral relationship. Antall hopes to dispel the Hungarian public impression that he is closer to Germany than to the U.S.
- o We should use public statements during the visit to show the U.S. considers Hungary as a Western country. We should acknowledge Hungary's pioneering role in setting in motion the changes which led to reforms in the rest of Eastern Europe.
- o We should use the visit to announce the resolution of several bilateral issues, including Hungary's request to remove travel restrictions on its U.N. diplomats. We should also emphasize that we will work with Congress to amend anachronistic legislation designating Hungary as a communist country, which is politically offensive to Hungarians.

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- 4 -

- o You will want to: congratulate Antall on his government's economic reform efforts; recognize the difficulties of maintaining a tough program, particularly in light of recent shocks to the economy; and urge him to move as quickly as possible.
- o We should publicly stress U.S. leadership in efforts to cushion economic shocks to Hungary. We should encourage increased efforts by the international financial institutions and the G-24 in this process.
- o We will want publicly to applaud the Antall Government's support of U.N. sanctions against Iraq despite the short-term costs to Hungary. We should emphasize the responsibility of developed nations materially to support such actions.
- o Antall's ability to look at the larger dimensions of the changes in Central and Eastern Europe make him an interesting interlocutor. You should probe for his vision of a new European security architecture.
- o You will want to express general support for Hungary's disengagement from Moscow, but in a step-by-step fashion. Antall has taken an aggressive stance on this issue, in contrast to President Goncz, who favors subdued tactics and common themes.
- o As an historian, Antall takes a long-range view of regional developments. You should seek Antall's views on developments in Romania and Yugoslavia, as well as the Ukraine and Baltics.

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PARTICIPANTS

Oval Office

The President
Brent Scowcroft, Assistant to the President
for National Security Affairs
Laszlo Szimonisz, Interpreter

Jozsef Antall, Prime Minister
Gyula Kodolanyi, Adviser to the Prime Minister
Interpreter

Cabinet Room

The President
James A. Baker III, Secretary of State
Nicholas Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert M. Gates, Assistant to the President
and Deputy for National Security Affairs
David C. Gompert, Special Assistant to the President
for European and Soviet Affairs
Charles Thomas, Ambassador to Hungary
Robert L. Hutchings, Director for European Political Affairs
Curtis Kamman, Deputy Assistant Secretary of State
for European and Canadian Affairs
Laszlo Szimonisz, Interpreter

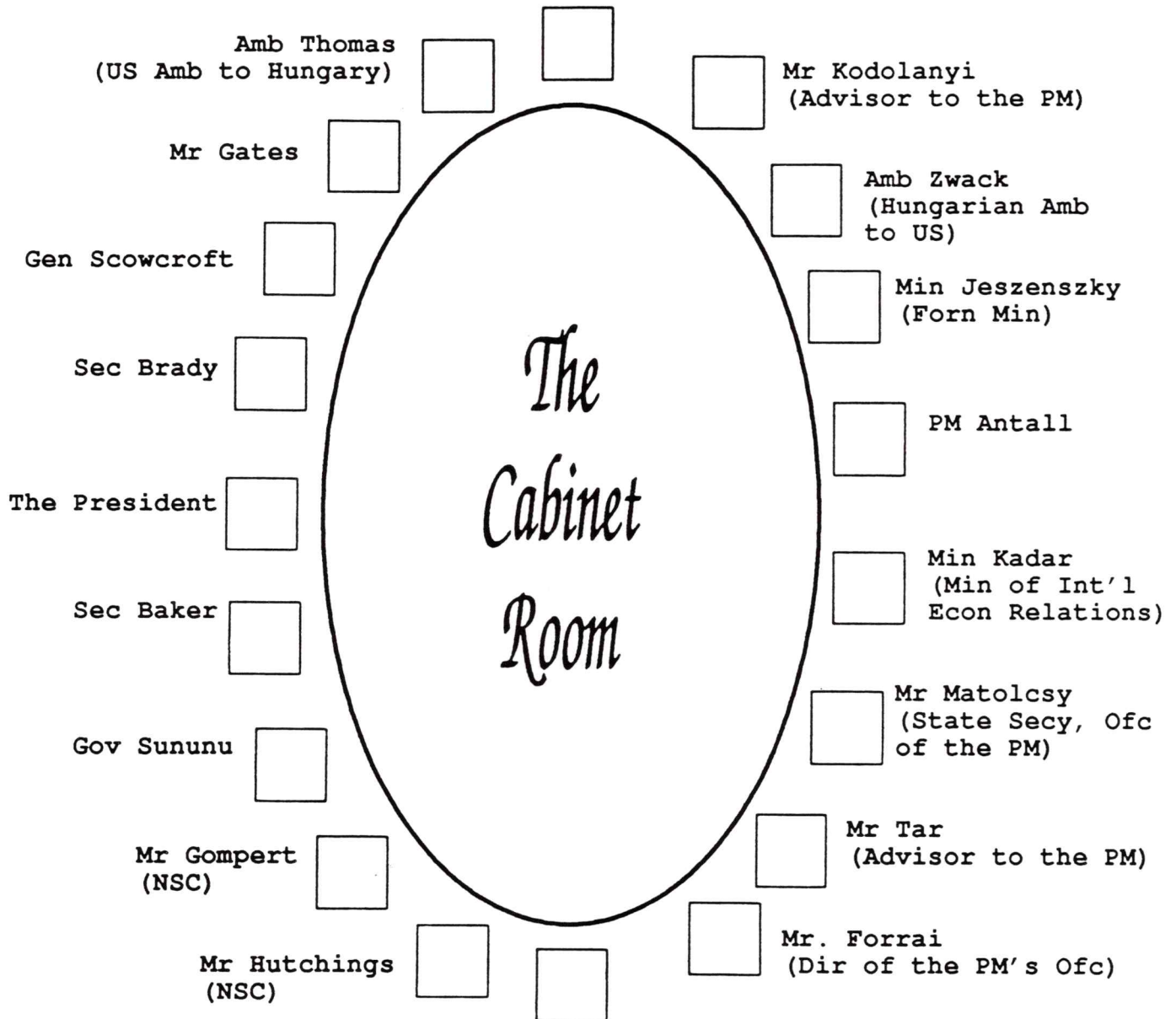
Jozsef Antall, Prime Minister
Geza Jeszenszky, Foreign Minister
Bela Kadar, Minister of International Economic Relations
Peter Zwack, Ambassador to the U.S.
Gyorgy Matolcsy, State Secretary, Office of the Prime Minister
Gyula Kodolanyi, Adviser to the Prime Minister
Pal Tar, Adviser to the Prime Minister
Istvan Forrai, Director of the Prime Minister's Office
Interpreter

DOOR

Thursday, October 18, 1990, 10:30 a.m.

DOOR

Mr Kamman (State)



DOOR

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

October 16, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: DAVID C. GOMPERT

FROM: ROBERT L. HUTCHINGS

SUBJECT: Visit of Hungarian Prime Minister Jozsef Antall

At Tab I is the President's briefing package for the Official Visit of Prime Minister Antall. The initiatives included in the President's talking points -- including the lifting of diplomatic travel restrictions, the opening of a West Coast consulate, and various economic assistance measures -- have all been fully coordinated interagency.

Concurrences by: Adrian Basora, Tim Deal, and Heather Wilson

RECOMMENDATION

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

Attachments

Tab I	Memorandum for the President
Tab A	Points to be Made
Tab B	Participants Lists
Tab C	Biographies
Tab D	Secretary Baker's Memorandum

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PER E.O. 13526
2009-1016-MR
ES 4/25/13

~~SECRET~~

TO: SCOWCROFT

FROM: BASORA
GOMPERT

DOC DATE: 09 OCT 90
SOURCE REF:

KEYWORDS: EUROPE EAST

PERSONS:

SUBJECT: RENEWED PUSH TO HELP EASTERN EUROPE

ACTION: SCOWCROFT APPROVED RECOM #2 DUE DATE: 12 OCT 90 STATUS: C

STAFF OFFICER: BASORA

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

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GOMPERT
NSC CHRON
RICE

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White House Guidelines

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

By Cop NARA, Date 3/31/09

COMMENTS: _____

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DOC 1 OF 1

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

October 9, 1990

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ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: DAVID GOMPERT *JD*

FROM: ADRIAN BASORA *AAB*

SUBJECT: Renewed Push to Help Eastern Europe?

The early euphoria of liberation is fading, and the predicted economic difficulties are now in full evidence. On top of this, the Gulf crisis has increased oil bills and caused substantial losses in exports to Iraq and Kuwait. Compounding the problem are shortfalls in Soviet energy exports to Eastern Europe, a sharp drop in Eastern European exports to the Soviet Union, and Moscow's plan to begin selling oil for hard currency in January. The problem is made still worse for Hungary, Romania, Bulgaria and Yugoslavia by a prolonged drought. Estimates of the total economic losses for the region run to many billions for 1991 and the remainder of 1990.

The result will be a very difficult winter indeed for all of the Eastern European countries. This could exacerbate political and ethnic tensions already in evidence in most of these countries and jeopardize their still-fragile reform efforts. The region's leaders are deeply concerned. The President has already heard an earful of urgent requests for assistance from Mazowiecki, Zhelev and Havel, and he will soon hear the same from Hungarian Prime Minister Antall, who visits on October 18. Secretaries Brady and Baker have also been hearing a rising crescendo of requests for increased assistance. In our view, the time has come to reinvigorate our aid efforts and perhaps to take new initiatives.

We believe Larry Eagleburger will need more support to this end in the coming weeks. An important part of the problem is the severely limited budget for FY '91 assistance to Eastern Europe. Of the \$300 million we have requested under "SEED II" for FY91, only about \$150 million will be new discretionary funds, with the remaining \$150 million needed to cover obligations from SEED I (mainly financing for the EBRD and for the Polish and Hungarian Enterprise Funds). SEED II will enable us to provide support beyond Poland and Hungary, but not the funding to do very much in any one country.

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The solutions or, more accurately, partial solutions fall into three categories:

1. Multilateral Assistance. This would involve primarily the IMF and the World Bank. The President's speech and that of Secretary Brady at the Bank/Fund Annual Meeting set the stage for enhanced assistance by those two institutions through easier access to existing funds as an offset to the oil price shock and lost exports to Kuwait and Iraq. The result could be as much as a few billion dollars of new IMF financing for Eastern Europe, albeit at near-market interest rates. So far, however, we are encountering opposition from the UK, Canada and Germany on this score, and intervention at ministerial level may be needed soon.

2. G-24 Assistance. As we have already found, the fact that the U.S. is providing less than 10 percent of the money makes it difficult to maintain the full partnership with the EC in the management of G-24 assistance that we would like. Treasury is particularly skittish about increased reliance on the G-24. Nevertheless, we see no choice but to do just that, mindful that it will be difficult to get the EC, Japan, and the European neutrals to match the first flush of generosity that led to approximately \$13 billion in pledges for Poland and Hungary.

3. Gulf Crisis Assistance. Although the Brady and Baker missions elicited several billion dollars in new pledges to countries affected by the Gulf crisis, so far the emphasis has been on the three "front line" states, Turkey, Egypt, and Jordan. Larry Eagleburger and we believe it is time to begin directing some attention soon to Eastern Europe.

Tim Deal has reservations about using the Gulf Crisis Financial Coordination Group mechanism for Eastern Europe (and for other similarly affected states). Bob Gates' informal steering group agreed before the Baker and Brady missions that the front line states should be the beneficiaries of this exercise and that help for the "second tier" should come from international institutions. Tim believes we should avoid dissipating scarce resources by defining "front line" too broadly. In any event, Tim notes that the Coordination Group construes its mandate very narrowly and, at this point at least, seems inclined to do little more than share information about commitments already made instead of mobilizing new resources for either the front line or "second tier" states. Consequently, our best efforts on behalf of Eastern Europe may not yield tangible benefits unless we can get the Group to take a more expansive view of its mission.

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The European Directorate believes that our vital stake in the success of the revolutions in Eastern Europe demands that these countries be treated as a special category in dealing with the impact of the Gulf crisis. Since the IFI's and the G-24 are unlikely to provide sufficient new funds, we believe that the region should thus be included in the assistance efforts of the Gulf Crisis Group. We suggest a meeting involving yourself, Bob Gates, Richard Haass, Tim Deal and David Gompert to develop a strategy to this end.

We should try for interagency agreement on the direction and importance of these policies in preparation for the Antall visit next week. As well, we may need to call on you over the coming days to help ensure the success of these efforts.

Concurrences by: Robert Hutchings, Timothy Deal, Richard Haass and Virginia Lampley *(all in draft) AHB*

RECOMMENDATIONS:

That you approve the strategy explored above for strengthened multilateral assistance through the G-24 and the international financial institutions.

Approve _____

Disapprove _____

That you agree to a meeting to explore the issue of extending the efforts of the Gulf Crisis Coordination Group to Eastern Europe.

Approve B

Disapprove _____

12-11-2004 10:00 AM - 11:00 AM

National Security Council
The White House

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Ken Hill

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Ken Hill

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Bill Sittmann

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Bob Gates

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Brent Scowcroft

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Bill Sittmann

Situation Room

West Wing Desk

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A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS: APNSA Has Seen

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NSC/S PROFILE

RECORD ID: 9008179
RECEIVED: 15 OCT 90 11

TO: PRESIDENT

CHRON FILE

FROM: SCOWCROFT

DOC DATE: 22 OCT 90
SOURCE REF:



KEYWORDS: POLAND
HS

ECONOMICS

PERSONS: EAGLEBURGER, L

MAZOWIECKI, TADEUSZ

SUBJECT: REVIEW OF POLISH DEBT W/ CY OF 22 AUG PRES CABLE TO PM MAZOWIECKI

ACTION: NOTED BY PRES

DUE DATE: 23 OCT 90

STATUS: C

STAFF OFFICER: DEAL

LOGREF:

FILES: WH

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

DEAL
GOMPERT
NSC CHRON

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White House Guidelines

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

By Cop NARA, Date 3/31/09

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THE PRESIDENT HAS SEEN
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THE WHITE HOUSE
WASHINGTON

90 OCT 22 PM 5:33

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2009-1017-MR
12/2/2014 MM

October 22, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT *B*

SUBJECT: Polish Debt

You asked for a review of the Polish debt situation, with a view toward the possibility of helping Prime Minister Mazowiecki. Here is a brief status report on G-7 and Paris Club activity on Polish debt.

For some time now, the Poles have sought debt and debt service reduction on their official and commercial debt. In response to his letter, you wrote Mazowiecki on August 22 (Tab A), pointing out that the issue of Poland's official debt is a "difficult and complex one" that requires concerted action among all creditors. But you also said that we would use the period before next March, when the present Paris Club rescheduling agreement expires, to explore other approaches to the problem.

As you know, our financial exposure in Poland is minor. To date, the larger creditors have been reluctant to consider special arrangements for Poland. Japan and Canada continue to take a hard-line position. Japan fears that significant debt reduction for Poland would make it difficult for Japan to continue other debt initiatives involving "new money" such as the \$11 billion in support offered to back the Brady Plan. Canada's exposure in Poland is high, and writedowns of what were essentially commercial credits for agricultural sales would have a serious budgetary impact. While initially reluctant to consider debt relief for Poland, Germany has begun to show signs of flexibility which could, in turn, strongly influence French and British attitudes.

At a G-7 Deputies meeting on October 11, our representative said that the U.S. favored an approach for Poland that would provide debt and debt service reduction, rescheduling, and new money. The others took positions along the lines outlined above, but did agree that the Chairman of the Paris Club could inform the Poles that we had the issue under active review and that Club members were examining options, although they could offer no concrete commitments at this time.

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Declassify on: OADR

cc: The Vice President
Chief of Staff

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In the meantime, the G-7 Deputies have established a group of experts to examine Poland's problems with recommendations due by December 1. The existence of this group is closely held for the moment because of likely pleas by other debtors for similar treatment (the "contagion effect"). Our aim is to have the experts' group propose radical surgery in terms of a possible 50-55% reduction in Polish debt and debt service, which would pave the way for normal treatment of Poland by the international financial community by 1994-1995. But the U.S. will have to push hard to achieve such a result given the concerns of our G-7 partners.

Next Steps: Treasury believes that we can be more forthcoming with the Poles than the Paris Club Chairman not only by indicating our willingness to review the options, but also by making a firm commitment to a solution, preferably on multilateral lines. You, of course, have the option of offering unilateral debt relief to Poland, but since our overall exposure is small, the benefits to Poland are proportionately less than a multilateral deal, and it would not please the Paris Club members.

Still, there are other steps that we could take to move the process along. I have asked Treasury and State to prepare for your signature by next week: (a) a message to Mazowiecki, bringing him up to date on what we have done -- and are doing -- to address Poland's debt problems; and (b) a message to Kohl to request that Germany join us in working for a Paris Club deal which will provide significant debt relief to Poland. With Germany out in front, the other European members of the G-7 likely will follow, and we can then put pressure on Japan and Canada to support this new approach. We will recommend dispatching such messages after Congress adjourns so that we avoid any confusion over Egyptian debt in the event our approach to Poland becomes known publicly. We should have the proposed letters to Mazowiecki and Kohl ready for your review early next week.

Attachment

Tab A August 22 Letter to Mazowiecki

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8179

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

October 15, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: TIMOTHY E. DEAL *TE*
DAVID C. GOMPERT *DCG*

SUBJECT: Polish Debt

You asked for a memorandum to the President on Polish debt in response to his note to you suggesting the need to move forward on debt forgiveness to help Mazowiecki. Attached at Tab I is a memorandum for your signature which summarizes the situation and also refers to possible Presidential messages to Mazowiecki and Kohl.

Tim met with David Mulford to review the situation. He brought us up to date on work on Polish debt in the G-7 Deputies Group. He agreed to Tim's suggestion for possible Presidential messages and will work with Larry Eagleburger on a joint memorandum for Presidential review. We would aim to have such messages ready for dispatch after Congress adjourns to avoid complicating Congressional consideration of Egypt's FMS debt.

RECOMMENDATION

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

Attachment

Tab I Memo to the President
Tab A August 22 Letter to Mazowiecki

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WHITE HOUSE SITUATION ROOM

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PER E.O. 13526

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RTT: VANDERON

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INFO RUEHBS AMEMBASSY BRUSSELS IMMEDIATE 2168

~~CONFIDENTIAL~~ STATE 282375

EXDIS BRUSSELS FOR USEC

E.O. 12356: DECL OADR

TIGS PREL EFIN PL

SUBJECT: PRESIDENTIAL CORRESPONDENCE: RESPONSE TO

MAZOWIECKI JULY 3 LETTER

REF: WARSAW 10248

CHARGE IS REQUESTED TO DELIVER THE FOLLOWING LETTER TO
PRIME MINISTER MAZOWIECKI FROM THE PRESIDENT
BEGIN TEXT

DEAR MR. PRIME MINISTER:

I WOULD LIKE TO CONGRATULATE YOU ON THE RECENT PASSAGE OF
THE NEW PRIVATIZATION BILL. I KNOW THAT YOU, DEPUTY PRIME
MINISTER BUDZISZCZAK, AND THE OTHER MEMBERS OF YOUR
ADMINISTRATION HAVE WORKED HARD DURING THE PAST SEVERAL
MONTHS TO ACHIEVE THIS LANDMARK LEGISLATION. THIS IS AN
IMPORTANT STEP FORWARD FOR POLISH REFORM AND WE STRONGLY
SUPPORT IT.

IT HAS BEEN A YEAR SINCE MY VISIT TO POLAND. DURING THAT
TIME YOUR GOVERNMENT HAS MADE REMARKABLE PROGRESS IN
SETTING UP THE STRUCTURES OF A DEMOCRATIC GOVERNMENT AND A
MARKET ECONOMY. WE REMAIN COMMITTED TO STRONG SUPPORT FOR
POLAND'S POLITICAL AND ECONOMIC REFORMS. WE HAVE SOUGHT
TO BE AS RESPONSIVE AS POSSIBLE TO THE REQUESTS FOR
ASSISTANCE FROM YOUR GOVERNMENT. I AM DELIGHTED THAT WE
WERE ABLE TO ORGANIZE THE ONE BILLION DOLLAR STABILIZATION
FUND FOR YOUR COUNTRY, PROVIDE A SIGNIFICANT AMOUNT OF
FOOD AID, ESTABLISH THE ENTERPRISE FUND, AND BEGIN WORK ON
A BROAD TECHNICAL ASSISTANCE PROGRAM.

IN RESPONSE TO YOUR LETTER OF JULY 3, I AM PLEASED THAT
THE UNITED STATES HAS BEEN ABLE TO BE OF ASSISTANCE TO YOU
IN THE AREA OF DEBT RELIEF. WE AND OTHER CREDITORS AGREED
ON A PARIS CLUB RESCHEDULING FOR POLAND WITH VERY GENEROUS
AND UNPRECEDENTED TERMS. AS YOU KNOW, DESPITE THE SMALL
U.S. SHARE OF POLAND'S COMMERCIAL BANK DEBT, WE ARE ALSO
WORKING TO FACILITATE A COMMERCIAL BANK AGREEMENT THAT
INCLUDES DEBT AND DEBT SERVICE REDUCTION. INDEED, WE WILL
CONTINUE TO DISCUSS THE PROGRESS AND PROSPECTS OF SUCH AN
AGREEMENT WITH YOUR FINANCIAL ADVISORS.

AT THE HOUSTON SUMMIT THE SEVEN LARGEST INDUSTRIAL
DEMOCRACIES REITERATED THEIR SUPPORT FOR POLAND AND OTHER
CENTRAL AND EAST EUROPEAN COUNTRIES COMMITTED TO ECONOMIC
AND POLITICAL REFORM. THE SUMMIT UNDERSCORED THE PARIS
CLUB AGREEMENT TO SUPPORT ECONOMIC REFORM PROGRAMS WITH
ADEQUATE RESTRUCTURING AGREEMENTS, INCLUDING MULTIYEAR
RESCHEDULINGS. THE SUMMIT PARTICIPANTS ALSO ENCOURAGED
THE PARIS CLUB TO LENGTHEN THE REPAYMENT PERIOD FOR LOWER
MIDDLE-INCOME COUNTRIES, SUCH AS POLAND, WHICH ARE
IMPLEMENTING STRONG ECONOMIC REFORM PROGRAMS.

THE UNITED STATES RAISED THE ISSUE OF POLAND'S OFFICIAL
DEBT AT THE HOUSTON SUMMIT AND EXPLORED THE INTEREST OF
OTHERS IN ADDRESSING IT FURTHER. IT WAS AGREED THAT THE
ISSUE OF POLAND'S OFFICIAL DEBT IS A DIFFICULT AND COMPLEX
ONE, PARTICULARLY FOR OTHER CREDITORS WITH SUBSTANTIAL
EXPOSURE. GIVEN THE RELATIVELY MODEST AMOUNT OF POLISH
OFFICIAL DEBT TO THE UNITED STATES, WE NEED A PROGRAM
SUPPORTED BY POLAND'S OTHER OFFICIAL CREDITORS IN ORDER TO
PROVIDE SIGNIFICANT RELIEF. INDEED, BECAUSE THIS IS A

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WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

MULTILATERAL PROBLEM WHICH CLEARLY REQUIRES A CONCERTED APPROACH. WE MUST CONTINUE OUR EFFORTS WITH THE OTHER CREDITORS. THE CURRENT SERIES OF RESTRUCTURING RUNS THROUGH MARCH 1991. SO WE WILL USE THE INTERVENING PERIOD TO EXPLORE FURTHER POSSIBLE APPROACHES TO ADDRESSING THIS PROBLEM.

I WISH YOU EVERY SUCCESS AS YOU CONTINUE WITH YOUR REFORM EFFORTS. LET ME PERSONALLY EMPHASIZE HOW INSPIRING THE CHANGES IN POLAND HAVE BEEN TO THE ENTIRE WORLD. YOUR ABLE LEADERSHIP HAS BEEN AN IMPORTANT PART OF THIS TRANSITION. YOU MAY BE ASSURED OF OUR CONTINUING STRONG SUPPORT.

SINCERELY
GEORGE BUSH

END TEXT

2. THERE WILL NOT BE A SIGNED ORIGINAL. DEPARTMENT WILL PROVIDE AMBASSADOR OZIEWANOWSKI WITH A COPY OF THE LETTER ON AUGUST 22. EAGLEBURGER

BT
#2378

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THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526

2009-1017-MR
12/2/2014 MM

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Polish Debt

with a view toward the possibility of helping
asked for a review of the Polish debt situation,
activity You said that you wanted to move ahead on Polish debt to help Prime Minister Mazowiecki. ~~Here is a brief status report on G-7 and deliberations on Polish debt, along with a suggestion for Presidential messages to Mazowiecki and Kohl, which we will forward to you next week.~~ *Paris Club*

For some time now, the Poles have sought debt and debt service reduction on their official and commercial debt. In response to his letter, you wrote Mazowiecki on August 22 (Tab A), pointing out that the issue of Poland's official debt is a "difficult and complex one" that requires concerted action among all creditors. But you also said that we would use the period before next March, when the present Paris Club rescheduling agreement expires, to explore other approaches to the problem.

minor
As you know, our financial exposure in Poland is ~~limited~~. To date, the larger creditors have been reluctant to consider special arrangements for Poland. Japan and Canada continue to take a hard-line position. Japan fears that significant debt reduction for Poland would make it difficult for Japan to continue other debt initiatives involving "new money" such as the \$11 billion in support offered to back the Brady Plan. Canada's exposure in Poland is high, and writedowns of what were essentially commercial credits for agricultural sales would have a serious budgetary impact. While initially reluctant to consider debt relief for Poland, Germany has begun to show signs of flexibility which could, in turn, strongly influence French and British attitudes.

At a G-7 Deputies meeting on October 11, our representative said that the U.S. favored an approach for Poland that would provide debt and debt service reduction, rescheduling, and new money. The others took positions along the lines outlined above, but did agree that the Chairman of the Paris Club could inform the Poles that we had the issue under active review and that Club members were examining options, although they could offer no concrete commitments at this time.

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Declassify on: OADR

cc: The Vice President
Chief of Staff

~~CONFIDENTIAL~~

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In the meantime, the G-7 Deputies have established a group of experts to examine Poland's problems with recommendations due by December 1. The existence of this group is closely held for the moment because of likely pleas by other debtors for similar treatment (~~i.e.~~ the "contagion effect"). Our aim is to have the experts' group propose radical surgery in terms of a possible 50-55% reduction in Polish debt and debt service, which would pave the way for normal treatment of Poland by the international financial community by 1994-1995. But the U.S. will have to push hard to achieve such a result given the concerns of our G-7 partners.

Next Steps: Treasury believes that we can be more forthcoming with the Poles than the Paris Club Chairman not only by indicating our willingness to review the options, but also by making a firm commitment to a solution, preferably on multilateral lines. You, of course, have the option of offering unilateral debt relief to Poland, but since our overall exposure is small, the benefits to Poland are proportionately less than a multilateral deal, *and it would not please the Paris Club members.*

Still, there are other steps that we could take to move the process along. I have asked Treasury and State to prepare for your signature by next week: (a) a message to Mazowiecki, bringing him up to date on what we have done -- and are doing -- to address Poland's debt problems; and (b) a message to Kohl to request that Germany join us in working for a Paris Club deal which will provide significant debt relief to Poland. With Germany out in front, the other European members of the G-7 likely will follow, and we can then put pressure on Japan and Canada to support this new approach. We will recommend dispatching such messages after Congress adjourns so that we avoid any confusion over Egyptian debt in the event our approach to Poland becomes known publicly. We should have the proposed letters to Mazowiecki and Kohl ready for your review early next week.

Attachment

Tab A August 22 Letter to Mazowiecki

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~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9008555
RECEIVED: 27 OCT 90 12

TO: SCOWCROFT

CHRON FILE

FROM: HUTCHINGS
GOMPERT

DOC DATE: 26 OCT 90
SOURCE REF:

KEYWORDS: CZECHOSLOVAKIA

PRESIDENTIAL TRAVEL



PERSONS:

SUBJECT: NOVEMBER TRIP / REPLIES TO TELTCHIK & BLACK

ACTION: SCOWCROFT APPROVED RECOM DUE DATE: 31 OCT 90 STATUS: C

STAFF OFFICER: HUTCHINGS

LOGREF:

FILES: WH 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
GOMPERT
HUTCHINGS
NSC CHRON

DECLASSIFIED

White House Guidelines

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

By Cap NARA, Date 3/31/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSTAS

CLOSED BY: NSAMM

DOC 1 OF 1

~~CONFIDENTIAL~~

November Trip Replies to
Zetscher + Black
National Security Council
The White House

PROOFED BY: LEA LOG # 8555
 URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT
 BYPASSED WW DESK: _____ DOCLOG LMB AIO _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
<i>yn</i> Ken Hill	<u>1</u>	<u>✓</u>	<u>A</u>
Bill Sittmann	<u>2</u>	<u>Copy</u>	
Bob Gates	<u>3</u>	<u>✓</u>	
Brent Scowcroft	<u>4</u>	<u>✓</u>	
Bill Sittmann			
Situation Room	<u>6</u>		
West Wing Desk	<u>5</u>	<u>LMB 10/30</u>	<u>D</u>
NSC Secretariat	<u>11/16</u>		<u>NIR</u>
_____	_____	_____	_____
_____	_____	_____	_____

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____
 Should be seen by: _____ (Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS:

HANDLED
 SDO
 MSG TO
 TELETYPE
 LMB
 10/30

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Natl Sec Advisor
has seen

8555
Re-do

~~CONFIDENTIAL~~

October 30, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: DAVID C. GOMPERT *DCG*

FROM: ROBERT L. HUTCHINGS *RZH*

SUBJECT: November Trip: Replies to Teltschik and Black

Per your conversation with David Gompert, Ray Seitz called Ambassador Black to tell her that the President will arrive in Prague the morning of November 17 and depart the morning of the 18th, with no side trip to Bratislava, asking that the Ambassador so inform the Czechoslovak side. Ray further asked for her views, and those of the Government of Czechoslovakia, on other ways to demonstrate U.S. appreciation of the special position and concerns of Slovakia -- perhaps a luncheon with the new President of Slovakia (who is among the democratic, federalist Slovaks we want to encourage). We will also ask the Embassy and our Consul General in Bratislava to approach the Slovaks directly and seek their views, as well as their understanding. I will follow up with Havel's security advisor tomorrow.

With the Czechoslovak part of the trip resolved, we now recommend that you reply to Horst Teltschik's message (Tab II) conveying the German side's suggested itinerary for the President's visit to Germany. Your reply (Tab I) proposes a shortened version of that itinerary, with the President arriving late morning on November 18 to visit Kohl at Ludwigshafen (perhaps adding one of the other events Teltschik mentioned) and departing late that afternoon for Paris.

RECOMMENDATIONS

That you approve the Tab I message to Teltschik for delivery via White House privacy channels.

Approve *BD* Disapprove _____

That you authorize us to apprise the State Department and Ambassador Walters of these plans.

Approve *BD* Disapprove _____

Attachments

Tab I Message to Teltschik
Tab II Incoming from Teltschik

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Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 2/26/24

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

MESSAGE FROM GENERAL SCOWCROFT TO HORST TELTSCHIK
VIA WHITE HOUSE PRIVACY CHANNELS

~~CONFIDENTIAL~~ VIA SKIPPER CHANNELS

HORST TELTSCHIK, FEDERAL CHANCELLERY, BONN, GERMANY

DEAR HORST,

THANK YOU FOR YOUR MESSAGE WITH A PROPOSED ITINERARY FOR THE PRESIDENT'S TRIP TO GERMANY. WE SUGGEST A SOMEWHAT SHORTENED VERSION OF THE ITINERARY, WITH THE PRESIDENT ARRIVING LATE MORNING ON NOVEMBER 18 TO VISIT THE CHANCELLOR IN LUDWIGSHAFEN AND DEPARTING LATE AFTERNOON FOR PARIS. DEPENDING ON YOUR PREFERENCES, WE MIGHT ADD ANOTHER EVENT THAT WOULD GIVE THE PRESIDENT AND THE CHANCELLOR AN OPPORTUNITY FOR PUBLIC REMARKS. IF IT IS AGREEABLE TO YOU, I SUGGEST THAT OUR ADVANCE TEAM GO TO GERMANY SOON TO DISCUSS THE DETAILS WITH YOUR SIDE.

WITH WARMEST REGARDS,

BRENT SCOWCROFT

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 2/26/24

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PAGE 01 OF 02

PRT: GATES SCOWCROFT SIT
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FM CHARLIE

TO CROWN

UNCLAS VIA SKIPPER CHANNELS

OOQQ

GENERAL BRENT SCOWCROFT NSC, WHITE HOUSE, WASHINGTON D.C.

DEAR BRENT,

FOR THE PRESIDENT'S VISIT SATURDAY 17TH/SUNDAY 18TH NOV. WE
PROPOSE THE FOLLOWING PROGRAM:

SATURDAY, 17TH NOV.

- ARRIVAL IN RAMSTEIN AIR-BASE SATURDAY AFTERNOON
- OVERNIGHT IN RAMSTEIN AIR-BASE.

WE WOULD OF COURSE BE HAPPY IF THE PRESIDENT CHOSE TO STAY
AT PETERSBERG HOTEL IN BONN. THIS WOULD IMPLY LANDING IN
COLOGNE.

SUNDAY, 18TH NOV.

MORNING FLIGHT BY HELICOPTER TO SPEYER

- VISIT OF SPEYER CATHEDRAL
- DRIVE TO DEIDESHEIM
(THIS IS A WINE VILLAGE NEAR LUDWIGSHAFEN)
- LUNCHEON IN THE DEIDESHEIMER HOF
- WALK THROUGH THE VINEYARDS
- COFFEE AT THE CHANCELLOR S PRIVATE HOME IN
LUDWIGSHAFEN

LATE AFTERNOON/

EARLY EVENING PRESIDENT LEAVES FOR PARIS

WITH WARMEST REGARDS

HORST TELTSCHIK

BT

*1738

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