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FOIA Number:

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# FOIA MARKER

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**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron File, 1989-1993

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**OA/ID Number:** 13577  
**Folder ID Number:** 13577-006

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**Folder Title:**  
Breakfast with Soviet Businessmen 7/31/91 [OA 6030]

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>17</b>	<b>2</b>	<b>6</b>

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# WHITE HOUSE STAFFING MEMORANDUM

DATE: 07/26/91

91 JUL 29 8:31

9:00 A.M. Monday 7/29

ACTION/CONCURRENCE/COMMENT DUE BY: \_\_\_\_\_

SUBJECT: PRESIDENTIAL REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
(07/26 draft three)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SMITH <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide any comments directly to Tony Snow no later than 9:00 a.m. on Monday, 07/29, with a copy to this office. Thanks.

RESPONSE:

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

91 JUL 26 PM 5:44

Grant / Grossman  
A:MOSCOW.BUS Draft three  
July 26, 1991

**REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
MOSCOW  
TIME? DATE?**

[Acknowledgements]

Good morning. I've been looking forward to meeting you this morning -- not only as President of the United States, but as a former businessman. As entrepreneurs, businessmen, and risk-takers, you hold in your hands the future of the Soviet Union. You possess the power to create a better life for yourselves and your countrymen. There is an old Russian proverb: "The one who leads makes a bridge for the others." **Your leadership is building that bridge ... to a new and prosperous Soviet Union.**

All around the world, we see that free society rests upon the twin pillars of political and economic liberty. For only when free markets and free people work together, can we build a better life for all people.

You understand that **opportunity** arises when people act freely, relying on their own talents. Call it what you want: ingenuity, resourcefulness, a "can-do" attitude. But it all comes down to this: **people must be free** -- to work, to save, to own their own home, to take risks, to invest in each other, to control their own lives. No conclave of government experts, no matter how brilliant, can match the sheer ingenuity of a market that collects and distributes the wisdom of millions of people, all pursuing their destinies in different ways.

Government does have a legitimate role -- enforcing contracts, protecting property rights, and providing the boundaries of acceptable business behavior. Government can establish rules for fair play -- a "level playing field" -- that build trust and stability. Once established in the Soviet Union, the rule of law will further attract foreign know-how and investment -- because smart businessmen will only go where it's good for business.

[The United States stands ready to help. We're going beyond loans and subsidies: we're offering our best expertise. At the London Economic Summit, we agreed to Soviet observership in the GATT trade negotiations to help establish normal relations with the trading nations of the world. And to help devise effective market reforms, we've proposed special status for the Soviet Union in the IMF and the World Bank.

When I return to Washington, I'll be submitting the U.S.-Soviet Trade Agreement to Congress for approval, which will generate trade between our countries; I'll also ask that certain restrictions be lifted so that American businesses can better compete for export sales here. We're also negotiating a bilateral treaty -- I'd like to see it completed by year's end - - to create a better investment climate between us, to expand our economic partnership as much as possible. ]

Freedom brings the opportunity to succeed, and the risk of failure. The government can act as referee, but it cannot guarantee success. Free markets are simply unpredictable. They

are based on the impulsive energy of man's imagination and creativity. Sure, there are risks, but there are also **rewards** for good ideas that actually work. Who would have predicted that fifteen years ago, a group of college students working in a garage would redefine the computer industry in America? Or that a garbageman from Philadelphia xx years ago would today be the head of a \$6 billion waste management firm in the United States? When opportunity is at work, you can be a mechanic or a millionaire -- and in my country, some mechanics are millionaires.

Pursuing one's destiny means building a better life. Russian values and traditions are compatible with free enterprise -- and should be preserved. Look at the members of the G-7 -- each an industrialized democracy -- each with its own values and traditions. The culture and climate of American business may be different than other places, but the power of the idea is universal. It has been applied in thousands of ways by millions of people all over the world. Those who succeed here should not be insulted and labeled as "speculators" and "exploiters" -- because they are not. They are simply the people who will fill the shelves in your stores.

This notion of free markets and free people, opportunity for all, this joint venture between political and economic liberty - - this is the spirit of democratic capitalism. Everywhere, we hear the voices of men and women yearning for freedom ... for the chance to control their own destiny ... for a stronger link

between effort and reward. Some call it the American Dream -- but really, it is a universal dream. And it is a dream that the Soviet people are now striving to make real for themselves.

**Each of you can bring that dream alive.** The creation of small- and medium-sized businesses means meeting payrolls, hiring good men and women, producing goods and services that are most needed by consumers, and improving technologies and methods to stay competitive. Free market principles don't just mean that one or two people will go out and get rich quick. It's much more than that. As President Woodrow Wilson said, "Every great man of business has got somewhere a touch of the idealist in him." For you and your employees, it means the **dignity and self-respect** that come with a job. It means making a difference in your community. And as more and more business opportunities evolve - - it means bringing back hope to the people of the Soviet Union.

Your task will be difficult, but perhaps I can help with some advice. The story goes that a young man became the manager of a company. His predecessor handed him three envelopes, and said that if he was ever in trouble, to open the envelopes. So one day, when the business wasn't going so well, the man decided it was time to open envelope #1. The message inside read: "Blame your predecessor." So he did, and things improved for a while, but then got worse. He decided to open envelope #2. It read: "Blame the accounting department." So he did. But sales continued to go downhill. Finally, with much hesitation, he went for envelope #3. /// It said: "Prepare three envelopes."

The point of the story is that there are no right or wrong answers. I can't tell you in three envelopes how to transform this economy from command and control to buy and sell. You must find what works best for each of you -- and for your customers. You must make the dreams of your own people -- in whatever way you can -- come alive for them. **You must define your own brand of democratic capitalism -- one that is consistent with Russian culture and values.**

Remember the words of Tolstoi: "The strongest of all warriors are these two: Time and Patience." Bringing free markets to life will take time and patience. But it can be done. Because everyone in this room today possesses something that cannot be bought or sold: **you possess the power of an idea.** I salute you for your vision and your drive. It's been a pleasure to meet you. God bless you and thank you.

# # #

THE WHITE HOUSE

WASHINGTON

91 JUL 29 PM 12:31

July 29, 1991

MEMORANDUM FOR TONY SNOW

FROM: STEPHEN G. RADEMAKER *SR*  
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Breakfast with Soviet Businessmen

Pursuant to Phillip Brady's request, Counsel's Office has reviewed the above-referenced matter and has no objection, subject to the comment indicated on page 2 of the attached text.

Attachment

cc: Phillip D. Brady

91 JUL 25 PM 5:44

Grant / Grossman  
A:MOSCOW.BUS Draft three  
July 26, 1991

**REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
MOSCOW  
TIME? DATE?**

[Acknowledgements]

Good morning. I've been looking forward to meeting you this morning -- not only as President of the United States, but as a former businessman. As entrepreneurs, businessmen, and risk-takers, you hold in your hands the future of the Soviet Union. You possess the power to create a better life for yourselves and your countrymen. There is an old Russian proverb: "The one who leads makes a bridge for the others." **Your leadership is building that bridge ... to a new and prosperous Soviet Union.**

All around the world, we see that free society rests upon the twin pillars of political and economic liberty. For only when free markets and free people work together, can we build a better life for all people.

You understand that opportunity arises when people act freely, relying on their own talents. Call it what you want: ingenuity, resourcefulness, a "can-do" attitude. But it all comes down to this: **people must be free -- to work, to save, to own their own home, to take risks, to invest in each other, to control their own lives.** No conclave of government experts, no matter how brilliant, can match the sheer ingenuity of a market that collects and distributes the wisdom of millions of people, all pursuing their destinies in different ways.

Government does have a legitimate role -- enforcing contracts, protecting property rights, and providing the boundaries of acceptable business behavior. Government can establish rules for fair play -- a "level playing field" -- that build trust and stability. Once established in the Soviet Union, the rule of law will <sup>make your country more attractive to</sup> ~~further attract~~ foreign know-how and investment <sup>by providing the predictability necessary for businessmen to be</sup> ~~because smart businessmen will only go where it's~~ <sup>willing to take risks and expend effort.</sup> ~~good for business.~~

[The United States stands ready to help. We're going beyond loans and subsidies: we're offering our best expertise. At the London Economic Summit, we agreed to Soviet observership in the GATT trade negotiations to help establish normal relations with the trading nations of the world. And to help devise effective market reforms, we've proposed special status for the Soviet Union in the IMF and the World Bank.

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Remember the words of Tolstoi: "The strongest of all warriors are these two: Time and Patience." Bringing free markets to life will take time and patience. But it can be done. Because everyone in this room today possesses something that cannot be bought or sold: you possess the power of an idea. I salute you for your vision and your drive. It's been a pleasure to meet you. God bless you and thank you.

# # #

7/31

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 07/26/91

9:00 A.M. Monday 7/29

ACTION/CONCURRENCE/COMMENT DUE BY: \_\_\_\_\_

SUBJECT: PRESIDENTIAL REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
(07/26 draft three)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide any comments directly to Tony Snow no later than 9:00 a.m. on Monday, 07/29, with a copy to this office. Thanks.

**RESPONSE:**

No comment.

Thanks,

*Elizabeth Luttig*  
Elizabeth Luttig

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

THE WHITE HOUSE

WASHINGTON

July 28, 1991

**INFORMATION**

**MEMORANDUM FOR THE PRESIDENT**

**THROUGH:** DAVID DEMAREST  
TONY SNOW *TS*

**FROM:** MARY KATE GRANT *MKG*

**SUBJECT:** BREAKFAST WITH MOSCOW BUSINESS LEADERS

**SUMMARY**

Attached for your review are draft remarks (10 minutes/speechcards) for the breakfast meeting with about a hundred Moscow businessmen on Wednesday, July 31 at 8:25 a.m.

You discuss their role in building a new, more democratic Soviet Union -- one of free markets and free people. Although they are risktakers and entrepreneurs, you assure them that they are not "speculators" and "exploiters."

Grant / Grossman  
A:MOSCOW.BUS Draft three  
July 28, 1991

**REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
MOSCOW  
WEDNESDAY, JULY 31, 1991  
8:25 A.M.**

[Acknowledgements]

Good morning. I've been looking forward to this meeting. I was a businessman myself once, in the oil drilling equipment business. The risks were high, but I enjoyed it. As entrepreneurs, businessmen, and risk-takers, you hold the key to the future prosperity of the Soviet Union. You possess the power to create a better life for yourselves and your countrymen. There is an old Russian proverb: "The one who leads makes a bridge for the others." Businessmen such as yourselves are building that bridge ... to a new and prosperous Soviet Union.

All around the world, we see that free society rests upon the twin pillars of political and economic liberty. For only when free markets and free people work together, can we build a better life for all people.

You understand that opportunity arises when people act freely, relying on their own talents. Call it what you want: ingenuity, resourcefulness, a "can-do" attitude. But it all comes down to this: people must be free -- to work, to save, to own their own home, to take risks, to invest in each other, to control their own lives. No conclave of government experts, no matter how brilliant, can match the sheer ingenuity of a market

that collects and distributes the wisdom of millions of people, all pursuing their destinies in different ways.

Government does have a legitimate role -- enforcing contracts, protecting property rights, and providing the boundaries of acceptable business behavior. Government must establish rules for fair play -- a "level playing field" -- that builds trust and stability. Once established in the Soviet Union, the rule of law will further attract foreign know-how and investment -- because smart businessmen will only go where it's good for business.

[The United States stands ready to help. We're going beyond loans and subsidies: we're offering our best expertise. We agreed last year to Soviet observership in GATT, to help establish normal relations with the trading nations of the world. And to accelerate market reforms and your integration into the global economy, we've proposed a Special Associate Status for the Soviet Union in the IMF and the World Bank.

When I return to Washington, I'll be submitting the U.S.-Soviet Trade Agreement to Congress for approval, which will generate trade between our countries; I'll also ask that certain restrictions be lifted so that American businesses can better compete for export sales here. We're also negotiating bilateral tax and investment treaties -- I'd like to see them completed by year's end -- to create a better investment climate between us, to expand our economic partnership as much as possible. We want

to do everything to ensure that our economic relationship expands as quickly as your reforms permit.]

Freedom brings the opportunity to succeed, and the risk of failure. The government can act as referee, but it cannot guarantee success. Free markets are simply unpredictable. They are based on the impulsive energy of man's imagination and creativity. Sure, there are risks -- I know. I took risks when I set up my own drilling equipment firm in Texas. But there are also rewards for good ideas that actually work. Who would have predicted that fifteen years ago, a group of college students working in a garage would redefine the computer industry in America? Or that a garbageman from Philadelphia thirty years ago would today be the head of a \$6 billion waste management firm in the United States? When opportunity is at work, you can be a mechanic or a millionaire -- and in my country, some mechanics are millionaires.

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because they are not. **They are the people who will fill the shelves in your stores.**

We understand now why socialism's attempt to create the "New Soviet Man" didn't work -- because human nature cannot be destroyed and created anew. We seek instead to build upon the **strengths** of human nature, to allow men and women to control their own destinies in whatever way works best for them.

This notion of free markets and free people, opportunity for all, this joint venture between political and economic liberty - - **this is the spirit of democratic capitalism.** Everywhere, we hear the voices of men and women yearning for freedom ... for the chance to control their own destiny ... for a stronger link between effort and reward. Some call it the American Dream -- but really, it is a **universal dream.** And it is a dream that the Soviet people are now striving to make real for themselves.

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THE WHITE HOUSE

WASHINGTON

91 JUL 29 12:34  
July 29, 1991

MEMORANDUM FOR TONY SNOW

FROM: ROGER B. PORTER *RBP*  
SUBJECT: Presidential Remarks: Breakfast with Soviet  
Businessmen

As requested, we have reviewed and concur with the attached draft Presidential remarks for the breakfast with Soviet businessmen.

Recommendation

That you sign the attached memorandum to Tony Snow.

Attachment

c: Phillip D. Brady

1131

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 07/26/91

9:00 A.M. Monday 7/29

ACTION/CONCURRENCE/COMMENT DUE BY: \_\_\_\_\_

SUBJECT: PRESIDENTIAL REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
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RESPONSE:

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

91 JUL 26 PM 5:44

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# # #

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 07/26/91

ACTION/CONCURRENCE/COMMENT DUE BY: 01 JUL 29 9:00 A.M. Monday 7/29

SUBJECT: PRESIDENTIAL REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
(07/26 draft three)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide any comments directly to Tony Snow no later than 9:00 a.m. on Monday, 07/29, with a copy to this office. Thanks.

RESPONSE: *No comment*

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

91 JUL 26 PM 5:44

Grant / Grossman  
A:MOSCOW.BUS Draft three  
July 26, 1991

**REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
MOSCOW  
TIME? DATE?**

[Acknowledgements]

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# WHITE HOUSE STAFFING MEMORANDUM

DATE: 07/26/91

91 JUL 29 9:00 A.M. Monday 7/29

ACTION/CONCURRENCE/COMMENT DUE BY: \_\_\_\_\_

SUBJECT: PRESIDENTIAL REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
(07/26 draft three)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide any comments directly to Tony Snow no later than 9:00 a.m. on Monday, 07/29, with a copy to this office. Thanks.

RESPONSE:

*ok*  
*DB*

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

91 JUL 26 PM 5:44

Grant / Grossman  
A:MOSCOW.BUS Draft three  
July 26, 1991

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MOSCOW  
TIME? DATE?**

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# # #

**NATIONAL SECURITY COUNCIL  
EXECUTIVE SECRETARIAT STAFFING DOCUMENT**

TIME STAMP

RECEIVED

SYSTEM LOG NUMBER:

5653

01 JUL 26 P 6: 56

ACTION OFFICER:

BURNS

DUE:

9:00AM MON 29

JUL

Prepare Memo For Scowcroft/Gates

Appropriate Action

Prepare Memo For Brady

Prepare Memo for Sittmann

Prepare Memo Scowcroft

to SNOW w/ cc: Brody

CONCURRENCES/COMMENTS\*

PHONE\* to action officer at ext.

6849

Concur FYI

- Barth
- Basora
- Beers
- Broome
- Burns
- Canas
- Chamberlin
- Charles
- Davis
- Deal
- Dyke
- Frasure
- Fry
- Gordon
- Gompert
- Haass
- Hayden

Concur FYI

- Hewett
- Hutchings
- Johnson
- Kanter
- Kitchen
- Kuehne
- Lampley
- Laposa
- Lundsager
- Melby
- Menan
- Merchant
- Needles
- O'Leary
- Paal
- Pacelli
- Pavitt

Concur FYI

- Pilling
- Poneman
- Popadiuk
- Pryce
- Rademaker
- Rostow
- Tilley
- Tobey
- Van Eron
- Watson
- Welch
- Whitley
- Wilson
- Working
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

INFORMATION

- Sittmann
- Scowcroft (advance)

- Hill
- Gates (advance)

- Exec Sec Desk
- Secretariat

COMMENTS

Logged By

QB

Return to Secretariat  
379 OEGB

WHITE HOUSE STAFFING MEMORANDUM **5653** <sup>7/31</sup>

DATE: 07/26/91

ACTION/CONCURRENCE/COMMENT DUE BY: 9:00 A.M. Monday 7/29

SUBJECT: PRESIDENTIAL REMARKS: BREAKFAST WITH SOVIET BUSINESSMEN  
(07/26 draft three)

	ACTION FYI			ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
<del>SCOWCROFT</del>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

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RESPONSE:

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

*I was a businessman once myself in the oil drilling equipment business. The risks were high, but*

JUL 26 PM 5:44

Grant / Grossman  
A: MOSCOW.BUS Draft three  
July 26, 1991

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then it should get  
out of the way  
2 Bureaucrats or businessmen  
do not mix

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*We want to do everything to insure that our economic relationship expands as quickly as you reforms permit*

I know. A job, risk  
~~is a~~ when I set up my  
3 own development firm  
in Texas.

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Good  
Gandy

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TIME? DATE?**

[Acknowledgements]

Good morning. I've been looking forward to meeting you this morning -- not only as President of the United States, but as a former businessman. As entrepreneurs, businessmen, and risk-takers, you hold in your hands the future of the Soviet Union. You possess the power to create a better life for yourselves and your countrymen. There is an old Russian proverb: "The one who leads makes a bridge for the others." **Your leadership is building that bridge ... to a new and prosperous Soviet Union.**

All around the world, we see that free society rests upon the twin pillars of political and economic liberty. For only when free markets and free people work together, can we build a better life for all people.

You understand that **opportunity** arises when people act freely, relying on their own talents. Call it what you want: ingenuity, resourcefulness, a "can-do" attitude. But it all comes down to this: **people must be free** -- to work, to save, to own their own home, to take risks, to invest in each other, to control their own lives. No conclave of government experts, no matter how brilliant, can match the sheer ingenuity of a market that collects and distributes the wisdom of millions of people, all pursuing their destinies in different ways.

Government does have a legitimate role -- enforcing contracts, protecting property rights, and providing the boundaries of acceptable business behavior. Government can establish rules for fair play -- a "level playing field" -- that build trust and stability. Once established in the Soviet Union, the rule of law will further attract foreign know-how and investment -- because smart businessmen will only go where it's good for business.

[The United States stands ready to help. We're going beyond loans and subsidies: we're offering our best expertise. At the London Economic Summit, we agreed to Soviet observership in the GATT trade negotiations to help establish normal relations with the trading nations of the world. And to help devise effective market reforms, we've proposed special status for the Soviet Union in the IMF and the World Bank.

When I return to Washington, I'll be submitting the U.S.-Soviet Trade Agreement to Congress for approval, which will generate trade between our countries; I'll also ask that certain restrictions be lifted so that American businesses can better compete for export sales here. We're also negotiating a bilateral treaty -- I'd like to see it completed by year's end -- to create a better investment climate between us; to expand our economic partnership as much as possible. ]

Freedom brings the opportunity to succeed, and the risk of failure. The government can act as referee, but it cannot guarantee success. Free markets are simply unpredictable. They

are based on the impulsive energy of man's imagination and creativity. Sure, there are risks, but there are also **rewards** for good ideas that actually work. Who would have predicted that fifteen years ago, a group of college students working in a garage would redefine the computer industry in America? Or that a garbageman from Philadelphia xx years ago would today be the head of a \$6 billion waste management firm in the United States? When opportunity is at work, you can be a mechanic or a millionaire -- and in my country, some mechanics are millionaires.

Pursuing one's destiny means building a better life. Russian values and traditions are compatible with free enterprise -- and should be preserved. Look at the members of the G-7 --- each an industrialized democracy -- each with its own values and traditions. The culture and climate of American business may be different than other places, but the power of the idea is universal. It has been applied in thousands of ways by millions of people all over the world. Those who succeed here should not be insulted and labeled as "speculators" and "exploiters" --- because they are not. **They are simply the people who will fill the shelves in your stores.**

This notion of free markets and free people, opportunity for all, this joint venture between political and economic liberty -- **this is the spirit of democratic capitalism.** Everywhere, we hear the voices of men and women yearning for freedom ... for the chance to control their own destiny ... for a stronger link

between effort and reward. Some call it the American Dream -- but really, it is a universal dream. And it is a dream that the Soviet people are now striving to make real for themselves.

Each of you can bring that dream alive. The creation of small- and medium-sized businesses means meeting payrolls, hiring good men and women, producing goods and services that are most needed by consumers, and improving technologies and methods to stay competitive. Free market principles don't just mean that one or two people will go out and get rich quick. It's much more than that. As President Woodrow Wilson said, "Every great man of business has got somewhere a touch of the idealist in him." For you and your employees, it means the **dignity and self-respect** that come with a job. It means making a difference in your community. And as more and more business opportunities evolve -- it means bringing back hope to the people of the Soviet Union.

Your task will be difficult, but perhaps I can help with some advice. The story goes that a young man became the manager of a company. His predecessor handed him three envelopes, and said that if he was ever in trouble, to open the envelopes. So one day, when the business wasn't going so well, the man decided it was time to open envelope #1. The message inside read: "Blame your predecessor." So he did, and things improved for a while, but then got worse. He decided to open envelope #2. It read: "Blame the accounting department." So he did. But sales continued to go downhill. Finally, with much hesitation, he went for envelope #3. /// It said: "Prepare three envelopes."

The point of the story is that there are no right or wrong answers. I can't tell you in three envelopes how to transform this economy from command and control to buy and sell. You must find what works best for each of you -- and for your customers. You must make the dreams of your own people -- in whatever way you can -- come alive for them. **You must define your own brand of democratic capitalism -- one that is consistent with Russian culture and values.**

Remember the words of Tolstoi: "The strongest of all warriors are these two: Time and Patience." Bringing free markets to life will take time and patience. But it can be done. Because everyone in this room today possesses something that cannot be bought or sold: **you possess the power of an idea.** I salute you for your vision and your drive. It's been a pleasure to meet you. God bless you and thank you.

# # #

THE WHITE HOUSE

Office of the Press Secretary  
(Moscow, USSR)

For Immediate Release

July 31, 1991

REMARKS BY THE PRESIDENT  
TO SOVIET AND U.S. BUSINESSMEN

Radisson Hotel  
Moscow, USSR

8:46 A.M. (L)

THE PRESIDENT: Good morning. May I pay my respects and thanks to our able Ambassador, Ambassador Matlock. This gives me a good opportunity to thank him for the fantastic job he has done for the United States of America, and I think also that he's done an awful lot to further understanding between the United States of America and the Soviet Union.

May I say good morning to Mr. Bunich, Mr. Vlačislavlev, Mr. Tikhonov, and say that I've been looking forward to this meeting.

As Jack said, I was a businessman once myself. That was first in the oil drilling equipment business and then as a drilling contractor. And the risks were high. But I enjoyed that phase of my life. As entrepreneurs and businessmen and risk-takers, you really do hold the key to the future prosperity of the Soviet Union. You possess the power to create a better life for yourselves and your countrymen.

There's an old Russian proverb, "The one who leads makes a bridge for the others." Businessmen such as yourselves are building that bridge, to a new and prosperous Soviet Union.

All around the world we see that a free society rests upon the twin pillars of political and economic liberty. For only when free markets and free people work together can we build a better life for all people. You understand that opportunity arises when people act freely, relying on their own talents. Call it what you want -- ingenuity, resourcefulness, a can-do attitude. But it all comes down to this: People must be free to work, save, to own their own homes, to risk -- take risks, to invest in each other. In essence, to control their own lives.

There is -- no conclave of government experts, no matter how brilliant, can match the sheer ingenuity of a market that collects and distributes the wisdom of millions of people, all pursuing their destinies in different ways.

Government does have legitimate responsibilities such as enforcing contracts and protecting private property rights, providing the boundaries of acceptable business behavior. Government must establish rules of fair play -- what we call a level playing field -- that builds trust and stability. Once established in the Soviet Union the rule of law will further attract foreign know-how and investment. There is no question about that.

The United States stands ready to help. We're going beyond loans and subsidies. We're offering our best expertise. We endorsed last year's Soviet observership in the GATT, to help establish normal relations with the trading nations of the world. And to accelerate market reforms and your integration into the global economy, at the recently-concluded G-7 meeting in London, special association for the Soviet Union in the IMF -- International Monetary Fund -- and the World Bank was proposed.

MORE

When I return to Washington I will be submitting the United States-Soviet trade agreement to Congress for approval which will generate trade between our countries. We will also seek Most Favored Nation status for the Soviet Union. And I'll ask that certain restrictions, technically known as the Stevenson and Byrd Amendments, be lifted so that American businesses can better compete for export sales here.

We're also negotiating bilateral tax and investment treaties, and I'd like to see them completed by year's end. They will create a better investment climate between us, help expand our economic partnership as much as possible. In sum, we want to do everything to ensure that our economic relationship expands as quickly as your reforms permit. Freedom brings the opportunity to succeed and, yes, the risk of failure.

The government can act as referee perhaps, but it cannot guarantee success. Free markets are based on the impulsive energy of man's imagination and creativity. And, of course, there are risks. I know that from firsthand experience years ago. But there are also rewards for success. Who would have predicted that 15 years ago a group of college students -- university students in the United States -- working in a garage, would redefine the computer industry in America? Or that a trash collector, a garbage collector from Philadelphia 30 years ago would today be the head of a \$6-billion waste management firm in the United States.

When opportunity is at work, you can be a mechanic or a millionaire -- and in my country some mechanics are millionaires. Pursuing one's destiny means building a better life. Russian values and traditions are compatible with free enterprise and they should be preserved. Look at the members of the G-7 -- Western European nations. Each an industrialized democracy; each with its own values and traditions. The culture and climate of American business may be different than other places, but the power of the idea is universal. It's been applied in thousands of ways by millions of people all over the world.

Those who succeed here should not be insulted and labeled as speculators and exploiters, because they're not. They are the people who will fill the shelves in your stores, put your people to work. We understand now why socialism's attempt to create the new Soviet man simply didn't work, because human nature cannot be destroyed and created anew. We seek instead to build upon the strengths of human nature, to allow men and women to control their own destinies in whatever way works best for them.

This notion of free markets and free people -- opportunity for all -- this joint venture between political and economic liberty -- this is the spirit of democratic capitalism. Everywhere we hear the voices of men and women yearning for freedom, for the chance to control their own destiny, for a stronger link between effort and reward. Some call it the American Dream, but it's more than that. It's a universal dream. And it's a dream that the Soviet people are now striving to make real for themselves.

And after talks here, I believe the leaders are grasping this concept. Each of you can bring that dream alive. The creation of small and medium-sized businesses means meeting payrolls, hiring good men and women, producing goods and services that are most needed by consumers, and improving technologies and methods so as to stay competitive.

Free market principles don't just mean that one or two people go out and get rich quick. It is so much more than that. As our President Woodrow Wilson said, "Every great man of business has got somewhere a touch of the idealist in him." For you and your employees, it means the dignity and self-respect that come with the job. It means making a difference in your community. And as more and more businesses evolve, business opportunity evolves, it means bringing back hope to the people of the Soviet Union.

Your task will be difficult, but let me risk some advice. The story goes that a young man became the manager of a company. And his predecessor handed him three envelopes and said that if he was ever in trouble to open the envelopes. So one day when the business was not going well, the man decided it was time to open up envelope number one. The message inside said, "Blame your predecessor." So he did, and things improved for a while. But then they got worse again. So he decided to open up envelope number two. It read, "Blame the accounting department." So he did that. But sales continued to go downhill. And finally, with much hesitation, he opened envelope number three. And it said, "Prepare three envelopes." (Laughter.)

The moral of that story, I think, is that there are no right or wrong answers. I wouldn't be bold enough to try to tell you in three envelopes how to transform this economy from "command and control" to "buy and sell." You must find what works best for each of you and for your customers. You must make the dreams of your own people, in whatever way you can, come alive for them. You must define your own brand of democratic capitalism, one that is consistent with Russian cultures and values.

Remember the words of Tolstoy: "The strongest of all warriors are these two, time and patience." Bringing free markets to life will of course take time and patience. But it can be done, because everyone in this room today possesses something that simply cannot be bought or sold. You possess the power of an idea. And I salute you as pioneers for your vision and for your drive.

It's been a great pleasure for me to meet with this very special group today. And I wish you well in the tasks that lie ahead. May God bless you. And thank you very much. (Applause.)

END

9:01 A.M. (L)

BREAKFAST WITH SOVIET BUSINESSMEN \ MOSCOW  
WEDNESDAY, JULY 31, 1991 \ 8:25 A.M.

GOOD MORNING AND THANK YOU AMBASSADOR MATLOCK.  
I'VE BEEN LOOKING FORWARD TO THIS MEETING. I WAS A  
BUSINESSMAN MYSELF ONCE, IN THE OIL DRILLING EQUIPMENT  
BUSINESS THEN AS A DRILLING CONTRACTOR. THE RISKS WERE  
HIGH, BUT I ENJOYED IT. AS ENTREPRENEURS, BUSINESSMEN,  
AND RISK-TAKERS, YOU HOLD THE KEY TO THE FUTURE  
PROSPERITY OF THE SOVIET UNION.

- 2 -

YOU POSSESS THE POWER TO CREATE A BETTER LIFE FOR  
YOURSELVES AND YOUR COUNTRYMEN. THERE IS AN OLD  
RUSSIAN PROVERB: "THE ONE WHO LEADS MAKES A BRIDGE FOR  
THE OTHERS." BUSINESSMEN SUCH AS YOURSELVES ARE  
BUILDING THAT BRIDGE ... TO A NEW AND PROSPEROUS SOVIET  
UNION.

ALL AROUND THE WORLD, WE SEE THAT A FREE SOCIETY  
RESTS UPON THE TWIN PILLARS OF POLITICAL AND ECONOMIC  
LIBERTY.

FOR ONLY WHEN FREE MARKETS AND FREE PEOPLE WORK TOGETHER, CAN WE BUILD A BETTER LIFE FOR ALL PEOPLE.

YOU UNDERSTAND THAT OPPORTUNITY ARISES WHEN PEOPLE ACT FREELY, RELYING ON THEIR OWN TALENTS. CALL IT WHAT YOU WANT: INGENUITY, RESOURCEFULNESS, A "CAN-DO" ATTITUDE. BUT IT ALL COMES DOWN TO THIS: PEOPLE MUST BE FREE -- TO WORK, TO SAVE, TO OWN THEIR OWN HOME, TO TAKE RISKS, TO INVEST IN EACH OTHER, TO CONTROL THEIR OWN LIVES.

NO CONCLAVE OF GOVERNMENT EXPERTS, NO MATTER HOW BRILLIANT, CAN MATCH THE SHEER INGENUITY OF A MARKET THAT COLLECTS AND DISTRIBUTES THE WISDOM OF MILLIONS OF PEOPLE, ALL PURSUING THEIR DESTINIES IN DIFFERENT WAYS.

GOVERNMENT DOES HAVE LEGITIMATE RESPONSIBILITIES -- SUCH AS ENFORCING CONTRACTS, PROTECTING PROPERTY RIGHTS, AND PROVIDING THE BOUNDARIES OF ACCEPTABLE BUSINESS BEHAVIOR. GOVERNMENT MUST ESTABLISH RULES FOR FAIR PLAY -- A "LEVEL PLAYING FIELD" -- THAT BUILDS TRUST AND STABILITY.

ONCE ESTABLISHED IN THE SOVIET UNION, THE RULE OF LAW WILL FURTHER ATTRACT FOREIGN KNOW-HOW AND INVESTMENT.

THE UNITED STATES STANDS READY TO HELP. WE'RE GOING BEYOND LOANS AND SUBSIDIES: WE'RE OFFERING OUR BEST EXPERTISE. WE ENDORSED LAST YEAR SOVIET OBSERVERSHIP IN GATT, TO HELP ESTABLISH NORMAL RELATIONS WITH THE TRADING NATIONS OF THE WORLD.

AND TO ACCELERATE MARKET REFORMS AND YOUR INTEGRATION INTO THE GLOBAL ECONOMY AT THE RECENTLY CONCLUDED G-7 MEETING IN LONDON, SPECIAL ASSOCIATION FOR THE SOVIET UNION IN THE IMF AND THE WORLD BANK WAS PROPOSED.

WHEN I RETURN TO WASHINGTON, I'LL BE SUBMITTING THE U.S.-SOVIET TRADE AGREEMENT TO CONGRESS FOR APPROVAL, WHICH WILL GENERATE TRADE BETWEEN OUR COUNTRIES; WE WILL SEEK MOST FAVORED NATION STATUS FOR THE SOVIET UNION; I'LL ASK THAT CERTAIN RESTRICTIONS -- KNOWN AS THE STEVENSON AND BYRD AMENDMENTS -- BE LIFTED SO THAT AMERICAN BUSINESSES CAN BETTER COMPETE FOR EXPORT SALES HERE.

WE'RE ALSO NEGOTIATING BILATERAL TAX AND INVESTMENT TREATIES -- I'D LIKE TO SEE THEM COMPLETED BY YEAR'S END -- TO CREATE A BETTER INVESTMENT CLIMATE BETWEEN US, TO EXPAND OUR ECONOMIC PARTNERSHIP AS MUCH AS POSSIBLE. WE WANT TO DO EVERYTHING TO ENSURE THAT OUR ECONOMIC RELATIONSHIP EXPANDS AS QUICKLY AS YOUR REFORMS PERMIT.

FREEDOM BRINGS THE OPPORTUNITY TO SUCCEED, AND THE RISK OF FAILURE.

THE GOVERNMENT CAN ACT AS REFEREE, BUT IT CANNOT GUARANTEE SUCCESS. FREE MARKETS ARE BASED ON THE IMPULSIVE ENERGY OF MAN'S IMAGINATION AND CREATIVITY. SURE, THERE ARE RISKS -- I KNOW FROM FIRST HAND EXPERIENCE. BUT THERE ARE ALSO REWARDS FOR SUCCESS. WHO WOULD HAVE PREDICTED THAT FIFTEEN YEARS AGO, A GROUP OF COLLEGE STUDENTS WORKING IN A GARAGE WOULD REDEFINE THE COMPUTER INDUSTRY IN AMERICA?

OR THAT A TRASH COLLECTOR FROM PHILADELPHIA THIRTY YEARS AGO WOULD TODAY BE THE HEAD OF A \$6 BILLION WASTE MANAGEMENT FIRM IN THE UNITED STATES? WHEN OPPORTUNITY IS AT WORK, YOU CAN BE A MECHANIC OR A MILLIONAIRE -- AND IN MY COUNTRY, SOME MECHANICS ARE MILLIONAIRES.

PURSuing ONE'S DESTINY MEANS BUILDING A BETTER LIFE. RUSSIAN VALUES AND TRADITIONS ARE COMPATIBLE WITH FREE ENTERPRISE -- AND SHOULD BE PRESERVED. LOOK AT THE MEMBERS OF THE G-7 -- EACH AN INDUSTRIALIZED DEMOCRACY -- EACH WITH ITS OWN VALUES AND TRADITIONS.

THE CULTURE AND CLIMATE OF AMERICAN BUSINESS MAY BE DIFFERENT THAN OTHER PLACES, BUT THE POWER OF THE IDEA IS UNIVERSAL. IT HAS BEEN APPLIED IN THOUSANDS OF WAYS BY MILLIONS OF PEOPLE ALL OVER THE WORLD. THOSE WHO SUCCEED HERE SHOULD NOT BE INSULTED AND LABELED AS "SPECULATORS" AND "EXPLOITERS" -- BECAUSE THEY ARE NOT. THEY ARE THE PEOPLE WHO WILL FILL THE SHELVES IN YOUR STORES.

- 11 -

WE UNDERSTAND NOW WHY SOCIALISM'S ATTEMPT TO CREATE THE "NEW SOVIET MAN" DIDN'T WORK -- BECAUSE HUMAN NATURE CANNOT BE DESTROYED AND CREATED ANEW. WE SEEK INSTEAD TO BUILD UPON THE STRENGTHS OF HUMAN NATURE, TO ALLOW MEN AND WOMEN TO CONTROL THEIR OWN DESTINIES IN WHATEVER WAY WORKS BEST FOR THEM.

THIS NOTION OF FREE MARKETS AND FREE PEOPLE, OPPORTUNITY FOR ALL, THIS JOINT VENTURE BETWEEN POLITICAL AND ECONOMIC LIBERTY -- THIS IS THE SPIRIT OF DEMOCRATIC CAPITALISM.

- 12 -

EVERYWHERE, WE HEAR THE VOICES OF MEN AND WOMEN YEARNING FOR FREEDOM ... FOR THE CHANCE TO CONTROL THEIR OWN DESTINY ... FOR A STRONGER LINK BETWEEN EFFORT AND REWARD. SOME CALL IT THE AMERICAN DREAM -- BUT REALLY, IT IS A UNIVERSAL DREAM. AND IT IS A DREAM THAT THE SOVIET PEOPLE ARE NOW STRIVING TO MAKE REAL FOR THEMSELVES.

EACH OF YOU CAN BRING THAT DREAM ALIVE.

THE CREATION OF SMALL- AND MEDIUM-SIZED BUSINESSES MEANS MEETING PAYROLLS, HIRING GOOD MEN AND WOMEN, PRODUCING GOODS AND SERVICES THAT ARE MOST NEEDED BY CONSUMERS, AND IMPROVING TECHNOLOGIES AND METHODS TO STAY COMPETITIVE. FREE MARKET PRINCIPLES DON'T JUST MEAN THAT ONE OR TWO PEOPLE WILL GO OUT AND GET RICH QUICK. IT'S MUCH MORE THAN THAT. AS PRESIDENT WOODROW WILSON SAID, "EVERY GREAT MAN OF BUSINESS HAS GOT SOMEWHERE A TOUCH OF THE IDEALIST IN HIM."

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FOR YOU AND YOUR EMPLOYEES, IT MEANS THE DIGNITY AND SELF-RESPECT THAT COME WITH A JOB. IT MEANS MAKING A DIFFERENCE IN YOUR COMMUNITY. AND AS MORE AND MORE BUSINESS OPPORTUNITIES EVOLVE -- IT MEANS BRINGING BACK HOPE TO THE PEOPLE OF THE SOVIET UNION.

YOUR TASK WILL BE DIFFICULT, BUT PERHAPS I CAN HELP WITH SOME ADVICE. THE STORY GOES THAT A YOUNG MAN BECAME THE MANAGER OF A COMPANY. HIS PREDECESSOR HANDED HIM THREE ENVELOPES, AND SAID THAT IF HE WAS EVER IN TROUBLE, TO OPEN THE ENVELOPES.

SO ONE DAY, WHEN THE BUSINESS WASN'T GOING SO WELL, THE MAN DECIDED IT WAS TIME TO OPEN ENVELOPE #1. THE MESSAGE INSIDE READ: "BLAME YOUR PREDECESSOR." SO HE DID, AND THINGS IMPROVED FOR A WHILE, BUT THEN GOT WORSE. HE DECIDED TO OPEN ENVELOPE #2. IT READ: "BLAME THE ACCOUNTING DEPARTMENT." SO HE DID. BUT SALES CONTINUED TO GO DOWNHILL. FINALLY, WITH MUCH HESITATION, HE WENT FOR ENVELOPE #3. /// IT SAID: "PREPARE THREE ENVELOPES."

IN BUSINESS, THERE ARE NO RIGHT OR WRONG ANSWERS. I CAN'T TELL YOU IN THREE ENVELOPES HOW TO TRANSFORM THIS ECONOMY FROM COMMAND AND CONTROL TO BUY AND SELL. YOU MUST FIND WHAT WORKS BEST FOR EACH OF YOU -- AND FOR YOUR CUSTOMERS. YOU MUST MAKE THE DREAMS OF YOUR OWN PEOPLE -- IN WHATEVER WAY YOU CAN -- COME ALIVE FOR THEM. YOU MUST DEFINE YOUR OWN BRAND OF DEMOCRATIC CAPITALISM -- ONE THAT IS CONSISTENT WITH RUSSIAN CULTURE AND VALUES.

- 17 -

REMEMBER THE WORDS OF TOLSTOY: "THE STRONGEST OF ALL WARRIORS ARE THESE TWO -- TIME AND PATIENCE." BRINGING FREE MARKETS TO LIFE WILL TAKE TIME AND PATIENCE. BUT IT CAN BE DONE. BECAUSE EVERYONE IN THIS ROOM TODAY POSSESSES SOMETHING THAT CANNOT BE BOUGHT OR SOLD: YOU POSSESS THE POWER OF AN IDEA. I SALUTE YOU FOR YOUR VISION AND YOUR DRIVE. IT'S BEEN A PLEASURE TO MEET YOU. GOD BLESS YOU AND THANK YOU.

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29

OFFICE OF  
PRESIDENTIAL ADVANCE  
**COVER PAGE**

TO AF-1  
ASAP

TO: Mel Lukens

FROM: C. Ray, Moscow

TOTAL NUMBER OF PAGES: 2  
(including cover page)

DATE: 7/29/91

TIME: \_\_\_\_\_

MESSAGE:

per our conversation

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IF YOU HAVE ANY QUESTIONS OR PROBLEMS WITH THE TRANSMISSION PLEASE CALL.

TELEPHONE NUMBER: \_\_\_\_\_

## MEMORANDUM

TO: Ms. Jennifer Grossman

THRU: Craig Ray

FROM: Bob Krill

SUBJECT: Acknowledgements at Spaso House and Soviet-U.S.  
Businessman's Breakfast

REF: Your Telecon of July 28th

The President may wish to acknowledge Ambassador Matlock's four and one-half years of service as American Ambassador to the Soviet Union and the role he has played in the improved relations between our two countries in this period. The President may also wish to acknowledge his outstanding Foreign Service career of 35 years, in anticipation of his retirement of August 11th.

Another theme which the President may wish to underscore in his remarks, not only in Spaso House and elsewhere, for the continuity in U.S.-Soviet relations which began in the previous Administration. In particular, the President may wish to mention the successful 1988 Summit here in the Soviet Union and how this is a continuation of the process begun then. The Summit being the second here in the Soviet Union.

In the Soviet-U.S. businessmen's breakfast, the President may wish to acknowledge the three leaders seated at the head table with him and their courage and initiative being in the forefront of broadening market economy in the Soviet Union. The three leaders at the head table are:

Pavel Bunich, President of the Union of Leaseholders and Entrepreneurs of the USSR, and USSR People's Deputy

Aleksandr Vladislavlev, First Vice President, Scientific Industrial Union of the USSR

Vladimir Tikhonov, Academician, Chairman of the USSR Association of Cooperatives, and USSR People's Deputy

The Embassy considers them outstanding examples of the kind of entrepreneurs and examples of whom there are many more in the Soviet Union. The President may wish to commend these individuals and encourage others to follow in their footsteps.

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- 8 -

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OR THAT A TRASH COLLECTOR FROM PHILADELPHIA THIRTY YEARS AGO WOULD TODAY BE THE HEAD OF A \$6 BILLION WASTE MANAGEMENT FIRM IN THE UNITED STATES? WHEN OPPORTUNITY IS AT WORK, YOU CAN BE A MECHANIC OR A MILLIONAIRE -- AND IN MY COUNTRY, SOME MECHANICS ARE MILLIONAIRES.

PURSUING ONE'S DESTINY MEANS BUILDING A BETTER LIFE. RUSSIAN VALUES AND TRADITIONS ARE COMPATIBLE WITH FREE ENTERPRISE -- AND SHOULD BE PRESERVED. LOOK AT THE MEMBERS OF THE G-7 -- EACH AN INDUSTRIALIZED DEMOCRACY -- EACH WITH ITS OWN VALUES AND TRADITIONS.

THE CULTURE AND CLIMATE OF AMERICAN BUSINESS MAY BE DIFFERENT THAN OTHER PLACES, BUT THE POWER OF THE IDEA IS UNIVERSAL. IT HAS BEEN APPLIED IN THOUSANDS OF WAYS BY MILLIONS OF PEOPLE ALL OVER THE WORLD. THOSE WHO SUCCEED HERE SHOULD NOT BE INSULTED AND LABELED AS "SPECULATORS" AND "EXPLOITERS" -- BECAUSE THEY ARE NOT. THEY ARE THE PEOPLE WHO WILL FILL THE SHELVES IN YOUR STORES.

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WE UNDERSTAND NOW WHY SOCIALISM'S ATTEMPT TO CREATE THE "NEW SOVIET MAN" DIDN'T WORK -- BECAUSE HUMAN NATURE CANNOT BE DESTROYED AND CREATED ANEW. WE SEEK INSTEAD TO BUILD UPON THE STRENGTHS OF HUMAN NATURE, TO ALLOW MEN AND WOMEN TO CONTROL THEIR OWN DESTINIES IN WHATEVER WAY WORKS BEST FOR THEM.

THIS NOTION OF FREE MARKETS AND FREE PEOPLE, OPPORTUNITY FOR ALL, THIS JOINT VENTURE BETWEEN POLITICAL AND ECONOMIC LIBERTY -- THIS IS THE SPIRIT OF DEMOCRATIC CAPITALISM.

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EVERYWHERE, WE HEAR THE VOICES OF MEN AND WOMEN YEARNING FOR FREEDOM ... FOR THE CHANCE TO CONTROL THEIR OWN DESTINY ... FOR A STRONGER LINK BETWEEN EFFORT AND REWARD. SOME CALL IT THE AMERICAN DREAM -- BUT REALLY, IT IS A UNIVERSAL DREAM. AND IT IS A DREAM THAT THE SOVIET PEOPLE ARE NOW STRIVING TO MAKE REAL FOR THEMSELVES.

EACH OF YOU CAN BRING THAT DREAM ALIVE.

THE CREATION OF SMALL- AND MEDIUM-SIZED BUSINESSES MEANS MEETING PAYROLLS, HIRING GOOD MEN AND WOMEN, PRODUCING GOODS AND SERVICES THAT ARE MOST NEEDED BY CONSUMERS, AND IMPROVING TECHNOLOGIES AND METHODS TO STAY COMPETITIVE. FREE MARKET PRINCIPLES DON'T JUST MEAN THAT ONE OR TWO PEOPLE WILL GO OUT AND GET RICH QUICK. IT'S MUCH MORE THAN THAT. AS PRESIDENT WOODROW WILSON SAID, "EVERY GREAT MAN OF BUSINESS HAS GOT SOMEWHERE A TOUCH OF THE IDEALIST IN HIM."

FOR YOU AND YOUR EMPLOYEES, IT MEANS THE DIGNITY AND SELF-RESPECT THAT COME WITH A JOB. IT MEANS MAKING A DIFFERENCE IN YOUR COMMUNITY. AND AS MORE AND MORE BUSINESS OPPORTUNITIES EVOLVE -- IT MEANS BRINGING BACK HOPE TO THE PEOPLE OF THE SOVIET UNION.

YOUR TASK WILL BE DIFFICULT, BUT PERHAPS I CAN HELP WITH SOME ADVICE. THE STORY GOES THAT A YOUNG MAN BECAME THE MANAGER OF A COMPANY. HIS PREDECESSOR HANDED HIM THREE ENVELOPES, AND SAID THAT IF HE WAS EVER IN TROUBLE, TO OPEN THE ENVELOPES.

SO ONE DAY, WHEN THE BUSINESS WASN'T GOING SO WELL, THE MAN DECIDED IT WAS TIME TO OPEN ENVELOPE #1. THE MESSAGE INSIDE READ: "BLAME YOUR PREDECESSOR." SO HE DID, AND THINGS IMPROVED FOR A WHILE, BUT THEN GOT WORSE. HE DECIDED TO OPEN ENVELOPE #2. IT READ: "BLAME THE ACCOUNTING DEPARTMENT." SO HE DID. BUT SALES CONTINUED TO GO DOWNHILL. FINALLY, WITH MUCH HESITATION, HE WENT FOR ENVELOPE #3. /// IT SAID: "PREPARE THREE ENVELOPES."

IN BUSINESS, THERE ARE NO RIGHT OR WRONG ANSWERS. I CAN'T TELL YOU IN THREE ENVELOPES HOW TO TRANSFORM THIS ECONOMY FROM COMMAND AND CONTROL TO BUY AND SELL. YOU MUST FIND WHAT WORKS BEST FOR EACH OF YOU -- AND FOR YOUR CUSTOMERS. YOU MUST MAKE THE DREAMS OF YOUR OWN PEOPLE -- IN WHATEVER WAY YOU CAN -- COME ALIVE FOR THEM. YOU MUST DEFINE YOUR OWN BRAND OF DEMOCRATIC CAPITALISM -- ONE THAT IS CONSISTENT WITH RUSSIAN CULTURE AND VALUES.

REMEMBER THE WORDS OF TOLSTOY: "THE STRONGEST OF ALL WARRIORS ARE THESE TWO -- TIME AND PATIENCE." BRINGING FREE MARKETS TO LIFE WILL TAKE TIME AND PATIENCE. BUT IT CAN BE DONE. BECAUSE EVERYONE IN THIS ROOM TODAY POSSESSES SOMETHING THAT CANNOT BE BOUGHT OR SOLD: YOU POSSESS THE POWER OF AN IDEA. I SALUTE YOU FOR YOUR VISION AND YOUR DRIVE. IT'S BEEN A PLEASURE TO MEET YOU. GOD BLESS YOU AND THANK YOU.

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