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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 11, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: ADRIAN BASORA (ACTING) *HAB*
SUBJECT: Proclamation of the Bermuda Tax Treaty

Attached at Tab I is a memorandum for the President transmitting for his signature the Proclamation of the Tax Convention with the United Kingdom relating to Bermuda, entered into on December 2, 1988.

The Senate gave its advice and consent on October 22, 1988 and President Reagan signed the instrument of ratification, subject to two reservations. Instruments of ratification were exchanged at Washington on December 2, 1988 and the Convention entered into force on December 2, 1988.

The Convention is the first tax treaty applicable to Bermuda to be negotiated between the United States and the United Kingdom. It is not a comprehensive income tax treaty, but is limited to two issues, the taxation of insurance enterprises and mutual assistance in tax matters.

DC
for Nick Rostow and Virginia Lampley concur.

RECOMMENDATION

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

Attachments:

Tab I Memorandum to the President
Tab A Proclamation
Tab B Memorandum from the Department of State

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK
FROM: BRENT SCOWCROFT
SUBJECT: Proclamation of the Bermuda Tax Treaty

Purpose

To proclaim the Bermuda Tax Treaty.

Background

On October 22, 1988, the Senate gave its advice and consent to the Convention between the U.S. government and the U.K. government which relates to the taxation of insurance enterprises and mutual assistance in tax matters. President Reagan signed the instrument of ratification, subject to two reservations, on November 28, 1988. Instruments of ratification were exchanged at Washington on December 2, 1988 and the Convention entered into force on December 2, 1988.

The Convention is the first tax treaty applicable to Bermuda to be negotiated between the United States and the United Kingdom. It is not a comprehensive income tax treaty, but is limited to two issues, the taxation of insurance enterprises and mutual assistance in tax matters.

RECOMMENDATION

That you sign the Proclamation.

Attachment:

Tab A	Proclamation
Tab B	Memorandum from Department of State

cc: Vice President
Chief of Staff

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

CONSIDERING THAT:

The Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland (on behalf of the Government of Bermuda) Relating to the Taxation of Insurance Enterprises and Mutual Assistance in Tax Matters, together with an exchange of notes, was signed at Washington on July 11, 1986, the text of which is hereto annexed;

The Senate of the United States of America by its resolution of October 22, 1988, two-thirds of the Senators present concurring therein, gave its advice and consent to ratification, subject to the following reservations:

(1) Effective January 1, 1990, said Convention shall not operate to prevent the imposition by the United States of any excise taxes on insurance premiums paid to foreign insurers, whether or not such premiums constitute income of an enterprise of insurance of a Covered Jurisdiction; and

(2) Said Convention shall in no event operate to prevent the imposition by the United States of any excise taxes on insurance premiums paid to foreign insurers except with respect to insurance premiums that either:

(a) constitute income of an enterprise of insurance of a Covered Jurisdiction carried on by a company in a taxable year in which the company is a controlled foreign corporation within the meaning of section 957(a) or (b) of title 26 of the United States Code as in effect for such taxable year; or

(b) constitute income of an enterprise of insurance of a Covered Jurisdiction carried on by a company in a taxable year in which:

(i) the company is subject to the rules of the section 953(c) of the Internal Revenue Code of 1986, and

(ii) the company is a controlled foreign corporation within the meaning of section 957(a) of the Internal Revenue Code of 1986 as modified by section 953(c) (1) of said Code, and the premiums constitute related person insurance income within the meaning of section 953(c) of the Internal Revenue Code of 1986.

The Convention and exchange of notes were ratified by the President of the United States of America on November 28, 1988, subject to the said reservations, in pursuance of the advice and consent of the Senate, and were ratified on the part of the Government of Bermuda on March 26, 1987.

It is provided in Article 7 of the Convention that the Convention shall enter into force upon the exchange of instruments of ratification;

The instruments of ratification of the Convention were exchanged at Washington on December 2, 1988, and accordingly the Convention and the exchange of notes, subject to the said reservations, entered into force on December 2, 1988.

NOW, THEREFORE, I, George Bush, President of the United States of America, proclaim and make public the Convention, with a related exchange of notes, subject to the said reservations, to the end that it be observed and fulfilled with good faith on and after December 2, 1988, by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have signed this proclamation and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington

our Lord one thousand
nine hundred eighty-nine
and of the Independence
of the United States of
America the two hundred
thirteenth.

By the President:

Secretary of State

**TAX CONVENTION WITH THE UNITED
KINGDOM (ON BEHALF OF BERMUDA)**

R E P O R T

OF THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ON

THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (ON BEHALF OF THE GOVERNMENT OF BERMUDA) RELATING TO THE TAXATION OF INSURANCE ENTERPRISES AND MUTUAL ASSISTANCE IN TAX MATTERS, WITH A RELATED EXCHANGE OF NOTES, SIGNED AT WASHINGTON ON JULY 11, 1986



SEPTEMBER 22, 1988.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

88-855

WASHINGTON : 1988



United States Department of State

Washington, D.C. 20520

February 14, 1989

0832

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Proclamation of the Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland (on behalf of the Government of Bermuda) Relating to the Taxation of Insurance Enterprises and Mutual Assistance in Tax Matters

Attached for signature by the President is the proclamation of the Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland (on behalf of the Government of Bermuda) Relating to the Taxation of Insurance Enterprises and Mutual Assistance in Tax Matters, with a related exchange of notes, signed at Washington on July 11, 1986.

The Senate gave its advice and consent on October 22, 1988; and, on November 28, 1988, the President signed the instrument of ratification, subject to two reservations. Instruments of ratification were exchanged at Washington on December 2, 1988. The Convention entered into force on December 2, 1988.

The Convention is the first tax treaty applicable to Bermuda to be negotiated between the United States and the United Kingdom. It is not a comprehensive income tax treaty and is limited to two issues: the taxation of insurance enterprises and mutual assistance in tax matters.

Melvyn Levitsky
Melvyn Levitsky
Executive Secretary

Attachment:

Proclamation

12 11:02

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 11, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: ROBERT L. HUTCHINGS *RLH*

SUBJECT: Memorandum of Conversation for General Scowcroft's
Meeting with Yugoslav Foreign Minister Loncar

Attached at Tab I is the subject Memorandum of Conversation.

Concurrence by: Adrian A. Basora (Acting) *AAB*

RECOMMENDATIONS

That the Tab I Memorandum of Conversation be filed for the
record.

Approve _____ Disapprove _____

Attachments

Tab I Memorandum of Conversation

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By *es* NARA, Date *10/29/13*

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Declassify on: OADR

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~~CONFIDENTIAL~~

5439

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: General Scowcroft's Meeting with Foreign Minister Budimir Loncar of Yugoslavia (U)

PARTICIPANTS: General Brent Scowcroft
Robert L. Hutchings, Director for European Political Affairs

Budimir Loncar, Foreign Minister
Ambassador Zivorad Kovacevic

DATE, TIME June 15, 1989, 1:10 p.m.- 1:50 p.m.
AND PLACE: General Scowcroft's Office

Foreign Minister Loncar, after opening pleasantries, noted that he had informed Secretary Baker that Yugoslavia was on the path of democratization, recognizing that economic reform and political pluralism are both essential. He acknowledged that progress had been uneven and that the post-Tito period had not been productive. (Ø)

General Scowcroft observed that after Tito's death there had been progress toward federalism, but at the expense of central authority. (Ø)

Foreign Minister Loncar said that Yugoslavia might appear to be lagging behind Poland and Hungary but is way ahead, historically speaking. He added that the Poles and Hungarians are now trying to find ways to balance economic and political reform and to calibrate Soviet strategic concerns. While Poland is wrestling with the problem of the Party's overwhelming defeat at the June 4 elections, Hungary faces the danger of a very deep split within the Party. Gorbachev, the Foreign Minister concluded, would accept political pluralism but not the complete capitulation of the Communist Party. (Ø)

General Scowcroft asked whether there was any understanding of where the line was. (U)

Foreign Minister Loncar replied by noting there were divisions within the Soviet Politburo and contradictory pressures from below. Gorbachev's response so far has been to push forward more aggressively toward reform, knowing that compromise would be seen as weakness. He also depends increasingly on successes in East-West relations to consolidate his position. (Ø)

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Declassify on: OADR

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2009-0999-MR
SCS 9/24/13

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General Scowcroft said his assessment did not differ significantly. Gorbachev's position seemed quite strong, but he could have real difficulty with minority nationalities in the USSR or a possible eruption in Eastern Europe. General Scowcroft said it was important for the U.S. to keep its moves moderate in Eastern Europe and avoid stimulating an explosion. (Ø)

Foreign Minister Loncar said that it is a good time for the President to be visiting Poland and Hungary but also a delicate one. It is important to encourage democratic development and also to stress that change should be peaceful. (U)

General Scowcroft agreed, adding that it was encouraging that Gorbachev had not engaged in wedge-driving during his recent visit to West Germany. (U)

Foreign Minister Loncar, turning to another topic, mentioned that he had discussed preparations for the Summit of the Non-Aligned Movement during his meeting with Secretary Baker. The Foreign Minister said that Yugoslavia planned to use its three-year chairmanship of the NAM to encourage greater responsibility and to improve its relations with the U.S. (Ø)

General Scowcroft replied that he was encouraged to hear that. The U.S. had not always had good relations with the NAM but was prepared for a new relationship if some of its members exercised restraint. (U)

Foreign Minister Loncar observed that the NAM was becoming less emotional and more realistic on such issues as South Africa, the Middle East, Afghanistan, and Kampuchea. (U)

General Scowcroft said the U.S. would welcome such changes and would respond in kind. (U)

Foreign Minister Loncar, concluding, noted that the U.S.-Yugoslav dialogue was not as close as it had been in the past. He asked particularly that the President consider receiving Prime Minister Markovic, whom he said was a strong advocate of economic reform, human rights, and liberalization, for an informal working visit. The Foreign Minister said that Secretary Baker had responded positively to the idea. Such a visit could take place some time in October, depending on the President's schedule. (Ø)

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

20830

July 10, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: JANIS WHITLEY

FROM: ADRIAN A. BASORA (ACTING) *AAB*

SUBJECT: Travel Request for Philip D. Zelikow

Travel authorization is hereby requested for Philip D. Zelikow to lecture at The Graduate Institute of International Studies' forthcoming international "Seminar on International Security" on Tuesday, July 18. The Institute for East-West Security Studies in New York will cover the air fare and hotel bill. Mr. Zelikow will also be travelling to Vienna on July 19 to consult with members of U.S. and allied delegations to CFE talks. NSC will pay this portion of the trip.

B. Rostow Nick Rostow concurs.

RECOMMENDATION

That you sign the travel authorization form at Tab I.

Approve _____

Disapprove _____

Attachment:

Tab I Travel Authorization Form

Tab II Memorandum to State Department

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 9/4/25

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Declassify on: OADR

NSC STAFF TRAVEL AUTHORIZATION

1. TRAVELER'S NAME: Philip D. Zelikow
2. PURPOSE/EVENT (Include Dates): Lecture at The Graduate Institute of International Studies' forthcoming international "Seminar on International Security" on Tuesday, July 18 and Wednesday, July 19
3. ITINERARY (Please Attach Copy of Proposed Itinerary): Washington, DC to Geneva and return to Washington, DC
4. DEPARTURE DATE July 16 RETURN DATE July 20
DEPARTURE TIME 1615 RETURN TIME 1631
5. MODE OF TRANSPORTATION:
GOVT. AIR _____ COMMERCIAL AIR X POV _____ RAIL _____
OTHER _____
6. ESTIMATED EXPENSES:
TRANSPORTATION 2407.00 PER DIEM _____ OTHER _____
TOTAL _____
7. WHO PAYS EXPENSES: NSC _____ OTHER X
IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS:
The expenses for this trip are being paid by the Institute for East-West Security Studies in New York
8. WILL FAMILY MEMBER ACCOMPANY YOU: YES _____ NO X
IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid By Traveler, Describe Source & Arrangements): _____
9. TRAVEL ADVANCE REQUESTED: \$ _____
10. REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders): _____
11. TRAVELER'S SIGNATURE: Philip Zelikow
12. APPROVALS: Senior Director Adrian A. Basora (Acting)
Director of Administration _____
National Security Adviser _____

NSC STAFF TRAVEL AUTHORIZATION

1. TRAVELER'S NAME: Philip D. Zelikow
2. PURPOSE/EVENT (Include Dates): Consult with members of the
U.S. and allied delegations to CFE talks in Vienna on July 19
3. ITINERARY (Please Attach Copy of Proposed Itinerary): July 19 - Geneva to Vienna to Geneva
4. DEPARTURE DATE July 19 RETURN DATE July 20
DEPARTURE TIME 0900 RETURN TIME 0845
5. MODE OF TRANSPORTATION:
GOVT. AIR COMMERCIAL AIR X POV RAIL
OTHER
6. ESTIMATED EXPENSES:
TRANSPORTATION 148.00 PER DIEM OTHER
TOTAL
7. WHO PAYS EXPENSES: NSC X OTHER
IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS:
8. WILL FAMILY MEMBER ACCOMPANY YOU: YES NO X
IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid By
Traveler, Describe Source & Arrangements):
9. TRAVEL ADVANCE REQUESTED: \$
10. REMARKS (Use This Space to Indicate Any Additional Items You
Would Like to Appear on Your Travel Orders):
11. TRAVELER'S SIGNATURE: Philip Zelikow
12. APPROVALS: Senior Director Adrian A. Basore (acting)
Director of Administration
National Security Adviser

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

20830

MEMORANDUM FOR J. STAPLETON ROY
Executive Secretary
Department of State

SUBJECT: NSC Foreign Travel

NSC Staff
Member: Philip D. Zelikow

Purpose of Travel:

To lecture at The Graduate Institute of International Studies' forthcoming international "Seminar on International Security" in Geneva, Switzerland and to consult with members of U.S. and allied delegations to CFE talks in Vienna, Austria.

ITINERARY

<u>DATE</u>	<u>City</u>	<u>Country</u>	<u>Major Event/Meeting</u>
July 16-18	Geneva	Switzerland	Seminar
July 19-20	Vienna	Austria	Consultation

G. Philip Hughes
Executive Secretary

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 9/4/25

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

July 10, 1989

FOR BRENT SCOWCROFT FROM BOB GATES

HAB for RG

SUBJECT: Labor Initiative for Poland and Hungary

I spoke with Labor Secretary Dole on Sunday regarding the Initiative, to which her staff had said she was sympathetic. In fact, she was not fully briefed on it initially. Her deputy called back to say she would support a \$5 million program for Poland and Hungary. She would appreciate it, however, if the President's announcement of the initiative included a mention of her recent conversation in Geneva with Polish labor officials in which the issue of "diagnostic assistance" was discussed.

Assuming that the President decides to go ahead with the initiative, the Fact Sheet should be modified to show a total program of \$5 million (\$4 million for Poland and \$1 million for Hungary). Also, there should be no cost breakdowns as between specific programs and no mention of the State Department as cosponsor of the program. Since all of the money will come from a reprogramming of DOL funds that will have to be sold to Congress via a "zero-dollar supplemental", Mrs. Dole reportedly wants to keep the spotlight on Labor.

One additional change on the Fact Sheet for Poland: drop mention of an exchange program for young workers and instead insert language on the sending of US diagnostic teams in keeping with the request of Polish labor officials. In the case of Hungary, the exchanges should be dropped, with no substitution.

Labor has suggested the following insert for the President's speech in Gdansk, and would particularly appreciate inclusion of the first sentence:

"US Secretary of Labor Dole has met previously with labor officials of your government and will be sending a US diagnostic team here later this summer to assist and identify priority areas of labor technical assistance needs. In addition, I am announcing a (\$4 million or \$1 million) US "safety net" program whereby the Department of Labor will work with American trade unions and businesses to assist (Poland or Hungary) to introduce market mechanisms in the economy and protect workers during the necessary adjustment period."

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I suggest that you advise the President to include the Labor Initiative in his Gdansk speech, making mention of Secretary Dole's discussion with the Polish Deputy Minister.

Brent, a word or two on the politics of this. Labor cannot reprogram money without legislative authority and will have to go to the Hill to ask approval to shift the money from some domestic program such as US worker retraining, etc. They have no category in their budget for programs such as this one for Poland. I believe they wanted a call from me so that when they go to the Hill they can say this program is something the White House asked them to do (thereby getting some political cover in the event there is opposition). Deputy Secretary Diarmant said he didn't think there would be opposition but I want you to be aware before this initiative is announced that Labor sought more than an expression of support from the White House. They wanted the White House to ask them to do this program, and I did so after talking with you on Sunday morning. I offer all of this unseemly background so you will understand the political context of this program. I still think it is a good one and that there is unlikely to be much if any opposition. Besides, it is not like your kit bag is overflowing with goodies for Poland. You might run the above past John Sununu so he too is aware of the domestic and political angle before the President announces it on Tuesday.

cc: Robert Blackwill
Condi Rice

~~SECRET~~

~~SECRET~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July ⁸~~10~~, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL ^{RB}

FROM: BARRY F. LOWENKRON ^{qu}

SUBJECT: Response to Letter from Congressman Solarz on
Administration Policy Toward Poland

At Tab I is a letter from you to Congressman Solarz stressing the President's commitment to a more active policy toward Poland and throughout Eastern Europe. Your letter also highlights the specific issues which the President intends to address in dealing with Poland. (Solarz's letter and recent speech on Poland are at Tab A.

Concurrences by: Virginia ^{HR} Lampley and Condi ^{CR} Rice

RECOMMENDATION

That you sign the letter at Tab I

Attachments

Tab I Scowcroft letter to Solarz
Tab A Solarz Incoming

THE WHITE HOUSE

WASHINGTON

Dear Congressman Solarz:

Thank you for sharing with me your thoughts on the future of U.S. policy toward Poland. The changes that are taking place in that country are indeed remarkable. I agree with your assessment that we have an historic opportunity to help bring about greater freedom and political pluralism in Poland.

Let me assure you that the President is committed to an active policy toward Poland and throughout Eastern Europe. The proposals the President outlined in Hamtramck in April are first steps. The President intends to push ahead in such areas as credits, debt rescheduling, foreign investment, the environment, and educational and cultural exchanges in order to encourage the continued political evolution in Poland. The President also intends to work closely with our Western allies so that we can better address the Polish economic situation in a coordinated and effective manner.

The President believes that the active involvement and support of the Congress will be vital if we are to succeed in seizing the opportunities that are unfolding in Eastern Europe. In that regard, I would appreciate it if you would continue to allow us to benefit from your ideas and your interests.

Sincerely,

Brent Scowcroft

The Honorable Stephen J. Solarz
House of Representatives
Washington, D.C. 20515

STEPHEN J. SOLARZ
13TH DISTRICT, NEW YORK

4811

WASHINGTON OFFICE:
1536 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2361

COMMITTEES:
FOREIGN AFFAIRS
CHAIRMAN, SUBCOMMITTEE ON ASIAN
AND PACIFIC AFFAIRS
JOINT ECONOMIC COMMITTEE
EDUCATION AND LABOR
POST OFFICE AND CIVIL SERVICE

Congress of the United States
House of Representatives
Washington, DC
June 14, 1989

DISTRICT OFFICES:
532 NEPTUNE AVENUE
BROOKLYN, NY 11224
(718) 372-8600
619 LORIMER STREET
BROOKLYN, NY 11211
(718) 706-8603
356 COURT STREET
BROOKLYN, NY 11231
(718) 802-1400

*Atty
Gen
for*

Lt. Gen. Brent Scowcraft
Assistant to the President for
National Security Affairs
NSC The White House
Washington, D.C. 20500

Dear Brent:

I thought you might be interested in seeing the text of a speech I recently delivered in Chicago before the Polish National Alliance on the subject of the developments in Poland and how the United States and its allies can best respond to them.

The April signing of the round table accords could well represent a historic turning point for the Polish people in their quest to reestablish democracy after almost half a century of dictatorship.

The emergence of political freedom and genuine sovereignty in Poland would have enormous significance not only for the Polish people but for all the nations of the Western alliance. I believe that democracy in Poland would be a necessary condition for the end of the cold war.

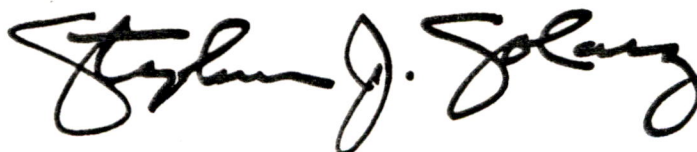
In view of the fundamental importance to the West of developments in Poland, the United States and its allies should be looking for ways to support the process of democratization and to address the threats to that process posed by the deteriorating Polish economy.

The enclosed speech which I gave represents an initial effort to elaborate the outlines about what such an initiative might entail.

The Western countries need to elaborate a comprehensive plan to help Poland's economy to recover. Such a program could prove invaluable in providing the Polish authorities with sufficient incentive to complete the journey to genuine democracy.

I would, of course, be most interested in your reaction to the speech, or more generally on the overall situation in Poland and what the United States should do to respond.

Sincerely,



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~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~RB~~
5386
Chon

July 8, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL *RB*
FROM: ROBERT L. HUTCHINGS *RZH*
SUBJECT: Letter from General Jaruzelski

At Tab I is a memorandum from you to the President attaching a translation of a letter from General Jaruzelski, dated June 30 (Tab A). Your cover memo summarizes the letter, in which Jaruzelski strongly reaffirms his support for the Polish reform program and calls for U.S. economic aid totalling several billion dollars.

RECOMMENDATION

That you sign the Tab I memorandum for the President

Attachments

Tab I Memorandum for the President
Tab A Letter from Jaruzelski

DECLASSIFIED
PER E.O. 13526
2009-0998-MR
SCS 2/12/13

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5386

THE WHITE HOUSE
WASHINGTON

July 8, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT
SUBJECT: Letter from General Jaruzelski

Attached is an unofficial translation of a letter just received from Jaruzelski. It reveals the high economic expectations which will greet you when you arrive in Warsaw.

The letter is an eloquent reaffirmation of Poland's economic and political reform program, and it says all the right things about what the Poles are prepared to do to straighten out their economy. It outlines an ambitious economic adjustment program for 1990-92 and affirms Poland's intention to reach agreement with the IMF.

The bulk of the letter, however, is a plea for Western, especially U.S., economic assistance. Jaruzelski appeals for \$1 billion in food aid over the next two years, \$2 billion from the IMF, Paris Club rescheduling to cover the 1990-92 period, resumption of official bilateral export credits, and World Bank lending in the \$800 million range. The overall shopping list is similar to the highly ambitious \$10 billion three-year rescue package recently put forward by Solidarity. The economic assistance package you will present meets a few of these requests, but the majority are well beyond anything we can support at this time.

Jaruzelski notes that he presented the same list to President Mitterrand during his recent visit to Poland and asked that he present them at the Economic Summit.

Attachment
Tab A Letter from Jaruzelski

DECLASSIFIED
PER E.O. 13526

2009-0998-MR
SCS 2/12/13

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~~CONFIDENTIAL~~

Dear Mr. President,

In the spirit of mutual understanding and in view of a marked progress that has recently been attained in the relations between Poland and the United States of America I wish to turn to you, Mr. President, prompted by matters of utmost importance for Poland.

As you know, the reform of the functioning of the Polish state and of its economy has now reached a crucial point decisive for the future of the country.

We have embarked with determination upon a path of transformations which permit the vital force and energy of all social forces to be utilized. Practical implementation of the policy of dialogue, of national reconciliation and systemic change is being accelerated. The opposition has entered, in a major way, into the new two-chamber parliament. The reforms which are being introduced create a foundation for a new democratic order in the state, guaranteed by law, as well as for a new economic model based on the laws of the market. It is the will of all political forces - participants in the "round-table" - to continue along this programmatic line. They are convinced that reforms should be made in an evolutionary way. Such are the requirements of the national *raison d'etat* and of the sense of responsibility for both the stabilization of the East-West relations and the development of the situation on the European continent.

His Excellency George W. Bush
President of the United States of America
The White House
Washington, D.C.

The condition of our economy creates the danger. There exists a real threat that the economic crisis will deepen further with all its consequences. It is precisely through radical reforms of state structures and economic system that we are trying to overcome this crisis. The immediate goal is to stop and reverse negative trends, in particular the inflationary growth of incomes and prices. Dramatic situation compels us to give our principal attention to this matter. We are implementing the guidelines of economic programme mapping out the directions and measures under the adjustment policies for 1990-1992. Efficient implementation of those guidelines will constitute the point of departure towards what we plan to attain in the longer perspective, in agreement with the International Monetary Fund.

Polish socio-political and economic reforms will stand a chance of success only when we will be able, over a relatively short time, to overcome the present difficult economic situation and to make substantial and rapid progress in restoring internal economic balance. External economic support for Poland is of utmost importance for the attainment of that goal. Such is the agreed stand of the government and of the opposition. Time is the factor of extreme importance.

Assistance is indispensable for Poland to effect rapid structural changes related to modernization and full basing of the economy on the market laws and thereby to put it into the mainstream of world economy.

The transition from command economy to market economy provokes strong social tensions. The most difficult problem is the market-orientation of food economy that until now has been heavily subsidized. To prevent such tensions there are necessary appropriate currency reserves for the avoidance of drastic drop in food consumption and for stimulation of production in domestic agriculture and food-producing industry.

Also, I wish to strongly emphasize our full awareness that it is first and foremost ourselves who have to restore health to our economy

and shoulder the cost involved. Thus external support is not meant to replace necessary reforms and market adjustments. Conversely, it is to reinforce them.

Declarations of Western Governments and the friendly interest demonstrated by you, Mr. President, in Polish matters strengthen my conviction that there is a desire to extend a real and effective assistance to Poland's economy.

I am aware that the scope and forms of that assistance will be discussed at the summit meeting of the seven most industrialized states in Paris later this month. I feel it right and useful that Poland's needs and expectations are known while debating that item. They are listed below. I approached the President of France, Monsieur F. Mitterrand, asking him to present and recommend them to the leaders of states participating in the Paris summit. To you, Mr. President, I turn asking to support our postulates.

1. External support is indispensable for the measures set in motion to place the entire food-producing economy on the basis of market principles. The process requires major currency outlays for covering transitory shortfalls expected to occur in the course of the initial period of demonopolization of this sector of the economy and its switching to market mechanisms. Support for reform could include such measures as supplies of subsidized food and opening, if necessary, of credit guarantees for their purchases. We estimate that our requirements in this respect might amount to 1 thousand million US dollars over the next two years.

2. Deep-reaching deformations in her economic structure and Poland's heavy debt call for reaching rapid agreement on an economic programme with the International Monetary Fund which would make for the strengthening of the economy by credit of about 2 thousand million US dollars before 1992. Credit support for the adjustment programme should be available immediately upon reaching an agreement on it. Efficient implementation of the programme - by way of restoration of internal economic equilibrium - could ensure achieving of a balanced current turnover with foreign countries.

3. An agreement with the International Monetary Fund would be accompanied by the restructuring of guaranteed debt owed to the Paris Club states. We assume that terms of restructuring would include reductions and concessions applied towards countries with heaviest debt. The restructuring of current outstanding payments, including the overdue ones, would be effected as soon as possible, and payments due for the years under the programme (1990-1992) - after its introduction.

4. Operations to reduce non-guaranteed debt and the cost of its servicing, as well as its partial conversion into other forms of obligation, should form an integral part of solving the problem of Polish indebtedness. We assume that action in the matter would be actively supported by international financial institutions and by the governments of creditor states.

5. A correct functioning of economy and debt servicing call for Poland's augmented export capability. In this respect, the following measures would mean meeting us half-way:

- opening World Bank credits for partial financing of already prepared export-oriented investment projects, to the value of about 300 million US dollars;

- rapid working-out and opening of the World Bank Structural Adjustment Loan of ca. 500 million US dollars to assist the strengthening of the export-oriented sector of the economy;

- granting wider access to government guaranteed credits for financing modernization and pro-export investment projects;

- improved access to markets through, inter alia, granting customs preferences to Poland under the GSP.

6. Economic renewal presupposes thorough changes in the structure of both production and ownership. Support for these changes could be rendered through such measures as:

- implementation of a series of sectoral World Bank projects (mining, telecommunications, banking);

- active encouragement of investors to commit their capitals in Poland by way, inter alia, of identification by government experts of investment opportunities and through extension of government guarantees to investment in Poland. Legal conditions have already been created to transform state-owned enterprises into joint stock companies with participation of foreign capital without any limitation as to their share;

- participation in financing of the expansion and modernization of food storage and processing facilities. The programme could be coordinated by the World Bank and/or by the European Investment Bank. Magnitude of funds required for this programme (to be utilized during 3 years period) we estimate at 500 million US dollars;

- participation in the creation of target-oriented fund for the expansion of private sector in agriculture (e.g. the Water Supply Foundation);

- assistance in management staff training and specialized consulting on developing new solutions and new economic instruments.

I hope that in accordance with your earlier indication you will be good enough to carefully consider - in the light of wider and objective presentations - the content of this message and to support the requests contained in it.

Highly appreciating your understanding for Poland's difficult economic situation at present, I believe that your personal commitment will result in concrete measures that will bring about speedy alleviation of these conditions.

Please accept, Mr. President, the assurances of my highest consideration.

Warsaw, June 30, 1989

Signed (-)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 12, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ADRIAN BASORA (ACTING) *AAB*

FROM: BARRY F. LOWENKRON *BL*

SUBJECT: Response to Letter from Barbara Piasecka Johnson

At Tab I is a letter from you to Barbara Johnson thanking her for her recent note, and for delivering to you two letters from Monsignor Jankowski and Lech Walesa for the President.

RECOMMENDATION

That you sign the letter at Tab I.

Attachments

Tab I Letter to Johnson

Tab II Incoming

THE WHITE HOUSE

WASHINGTON

Dear Ms. Johnson:

I am writing to thank you for your recent letter and to convey the President's appreciation for your efforts in delivering the two letters from Monsignor Jankowski and Lech Walesa.

The President was moved by his visit and by the dramatic events unfolding in Poland. He remains committed to doing all he can to help Poland's historic transformation.

Again, many thanks for your work.

Sincerely,

Brent Scowcroft

Ms. Barbara Piasecka Johnson
Jasna Polana
Eight Lawrenceville Road
Princeton, New Jersey 08540

Noted by me
for
Barbara P. Johnson

5238

JUN 30 1989

June 29, 1989

The Honorable Brent Scowcroft
Assistant to the President for
National Security Affairs
The White House
Washington, D.C. 20500

Dear General Scowcroft:

It was a great personal pleasure to have the opportunity to meet with you twice in the past few days. The time that you and Dr. Rice spent with me was quite informative.

The two letters that Monsignor Jankowski and Lech Walesa gave to me to deliver to the President are quite important to them. I am certain that they will appreciate, as you stated, receiving a response prior to the President's trip to Gdansk. Thank you very much for your assistance in this matter.

The President's speech in April 1989 and his July 1989 trip to Poland are very important to the future of Poland. The Polish people hold President Bush in extremely high regard and his offer of hope and opportunity are essential.

As the Gdansk Shipyard transaction progresses and as the future United States-Poland policy evolves, I look forward to having further discussions with you.

Sincerely,

Barbara Piasecka Johnson

Barbara Piasecka Johnson

BPJ;cmj

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~~CONFIDENTIAL~~

5386

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

July 8, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL *RB*
FROM: ROBERT L. HUTCHINGS *RLH*
SUBJECT: Letter from General Jaruzelski

At Tab I is a memorandum from you to the President attaching a translation of a letter from General Jaruzelski, dated June 30 (Tab A). Your cover memo summarizes the letter, in which Jaruzelski strongly reaffirms his support for the Polish reform program and calls for U.S. economic aid totalling several billion dollars.

RECOMMENDATION

That you sign the Tab I memorandum for the President

Attachments

Tab I Memorandum for the President
Tab A Letter from Jaruzelski

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THE WHITE HOUSE
WASHINGTON

July 8, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Letter from General Jaruzelski

Attached is an unofficial translation of a letter just received from Jaruzelski. It reveals the high economic expectations which will greet you when you arrive in Warsaw.

The letter is an eloquent reaffirmation of Poland's economic and political reform program, and it says all the right things about what the Poles are prepared to do to straighten out their economy. It outlines an ambitious economic adjustment program for 1990-92 and affirms Poland's intention to reach agreement with the IMF.

The bulk of the letter, however, is a plea for Western, especially U.S., economic assistance. Jaruzelski appeals for \$1 billion in food aid over the next two years, \$2 billion from the IMF, Paris Club rescheduling to cover the 1990-92 period, resumption of official bilateral export credits, and World Bank lending in the \$800 million range. The overall shopping list is similar to the highly ambitious \$10 billion three-year rescue package recently put forward by Solidarity. The economic assistance package you will present meets a few of these requests, but the majority are well beyond anything we can support at this time.

Jaruzelski notes that he presented the same list to President Mitterrand during his recent visit to Poland and asked that he present them at the Economic Summit.

Attachment

Tab A Letter from Jaruzelski

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Dear Mr. President,

In the spirit of mutual understanding and in view of a marked progress that has recently been attained in the relations between Poland and the United States of America I wish to turn to you, Mr. President, prompted by matters of utmost importance for Poland.

As you know, the reform of the functioning of the Polish state and of its economy has now reached a crucial point decisive for the future of the country.

We have embarked with determination upon a path of transformations which permit the vital force and energy of all social forces to be utilized. Practical implementation of the policy of dialogue, of national reconciliation and systemic change is being accelerated. The opposition has entered, in a major way, into the new two-chamber parliament. The reforms which are being introduced create a foundation for a new democratic order in the state, guaranteed by law, as well as for a new economic model based on the laws of the market. It is the will of all political forces - participants in the "round-table" - to continue along this programmatic line. They are convinced that reforms should be made in an evolutionary way. Such are the requirements of the national *raison d'etat* and of the sense of responsibility for both the stabilization of the East-West relations and the development of the situation on the European continent.

His Excellency George W. Bush
President of the United States of America
The White House
Washington, D.C.

The condition of our economy creates the danger. There exists a real threat that the economic crisis will deepen further with all its consequences. It is precisely through radical reforms of state structures and economic system that we are trying to overcome this crisis. The immediate goal is to stop and reverse negative trends, in particular the inflationary growth of incomes and prices. Dramatic situation compels us to give our principal attention to this matter. We are implementing the guidelines of economic programme mapping out the directions and measures under the adjustment policies for 1990-1992. Efficient implementation of those guidelines will constitute the point of departure towards what we plan to attain in the longer perspective, in agreement with the International Monetary Fund.

Polish socio-political and economic reforms will stand a chance of success only when we will be able, over a relatively short time, to overcome the present difficult economic situation and to make substantial and rapid progress in restoring internal economic balance. External economic support for Poland is of utmost importance for the attainment of that goal. Such is the agreed stand of the government and of the opposition. Time is the factor of extreme importance.

Assistance is indispensable for Poland to effect rapid structural changes related to modernization and full basing of the economy on the market laws and thereby to put it into the mainstream of world economy.

The transition from command economy to market economy provokes strong social tensions. The most difficult problem is the market-orientation of food economy that until now has been heavily subsidized. To prevent such tensions there are necessary appropriate currency reserves for the avoidance of drastic drop in food consumption and for stimulation of production in domestic agriculture and food-producing industry.

Also, I wish to strongly emphasize our full awareness that it is first and foremost ourselves who have to restore health to our economy

and shoulder the cost involved. Thus external support is not meant to replace necessary reforms and market adjustments. Conversely, it is to reinforce them.

Declarations of Western Governments and the friendly interest demonstrated by you, Mr. President, in Polish matters strengthen my conviction that there is a desire to extend a real and effective assistance to Poland's economy.

I am aware that the scope and forms of that assistance will be discussed at the summit meeting of the seven most industrialized states in Paris later this month. I feel it right and useful that Poland's needs and expectations are known while debating that item. They are listed below. I approached the President of France, Monsieur F. Mitterrand, asking him to present and recommend them to the leaders of states participating in the Paris summit. To you, Mr. President, I turn asking to support our postulates.

1. External support is indispensable for the measures set in motion to place the entire food-producing economy on the basis of market principles. The process requires major currency outlays for covering transitory shortfalls expected to occur in the course of the initial period of demonopolization of this sector of the economy and its switching to market mechanisms. Support for reform could include such measures as supplies of subsidized food and opening, if necessary, of credit guarantees for their purchases. We estimate that our requirements in this respect might amount to 1 thousand million US dollars over the next two years.

2. Deep-reaching deformations in her economic structure and Poland's heavy debt call for reaching rapid agreement on an economic programme with the International Monetary Fund which would make for the strengthening of the economy by credit of about 2 thousand million US dollars before 1992. Credit support for the adjustment programme should be available immediately upon reaching an agreement on it. Efficient implementation of the programme - by way of restoration of internal economic equilibrium - could ensure achieving of a balanced current turnover with foreign countries.

3. An agreement with the International Monetary Fund would be accompanied by the restructuring of guaranteed debt owed to the Paris Club states. We assume that terms of restructuring would include reductions and concessions applied towards countries with heaviest debt. The restructuring of current outstanding payments, including the overdue ones, would be effected as soon as possible, and payments due for the years under the programme (1990-1992) - after its introduction.

4. Operations to reduce non-guaranteed debt and the cost of its servicing, as well as its partial conversion into other forms of obligation, should form an integral part of solving the problem of Polish indebtedness. We assume that action in the matter would be actively supported by international financial institutions and by the governments of creditor states.

5. A correct functioning of economy and debt servicing call for Poland's augmented export capability. In this respect, the following measures would mean meeting us half-way:

- opening World Bank credits for partial financing of already prepared export-oriented investment projects, to the value of about 300 million US dollars;
- rapid working-out and opening of the World Bank Structural Adjustment Loan of ca. 500 million US dollars to assist the strengthening of the export-oriented sector of the economy;
- granting wider access to government guaranteed credits for financing modernization and pro-export investment projects;
- improved access to markets through, inter alia, granting customs preferences to Poland under the GSP.

6. Economic renewal presupposes thorough changes in the structure of both production and ownership. Support for these changes could be rendered through such measures as:

- implementation of a series of sectoral World Bank projects (mining, telecommunications, banking);
- active encouragement of investors to commit their capitals in Poland by way, inter alia, of identification by government experts of investment opportunities and through extension of government guarantees to investment in Poland. Legal conditions have already been created to transform state-owned enterprises into joint stock companies with participation of foreign capital without any limitation as to their share;
- participation in financing of the expansion and modernization of food storage and processing facilities. The programme could be coordinated by the World Bank and/or by the European Investment Bank. Magnitude of funds required for this programme (to be utilized during 3 years period) we estimate at 500 million US dollars;
- participation in the creation of target-oriented fund for the expansion of private sector in agriculture (e.g. the Water Supply Foundation);
- assistance in management staff training and specialized consulting on developing new solutions and new economic instruments.

I hope that in accordance with your earlier indication you will be good enough to carefully consider - in the light of wider and objective presentations - the content of this message and to support the requests contained in it.

Highly appreciating your understanding for Poland's difficult economic situation at present, I believe that your personal commitment will result in concrete measures that will bring about speedy alleviation of these conditions.

Please accept, Mr. President, the assurances of my highest consideration.

Warsaw, June 30, 1989

Signed (-)

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5389

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 8, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL *MB*

FROM: ROBERT L. HUTCHINGS *RLH*

SUBJECT: Letters from Lech Walesa and Father Henryk Jankowski

At Tab I is a memorandum from you to the President forwarding translations of letters just received from Walesa and his parish priest, Father Jankowski. Both inform the President of the planned U.S.-Polish joint venture at the Gdansk shipyard, and both welcome the President's visit. He should be aware of the letters before meeting Walesa in Gdansk.

RECOMMENDATION

That you sign the Tab I memorandum for the President.

Attachments

Tab I Memorandum for the President
Tab A Letter from Walesa
Tab B Letter from Jankowski

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THE WHITE HOUSE
WASHINGTON

5389

July 8, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Letters from Lech Walesa and Father Jankowski

Attached are unofficial translations of letters just received from Lech Walesa and Father Henryk Jankowski of Gdansk. The letters were brought back from Gdansk by Mrs. Barbara Piasecka-Johnson, an American citizen who recently signed a declaration of intent with the Gdansk shipyard to make it a U.S.-Polish joint venture.

Walesa expresses his appreciation for your approach toward Poland's economic problems and reiterates his invitation to you for lunch at his home. He also informs you that he co-signed the joint venture declaration, which he welcomes as a tangible sign of U.S.-Polish cooperation.

Father Jankowski, Walesa's parish priest, also thanks you for your "wise and correct policy" and particularly for your Hamtramck speech. Much of the letter was illegible, but its gist is to thank Mrs. Piasecka-Johnson for working to rescue the shipyard and to welcome your visit to Poland, especially to Gdansk.

Attachments

Tab A Letter from Walesa
Tab B Letter from Jankowski

cc: Vice President
Chief of Staff

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2009-0998-MR
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DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO.

129410
PH/
Polish

[logo] SOLIDARITY

LECH WALESA
ul. Polanki 54
80-308 [?] Gdansk [Danzig]
[Poland]
tel. 52-05-62

Gdansk, June 5, 1989

[To:]
Mr. George Bush
President of the United States
Washington, U.S.A.

Dear Mr. President:

Taking advantage of the opportunity presented by Mrs. Barbara Piasecka-Johnson's visit to Poland, I wish to send you, Mr. President, my thanks for the position you have taken vis-à-vis our economic problems.

On June 1, Mrs. Piasecka-Johnson and the director of the Gdansk Shipyard, Mr. Czeslaw Tolwinski, signed a declaration of intent concerning the establishment of a joint venture. At Mrs. Johnson's request and with Director Tolwinski's consent, I also signed that declaration. I did so in hopes that this kind of direct cooperation between American and Polish firms will pave the way for expansion and intensification of the ties between our nations, and will enable Poland to emerge from her crisis. I set great hopes on such cooperation, both as a Pole and as a union man.

Allow me to repeat and reaffirm my invitation to you to pay a visit to Gdansk and to my home; I assure you that I would highly value your acceptance of this invitation.

Sincerely,
/s/ Walesa
-Lech Walesa

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 129426
JS/AO
Polish

The Reverend Henryk Jankowski
Parish Priest, St. Brygida's Parish
ul. Profesorska 17
80-856 Gdansk

Gdansk
June 4, 1989

Dear Mr. President:

I wish on my own behalf and on behalf of thousands of Polish shipyard workers to convey my heartfelt gratitude for the U.S. Government's wise and correct policy, which has allowed our people to regain faith and hope in the imminent restoration of Poland's place among the free nations of Europe.

We are convinced that thanks to your perseverance and adamancy, the communist government of Poland was forced to change its previous policy of repression towards society, engage in a dialogue with the opposition in the framework of talks /illegible words/, legalize the "Solidarity" trade union movement, and pledge publicly to bring Polish society its complete /illegible word/.

These significant changes occurring in our country were quickly /illegible word/ by you, Mr. President.

Your reaction to these /illegible word/, and above all your /illegible word/ speech in Michigan gave a new impetus to these transformations.

The first /illegible words/ of the help promised for Poland was the visit to Gdansk of Ms. Barbara Piasecka-/illegible name/. In this time of crucial importance for Polish society, she made the decision to /several illegible words/ to the Gdansk shipyard, offering her services.

Thanks to the courageous and /several illegible words/ of Ms. Barbara Piasecka-/illegible name/, the Gdansk shipyard, one of the largest shipyards in Europe, /several illegible words/, and at the same time /rest of page 2 in the Polish text is largely illegible/ was not senselessly wasted or destroyed. It (?) quickly became known throughout the country, despite the /illegible word/ blockade of this information in the government-controlled media, restoring their faith in a rapid return to normal and effective management.

We thus feel deeply indebted to /illegible word/ to you, Mr. President, our words of heartfelt gratitude. While waiting for your visit to our country, we also wish to invite you to Gdansk, the city that is the cradle of the /several illegible words/ that in August 1980 began the lasting process of

democratic change in this camp of states ruled by the communists, the city that 50 years ago heard the first salvos from the German cruiser which commenced the Second World War. I want to assure you that /the rest of page 3 of the Polish text is largely illegible/ you, Mr. President, as a great statesman, a friend of the Polish people, and /illegible word/ defender of democracy throughout the world.

Respectfully yours,
/s/ The Reverend Henryk Jankowski

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~~SECRET~~

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Your Trip to Poland, Hungary, the Economic Summit
and the Netherlands

Your two trips to Europe are among the most important that an American President has taken in the postwar era. The NATO Summit set new goals for the Alliance in an era beyond containment. The events in Poland and Hungary are now transforming the postwar political map of Europe. You are going at a crucial time, when political uncertainties and enormous hope coexist.

The United States, in the late 1940s, broke out of its historical isolation both to resist the Soviet threat and to superintend the peaceful evolution of European politics. The Soviet threat to democracy was contained within Eastern Europe. Western Europe and Japan were able to rebuild, overcoming the traditional animosities that led to two World Wars and becoming prosperous and democratic partners of the United States. Your trip to the Economic Summit and to the Netherlands will underscore the success of American postwar policy by affirming the values upon which the alliance of industrialized democracies is built: democracy, free enterprise and the rights of the individual.

Your predecessors had no choice but to accept that the countries of East-Central Europe were excluded from this success story. Western policy was resigned during these decades to promoting change at the margins of communist control. But Poland and Hungary are in the midst of "bloodless revolutions" -- which, if successful, will spread to Czechoslovakia and beyond. Peaceful change in Eastern Europe, in turn, holds the key to overcoming the division of Europe and to a fundamentally different East-West relationship.

Therefore, next week you have an historic opportunity to demonstrate America's determination to be involved in the reconciliation of East and West Europe. Historical turning points are usually born of turmoil and there can be no doubt that Eastern Europe is in crisis. But, as symbolized by the Chinese

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characters for crisis "wei-ji" ("wei" meaning danger and "ji" opportunity), crises hold both promise and risk. Many dangers lie ahead and success will depend ultimately on the East Europeans themselves. Yet your role will be crucial.

Zbigniew Brzezinski, as he often does, put it well. After you left the White House Symposium on July 6, he said that your visit will be the most important of an American President with regard to Eastern Europe since 1945 when Roosevelt went to Yalta. The reference is fitting. Yalta is emblematic of both the success and failure of American postwar policy. Western Europe was protected but Eastern Europe was not. Your trip -- coming at this critical time in Eastern Europe's evolution -- is a first step in finally realizing the unrealized aspirations in the Yalta agreement -- of freedom and self-determination for Eastern Europe.

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5394

July 8, 1989

ACTION

MEMORANDUM FOR ROBERT GATES

THROUGH: ^{RB} ROBERT BLACKWILL

FROM: ADRIAN BASORA *AMB*

SUBJECT: Labor Initiative for the President's Trip to
Poland and Hungary

The PCC that has been working to prepare initiatives for the President's trip has almost -- but not quite -- come up with a \$5 million labor initiative for Poland and Hungary. According to the senior action officer at Labor (Deputy Under Secretary Shellyn McCaffrey), both Elizabeth Dole and the AFL-CIO are favorably inclined and it should not be difficult to gain Congressional approval to reprogram the money out of Labor's \$8 billion budget.

Throughout the PCC process, most agencies have had creative ideas about new programs for Eastern Europe but have, not surprisingly, lost interest once it became clear that there would be no new pot of money to finance them. In the case of Labor, we are told, Dole is personally sympathetic to the project based on her past contact with Solidarity leaders and on the positive attitude of the AFL-CIO. Before going to Congress for authorization to reprogram \$5 million, however, she wants to be sure that the White House is fully supportive.

Assuming that McCaffrey is accurately reporting Dole's attitude, a phone call from you confirming the President's interest in sound initiatives for Poland and Hungary would result in a prompt decision to go ahead. Timing is critical, however, since the initiative would have to be inserted in the President's speech in Gdansk on Tuesday, July 11, if it is to have full impact. To make this possible, we would need a positive response by about 10:00 a.m. Monday in view of the 7-hour time difference. A call to Dole on Sunday or on Monday at o.o.b. would thus be required. Should she be unavailable, Deputy Secretary Rod Diarment might be willing to make the decision.

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The approach we have taken with Deputy Under Secretary McCaffrey has been that the White House is encouraging initiatives of this type so long as they fit within existing budgets and are designed so as not to create significant political opposition in Congress.

Details of the labor initiative are at Tab I.

Condi Rice concurs (*in substance*) AAB

RECOMMENDATION

That you call Secretary Dole to confirm her support for a \$5 million labor initiative for Poland and Hungary.

Attachment

Tab I Labor Initiative program description.

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LABOR INITIATIVES FOR POLAND AND HUNGARY

[NOTE: This initiative is subject to a decision on funding, pending as of July 7.]

Proposal

The President is proposing an initiative to provide technical assistance and establish labor exchange programs to ease the burden of adjustment during a period of economic transition and reform.

The workers of Hungary and Poland will ultimately benefit from their countries' reform efforts. But labor unrest during the painful transition period could seriously jeopardize the reform process. Unemployment may be a particularly acute problem. Poland has no adequate "safety net" in place to help dislocated workers, and Hungary has just begun to introduce one. Job training programs are also outmoded and inadequate.

Scope

The President is instructing the Departments of State and Labor, working with the AFL-CIO and American business, to assist Poland and Hungary in nine areas:

- training and retraining;
- job search and employment services;
- unemployment insurance;
- entrepreneurial development;
- self-employment and employee ownership;
- labor-management relations;
- labor statistics;
- worker safety and health, including mine safety; and
- women in the workforce.

A second initiative is aimed at the next generation of workers. It involves an exchange program for skills and crafts trainers, developed in close collaboration with U.S. trade unions. The program would benefit all sides concerned.

Implementation

The Department of Labor (DOL) will provide a mix of in-country technical assistance and U.S. domestic activities targeted to tripartite audiences in each country -- independent trade unionists, government officials and employers.

- o DOL and other U.S. government agencies will help develop policies and programs to set up an effective labor safety net in each of the eight priority areas.
- o For the safety net initiative, each area in the two countries will cost around \$575,000, with the entire package totaling \$4.5 million. The estimated cost of the labor exchange proposal is \$0.5 million for a small six-month program. The overall total is thus \$5 million.

THE WHITE HOUSE

WASHINGTON

July 6, 1989

2 PRESIDENT AS 11:00
7/7/89

SIGNING CEREMONY FOR
PROCLAMATION OF FRENCH REVOLUTION BICENTENNIAL

DATE: July 7, 1989

LOCATION: Oval Office

TIME: 11:00 - 11:05 am

FROM: BRENT SCOWCROFT 

I. PURPOSE

To sign in Ambassador de Margerie's presence the Proclamation of July 14, 1989 as a National Day to commemorate the French Revolution.

II. BACKGROUND

Your signing of the Proclamation in a public ceremony with the French Ambassador present will be well received by President Mitterrand, and by French and European opinion in general. The ceremony will serve to underline the themes of democracy and human rights that are central to your upcoming trip to Europe.

III. PARTICIPANTS

A list of participants is at Tab B.

IV. PRESS PLAN

Open photo, writing pool.

V. SEQUENCE

Ambassador de Margerie and Senator Mathias will be escorted in; you will greet them, say a few words, and sign the Proclamation.

Attachments

Tab A Points to be Made
Tab B Participants List
Tab C Proclamation

cc: Vice President
Chief of Staff

POINTS TO BE MADE FOR
FRENCH REVOLUTION PROCLAMATION SIGNING CEREMONY

- Pleased to see Ambassador de Margerie here and to tell him how much I look forward to visiting France next week for the Bicentennial celebrations and the Economic Summit.
- Pleased to see Senator Mathias, whose committee has done fine work in encouraging Americans to celebrate the Bicentennial of the French Revolution.
- This proclamation commemorates both the bicentennial of the taking of the Bastille and the close ties between our countries.
- One example of these ties is the close connection between our Bill of Rights and the French Declaration of the Rights of Man and the Citizen.
- The themes of liberty and human rights which run through these two documents are fundamental to our two nations and to the peoples of Eastern Europe where I will visit next week.
- Today, as two hundred years ago, France and America are still "Partners in Liberty."

PARTICIPANTS

U.S.

The President

The Vice President

Senator Charles Mathias

Larry Eagleburger, Acting Secretary of State

John H. Sununu, Chief of Staff

Brent Scowcroft

Assistant to the President for National Security Affairs

Robert M. Gates

Deputy Assistant to the President for National Security Affairs

Bruce Gelb, Director, U.S. Information Agency

Robert D. Blackwill, Special Assistant to the President for
European and Soviet Affairs

Adrian A. Basora, Director for European Economic Affairs, NSC

FRANCE

Ambassador Emmanuel de Margerie

NATIONAL DAY TO COMMEMORATE
THE BICENTENNIAL OF BASTILLE DAY, THE FRENCH REVOLUTION,
AND THE DECLARATION OF THE RIGHTS OF MAN AND THE CITIZEN

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA
A PROCLAMATION

On July 14, Americans will join the people of France in celebrating the 200th anniversary of the taking of the Bastille. As we commemorate the bicentennial of the French Revolution and the Declaration of the Rights of Man and the Citizen, we celebrate the values that we share and our partnership in the quest for liberty and justice.

The United States achieved its independence with considerable assistance from France and from individual French citizens like the Marquis de Lafayette. Lafayette and other French soldiers who came to this country to fight alongside Americans during our Revolution supported the cause of freedom and individual liberty. Bidding farewell to the Continental Congress in 1783, Lafayette exclaimed: "May this great monument, raised to Liberty, serve as a lesson to the oppressor, and an example to the oppressed!" A few years later, the significance of his words would be fully revealed.

On July 14, 1789, the people of France stormed the despised Bastille prison in Paris, marking the beginning of their own struggle against tyranny. Shortly thereafter, the National Assembly of France approved the Declaration of the Rights of Man and of the Citizen. This historic document noted that "ignorance, neglect, or contempt of human rights, are the sole causes of public misfortunes" and affirmed the concept of individual liberty.

The Declaration of the Rights of Man and the Citizen was not only adopted within the same year as the Congress approved our Bill of Rights, but also contained some of the same themes, including freedom of religion, freedom of the press, security in one's property and person, and due process in courts of law. These documents proclaimed the inviolability of human rights on both sides of the Atlantic Ocean and guaranteed them for future generations.

As we celebrate the bicentennial of the French Revolution and the Declaration of the Rights of Man and the Citizen, we note with pride that our two countries remain committed to the principles of individual liberty, equality, and representative government. Two centuries ago, the great American patriot Thomas Paine observed: "The Revolutions of America and France have thrown a beam of light over the world, which reaches into man." Today, we rejoice in the fact that the bright promise of freedom not only continues to shine on both sides of the Atlantic, but also continues to grow stronger around the world.

The Congress, by House Joint Resolution 298, has designated July 14, 1989, as "National Day to Commemorate the Bastille Day Bicentennial," and requested the President to issue a proclamation in observance of this event.

NOW, THEREFORE, I, GEORGE BUSH, President of the United States of America, do hereby proclaim July 14, 1989, as a National Day to Commemorate the Bicentennial of Bastille Day, the French Revolution, and the Declaration of the Rights of Man and the Citizen. I call upon the people of the United States to observe this day with appropriate ceremonies and activities, and I urge them to renew their support for the just aspirations of all peoples who seek freedom and self-determination.

IN WITNESS WHEREOF, I have hereunto set my hand this
day of , in the year of our Lord
nineteen hundred and eighty-nine, and of the Independence of
the United States of America the two hundred and

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 6, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ^{RB} ROBERT BLACKWILL

FROM: ADRIAN BASORA *AAB*

SUBJECT: Signing Ceremony in Presence of French Ambassador

Our scheduling recommendation for the signing of the Proclamation of July 14, 1989 as a National Day to commemorate the French Revolution has been accepted. The ceremony is set for 11:00 am July 7. A meeting memo is attached. Note that there will be no Members of Congress invited, based on a decision by Fred McClure that was discussed with Ginny Lampley.

Ginny Lampley concurs. *(in substance) AAB*

RECOMMENDATION

That you sign the attached meeting memo for the President.

Attachments

Tab I	Memo to the President
Tab A	Points to be Made
Tab B	Participants List
Tab C	Proclamation

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

4614

July 7, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: BARRY F. LOWENKRON *BL*

SUBJECT: Presidential Letter to Co-operation Ireland

At Tab I is a memorandum from you to Shirley Green requesting that her office prepare a Presidential letter endorsing the efforts of Co-operation Ireland to promote reconciliation between the people of Ireland and Northern Ireland. The State Department request is at Tab A, a suggested draft letter prepared by the State Department is at Tab B.

RECOMMENDATION

Robert Blackwill *RB* concurs.

That you sign the memorandum at Tab I.

Attachments

Tab I	Hughes' memorandum to Green
Tab A	State Incoming
Tab B	Draft Presidential letter

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

ACTION

MEMORANDUM FOR SHIRLEY GREEN

FROM: G. PHILIP HUGHES

SUBJECT: Presidential Letter to Co-operation Ireland

The NSC would appreciate your office preparing a Presidential letter to Connolly Cole, Executive Director of Co-operation Ireland, an organization which promotes reconciliation between the people of Ireland and Northern Ireland. The State Department request, along with a suggested draft letter, are at Tabs A and B.

RECOMMENDATION

That you prepare a Presidential letter

Attachment

Tab A	State Department request
Tab B	Draft Presidential letter



United States Department of State

Washington, D.C. 20520

4614

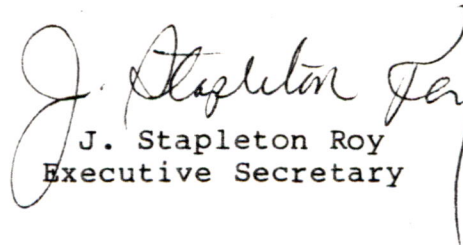
June 14, 1989

UNCLASSIFIEDMEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Presidential Endorsement of Co-operation Ireland

Mr. Connolly Cole, the Executive Director of Co-operation Ireland, has requested that President Bush endorse this New York-based organization which promotes reconciliation between the people of Ireland and Northern Ireland. Co-operation Ireland is highly regarded and has been endorsed by President Reagan, Prime Minister FitzGerald and the Secretary of State for Northern Ireland. Ambassador Walter Curley and Ambassador-designate to Ireland Richard Moore support Mr. Cole's request that President Bush send a letter affirming his support for Co-operation Ireland.

The Department of State has prepared a draft Presidential letter affirming President Bush's support for Co-operation Ireland.



J. Stapleton Roy
Executive Secretary

Attachment:

Letter of Suggested Reply

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DEPARTMENT OF STATE

SUGGESTED REPLY

Dear Mr. Cole:

Support for efforts to promote reconciliation in Ireland is a tenet of American foreign policy. We have expressed this policy in word and deed. We have often affirmed our support for the efforts of the Governments of Ireland and of the United Kingdom to work together to address the problems of Northern Ireland. American financial support enabled the International Fund for Ireland to begin activities which we hope will help create an environment in which peace and reconciliation will prevail. However, governmental efforts cannot succeed without practical and tangible contributions by men and women from all walks of life. I am therefore pleased to pay tribute to Co-operation Ireland, which enlists the talents and resources of private citizens of good will in the United States, Ireland, and the United Kingdom in organizing and supporting activities

Mr. Connolly Cole,

Executive Director,

Co-operation Ireland,

Grace Plaza,

1114 Avenue of the Americas,

New York, New York.

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- 2 -

which bring the people of Ireland together. Those who organize, support, and participate in the work of Co-operation Ireland are indeed among the makers of peace.

Sincerely,

George Bush

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Your Trip to Poland, Hungary, the Economic Summit
and the Netherlands

Your two trips to Europe are among the most important that an American President has taken in the postwar era. The NATO Summit set new goals for the Alliance in an era beyond containment. The events in Poland and Hungary are now transforming the postwar political map of Europe. You are going at a crucial time, when political uncertainties and enormous hope coexist.

The United States, in the late 1940s, broke out of its historical isolation both to resist the Soviet threat and to superintend the peaceful evolution of European politics. The Soviet threat to democracy was contained within Eastern Europe. Western Europe and Japan were able to rebuild, overcoming the traditional animosities that led to two World Wars and becoming prosperous and democratic partners of the United States. Your trip to the Economic Summit and to the Netherlands will underscore the success of American postwar policy by affirming the values upon which the alliance of industrialized democracies is built: democracy, free enterprise and the rights of the individual.

Your predecessors had no choice but to accept that the countries of East-Central Europe were excluded from this success story. Western policy was resigned during these decades to promoting change at the margins of communist control. But Poland and Hungary are in the midst of "bloodless revolutions" -- which, if successful, will spread to Czechoslovakia and beyond. Peaceful change in Eastern Europe, in turn, holds the key to overcoming the division of Europe and to a fundamentally different East-West relationship.

Therefore, next week you have an historic opportunity to demonstrate America's determination to be involved in the reconciliation of East and West Europe. Historical turning points are usually born of turmoil and there can be no doubt that Eastern Europe is in crisis. But, as symbolized by the Chinese

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characters for crisis "wei-ji" ("wei" meaning danger and "ji" opportunity), crises hold both promise and risk. Many dangers lie ahead and success will depend ultimately on the East Europeans themselves. Yet your role will be crucial.

Zbigniew Brzezinski, as he often does, put it well. After you left the White House Symposium on July 6, he said that your visit will be the most important of an American President with regard to Eastern Europe since 1945 when Roosevelt went to Yalta. The reference is fitting. Yalta is emblematic of both the success and failure of American postwar policy. Western Europe was protected but Eastern Europe was not. Your trip -- coming at this critical time in Eastern Europe's evolution -- is a first step in finally realizing the unrealized aspirations in the Yalta agreement -- of freedom and self-determination for Eastern Europe.

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 7, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: ROBERT L. HUTCHINGS *RLH*

SUBJECT: Memorandum of Telephone Conversation with Prime
Minister Turgut Ozal of Turkey

Attached at Tab I is a memorandum from you to the Department of
State transmitting the Tab A Memorandum of Telephone
Conversation.

Concurrence by: Robert *R. Blackwill*

RECOMMENDATIONS

That the Tab A Memorandum of Telephone Conversation be filed for
the record.

Approve _____ Disapprove _____

That you sign the memo at Tab I transmitting the Memorandum of
Conversation.

Attachments

Tab I Hughes Memorandum for Roy

Tab A Memorandum of Telephone Conversation

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By *SCS* NARA, Date *11/22/13*

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR J. STAPLETON ROY
Executive Secretary
Department of State

SUBJECT: Telephone Call from the President to Prime
Minister Turgut Ozal of Turkey, July 3, 1989

Distribution of the attached Memorandum of Telephone Conversation must be handled via NODIS channels and at the Deputy Assistant Secretary (DAS) level. If the item is to be sent to Embassy Ankara, it should be sent to the Ambassador and Deputy Chief of Mission (DCM) only. (C)

G. Philip Hughes
Executive Secretary

Attachment
Tab A Memorandum of Telephone Conversation

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By CS NARA, Date 10/29/13

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Call to Prime Minister Turgut
Ozal of Turkey (U)

PARTICIPANTS: The President
Turgut Ozal, Prime Minister
Notetaker: Robert Hutchings

DATE, TIME July 3, 1989, 7:36 - 7:42 a.m. EDT
AND PLACE: The Oval Office

The President said he wanted to check in to follow up on the brief talk he and Prime Minister Ozal had at the NATO Summit. The President thanked the Prime Minister for his strong support for the CFE initiative, adding that the U.S. would be working hard to meet the timetable NATO had set for the Vienna talks and would appreciate Turkey's continuing support. The President also noted that Gorbachev had not been at all pessimistic about meeting the timetable. (C)

The President said that his main reason for calling was to express his personal concern over the situation of the Turkish minority in Bulgaria. (U)

Prime Minister Ozal noted that the number of Turkish refugees from Bulgaria had now risen to 100,000. (U)

The President mentioned that he had issued a statement on June 26, condemning in very strong words the Bulgarian Government's treatment of its Turkish minority. The President said he hoped the Prime Minister had seen a copy of the statement, which the White House staff had sent to the Turkish Charge in Washington. (U)

Prime Minister Ozal replied that he had seen the statement and thanked the President for it. (U)

The President expressed the hope that international pressure would bring some relief to the plight of Turks in Bulgaria and to those who have already sought refuge in Turkey. He added that he knew what a burden this must be for Turkey and expressed once again his personal concern. (U)

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Prime Minister Ozal thanked the President, adding that there must also be considerable pressure on Gorbachev, who may be able to use his influence on Bulgaria to bring some results. (C)

The President replied that he hoped that would be the case, adding that the U.S. would weigh in again if there is an opportunity to exert influence. (C)

Prime Minister Ozal commented that the Soviets have a big problem: they are interested in the situation in Bulgaria, because it bears on the credibility of glasnost. (C)

The President, turning to another topic, asked how the results of the Greek election would affect negotiations on Cyprus. (C)

Prime Minister Ozal said it was hard to know. It appeared to him that the Greek government would be a temporary one, and could remain so for as long as a year. (C)

The President said he appreciated Turkey's support for the U.N. Secretary General's mediation efforts, which offer the best hope for a settlement. (C)

Prime Minister Ozal agreed, but expressed concern that the Greek situation will put negotiations on hold. (C)

The President concluded by saying that Ambassador Abramowitz had been sworn in and would be leaving for Ankara in mid-July, adding that he is a very able man who will do a superb job. (U)

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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5352

July 7, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL *PB*

FROM: PHILIP ZELIKOW *PZ*

SUBJECT: Environmental Initiatives for the President's Trip
to Poland and Hungary

After the July 5 meeting of the White House Summit Group, we asked State to work with EPA, Energy, and OMB in redesigning the environmental initiatives for Poland and Hungary. State has prepared an interagency-agreed paper which recommends a \$15 million program for Poland, focused on cleaning up the historic city of Krakow (with clean coal technology, improved sewage treatment, and air quality monitoring), and a \$5 million program for Hungary that would establish an Environmental Center for Central and Eastern Europe. We have attached a memo forwarding these ideas to the President for his decision (Tab I), with the interagency paper attached at Tab A.

Money remains a problem. The two ideas would cost \$20 million. Agencies agree that start-up costs should be funded from reprogramming FY 90 funds, although only EPA has made a (small) specific commitment. If the President decides to proceed with these initiatives, agencies are prepared to adjust priorities as needed and develop a cost-sharing plan that will be reflected in FY 90 reprogramming and FY 91 and 92 budget submissions.

Jerry *Beach* concurs.

Recommendation

That you transmit the attached memorandum to the President (Tab I) for his approval of the environmental initiatives prepared for possible use in Poland and Hungary.

Approve _____

Disapprove _____

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Attachments

Tab I Memorandum to the President

Tab A Interagency paper on possible initiatives

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THE WHITE HOUSE
WASHINGTON

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SCS 4/25/13

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ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Possible Environmental Initiatives for Poland and
Hungary

Purpose

To follow up your Mainz pledge of assistance to Eastern European countries in dealing with their critical environmental problems with specific programs you could announce in Poland and Hungary.

Background

After the July 5 meeting of the White House Summit Group, State was asked to work with EPA, Energy, and OMB in redesigning possible environmental initiatives for Poland and Hungary. These agencies now prefer a \$15 million program for Poland, focused on cleaning up the historic city of Krakow (with clean coal technology, improved sewage treatment, and air quality monitoring), and a \$5 million program for Hungary that would establish an Environmental Center for Central and Eastern Europe.

Money remains a problem. Agencies agree that start-up costs should be funded from reprogramming FY 90 funds, although only EPA has made a (small) specific commitment. If you decide to proceed with these initiatives, agencies are prepared to adjust priorities as needed and develop a cost-sharing plan that will be reflected in FY 90 reprogramming and FY 91 and 92 budget submissions.

RECOMMENDATION

That you approve the above-described environmental initiatives for your use during your upcoming trip to Poland and Hungary.

Approve _____

Disapprove _____

Attachment

Tab A Interagency Paper Describing Possible Environmental
Initiatives for Poland and Hungary

cc: The Vice President
Chief of Staff

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Washington, D.C. 20520

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MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

DECLASSIFIED
PER E.O. 13526

2009-0998-MR
SCS 2/12/13

Subject: Environmental Initiatives for Eastern Europe

In his speech at Mainz the President proposed that the United States and Western Europeans work with Eastern European countries to address their critical environmental problems. The President's trip to Poland and Hungary will provide an excellent opportunity to follow up the Mainz speech by proposing specific initiatives. We have developed several possible initiatives for Poland and one for Hungary. In developing these initiatives we have been operating under guidelines from the NSC that the cost should be approximately \$20 million. We also have been guided by the President's focus in Mainz on technical training, access to relevant technologies, and assistance in formulating laws and regulations. Poland's pollution problem is more serious than Hungary's. We recommend that Poland receive \$15 million and Hungary \$5 million of the total.

All of the initiatives for Poland would be designed to help reclaim the city of Krakow. Air and water pollution levels in and around Krakow are among the worst in Europe. We are proposing three projects.

Retrofitting an existing coal-fired plant in the Krakow area with advanced clean coal technology (\$10 million).

An air quality monitoring network in the Krakow metropolitan area (\$1 million)

A program to improve water quality and availability (\$4 million).

In Hungary, our initiative focuses on providing \$5 million to establish in Budapest an Environmental Center for Central and Eastern Europe. The Center would take the form of a funded public/private foundation which would focus primarily on developing the human resource base for ongoing and comprehensive environmental improvement activities in the region to include nuclear power plant safety issues. We envision the Center supporting long-term regional projects, studies, training, and environmental assessments. Although located in Budapest, the Center would welcome other Eastern and Western European government and private participants and funding for its activities.

Specific Center activities could include regional transboundary problems such as acid rain, groundwater pollution, and toxic waste disposal; problems of particularly impacted areas such as Silesia in the East German-Poland-Bohemia triangle; alternate sources of non-polluting energy and non-polluting agricultural practices.

The foregoing initiatives represent a consensus view of the Departments of State and Energy, as well as the Environmental Protection Agency.

Budgetary Situation

Funding for these projects remains a problem. OMB advises that new money for fiscal years 1989, 1990, and 1991 is not available and that funds for the environmental initiative would have to come from reprogramming.

State, DOE and EPA have agreed that start-up costs should be funded in FY 1990, but only EPA has agreed to commit \$500,000 in start-up funds. Funds for completing the initiatives should be included in the agencies' 1991 and 1992 budget submissions to OMB and should be within each agencies' budget ceiling.

A plan for cost sharing among agencies has not yet been determined. All three agencies are presently unable to commit themselves to funding beyond FY 90. Given current budget constraints, these initiatives are not considered a priority when weighed against existing programs. However if the President decides to go ahead with these initiatives the agencies will undertake to propose precise sources of funding which could then be reviewed through an interagency process.

Attached are fact sheets describing each of these possible projects in more detail.

J. Stapleton Roy
Executive Secretary

Attachment: Fact Sheets

Poland Environmental Fact Sheet

1. \$10 million to retrofit an existing coal-fired plant in the Krakow area with advanced clean coal technology. This retrofit will reduce sulphur dioxide emissions from a 100 MW plant by 60-65%. Nitrogen oxide emissions will also be reduced.

-- The initial phase of the project will include an assessment of the major coal-fired plants in the Krakow region to determine the best control strategies for these facilities. A specific plant would then be selected and the optimal technology(s) for installation at this facility would be selected.

-- Following selection, the project will proceed into the design phase. The next phase would involve the fabrication and installation of the equipment. Design, fabrication, and installation will cost about \$10 million which will be provided by the U.S.

The final phase of the project would include operation and analysis of the data. It is assumed that Poland will take over responsibility for the operation of the project and that the data would be made available to the U.S. The U.S. will provide technical support to Poland on an as-needed basis.

2. \$1 million for an air quality monitoring network in the Krakow metropolitan area as part of Poland's national air monitoring network to include:

-- Monitors and related equipment for measuring sulphur dioxide, nitrogen dioxide, particulate, carbon monoxide, ozone, and lead;

-- Data storage/processing equipment.

3. \$4 million to improve water quality and availability in Krakow. Using the city's 1986-2010 Program of Environmental Protection and Water Economy as a guide, EPA and Polish experts will perform a comprehensive assessment of Krakow's current and future drinking water and wastewater needs to select and test treatment methods best suited to local conditions. To determine the optimal, least-cost engineering solutions, the program will examine streamflow records and data on the variety and health of aquatic species, test for stream and drinking water purity, and identify water quality standards according to use. The program will emphasize recycling, pollution prevention, and low-cost approaches such as land treatment of effluents.

Total: \$15 Million

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2009-0998-MR

SCS 2/12/13

~~CONFIDENTIAL~~

Hungary Environmental Fact Sheet

To Establish A Regional Environmental Center located in Budapest, Hungary

Background: The following proposal supports a Presidential Initiative to be announced during the July 11-13 visit to Budapest and follows the President's speech in Mainz on helping Eastern Europe overcome its environmental problems.

Purpose: To provide a physical venue for cooperative research and activities between governmental and non governmental experts and public interest groups from the United States, Western Europe and Eastern Europe concerned with the environment including energy and nuclear power safety.

Scope: The Center would, as a public and privately funded foundation, focus on developing the broadest human resource base for comprehensive environmental improvement and protection activities in the region. Activities could include support for long-term projects, private sector initiatives, training, studies, and varied assessments. The Center would facilitate loans of lab equipment and organize workshops and other such exchanges. Specific emphasis would be placed on transboundary pollution problems, toxic waste disposal, alternative sources of non-polluting energy, and the promotion of nuclear power safety technology and practices. Although located in or near Budapest, the Center's objective would be to attract funding and direct participation by both governmental and private entities and groups from a broad range of countries with a direct interest in the charter of the Center.

Organization: The Center would be a nonpartisan organization supported by both private and government funds. Formal management could be handled in several ways: by a board of directors or through a commission. Major contributors would have a seat in the administrative structure.

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PER E.O. 13526

2009-0998-MR
SCS 2/12/13

Blackwill

THE WHITE HOUSE
WASHINGTON

July 6, 1989

SCHEDULE PROPOSAL

TO: JOSEPH W. HAGIN, II, Director
Presidential Appointments and Scheduling

FROM: BRENT SCOWCROFT *JS*

REQUEST: Signing ceremony

PURPOSE: To spotlight the President's Proclamation of July 14 as a day of commemoration of the Bicentennial of Bastille Day, the French Revolution, and the Declaration of the Rights of Man and the Citizen

BACKGROUND: Wide attention to the Proclamation, particularly in Europe, will be helpful to the President's objectives during his upcoming trip to Poland, Hungary, France and the Netherlands. It will underline the themes of democracy and human rights, and please President Mitterrand who will play a key role at the Paris Economic Summit.

DATE & TIME: July 7, 1989
DURATION: 5 minutes

LOCATION: Oval Office

PARTICIPANTS: The President, the Vice President, Larry Eagleburger, John Sununu, Brent Scowcroft, Bob Gates, Robert Blackwill, Adrian Basora, Ambassador de Margerie, Charles Mathias, Congressional leadership.

OUTLINE OF EVENTS: A brief signing ceremony, followed by the handing of copies of the Proclamation to the French Ambassador and to Mathias.

REMARKS REQUIRED: None

MEDIA COVERAGE: Open photo, writing pool drawn from French press and media.

RECOMMENDED BY: NSC

OPPOSED BY: None

Attachments

Tab A List of Participants
Tab B Proclamation

PARTICIPANTS

U.S.

The President

The Vice President

Larry Eagleburger, Acting Secretary of State

John H. Sununu, Chief of Staff

Brent Scowcroft

Assistant to the President for National Security Affairs

Robert M. Gates,

Deputy Assistant to the President for National Security Affairs

Robert D. Blackwill, Special Assistant to the President for

European and Soviet Affairs

Adrian A. Basora, NSC (Notetaker)

Congressional leaders (Senators Mitchell and Dole, and

Representatives Foley, Michel and Gephardt, plus Representative

Chuck Douglas, sponsor of the Proclamation resolution will be invited, but most are expected to be unavailable because of the recess.)

FRANCE

Ambassador Emmanuel de Margerie

PARTICIPANTS

U.S.

The President

The Vice President

Larry Eagleburger, Acting Secretary of State

John H. Sununu, Chief of Staff

Brent Scowcroft

Assistant to the President for National Security Affairs

Robert M. Gates,

Deputy Assistant to the President for National Security Affairs

Robert D. Blackwill, Special Assistant to the President for
European and Soviet Affairs

FRANCE

Ambassador Emmanuel de Margerie

NATIONAL DAY TO COMMEMORATE
THE BICENTENNIAL OF BASTILLE DAY, THE FRENCH REVOLUTION,
AND THE DECLARATION OF THE RIGHTS OF MAN AND THE CITIZEN

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

On July 14, Americans will join the people of France in celebrating the 200th anniversary of the taking of the Bastille. As we commemorate the bicentennial of the French Revolution and the Declaration of the Rights of Man and the Citizen, we celebrate the values that we share and our partnership in the quest for liberty and justice.

The United States achieved its independence with considerable assistance from France and from individual French citizens like the Marquis de Lafayette. Lafayette and other French soldiers who came to this country to fight alongside Americans during our Revolution supported the cause of freedom and individual liberty. Bidding farewell to the Continental Congress in 1783, Lafayette exclaimed: "May this great monument, raised to Liberty, serve as a lesson to the oppressor, and an example to the oppressed!" A few years later, the significance of his words would be fully revealed.

On July 14, 1789, the people of France stormed the despised Bastille prison in Paris, marking the beginning of their own struggle against tyranny. Shortly thereafter, the National Assembly of France approved the Declaration of the Rights of Man and of the Citizen. This historic document noted that "ignorance, neglect, or contempt of human rights, are the sole causes of public misfortunes" and affirmed the concept of individual liberty.

The Declaration of the Rights of Man and the Citizen was not only adopted within the same year as the Congress approved our Bill of Rights, but also contained some of the same themes, including freedom of religion, freedom of the press, security in one's property and person, and due process in courts of law. These documents proclaimed the inviolability of human rights on both sides of the Atlantic Ocean and guaranteed them for future generations.

NOW, THEREFORE, I, GEORGE BUSH, President of the United States of America, do hereby proclaim July 14, 1989, as a National Day to Commemorate the Bicentennial of Bastille Day, the French Revolution, and the Declaration of the Rights of Man and the Citizen. I call upon the people of the United States to observe this day with appropriate ceremonies and activities, and I urge them to renew their support for the just aspirations of all peoples who seek freedom and self-determination.

IN WITNESS WHEREOF, I have hereunto set my hand this
day of , in the year of our Lord
nineteen hundred and eighty-nine, and of the Independence of
the United States of America the two hundred and .

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5142

July 5, 1989

ACTION

SIGNED

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT ^{RB}BLACKWILL

FROM: ADRIAN BASORA *AMB*

SUBJECT: Scheduling Proposal for Signing of Proclamation of
July 14 as a Commemorative Day for the French
Revolution

Jim Cicconi believes that the signing of the Proclamation should be done in a brief Oval Office ceremony, and says that it should be possible to find five minutes on the President's July 7 schedule. The purpose would be to draw press attention, particularly European, to the President's underlining of democracy and human rights on the eve of his trip, during which these will be primary themes.

We agree with Cicconi. Fred McClure concurs, although he is not sure whether any of the active Congressional sponsors of the Proclamation will be available in view of the recess.

Ginny Lampley concurs. *(in draft) AMB*

RECOMMENDATION:

That you sign the attached scheduling proposal.

Attachments

Tab I Scheduling proposal
Tab A List of Participants
Tab B Proclamation

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 6, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ^{RB} ROBERT BLACKWILLFROM: ADRIAN BASORA *AAB*

SUBJECT: Signing Ceremony in Presence of French Ambassador

Our scheduling recommendation for the signing of the Proclamation of July 14, 1989 as a National Day to commemorate the French Revolution has been accepted. The ceremony is set for 11:00 am July 7. A meeting memo is attached. Note that there will be no Members of Congress invited, based on a decision by Fred McClure that was discussed with Ginny Lampley.

Ginny Lampley concurs. *(in substance) AAB*

RECOMMENDATION

That you sign the attached meeting memo for the President.

Attachments

Tab I	Memo to the President
Tab A	Points to be Made
Tab B	Participants List
Tab C	Proclamation

THE WHITE HOUSE

WASHINGTON

MEETING WITH
FRENCH AMBASSADOR EMMANUEL DE MARGERIE

DATE: July 7, 1989
LOCATION: Oval Office
TIME: 11:00 - 11:05 am

FROM: BRENT SCOWCROFT

I. PURPOSE

To sign in his presence the Proclamation of July 14, 1989 as a National Day to commemorate the French Revolution.

II. BACKGROUND

Your signing of the Proclamation in a public ceremony with the French Ambassador present will be well received by President Mitterrand, and by French and European opinion in general. The ceremony will serve to underline the themes of democracy and human rights that are central to your upcoming trip to Europe.

III. PARTICIPANTS

A list of participants is at Tab C.

IV. PRESS PLAN

Open photo, writing pool.

V. SEQUENCE

Ambassador de Margerie and Senator Mathias will be escorted in; you will greet them, say a few words, and sign the Proclamation.

Attachments

Tab A Points to be Made
Tab B Participants List
Tab C Proclamation

POINTS TO BE MADE FOR MEETING WITH
AMBASSADOR DE MARGERIE

- Pleased to see Ambassador de Margerie here and to tell him how much I look forward to visiting France next week for the Bicentennial celebrations and the Economic Summit.
- Pleased to see Senator Mathias, whose committee has done fine work in encouraging Americans to celebrate the Bicentennial of the French Revolution.
- This proclamation commemorates both the bicentennial of the taking of the Bastille and the close ties between our countries.
- One example of these ties is the close connection between our Bill of Rights and the French Declaration of the Rights of Man and the Citizen.
- The themes of liberty and human rights which run through these two documents are fundamental to our two nations and to the peoples of Eastern Europe where I will visit next week.
- Today, as two hundred years ago, France and America are still "Partners in Liberty."

PARTICIPANTS

U.S.

The President

The Vice President

Larry Eagleburger, Acting Secretary of State

John H. Sununu, Chief of Staff

Brent Scowcroft

Assistant to the President for National Security Affairs

Robert M. Gates

Deputy Assistant to the President for National Security Affairs

Bruce Gelb, Director, U.S. Information Agency

Robert D. Blackwill, Special Assistant to the President for
European and Soviet Affairs

Adrian A. Basora, Director for European Economic Affairs, NSC

FRANCE

Ambassador Emmanuel de Margerie

**NATIONAL DAY TO COMMEMORATE
THE BICENTENNIAL OF BASTILLE DAY, THE FRENCH REVOLUTION,
AND THE DECLARATION OF THE RIGHTS OF MAN AND THE CITIZEN**

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

On July 14, Americans will join the people of France in celebrating the 200th anniversary of the taking of the Bastille. As we commemorate the bicentennial of the French Revolution and the Declaration of the Rights of Man and the Citizen, we celebrate the values that we share and our partnership in the quest for liberty and justice.

The United States achieved its independence with considerable assistance from France and from individual French citizens like the Marquis de Lafayette. Lafayette and other French soldiers who came to this country to fight alongside Americans during our Revolution supported the cause of freedom and individual liberty. Bidding farewell to the Continental Congress in 1783, Lafayette exclaimed: "May this great monument, raised to Liberty, serve as a lesson to the oppressor, and an example to the oppressed!" A few years later, the significance of his words would be fully revealed.

On July 14, 1789, the people of France stormed the despised Bastille prison in Paris, marking the beginning of their own struggle against tyranny. Shortly thereafter, the National Assembly of France approved the Declaration of the Rights of Man and of the Citizen. This historic document noted that "ignorance, neglect, or contempt of human rights, are the sole causes of public misfortunes" and affirmed the concept of individual liberty.

The Declaration of the Rights of Man and the Citizen was not only adopted within the same year as the Congress approved our Bill of Rights, but also contained some of the same themes, including freedom of religion, freedom of the press, security in one's property and person, and due process in courts of law. These documents proclaimed the inviolability of human rights on both sides of the Atlantic Ocean and guaranteed them for future generations.

As we celebrate the bicentennial of the French Revolution and the Declaration of the Rights of Man and the Citizen, we note with pride that our two countries remain committed to the principles of individual liberty, equality, and representative government. Two centuries ago, the great American patriot Thomas Paine observed: "The Revolutions of America and France have thrown a beam of light over the world, which reaches into man." Today, we rejoice in the fact that the bright promise of freedom not only continues to shine on both sides of the Atlantic, but also continues to grow stronger around the world.

The Congress, by House Joint Resolution 298, has designated July 14, 1989, as "National Day to Commemorate the Bastille Day Bicentennial," and requested the President to issue a proclamation in observance of this event.

NOW, THEREFORE, I, GEORGE BUSH, President of the United States of America, do hereby proclaim July 14, 1989, as a National Day to Commemorate the Bicentennial of Bastille Day, the French Revolution, and the Declaration of the Rights of Man and the Citizen. I call upon the people of the United States to observe this day with appropriate ceremonies and activities, and I urge them to renew their support for the just aspirations of all peoples who seek freedom and self-determination.

IN WITNESS WHEREOF, I have hereunto set my hand this
 day of , in the year of our Lord
 nineteen hundred and eighty-nine, and of the Independence of
 the United States of America the two hundred and .

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

July 6, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL *MB*
FROM: ADRIAN A. BASORA *AAB*
SUBJECT: Thank You Letter from Jacques Chirac

Attached is the response you requested to Chirac's letter to you.

RECOMMENDATION

That you sign the attached letter.

Attachments

Tab I Response to Chirac
Tab II Chirac letter, with translation

THE WHITE HOUSE

WASHINGTON

Dear Jacques,

Thank you for your thoughtful note. I too greatly enjoyed our conversation and hope there will be an occasion to continue it.

Should the opportunity present itself, I would be pleased to accept your kind invitation to l'Hotel de Ville.

Sincerely,

Brent Scowcroft

M. Jacques Chirac
Maire de Paris
Hotel de Ville
75004 Paris
France

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 129197
EL/JF
French

The Mayor of Paris

No. 4154

Paris, May 24, 1989

Sir:

Having returned to Paris, I should like to tell you that I have excellent memories of our friendly meeting in Washington and I thank you most sincerely for making me feel so welcome.

I was deeply interested in our conversation regarding the progress of East-West relations and I was very happy to see that our views on this matter, and in particular regarding recent developments in the Soviet Union, largely concurred.

I shall be very pleased to welcome you to the Hôtel de Ville during one of your next trips through Paris.

Best wishes.

[Handwritten: Very Cordially Yours,]

[Signature]

Jacques Chirac

Mr. Brent Scowcroft,
National Security Adviser
to the President of the United States.

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

5335

July 6, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL (U)

FROM: PHILIP ZELIKOW PZ

SUBJECT: Presidential Letter to Lord Callaghan

At Tab A is a proposed Presidential letter to former Prime Minister Callaghan thanking him for the kind words in his letter to Ambassador Catto.

Attached at Tab I is a memorandum for the President forwarding the letter for signature.

RECOMMENDATION

That you sign the Tab I memorandum for the President

Attachments

Tab I Memorandum for the President
 Tab A Letter to Lord Callaghan
Tab II Incoming

DECLASSIFIED

White House Guidelines

E.O. 13526, SEC 3.4 (b), September 11, 2006

By 28 NARA, Date 10/29/13

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5335

THE WHITE HOUSE

WASHINGTON
July 6, 1989

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT
SUBJECT: Letter to Lord Callaghan

Purpose

To thank former Prime Minister Lord Callaghan for a letter he sent to Ambassador Catto which Ambassador Catto then forwarded to you.

Background

Lord Callaghan was the Labour Prime Minister, succeeded by Margaret Thatcher in 1979. He is now in the House of Lords and is a voice within his Party for more moderation on defense issues.

Attached for your signature at Tab A is a letter to Callaghan

RECOMMENDATION

That you sign the letter to Callaghan at Tab A

Attachment

Tab A Letter to Callaghan

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By ES NARA, Date 10/21/13

CONFIDENTIAL

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

Dear Lord Callaghan:

Henry Catto forwarded your letter to me and I wanted to thank you for your kind words.

The success of the Summit and my visits to London, Bonn, and Rome were the high points in my first six months as President. As you so rightly point out, although we have laid a solid foundation for the future, there is "still some way ahead." We are eager to continue down that road and welcome your seasoned judgment and understanding along the way.

Sincerely,

The Rt. Hon. Lord Callaghan of Cardiff, K.G.
5 Temple West Mews
West Square
London SE11 4TJ

TIME STAMP

NATIONAL SECURITY COUNCIL
EXECUTIVE SECRETARIAT STAFFING DOCUMENT

89 JUL 6 12:04

SYSTEM LOG NUMBER: 5308

ACTION OFFICER: ZELIKOW

12:00PM, 7 JUL

ACTION OFFICER:

DUE:

☒ Prepare Memo For ~~Scowcroft/Gates~~☐ Appropriate Action**URGENT**☐ Prepare Memo For Cicconi☐ Prepare Memo for Hughes☐ Prepare Memo

to

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 5646

FYI
☐ ☐ Basora
☐ ☐ Beers
☐ ☐ Blackwill
☐ ☐ Briggs
☐ ☐ Brooks
☐ ☐ Charles
☐ ☐ Coulson
☐ ☐ Deal
☐ ☐ Donley
☐ ☐ Dyke
☐ ☐ Ebner
☐ ☐ Grant
☐ ☐ Haass
☐ ☐ Hoffmann
☐ ☐ Hutchings
☐ ☐ Jackson
☐ ☐ LaMagna
☐ ☐ Kanter

FYI
☐ ☐ Lampley
☐ ☐ Leach
☐ ☐ Levin
☐ ☐ Lewis
☐ ☐ Mahley
☐ ☐ Mandel
☐ ☐ McCue
☐ ☐ Melby
☐ ☐ Menan
☐ ☐ Miller
☐ ☐ Miskel
☐ ☐ Needels
☐ ☐ Paal
☐ ☐ Pacelli
☐ ☐ Passage
☐ ☐ Popadiuk
☐ ☐ Porter
☐ ☐ Pryce

FYI
☐ ☐ Rademaker
☐ ☐ Reiss
☐ ☐ Rice
☐ ☐ Rodman
☐ ☐ Rostow
☐ ☐ Salvetti
☐ ☐ Snider
☐ ☐ Tilley
☐ ☐ Tobey
☐ ☐ Welch
☐ ☐ Whitley
☐ ☐ Working
☐ ☐ Zelikow
☐ ☐ _____
☐ ☐ _____
☐ ☐ _____
☐ ☐ _____
☐ ☐ _____

INFORMATION

☒ Hughes☐ Gates (advance)☐ Exec. Sec. Desk☐ Scowcroft (advance)☒ Secretariat

COMMENTS

PREPARE MEMO FOR PRESIDENT

Logged By PC

Return to Secretariat



June 26. '89

Henry E. Catto
American Ambassador

Dear George,

I attach a transcription
of a letter I received from
former P. M. Callaghan,
along with a proposed response
from you, should you choose
to write him.

You will be pleased to
know that you were mentioned
in the general prayers at
Westminster Abbey yesterday!

Love to Sam,

/W. H. C.



5 TEMPLE WEST MEWS
WEST SQUARE
LONDON S.E.11 4TJ
01-735-9959

3 June '88

Dear Henry,

When we met at Margaret's I said (rather
prematurely) that the President must not permit the NATO
Summit to get bogged down on Lance but he should
respond to Europe's mood & offer a constructive approach on
a much broader canvas.

Well he's done it! What he said was exactly
right: the visit to each country was a resounding success:
he has recaptured American leadership.

Never mind the squawks about the "Special Relationship"
— that will look after itself as long as it has value to both
of us. It needs no public reassurance from the President,
while affirmations of devoted loyalty from the Prime Minister
are not only embarrassing to many of us & counterproductive
to some, but also misunderstand what it is about."

As to Germany, the President was right to say what
he did. I cannot claim that I shall be overjoyed

if & when Germany is reunited. But if it is coming (I believe it to be inevitable), then it must be channelled into a wide European settlement that will render harmless that Teutonic tendency to give way to ANGER at regular intervals.

However that is still some way ahead: & there will be some formidable negotiations on arms control before we reach that point.

Meantime the real purpose of this letter is to say how much I applaud the President's form & send my congratulations to him & those who helped - I fancy I detected Brent Scowcroft's hand & Henry Eagleburger's in what he said.

Yours

Tim Colclough

The Rt. Hon. Lord Callaghan of Cardiff K.G.

3 June '89

Dear Henry:

When we met at Margaret's I said (rather pompously) that the President must not permit the NATO Summit to get bogged down on Lance but he should respond to Europe's mood and offer a constructive approach on a much broader canvas.

Well he's done it! What he said was exactly right: the visit to each country was a resounding success: he has recaptured American leadership.

Never mind the squawks about the "Special Relationship"--that will look after itself as long as it has value to both of us. It needs no public reassurance from the President, while affirmations of devoted loyalty from the Prime Minister are not only embarrassing to many of us and counterproductive to some, but also misunderstand what it is about!

As to Germany, the President was right to say what he did. I cannot claim that I shall be overjoyed if and when Germany is reunited. But if it is coming (and I believe it to be inevitable), then it must be channelled into a wide European settlement that will render harmless that Teutonic tendency to give way to angst at regular intervals.

However that is still some way ahead: and there will be some formidable negotiations on arms control before we reach that point.

Meantime the real purpose of this letter is to say how much I applauded the President's tour and send my congratulations to him and those who helped--I fancy I detected Brent Scowcroft's hand and Larry Eagleburger's in what he said.

/s/ Jim Callaghan

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5325

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 6, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: ROBERT D. BLACKWILL

SUBJECT: Memorandum of Conversation with Foreign Minister
Hans-Dietrich Genscher of West Germany (U)

Attached at Tab I is a memorandum from you to the Department of State transmitting the Tab A Memorandum of Conversation.

RECOMMENDATIONS

That the Tab A Memorandum of Conversation be filed for the record.

Approve _____ Disapprove _____

That you sign the memo at Tab I transmitting the Memorandum of Conversation.

Attachments

Tab I Hughes Memorandum for Roy
Tab A Memorandum of Conversation

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By CS NARA, Date 5/6/14

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5325

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR J. STAPLETON ROY
Executive Secretary
Department of State

SUBJECT: Memorandum of Conversation with Foreign Minister
Hans-Dietrich Genscher of West Germany (U)

Distribution of the attached Memorandum of Conversation must be handled via NODIS channels and at the Deputy Assistant Secretary (DAS) level. If the item is to be sent to Embassy Bonn, it should be sent to the Ambassador and Deputy Chief of Mission (DCM) only. (Ø)

G. Philip Hughes
Executive Secretary

Attachment
Tab A Memorandum of Conversation

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By ES NARA, Date 5/1/14

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5325

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
3/21/09

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Meeting with Foreign Minister
Hans-Dietrich Genscher of West Germany

(U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Marlin Fitzwater, Assistant to the President
and Press Secretary
Robert M. Gates, Deputy Assistant to the
President for National Security Affairs
Robert D. Blackwill, Special Assistant to the
President for European and Soviet Affairs
James Dobbins, Deputy Assistant Secretary of
State for European and Canadian Affairs

Hans-Dietrich Genscher, Foreign Minister
Dieter Kastrup, Political Director,
Ministry of Foreign Affairs
Ambassador Juergen Ruhfus

DATE, TIME June 21, 1989, 11:50 a.m. - 12:15 p.m. EDT
AND PLACE: The Oval Office

The President began by asking about Chairman Gorbachev's June 12-15 visit to the Federal Republic. (S)

Foreign Minister Genscher said it was an important visit, Gorbachev's first official visit to the FRG. The Foreign Minister said the joint FRG-Soviet declaration was very important as the basis for the fundamental values of human rights and national self-determination, and of the importance of global challenges. The German side stressed that any discussion of the future of Europe must include the U.S. and Canada as a part of this Europe, this "common European house." Gorbachev had made clear that he is interested in close relations with the Germans and with the U.S. The Foreign Minister said he had no doubt that Gorbachev feels U.S. involvement in Europe is in Soviet interests. While in Bonn, Gorbachev had asked that his hosts extend his best wishes to the President and to say that he values the President's conventional arms proposal. (S)

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2

The President asked whether the question of German reunification arose. (C)

Foreign Minister Genscher replied that Gorbachev had raised this with him in 1986. On this visit, Gorbachev had noted that the East German leadership faced serious problems. The Foreign Minister had agreed, noting that the GDR has no national identity and has a standard of living lower than in the FRG. There will be reform in the GDR, the Foreign Minister said, but Moscow is worried that it will come too slowly. Genscher said Gorbachev had asked the West Germans not to talk too loudly about reunification but rather to let events take their course -- toward a more cooperative and integrated Europe, not a reestablishment of the German Empire. As this happens, Genscher concluded, the separation of the two German states will become less important. Germany's fate thus becomes the fate of a reformed Europe, not a separate issue. The FRG will also draw Eastern Europe toward it, if Western Europe continues the process of economic and political integration. (C)

The President asked whether the interest of Poland and Hungary in the European Community was political as well as economic. (C)

Foreign Minister Genscher replied that in the first stage the interest is economic, because they want help. They also want to show that they are western Europeans, sharing those values; but the FRG cannot proceed with them outside the security context, since they cannot talk of leaving the Warsaw Pact. The Foreign Minister observed that this is a period of great change after decades of a very bad situation. It was therefore very important that the Alliance demonstrated unity at the Brussels Summit. In that context, the Foreign Minister said that President's speech in Mainz was also a great success. (C)

The President said that it was very helpful that Gorbachev's visit affirmed the idea that the "European home" must include the U.S. and Canada. The President expressed his appreciation for that and promised to stay in very close touch with the Bonn coalition. (C)

Secretary Baker noted that he and Foreign Minister Genscher had discussed the importance of pushing through the President's CFE proposal in all its elements by September 7. (U)

The President pledged that the U.S. would push hard and not drag its feet. He acknowledged that some find the timetable too ambitious, but said that he would go forward and felt Gorbachev would do so as well. (U)

Foreign Minister Genscher said he did not consider the timetable too ambitious, adding that it was also important to push hard for a ban on chemical weapons. (U)

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~~CONFIDENTIAL~~

3

~~CONFIDENTIAL~~

The President, concluding the meeting, said that verification was a major problem but that he would love to find ways to achieve a global CW ban. (U)

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Blackwill

5271

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 5, 1989

INFORMATION

Natl Sec Advisor
has seen

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL *RB*
FROM: ROBERT L. HUTCHINGS *RZH*
SUBJECT: White House Symposium on Eastern Europe

The Symposium will be held July 6 from 3:10 - 5:55 p.m., followed by a reception hosted by the Vice President. The President will open the Symposium with brief remarks, and you are scheduled to give concluding remarks from 5:50 to 5:55 p.m.

Talking points for your concluding remarks are attached at Tab I. Before you are scheduled to speak, I will be available to give you a brief account of how the session has gone.

A draft Presidential package, prepared by Dave Demarest, is at Tab II. It includes an agenda, summary list of participants, and draft Presidential remarks.

Attachments

Tab I Points to be Made in Your Closing Remarks
Tab II Draft Briefing Package for the President

POINTS TO BE MADE FOR YOUR CLOSING REMARKS AT THE
JULY 6 EAST EUROPEAN SYMPOSIUM

- On behalf of the President, I would like to thank you all for joining us today. I hope this gathering will be a catalyst for a new era of public and private sector engagement at a time of great and encouraging change in Eastern Europe. *We need you*
- The President has expressed ^{*To you*} his personal commitment to this effort, and ^{*made clear*} ~~he has emphasized~~ how crucial it is to enlist the imagination and creativity of the American private sector.
- Let me just reiterate how vitally important Eastern Europe is to our own interests. I am referring not just to matters of national security but to the whole range of our political, economic, and cultural interests as a nation.
- Europe has been so long divided that we may tend to think of this division as the natural and inevitable state of affairs. We need to take a leap of imagination: to envision how things might be, to consider what America's role in the world could be, if Europe were no longer divided.
 - o Ending the division of Europe is no longer an idle hope; it can now be an active and realizable goal. It is our goal.

- o Movement in Poland and Hungary toward democracy holds out the prospect -- the real prospect -- of a peaceful process of European reconciliation, of ending the division of Europe.

- As you have had reiterated today*
- o Both countries face enormous problems, which Poles and Hungarians themselves will have to solve. But they need our ^{your help} help, -- prudent help, aimed at promoting economic recovery and democratic change.

- The*
- ~~Our~~ government cannot provide, and should not provide, all the help Poland and Hungary seek from the West. We need to work with our allies to develop a coordinated Western approach toward providing useful assistance. And we need to engage the American private sector, which represents the real strength of our country.

- I hope you will now consider*
- I hope this symposium has been useful, ~~in showing~~ how you might involve yourselves in Eastern Europe. On behalf of the President, I thank you for coming on such short notice, and I thank you for your interest. I hope you can also remain for a brief reception, which the Vice President has kindly offered to host.

THE WHITE HOUSE
WASHINGTON

DRAFT

REMARKS TO WHITE HOUSE SYMPOSIUM ON EASTERN EUROPE

DATE: Thursday, July 6, 1989
TIME: 3:15 PM
LOCATION: Room 450 OEOB

THROUGH: DAVID DEMAREST
ASSISTANT TO THE PRESIDENT
FOR COMMUNICATIONS

FROM: BOBBIE KILBERG
DEPUTY ASSISTANT TO THE PRESIDENT
FOR PUBLIC LIAISON

I. PURPOSE

To speak to an assembled group of leading representatives from the private sector on the growth of democracy in Eastern Europe.

II. BACKGROUND

Leaders from education, business, labor, foundations, and the Polish and Hungarian-American communities are meeting at the White House for an Administration-sponsored symposium on what the United States can do to support democracy in Poland and Hungary. You can issue a directive to the American private sector to get involved.

III. PARTICIPANTS

The President

Symposium Speakers:

Ambassador Robert Blackwill, Special Assistant to the President for European and Soviet Affairs

Lawrence Eagleburger, ~~Deputy~~ ^{Acting} Secretary of State

Ambassador Carla Hills, U.S. Trade Representative

Zbigniew Brzezinski

Rudolph Oswald, Director, Department of Economic Research, AFL-CIO

Fred Zeder, President and CEO, Overseas Private Investment Corporation

Thomas Heller, Provost, Stanford University

Beurt SerVaas, Chairman, SerVass, Inc.

David Hamburg, President, Carnegie Corporation

General Brent Scowcroft, Assistant to the President for National Security Affairs

150 representatives from business, education, labor, foundations, and the Polish and Hungarian-American communities.

IV. PRESS PLAN

Open Press

V. SEQUENCE OF EVENTS

- The President is announced by Ambassador Robert Blackwill.
- The President makes his way to the podium and makes remarks.
- The President departs.

Remarks provided by the National Security Council.

THE WHITE HOUSE

WASHINGTON

Eastern Europe Symposium
July 6, 1989--Room 450 OEOb--3:10-6:30pm
Tentative Agenda

Symposium Moderated by Ambassador Robert Blackwill,
Special Assistant to the President for European
and Soviet Affairs

3:15-3:25 Remarks by the President

CONFIRMED

3:25-3:40 U.S. Policy Overview

Lawrence Eagleburger, Acting Secretary of State

10 min talk / 5 min Q+A

CONFIRMED

~~3:40-3:45~~ ^{3:55}

Trade Policy

Ambassador Carla Hills, United States Trade
Representative

CONFIRMED

~~3:45-3:55~~ ^{3:55-4:10}

The Future of Eastern Europe

Dr. Zbigniew Brzezinski, Counselor, Center for
Strategic and International Studies

10 min talk / 5 min Q+A

CONFIRMED

~~3:55-4:25~~ ^{4:10-4:35}

Panel Discussion and Question and Answer Period:

Poland: Curtis Kamman, Deputy Assistant Secretary of
State for European and Canadian Affairs

CONFIRMED

Hungary: Charles Gati, Professor of Political Science,
Union College, and Senior Research Fellow, Columbia
University's Research Institute on International
Change

CONFIRMED

5 min presentations / 15 min Q+A

BREAK (5min)

~~4:30-5:40~~ ^{4:40-5:50}

Opportunities in Poland and Hungary

Rudolph Oswald, Director, Department of Economic
Research, AFL-CIO on AFL-CIO/Solidarity link

CONFIRMED

Fred Zeder, President and Chief Executive Officer
of Overseas Private Investment Corporation

CONFIRMED

Beurt SerVass, Chairman, SerVass, Inc., on joint
venture opportunities in Eastern Europe

CONFIRMED

Tom Heller, Provost, Stanford University,
on Educational activities in Eastern Europe

CONFIRMED

David Hamburg, President, Carnegie Corp. of New York,
on Foundation activities in Eastern Europe
CONFIRMED

5:15-5:45 Question and Answer period

~~5:50-6:00~~ **5:55**

~~5:45-5:55~~ Summary by General Brent Scowcroft, Assistant to the
President for National Security Affairs

(5 minutes)

CONFIRMED

6:00-6:30 Reception with Vice President - 5th floor hallway
(The Vice President will be present from 6:10 to 6:30)

CONFIRMED

McGroarty/Dooley
July 1, 1989
6:00 pm
[EEBRIEF]

PRESIDENTIAL REMARKS: EASTERN EUROPE SYMPOSIUM
THE WHITE HOUSE
JULY 6, 1989
3:15 PM

I want to welcome all of you to the White House. This Sunday, as you know, I will begin a trip that will take me to Poland and Hungary. This is an extraordinary time in East Central Europe -- a time of unprecedented change and unparalleled opportunity in East-West affairs.

In Poland, we have just witnessed the first openly contested elections in the post-war era and the creation of a freely elected Senate -- in which candidates backed by Solidarnosc swept 99 out of 100 seats. Under the terms of this spring's Roundtable Agreement, these developments mark a new beginning in Poland. They hold promise for the transformation of Poland towards democracy and national self-determination.

Hungary, too, is on the path to democratic reform. The pattern is different, but the changes are just as fundamental -- just as promising. As the Communist Party itself undertakes a profound reappraisal of its role in Hungary, the outlines of a multi-party system -- genuine political pluralism -- are taking shape. The Hungarian economy -- already the most open in Eastern

Europe -- is moving toward a free market, toward rejoining the world economy.

These are historic times. What is at stake is not just movement towards economic and political liberalization in Poland and Hungary, but the prospect of ending the post-war division of Europe. Poland and Hungary are leading the way -- but they face enormous economic and political problems. They need our support if their efforts are to succeed.

Simply showing our sympathy isn't enough. We cannot solve all the problems the Poles and Hungarians face, but we must be actively engaged. We need to hold out the promise of an alternative future for Central and Eastern Europe -- a peaceful transition to a democratic future. And we need to back up that promise with practical assistance.

In just a few days, I'll be speaking to the people of Poland and Hungary about what more the United States -- and other Western governments -- can do to help. But my message to you today is this: the movement toward democracy takes more than governments alone. Democracy's great strength lies in its private institutions -- the institutions each of you represents. What you do can make the difference for democracy in Hungary and Poland.

Together, right in this room, there is a cross-section of the institutions that make democracy work -- that give meaning to the word democracy. You are freedom in action. You can help others along the path to freedom and democracy.

In just a few moments, you'll hear from members of my Administration, from some of the leading experts on Eastern Europe, on trade -- and from people already involved in private endeavors in Hungary and Poland. I think you'll find what they have to say enlightening and instructive.

But more than that -- I hope you'll find the next few hours exciting. There's a democratic evolution underway in Hungary and Poland: a deep yearning for the kinds of freedom -- economic and political, artistic and intellectual -- that we in America enjoy. It's up to all of us to see that those freedoms come to Hungary and Poland. This is an historic opportunity we cannot afford to miss. Thank you.

#

I've asked you here because all of you can ^{build avenues} ~~be bridge-~~
^{to Eastern Europe.}
~~builders between East and West.~~

I call on the American business community to encourage the movement toward the free market by working with private sector enterprises in Hungary and Poland. Private enterprise has been the engine of economic growth in America. It can be the key to prosperity in Poland and Hungary. Help it thrive.

I call on those of you in the educational community and with private foundations to expand our exchanges with Hungary and Poland. Open the lines of communication between American universities and the great centers of learning in Budapest, Warsaw and Krakow. Let's learn from each other.

I want to see workers in Hungary as well as Poland benefit from the support of American trade unions. American labor and Solidarnosc have forged a strong relationship -- a great chapter in the history of international labor. But there's more work to do -- and it may be key to the successful transformation of Poland and Hungary.

I want to ask those of you active in our cultural and artistic communities to strengthen America's links to the great artistic traditions of Hungary and Poland. Each of us can enrich the other, speak to each other -- through art, music and the written word.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5283

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 5, 1989

✓ *BLACKWILL*



ACTION

Deputy Natl Sec Advisor
has seen

MEMORANDUM FOR ROBERT M. GATES

THROUGH: ROBERT D. BLACKWILL *RB*

FROM: ROBERT L. HUTCHINGS *RLH*

SUBJECT: The President's Interview with Hungarian
Journalists

At Tab I is a memorandum from Philip Hughes to Jim Cicconi, forwarding Q's and A's for the President's interview with Hungarian journalists on Friday, July 6. These will be included in the President's briefing package being prepared by the White House Press Office.

RECOMMENDATION

That you authorize Philip Hughes to sign the memorandum to Cicconi at Tab I.

Approve _____ Disapprove _____

Attachments

Tab I Memorandum from Hughes to Cicconi
Tab A Q's and A's

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By *22* NARA, Date *26/14*

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR JAMES W. CICCONI

FROM: G. PHILIP HUGHES

SUBJECT: The President's Interview with Hungarian
Journalists

At Tab A are Q's and A's for the President's interview with Hungarian journalists on Friday, July 6. They should be included in the President's briefing package being prepared by the White House Press Office.

Attachment

Tab A Q's and A's

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White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By 11 NARA, Date 4/17/11

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Q'S AND A'S FOR MEETING WITH HUNGARIAN JOURNALISTS

Q: What message will you be taking to the Hungarian people?

A: -- It is a message of hope for a new beginning in Hungary, for a transition to a democratic future. I also want to signal that the U.S. is actively engaged to support political and economic liberalization.

-- We see in Hungary -- and in Poland as well -- an historic opportunity for helping end the postwar division of Europe. As I said in Mainz at the end of May, the Cold War began in Eastern Europe. It must end there.

Q: You constantly refer to Poland, Mr. President. Is it fair to say you are willing to do more for Poland than for Hungary?

A: -- It is true that my speech in Hamtramck, Michigan, in April dealt mostly with Poland. It represented my response to the historic Roundtable Agreement between the Polish Government and Solidarity. But those policies apply equally to Hungary -- and potentially to other East European countries.

-- Our policy aims to support progress toward economic and political liberalization in Eastern Europe. Hungary and Poland are leading the way. My visit to Hungary -- the first ever by an American President -- signals our recognition of the progress already made and our commitment to support further movement toward democracy.

Q: What is your assessment of the recent leadership changes in Hungary?

A: -- I would not wish to comment on internal changes in the Hungarian leadership. I know the Hungarian Party is reassessing its role in Hungarian society, and I hope and believe that this reappraisal will make way for greater democracy.

Q: Will you have an economic assistance package to offer Hungary?

A: -- We have already taken steps to accord Hungary Generalized System of Preference (GSP) trade benefits and have introduced legislation to grant Hungary Overseas Private Investment Corporation (OPIC) benefits. In recognition of Hungary's virtually open emigration policy, we also support the most favorable possible trade status for Hungary.

-- We will put Eastern Europe, especially Hungary and Poland, at the forefront of the agenda of the Paris Economic Summit. We feel there must be a coordinated

Western effort to assist Hungary's economic recovery and transition toward democracy.

Q: Earlier this year, General Secretary Grosz expressed hope that you would use your visit to extend Hungary a long-term, low-interest loan. Do you plan to do this?

A: -- We grant such preferential terms only to the poorest of the developing countries. Hungary does not qualify.

Q: Why doesn't the U.S. do more?

A: -- We are considering other bilateral measures, but we also know that outside help cannot substitute for economic reforms -- and economic sacrifices -- that Hungarians themselves must implement. What we want to do is create the conditions and the opportunities that will enable Hungary to help itself.

-- U.S. investors are already showing real interest in Hungary. Today I will host a White House Symposium on Eastern Europe and will urge our leaders from all segments of the American private sector to join me in being actively engaged in Hungary. I know their response will be encouraging.

Q: What is your view of Romania's move to set up barriers along the Hungarian border?

A: -- It is a tragic irony that just as Austria and Hungary are taking steps to open their borders, Romania is building up its Iron Curtain with Hungary. We deplore this move and call on the Romanian Government to open its borders and also live up to its international

commitment to guarantee basic human rights to all its citizens.

Q: What is your reaction to Soviet troop withdrawals from Hungary?

A: -- I welcome those steps. Soviet forces in Hungary serve no legitimate security purpose. Their presence in Hungary and elsewhere in Eastern Europe reflects an antiquated Soviet view of security.

Q: Should all stationed US and Soviet forces be withdrawn from Europe?

A: -- Soviet forces will remain stationed in Europe whether they are stationed on foreign soil or in the western half of the Soviet Union. We would prefer that Soviet troops return home. Even if they are withdrawn, Soviet military power will remain in Europe. Therefore, we will also maintain, in cooperation with our allies, ground and air forces in Europe as long as they are wanted and needed to preserve the peace.

-- I want to see both the US and the Soviet Union reduce the numbers of troops stationed outside of national territory in Europe. At the NATO Summit I suggested, and my allied colleagues adopted, a proposal calling for lower, and equal, numbers in such stationed forces.

THE WHITE HOUSE
WASHINGTON

July 5, 1989

PRE-BRIEF FOR INTERVIEW WITH HUNGARIAN JOURNALISTS

Date: Thursday, July 6, 1989
Time: 10:00 a.m. (10 minutes)
Location: The Oval Office
From: Marlin Fitzwater



I. PURPOSE/BACKGROUND

To brief you on anticipated questions for your interview with Hungarian print journalists.

II. PARTICIPANTS

The President
Governor Sununu
Brent Scowcroft
Marlin Fitzwater

IV. PRESS PLAN

None.

V. SEQUENCE OF EVENTS

The participants will meet with you in the Oval Office at 10:00 a.m. to discuss possible questions.

Blackhill

5101

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 5, 1989

MEMORANDUM FOR JAMES W. CICCONI

SUBJECT: President's Statement for July 6 Press Conference
on the Paris Economic Summit

Attached at Tab A is the suggested opening statement for the
President's July 6 press conference.


Brent Scowcroft

cc: Marlin Fitzwater

Attachment
Tab A Suggested Opening Statement

Opening Statement
Press Conference, July 6, 1989

We are embarking on a trip which will take us first to Poland and Hungary, which are engaged in unprecedented efforts toward economic and political reform. We go next to Paris to join in the celebration of France's bicentennial and to participate in the 15th Economic Summit. We conclude our journey in the Netherlands for the first-ever visit by an American President to one of our oldest and closest allies.

In Poland and Hungary, I will demonstrate our strong support for the democratic course on which these nations have embarked. Their efforts hold promise not only for a new beginning in their own countries, but for an historic process of European reconciliation, of ending the artificial division of Europe. We want to help these countries toward an alternative future -- a democratic alternative -- and to help create a Europe that is whole and free.

Poland and Hungary face serious economic problems. No amount of outside assistance can substitute for their own sustained efforts, but we want to help create the conditions under which Poles and Hungarians can recover economically and make a successful transition toward democracy. Immediately following this session today, there will be a White House Symposium on Eastern Europe, which aims to encourage leaders from the American private sector to involve themselves in support of democratic change in Poland and Hungary.

My next stop will be in Paris for meetings with the leaders of the major industrialized countries at the Economic Summit and to observe the 200th anniversary of the French Revolution and the

Rights of Man. Together, we have accomplished much since the first Economic Summit in France 14 years ago.

Sustaining non-inflationary growth remains our key economic objective. We need to conclude the Uruguay Round negotiations, with substantial results in all areas including agriculture, by the end of 1990. The international trading system must speak to the 21st century.

We will propose ways to work together to assist economic recovery and democratic change in Poland and Hungary.

We have already announced new measures to strengthen the international debt strategy through the Brady plan with its emphasis on debt reduction instead of debt creation.

To fulfill our commitment at the Toronto Economic Summit, beginning October 1, the U.S. Government will forgive official development loans of the Sub-Saharan countries.

I want to break new ground in considering the environment. Let Paris be known as the Summit which accepted the environmental challenge. The U.S. leads the world in environmental protection and research. We invite others to emulate our goals and join in our efforts.

I support negotiations leading towards a framework convention on global warming. More efficient use of fossil fuels and expanded use of renewable energy and nuclear power would reduce output of greenhouse gases.

I will ask my Summit colleagues to join in new efforts to stop deforestation by practicing sustainable forest management. We must also work together to reduce pollution of the oceans. We need to prepare reports on the state of the world's forests and

oceans to guide our actions. We also need an international agreement to respond rapidly and effectively to oil spills wherever they occur.

We should change the world's approach to industrial pollution, focussing our technological efforts on reducing or preventing pollution at the outset, rather than cleaning up afterwards.

The U.S. is prepared to share our scientific and technological skills in our common pursuit of protecting the natural resources on which we depend economically and which provide the beauty which nurtures our spirit. We will not clean up the world at Paris. But we will assume our responsibility to begin restoration of the Earth as a place of beauty for generations to come.

My trip will conclude in the Netherlands, where I will discuss with Dutch leaders our broad range of shared interests. This will also be an occasion for celebrating America's longest unbroken diplomatic relationship, and for reaffirming the vitality of America's roots in Europe and the strength of our transatlantic ties.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 3, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ^{WJH} DEANE E. HOFFMANN/^{WJH} ROBERT D. BLACKWILL

FROM: SM ERIC MELBY/^{RKH} ROBERT HUTCHINGS

SUBJECT: President's Statement for July 6 Press Conference
on the Paris Economic Summit

The President is scheduled to have a press conference on the Paris Economic Summit at 1:30 P.M. on July 6.

At Tab I is a suggested opening statement which lays out his objectives for his trip to Poland, Hungary, the Economic Summit and the Netherlands. The statement highlights our environment proposals in an effort to put the President in a leadership position on what is likely to be the key economic issue at the Summit. It also mentions our willingness to forgive, beginning October 1, 1989, official debt of the poorest countries in Africa, thus fulfilling our commitment at the Toronto Economic Summit.

RECOMMENDATION

That you sign the memorandum to Jim Cicconi at Tab I.

Attachments

Tab I Memo to Cicconi
Tab A Suggested

— Revised, and
shortened, by Bob
Hutchings and Eric
Melby, — per Bob
Gates' comments.

— Bob Hutchings

Blackwill

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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July 5, 1989

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Brent --
Sorry this is so late. We
just squeezed it out of EPA.
Bob Blackwill

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL *RB*

FROM: PHILIP ZELIKOW *PZ*

SUBJECT: Environmental Initiatives for the President's Trip
to Poland and Hungary

As part of the follow-up to the President's announcement in his Mainz speech last month of his initiative for assisting Eastern European countries in dealing with their critical environmental problems, we have worked with EPA and State to develop two specific American programs which the President could propose in Warsaw and Budapest. The two ideas would cost \$20 million (\$15 million for Poland and \$5 million for Hungary), which the President would have to request from Congress.

At this afternoon's meeting of the White House Summit Group, we suggest that you call upon EPA Administrator Reilly, who will be ready to elaborate upon these proposals. For Poland, the U.S. could offer to help reclaim a decaying national treasure (and potential source of significant hard currency from tourism) -- the city of Krakow. For Hungary, the U.S. could help to preserve the water quality of the Danube by deploying vital technology to help the Hungarians, for the first time, identify the principal sources of pollution running into the river, while at the same time giving the Hungarians advice on how to correct the problem. A copy of an EPA paper detailing these ideas is attached at Tab A to the memorandum to the President (Tab I).

These U.S. contributions would join with other Western efforts (the Swedes, for example, are working with the Poles on cleaning up the Vistula) and indigenous resources (for example, the Poles and Hungarians have a good pool of trained professionals and laborers) to demonstrate the significance of the initiative the President proposed in Mainz.

guc
Jerry Leach and Eric Melby concur. *EM*

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Recommendations

That you call upon EPA Administrator Reilly at this afternoon's meeting of the White House Summit Group to discuss possible environmental initiatives for Eastern Europe.

Approve _____

Disapprove _____

That you transmit the attached memorandum to the President (Tab I) briefing him on these possible initiatives in preparation for today's meeting.

Approve _____

Disapprove _____

Attachments

Tab I Memorandum to the President
Tab A EPA paper on possible initiatives

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~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

5267

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: White House Summit Group Meeting, July 5:
Discussion of Possible Environmental Initiatives
for Poland and Hungary

In following up the initiative you announced in Germany for assisting Eastern European countries in dealing with their critical environmental problems, we have worked with EPA and State to develop two specific American programs which you could propose in Warsaw and Budapest. The two ideas would cost \$20 million (\$15 million for Poland and \$5 million for Hungary), which you would have to request from Congress.

At this afternoon's meeting of the White House Summit Group, I plan to call upon EPA Administrator Reilly, who will be ready to elaborate upon these proposals. For Poland, the U.S. could offer to help reclaim a decaying national treasure (and potential source of significant hard currency from tourism) -- the city of Krakow. For Hungary, the U.S. could help to preserve the water quality of the Danube by deploying vital technology to help the Hungarians, for the first time, identify the principal sources of pollution running into the river, while at the same time giving the Hungarians advice on how to correct the problem. A copy of an EPA paper detailing these ideas is attached at Tab A.

These U.S. contributions would join with other Western efforts (the Swedes, for example, are working with the Poles on cleaning up the Vistula) and indigenous resources (for example, the Poles and Hungarians have a good pool of trained professionals and laborers) to follow through on the initiative you proposed in Mainz.

Attachment

Tab A EPA Paper Describing Possible Initiatives for Poland
and Hungary

cc: Vice President
Chief of Staff

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Message on the Environment in Poland
Proposal for a \$15 million Cooperative
American/Polish Program to Reclaim Krakow

A. Introduction

The former capital of Poland, the city of Krakow is an international treasure of great historical importance and beauty. It is also perhaps the most important symbol of Poland to Polish-Americans.

But today this City is assaulted by a combination of insidious environmental forces: acids in the air which are eroding Krakow's monuments, wastes that are fouling the Vistula and other waterways, and air pollution that is damaging the City's forest.

This proposes a cooperative American-Polish program to begin to reclaim Krakow through a series of environmental initiatives.

B. What the Program Will Do

A principal air pollution source in Krakow is combustion of coal for home heating. Poland already is considering methods to convert to gas heating in Krakow. American support for the crucial first steps in constructing a natural gas distribution system would help make this conversion feasible.

Poland has a small air monitoring system in Krakow which needs to be greatly expanded in order to identify the most significant air pollution threats from industrial sources. In particular, Krakow needs to be able to pinpoint major sources contributing to the damaging of its highly valued forest.

To move forward on cleaning up the waters of Krakow, the city desperately needs additional basic treatment of its sewage in order to protect both the Vistula River that flows through the City, as well as the Raba River which supplies drinking water to Krakow.

To the extent resources permit, this program should also identify and implement measures to mitigate widely dispersed sources of water pollution. An example is filter strips to minimize run-off of agricultural chemicals.

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C. Management of the Program

This program should be managed jointly by the United States and Poland. Given the uncertain nature of the current Polish government, the management group should include non-government, the management group should include non-government representation (i.e., the Polish Ecology Club) as well. The USG can pursue this directly through consultation with the Polish government.

Another option would be to create a public/private foundation with a Board of Directors representative of government and non-government interests from both countries.

Budget allocations should be \$15 million dollars from the U.S., with commitment of in-kind technical and managerial human resources in Poland, to be spend during the three-year life of the program. (It is important, too, that the Polish government not simply substitute American dollars for financial commitments to the environment already made by the Polish government.)

Budget categories include:

- | | |
|--|---------------|
| 1. Initial work on coal-gas conversion | \$8.5 million |
| 2. Primary sewage treatment | \$5.0 million |
| 3. Air Pollution monitoring network | \$1.0 million |
| 4. Management/Administration | \$0.5 million |

Sequence of expenditure would be:

- | | |
|----------|--|
| Year 1 - | \$500 thousand
(initial planning,
decisions about
equipment place-
ment, etc.) |
| Year 2 - | \$6 million
(implementation) |
| Year 3 - | \$8.5 million
(implementation) |

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~~SECRET~~

Message on the Environment in Hungary
Proposal for a \$5 million Cooperative
American/Hungarian Program for Water
and Wetlands Protection

A. Introduction

Hungary is a major agricultural producer; contributions from agricultural as well as municipal and industrial sources threaten a major country treasure: the Danube River. Current farm and waste disposal practices are also destroying ecologically valuable marshes and wetlands.

This proposes both an extensive water monitoring program as well as a series of technical exchanges to improve environmental quality in Hungary.

B. What the Program Will Do

Hungary is cut by two major rivers: the Danube and the Tieza (in Eastern Hungary). One of the major hurdles in developing better protection of these rivers is information about the nature and source of pollutants. The proposed program would establish a series of 6-12 small (automatic) monitoring stations along the two rivers with a central lab and analysis office in Budapest. The stations would generate data about the quality of river water and entry points for local pollution.

In addition, this program would sponsor workshops and other consultations with local and federal managers on improved pollution management practices, including: integrated pest management, alternative (low chemical) farm practices, and innovative waste treatment technologies.

C. Management of the Program

This program should be managed jointly by representatives of the United States and Hungarian governments, or by a foundation established for this purpose that also includes non-governmental representatives.

Budget allocation should be \$5 million dollars from the U.S., with commitment of in-kind human or financial resources from Hungary. The funding should be for a three-year period.

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Budget categories include:

1. Purchase of lab monitoring buildings	\$ 1 million
2. Furnishing and equipment for lab	\$ 2 million
3. 6-12 automatic monitoring stations	\$ 600 thousand
4. Boats, motors, support cars	\$ 400 thousand
5. Management workshops on innovative technologies/improved pollution control practices	\$ 500 thousand
6. General management	\$ <u>500 thousand</u>
	\$ 5 million

Sequencing of expenditures should be:

Year 1	\$ 300 thousand (start-up, building and equipment acquisition planning)
Year 2	\$ 3.5 million (building and equipment acquisition, etc.)
Year 3	\$ 1.2 million (continued acquisitions and implementation)

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