

MEMORANDUM OF CONVERSATION

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

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

Wojciech Jaruzelski, Chairman
Notetaker
Interpreter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chairman Jaruzelski said that Gorbachev was quite concerned and wanted to hear the issue linked to the dissolution of blocs. He said that because of the German question, the Poles would feel more comfortable, even in the future, with one or two Soviet divisions in East Germany. (Ø)

The President said that he had not mentioned the troop withdrawals to be more contentious, only to look into the future. (Ø)

Chairman Jaruzelski said that the important thing was to look at how political events are developing. Continuing his discussion of internal Polish events, he noted that Solidarity is not unified but has socialist and social democratic wings as well as those linked more closely to the church. Many voices are being expressed in Poland and only political competition can revive the Communist Party. Jaruzelski argued that Poland needs a coalition government with a communist Prime Minister and opposition deputy prime minister. He remarked that the problem is that any government must undertake very tough economic measures which is particularly difficult for Solidarity which is at once a trade union and a political party. Hard work must be rewarded. (Ø)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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