

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Expanded Meeting with Prime Minister Tadeusz Mazowiecki of Poland (U)

PARTICIPANTS: U.S.
The President
Nicholas Brady, Secretary of the Treasury
Lawrence Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Robert D. Blackwill, Special Assistant to the President for European and Soviet Affairs
Robert Zoellick, Counselor, Department of State
Raymond G.H. Seitz, Assistant Secretary of State for European and Canadian Affairs
John R. Davis, Jr., Ambassador to Poland
Victor Litwinski, Interpreter

Poland

Tadeusz Mazowiecki, Prime Minister
Marek Dabrowski, Secretary of State
Jan Majewski, Under Secretary of State, Ministry of Foreign Affairs
Dariusz Ledworowski, Under Secretary of State, Ministry of Foreign Economic Relations
Margorzata Niezabitowska, Under Secretary of State and Government Press Spokeswoman
Waldemar Kuczynski, Under Secretary of State, Cabinet Office
Jan Kinast, Ambassador to the U.S.
Ryszard Wojtkowski, Director of the Prime Minister's Office
Krzysztof Litwinski, Interpreter

DATE, TIME AND PLACE: March 21, 1990, 11:22 - 11:35 a.m. EST
The Cabinet Room

Following their Oval Office meeting, the President and Prime Minister Mazowiecki began their expanded meeting at 11:22 a.m.
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The President: May I say an official welcome. We have had a long, good discussion, including on the border. We will continue tomorrow. Here, I would like to ask the Prime Minister if there is anything he particularly wishes to say before we move on. Welcome to Washington. (U)

Prime Minister Mazowiecki: Thank you for the invitation, which is of great importance to us. I am happy we can continue our conversation tomorrow. (U)

The President: We could discuss economic issues if you wish. We have Secretary Brady and Larry Eagleburger here. (U)

Prime Minister Mazowiecki: Concerning the economy, you know how hard a program we have taken. It is linked to our political reform. There is a junction between democracy and a free market economy. These must be taken together. Thank you for all you and your Congress have done to help us. We are not requesting more. We hope what has so far been arranged could be quickly implemented. We hope the Polish-U.S. Enterprise Fund can be quickly implemented and then spread efficiently over the years. (Ø)

The second question is difficult, but we must raise it. We need help on our indebtedness, which is a noose around our economic neck. We need to find a way out. We hope we can get reduced interest rates on our debts, as well as some degree of forgiveness. In the 1950s, this was done for Germany as part of the London Treaty. We know that this can't be fixed during this visit. But we want to begin the intellectual process today to relieve this debt in the Paris Club. (Ø)

The President: Secretary Brady and I have discussed how we can help reduce commercial bank debt. We believe the Brady Plan is applicable to Poland because of the steps you have taken, including a solid IMF program. We are prepared to approach others to pursue the application of the Brady Plan for Poland. We now have good common ground to work together on your debt. We hope you can discuss this later with Secretary Brady. Larry Eagleburger can discuss export controls with you. We are working with our COCOM partners to reduce controls and be more flexible vis-a-vis Poland. (Ø)

Prime Minister Mazowiecki: I also touched on the question of the Enterprise Fund. It is important for us if it could be spread over time, with front-loading in the early years. That would give a big boost to the private sector in Poland. (Ø)

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Secretary Brady: There will be \$60 million in 1990, which is how Congress appropriated it. If the \$60 million in 1990 is used up, we could go back to Congress for more. But there are only seven months left in 1990. (Ø)

The President: We are running out of time, but I wanted to tell you we are delighted to accept this request for a Polish consulate on the West Coast. On diplomatic travel restrictions, we will lift those; that matter is also totally resolved. (Ø)

Prime Minister Mazowiecki: We are delighted. We will lift restrictions on our end. (Ø)

-- End of Conversation --

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