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THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Expanded Meeting with Lech Walesa,  
President of Poland

PARTICIPANTS: The President  
The Vice President  
James A. Baker, Secretary of State  
Nicholas Brady, Secretary of the  
Treasury  
John H. Sununu, Chief of Staff  
Brent Scowcroft, Assistant to the  
President for National Security  
Affairs  
Thomas W. Simons, Ambassador to Poland  
James Dobbins, Acting Assistant  
Secretary of State for European and  
Canadian Affairs  
David Gompert, Special Assistant to the  
President for European and Soviet  
Affairs (Notetaker)  
Victor Litwinski, Interpreter

Lech Walesa, President of Poland  
Krzysztof Skubiszewski, Foreign Minister  
Janusz Lewandowski, Minister of  
Privatization  
Kazimierz Dziewanowski, Ambassador to  
the U.S.  
Dariusz Ledworowski, Minister of Foreign  
Economic Relations  
Janusz Ziolkowski, Secretary of State  
for Foreign Affairs  
Slawomir Siwek, Secretary of State  
Janusz Sawicki, Deputy Minister of  
Finance  
Michael Rozycki, Interpreter

DATE, TIME March 20, 1991, 10:40a.m. - 11:30a.m.  
PLACE: Cabinet Room

The President: Again, let me welcome you. I want Secretary Baker to know that you and I started to have the discussion of your security situation and requirements during our one on one

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meeting. We can pursue that same topic more, or you can bring up whatever subject you want. (S)

President Walesa: Thank you, Mr. President. We are in a state of embarrassment that we keep begging to the United States. The whole world is asking the United States for something. We want to be more useful to you. We want to provide support to you, to you as the President and to the United States. We want to thank you for your help on debt relief. Frankly, we have serious problems and we don't know what the final solutions will be. We resolutely desire to join Western Europe and the United States in political, economic and military terms. We want to do this prudently, and we don't want to imperil the leading role of the United States. We are prepared to cooperate with you in every respect. We want American business. We want a broad engagement with you in business. We want your businesses to understand that the post-communist societies are educated but also low-paid. We are now at a standstill. Cooperative links of the old system in the East have broken down. Some say we should therefore move very slowly. But we have concluded that the better route is the most extensive possible collaboration and rapid cutover. We want new work and new jobs through openness. Otherwise, these reforms on which we have embarked will have very poor results. These reforms must lead to collaboration as soon as possible, especially in the business area. We have twenty years' worth of work that could be done in housing, for example, but the West views us from afar and is not answering. I came here to the United States because from here, one can hear better. So I want to say, praise to America. I also ask you to stand with our reform. If you don't, there will be huge destabilizing forces not only in Poland but everywhere. If Poland fails, we will see huge migrations from the failings of societies in the East and elsewhere. We must succeed. But there are major difficulties. Perhaps with this debt relief, now the world will be more interested in Poland. We are reforming our system. We are ready to do deals in every area, including the military area. (S)

The President: We understand your sense of urgency. We still feel that the best assistance that we could possibly provide is to encourage our private sector. I explained to you during our one-on-one meeting our approach to the Soviet Union. We support Gorbachev because he has been right before. At the same time we would like to see him free the Baltics. If he takes the right course it will keep the right wing and KGB from exerting itself. Therefore, we must reward whatever he does that is cooperative. I know you are worried about gradualism on the part of the West and its response to Poland's needs, and I know you are also worried about military security. (S)

Secretary Baker: On the security question, your foreign minister and I have talked. The United States has led the way in suggesting changes in security architecture in Europe. We favor an enhanced CSCE, we have advocated NATO liaison with the new democracies, as well as OECD liaison, which has political

importance even though it is an economic institution. We have some small differences about East European arms exports to former Soviet client states. We realize that this is a real problem for you. (C)

On the economic side, as we have discussed, nothing is more important for us than your success. Everyone in the world will look at Poland. We have a tremendous stake in your success. We put you at the top of our priority list and will continue to do so. As the President has said, the real key is internal reform and through internal reform attracting foreign investment. But I have to tell you American businessmen tell us that there is still red tape and bureaucracy, as well as an unclear regulatory system in Poland. Private firms want profit, low risk and fast decisions. It's not clear to them yet that they can get this in Poland. For example, our bilateral investment treaty is still not ratified by Poland. (C)

President Walesa: On the Soviet Union and Gorbachev, we watch what you do very closely. I'm not an expert on the Soviet Union, but it seems to me that your policy is very wise; also very good for us, but we do have a problem. As we leave the communist system, the whole network of ties breaks down. (C)

Poland is fortunate because we have one nation, we have one religion, we have the Pope, we have Solidarity, we have Walesa and we also have ten years of experience in fighting for our freedom, and therefore, Poland has decided to be the leader. But these reforms are dangerous. There is a potential for misguiding the masses. Not everything is perfect. As Poland's President, I can tell you that we are ready for cooperation in every respect, even military. This doesn't mean that we are anti-Soviet or anti-German, but rather that we are pro-peace and security. We don't want Soviet junk like the tanks that we make. But what am I going to do with these lousy tanks? I can't sell them to Iraq because that would undermine your policy. Let's work together to transform what we are doing. You need to understand that there is a real danger, danger of thousands of refugees from Yugoslavia, Albania and other countries. We will fix the law on foreign capital, we will dismantle whatever is not good in our system. We are willing to be the example. We offer Poland as an experiment, as a demonstration. (C)

Secretary Baker: Secretary Brady pushed very hard through the G-7 on debt relief. We see it as critical. Perhaps he would like to comment. (C)

Secretary Brady: It was a long, hard struggle. We pushed others into a position to get a consensus. On top of that, we have offered this environmental fund which we hope will be joined by others in order to go beyond the 50% reduction. We will follow up with the others on this. It's a very exciting project. Also, the Coca Cola and Advanced Computers investments in Poland are important. These are first class American companies and they

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should create some follow-on interest and activity. Investment is the way to jump start the private sector of Poland. (C)

The President: It would help Secretary Brady and Under Secretary Mulford if you could say something positive while you are here about what they did on debt, so that we can get more for Poland. I say this not for domestic consumption but so that we could use it with others. So praise the Treasury Department while you are here. This will be well received abroad. (C)

President Walesa: I am in an embarrassing situation, I was about to thank Secretary Brady before you raised this. I will do it now and I will also do it publicly. You understand what we are up against. You have acted, but other countries are doing much less. We want them to follow your lead on debt. It will help with business. Also, the bilateral treaty ratification has begun. Your concept is to meet us halfway. We like that, and we will praise you. We are like a weight lifter in a deep squat under a heavy weight. Indebtedness is as much a political weight as it is an economic weight. (C)

-- End of Conversation --

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