

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Jan Olszewski of Poland (U)

PARTICIPANTS: The President  
James A. Baker III, Secretary of State  
Brent Scowcroft, Assistant to the President for National Security Affairs  
Thomas Niles, Assistant Secretary of State for European and Canadian Affairs  
Thomas Simons, Ambassador to Poland  
Robert Hutchings, Director for European Affairs, NSC Staff, Notetaker  
Val Chlebowski, Interpreter

Jan Olszewski, Prime Minister  
Zdzislaw Najder, Chief Advisor to the Prime Minister  
Wojciech Wlodarczyk, Chief of the Prime Minister's Office  
Kazimierz Dziewanowski, Ambassador to the U.S.  
Krzysztof Litwinski, Interpreter

DATE, TIME AND PLACE: April 13, 1992 4:05 - 4:45 pm  
Oval Office

DECLASSIFIED  
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Z 12/17/10

The President: Welcome to Washington. I would like to hear from you about how things stand from your point of view. Fundamentally I think our relations are in good shape. I would like to think we can be helpful to you in insuring democracy's success in Poland. (U)

Prime Minister Olszewski: I am very, very grateful for the opportunity to have direct interaction with you. First let me express my gratitude for all you have done yourself, along with the U.S. government and the American people, for the cause of our reform and for maintaining faith in the Polish nation. Now, to carry out our very difficult reforms I think it is clear that we have the support of the world's biggest superpower. We all remember all the things America has done for us; to enumerate would take too much time in our short meeting. So let me say that you have the thanks and gratitude of the Polish nation. (U)

The President: Thank you for your very kind words. Our relations with Poland have a special meaning for us, and a lot of Polish American citizens have a vital interest in your success.

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We want to see reform succeed and feel that working with IMF is very important. As I just mentioned to our press, we want to help Russia, but not at the expense of Poland. What you say touched me in my heart, and I know it's right. (U)

Prime Minister Olszewski: Mr. President, as I expressed to the Secretary of State, what you have done is of great material significance but has also had an enormous moral impact. We understand that our success above all depends on us -- our determination and our consistency. It is our responsibility and our task. I can assure you that no matter what difficulties we face we will very firmly move to build a democratic system in Poland and a free market economy. This is not only the position of my government; it is the will of the entire nation. Our long years of struggle against Communism is a guarantee that our reforms ultimately will succeed. We want to pursue a way that is not only the most effective but also one in which political democracy and market reform work together. Our democratic framework will enhance the free market and vice versa. We therefore reject any departure from democracy. Should any doubts arise, I assure you they are groundless. Above all, Poles are attached to democracy and civic freedom. Our experience over the last half century guarantees that no other way would ever succeed. My government is the first freely elected government in post-war Poland, and we will continue to abide by this principle. It is also our desire to pursue economic reform in close coordination with the IMF. This is absolutely essential to us. It is reflected in our social policies and also in our draft budget which has won the preliminary approval of the IMF. We will continue to work to restore our agreement with the IMF and also hope for the help of the U.S. Government. (Ø)

The President: Obviously, that is the path we would like to see. One thing we hope is that the very fact of this visit will be a psychological symbol of our support. I have a question. Are there elements in Poland who would like to go back, not necessarily to Communism but to an authoritarian economic system? Do some want to return to a state-run economy? (Ø)

Prime Minister Olszewski: Following the Communist system, it is not only the economy that we must deal with but also the people who worked to make that system. Their interests have been hurt, and they retain influence. In the last election, their representatives won a significant number of seats. Therefore we may expect aspirations to bring back the old system, but that group alone cannot succeed. It would need outside support. They used to rely on Soviet support, but now that is gone. There is only one scenario concerning the process of change in Poland that might give them a chance: that would be a situation of massive unemployment and social upheaval. The experience of the 1930's shows that this may form a base of support to all sorts of extremist forces. Now we don't see such a threat. Again, this is an area where we hope for assistance from the international financial institutions. (Ø)

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I would like to take the opportunity to refer back to an issue in your letter of congratulations to me. You mentioned the need to start negotiations with the London Club. That is also our intent. After an IMF agreement, we intend to resume discussions and hope for U.S. support. (Ø)

The President: I am glad to hear that. May I raise another question with you? It relates to private investment. John Whitehead, an outstanding businessman who was also the number two man at the State Department, is widely respected and known to me personally. He has agreed to lead a team of businessmen to Poland. We want to give American investment a shot in the arm and give people who have been looking at opportunities in Poland more encouragement. So my first point is that we want to give Whitehead our political support. Second, I want to mention what seems to be a sticking point in our relations. There is a feeling that some of our exports are being discriminated against in Poland. This makes it hard for us to tell our business people that they should be more involved. We shouldn't have our business people thinking that they are disadvantaged. In other words, encouraging U.S. investment is a two-way street. (Ø)

Secretary Baker: The EC Association Agreement provides for tariff reductions for some EC products. This disadvantages us because the tariffs remain on U.S. products. (Ø)

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Ambassador Simons: ~~The answer is the Uruguay Round and Polish accession to GATT.~~ (Ø)

The President: We still think that private investment in Poland is a big answer to your problems. I hope Whitehead can spur investment and get things moving. (Ø)

Prime Minister Olszewski: Mr. President, rest assured that Mr. Whitehead's mission will be welcomed with great joy. Regarding investment, some is underway and quite successfully, but the scale is too modest. We will work on our side, since we know foreign businessmen encounter difficulties that are remnants of the Communist system. We cannot change things overnight but we will work to resolve these problems. I will appoint a special plenipotentiary, who will be my personal representative. (Ø)

The President: This is the "ombudsman" concept. That is a good step. (Ø)

Prime Minister Olszewski: I will tell you frankly that one of the successes of my government is that we were able to conclude an agreement with GM, after long negotiations to no effect. We would like this to be a symbol. (Ø)

The President: May I raise something that may be sensitive? Did anything ever come of negotiations between that American woman and the shipyard? (Ø)

Ambassador Simons: It never worked out. The expectations may have been too high on both sides, but it's over now. (Ø)

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The President: How is President Walesa? (U)

Prime Minister Olszewski: It is my pleasant duty to convey his best greetings. He asked me to give you his personal greetings. (U)

The President: I would like to extend the same to him. By the way, what has happened to General Jaruzelski? I know his background, but on a personal level, during my visit as Vice President, he was very kind to me. I wondered what has become of him. Is he in private life? (U)

Prime Minister Olszewski: He now has the possibility to give lectures at one of our academies. He also does research as a full time job, and he has an appropriate status related to the fact that he exercised the office of the President and made a personal contribution. (U)

Mr. Najder: He has just published his memoirs. (U)

Prime Minister Olszewski: The Poles are not vengeful, even though martial law did not leave good memories. Jaruzelski played a role which facilitated, at lower cost, our democratic development. (U)

The President: I am glad to hear there is a healing process. He had a difficult role in some ways. In other countries such as East Germany and Romania, the fate of former leaders was not so good. (U)

Prime Minister Olszewski: The Poles are mild natured -- but not too mild. (U)

The President: Are you getting on all right with Germany? (U)

Prime Minister Olszewski: Our current relations are a strong psychological success, considering the enormous burden of the past. I lived through World War II in Warsaw. Traces of those times have left no major impact on our relations. The sensitive issue of the German minority is being handled in such a way to be an example for all of Central Europe. We hope the same standards will be applied to Polish minorities in the ex-Soviet Union. Things are not so good everywhere, for example Lithuania. (U)

Secretary Baker: Are there still problems? (U)

Prime Minister Olszewski: Unfortunately, yes. (U)

The President: Do you have a lot of refugees from the former Soviet Union? (U)

Prime Minister Olszewski: There are a lot who do street business. (U)

The President: Were you in Warsaw when the Germans came in? (U)

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Prime Minister Olszewski: Yes, I was ten at the time. (U)

The President: Do you remember it clearly? (U)

Prime Minister Olszewski: Very clearly. In a child's memory some things stay strongly etched. My generation continues to live with those memories. This is another reason for the importance of our current relations with Germany. (U)

The President: I am delighted to have seen you and wish you well. I appreciate the suggestion for me to visit Poland. (U)

Prime Minister Olszewski: You would be very welcome even for a short time. (U)

The President: I was asking my secretary whether you had been apprised of a possible scenario. I cannot spend a long time in Europe because of our domestic situation, and I will need to be at the G-7 and CSCE summits. One thing that has an emotional appeal is the return of Paderewski's remains. I have a question, if I could spend only a few hours in Poland, would such a short visit be insulting or, in the spirit we would like, would it be seen as paying respects to this distinguished statesman? (U)

Prime Minister Olszewski: We would be happy to receive you for as long as possible but would welcome even a brief stop. (U)

The President: I would not want to insult the Polish people, but if my visit would be understood as a gesture of support and respect..... (U)

Prime Minister Olszewski: All Polish people know the vast responsibility that rests on the shoulders of the U.S. President. We would be happy even for a short visit. (U)

The President: Let us try. I would like to do it. (U)

Prime Minister Olszewski: Mr. President, with your permission, I was encouraged by the Secretary of State to raise one issue of importance to us and where U.S. assistance might help. Iraq has \$500 million in debts to Poland which were frozen after the war. They could be repaid through oil deliveries. This would not add to Iraqi assets and would bring major relief to us. The UN sanctions committee might perhaps grant an exemption from the embargo if the U.S. would not object. There have been exceptions for others; perhaps this could be done in our case. (U)

The President: Let us talk about it. If it doesn't enrich Iraq perhaps it would be possible. Why would Iraq do that now? (U)

Prime Minister Olszewski: Just to begin clearing its outstanding obligations. (U)

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The President: Let us talk about it. Clearly, we want to help Poland, and, clearly, we do not want to help Iraq. Has there been a precedent? (S)

Secretary Baker: Jordan, Mr. President. The Jordanians get all their oil from Iraq. This exemption was purely oil for debt. (S)

The President: I am glad you raised this. We will see what can be done. I wish Iraq would get rid of this man and get back to the family of nations. (S)

Prime Minister Olszewski: I think, Mr. President, we might work out a formula that involves only debt repayment. (S)

The President: Have they said they would be willing? (S)

Prime Minister Olszewski: We have not yet negotiated with them, but we have indications that it might be possible, because our interests and assets in Iraq are considerable. (S)

The President: The reason I ask is that Iraq has not even been willing to sell oil to bring in medicine for its own people. (S)

Secretary Baker: They are sending oil to Jordan in return for debt, but they are not willing to do so for humanitarian reasons. (S)

The President: Thank you again for your visit, and good luck to you. (U)

-- End of Conversation --

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