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**COLLECTION:**
- Clinton Presidential Records
- National Security Council
- Robert Boorstin (Speechwriting)
- OA/Box Number: 421

**FOLDER TITLE:**
- 7/94 Trip - Poland Background

**RESTRICTION CODES**

**Presidential Records Act - [44 U.S.C. 2204(a)]**
- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]
- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

**Freedom of Information Act - [5 U.S.C. 552(b)]**
- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(5) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]
The U.S. ambassador to Poland, Nicholas Rey, in a wide-ranging interview with the Voice's Andrzej Jonas and Magda Sowinska, repeats U.S. President Bill Clinton's recent assertion that any return to an imperialistic Russia could hasten Central European countries' admission to NATO. (excerpts) How is Poland perceived from the point of view of American global policy?

Let me start at a point just before the answer to that question. And that is to stress the importance the United States puts on security and stability in this part of the world, not just Poland but the whole region. This part of the world is extremely important to the national security of the United States. We have a great interest in ensuring that this part of the world remains stable, and we feel, based on our history and our experience, that the best route to political stability and international stability is democratic societies with growing, hopefully thriving economies that are based on open, free markets.

Clearly, Poland plays an extremely important role in that, in this region. Poland clearly led the way in 1989, and in many ways has been leading the way since, in terms of economic development, sound economic policies, leading to rapid economic growth now, and to what I would consider a solid state of democracy. For all those reasons, we think that Poland is going to play and is already beginning to play a very important role in this part of the world.

Poland rapidly agreed to take on very hard work to be an important member of the Partnership for Peace proposal. This is an example of the kind of role that we greatly appreciate Poland playing, which is one of real leadership. Poland has also been a leader in the creation of another thing which is very important, as we believe in the United States, and that's the economic and political region represented by the Visegrad Group.

For Poles, security is one of the major concerns. Does America recognize this as we do? How does America view Poland's role in the security of Europe, and is there a special role for America in the security of Poland?
Well, I think the answer to that question is, very, very definitely. The security in Poland is important for the security in the United States. I could give you lots of examples of that, but one way of looking at it is the number of grube rybki amerykanskie (big American fish) that are coming here or have been here, and the number of grube rybki polskie (big Polish fish) that are going back and forth. You can start out with General Shalikashvili in January, through the president (Bill Clinton) in July and hopefully also the vice-president in August of this year, with many, many visits in between, and Polish visits, (Defense Minister Piotr Kolodziejczyk, for instance, was in Washington.

There's a continuing dialogue. We're trying to make the security relationship between ourselves and Poland as concrete as possible. We hope very much to bring some joint exercises under Partnership for Peace this year. I assume it will be in the fall because it takes a while to organize that, joint military exercises.

Another thing we've done which is very important not only for the assimilation of the Polish military into Western arrangements, but also very good for Polish democracy, is our offer, which has been accepted, to help Poland as well as the other countries of this region to develop an air-traffic control system: the so-called "Friend or Foe" IFF system, which is compatible with NATO from a military standpoint. From a civilian standpoint, it obviously fits in with air-traffic control systems in Europe. And from a democratic standpoint, we'll open up many new television frequencies which can be used to create more private channels here than the one which has been put on offer, as well as radio channels, and in fact allow Poland to join the European cellular telephone system, the Western European one, which provides substantially more cells, more possibilities for more conversations than the one Poland has introduced. The radio frequencies used by the old Warsaw Pact air-traffic control system were far greater than those that are needed under a NATO European system.

Should Poland join NATO?

It's a question of what is the right place for Poland in the system. Not only Poland, but the other countries. We have come up with what we believe is the best approach for creating a stable security system in this part of the world. That is, an approach through the Partnership for Peace which can, over time, go either way: It can either lead to a system where Poland actually joins NATO or can remain a system where Poland is a close partner of NATO. It depends on what the world requires, and a lot will depend on what the Russian policy will be. We want to give the Russians the opportunity to play international politics by rules that we in the West find acceptable. If they don't play by those rules, we can change... The Partnership for Peace can go either way, it can be as I described, or it can lead immediately to NATO membership if that's required. But at this point, we don't think that's necessary.

Do you think that U.S. foreign policy is based on two pillars as it was previously, competitive pillars, but now maybe cooperative pillars, Russia and the United States, or on the security system?

I think U.S. policy today as part of developing a security system in the post-Cold War world is based on a cooperative relationship with Russia as well as with all the other
countries. Not on the two super powers sitting in a smoke-filled back room somewhere deciding on who does what to whom.

And Poland between them...

And Poland between them. That's certainly not the system that we envisage or the system that we're working on. (I'm referring to) Poland being an equal partner.

If there is some danger that the world will again be divided into two camps, Poland should be sided with the West.

Certainly.

The expectation of the American community in Poland is that you will make their lives easier. Do you think they are well-established here, or at the very beginning of the process?

I hope it's the beginning of a long, long process. Also I think the American community here is already well-established in terms of business investment. The Americans represent by far the largest group of investments here. We have over a billion dollars cash actually put into investment here and at least another billion committed. The numbers are not bad, because for instance if you take the Polish-American Chamber of Commerce, there are now over 200 members, and the overwhelming proportion of that is corporations of one sort or another. If you look at the list, most of the major American corporations are represented here.

I see our job at the embassy very much focused on supporting American companies in their efforts in Poland.

We have a whole group under Joan Edwards, from the foreign and commercial service, that is dedicated 100 percent of the time to working with American corporations. They are continuously searching throughout the country for potential investment opportunities or trade opportunities for American companies, and have a whole list of Polish companies who are looking for partners.

When you speak of Poland as a place to invest, how do you encourage Americans to do this?

The political situation is a stable, democratic one. This is a huge market, 40 million people. There's not that many markets that haven't been tapped already in the world that are as big as this one is. Then, there is obviously the fact the Poland provides a great deal of expertise in how to tap other markets in this part of the world.

The image of Poland is quite good right now, and has been for the obvious reasons that Poland is clearly viewed by everybody in the United States as the country that was the first "to do it."

What do you see as obstacles to making your presence here larger?
There are many problems that we try to deal with on a daily basis which arise from the fact that Poland is still in the process of transforming itself. The decisions in Poland are often made in the government based on the way they always were made, which is more of a command economy than a private enterprise, open market. But that's getting less and less each year.

The first is that you have to have patience to do business in Poland, things take time, they take longer than they would normally take in the United States or in other countries. People who invested in Poland two, three years are now beginning to reap the benefits.

What we're observing now is the inflow of capital, but through different kinds of funds coming from America, like the Polish-American Enterprise Fund, the Polish Equity Fund and others. So not only companies are investing here, but also different kinds of funds, which is rather positive.

Very positive. I think there's an enormous interest on the part of Western financial institutions, as compared to corporations, to invest in interesting opportunities in Poland. The amounts are in the tens of billions of dollars, not 100 or 200 million dollars. We're talking major amounts of money. What's required for that money to come here is the sense of the Western institutions that there is political stability, which they do sense now, and that the macroeconomic policies are moving in the right direction as far as privatization and the budget and inflation and all those things. Those are more or less going in the right direction. And the projects to invest in, that's the key. The key is the country's absorptive capacity, not the availability of the money.

Poland has a negative balance of trade with the United States. How do you expect this to change in the future?

Poland probably will run a trade deficit, not only with the United States but with the rest of the world. And if it doesn't it will be a terrible tragedy to Poland, because it would mean that it wasn't growing. A country at the stage of development that Poland is in should be running a trade deficit. It is importing investment goods which it is using to develop its capital and industrial base. The offset to the trade deficit is the import of capital for the investment, that is also happening in Poland. I don't think there should be a concern in Poland about running a trade deficit with the United States or anybody else.

LANGUAGE: ENGLISH

LOAD-DATE-MDC: May 17, 1994
TO: TONY LAKE AND DAVID GERGEN
FROM: NICK REY
RE: SUCCESS OF WARSAW VISIT

Most of my contacts in the GOP have been congratulating us on a very good visit. As I indicated, there has been a sea change in Polish comfort level since December. The Polish reactions across the spectrum to the President's visit are a confirmation of a good policy well executed. As an example of this, PAP carried the following on Friday:

QUOTE. Warsaw, July 8 -- President Lech Walesa said in an interview for the Polish Press Agency PAP on Friday that U.S. President Bill Clinton's Polish visit was very successful. He noted that Clinton did as much as he could to support Polish aspirations to join NATO. 'He said that he understood Polish aspirations and that the timetable (of Poland's NATO entry - ed.) rested with the whole NATO and not only him,' Walesa said.

Asked to assess economic and financial effects of Clinton's visit, Walesa said that Poland did not expect financial assistance but the presence of U.S. big firms here which would bring about economic equilibrium in this part of Europe.

Walesa said that privately Clinton was a very open, and friendly person, but overburdened with problems. END QUOTE.

In addition, Olechowski told me today that the Poles were extremely satisfied with the visit as a sign of "strong support for Poland's security." He was especially pleased with the President's emphasis on Poland as a good place to invest and with the President's strong economic package.

Congratulations and many thanks.
Eventful it was. 1993 saw the change on many fronts. A few of them:

Next Round of Government

For the parliamentary elections on September 19 last year (see table).

The new government was established as a coalition between the SLD and the PSL. The PSL's Waldemar Pawlak became prime minister. Three ministries traditionally controlled by the president - the Ministry of Foreign Affairs, the Ministry of Internal Affairs and the Ministry of National Defense - were assigned ministers by Lech Walesa.

In addition, four representatives from the German ethnic minority joined the Sejm under a guaranteed-representation clause. Right-wing parties with Solidarity roots failed to enter parliament.

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TABLE: Parliament

The Sejm has 460 deputies; 303 deputies are in the government coalition. As a result of the parliamentary elections on September 19 last year (in which turnout was 52 percent), the following parties made it into the Sejm:

<table>
<thead>
<tr>
<th>Party</th>
<th>Percent of vote</th>
<th>Number of deputies in parliament</th>
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Democratic Left Alliance (SLD) 20.41 171
Polish Peasants' Party (PSL) 15.4 132
Democratic Union (UD) 10.5 74
Labor Union (UP) 7.28 41
Confederation for an
Independent Poland (KPN) 5.77 22
Nonpartisan Reform
Support Bloc (BBWR) 5.41 16
Others (ethnic minorities) -- 4

SLD: government coalition
PSL: government coalition
UD: opposition
UP: outside the coalition, but declares support for the government
KPN: opposition
BBWR: opposition
Others: opposition

Sejm Old Story?

In his policy speech in the Sejm, Pawlak said that the new government would be forced to continue the policies of the previous government in many areas. Within the government coalition, the strategy of avoiding sharp turns is considered the only sensible one in the near future.

The majority of political observers believe that 1994 will not see a collapse of the government nor the dissolution of parliament. The most important political events are generally expected to be local government elections, work on a new constitution and the start of the presidential campaign.
Security and NATO

Poles' thinking about security will be largely determined by the arrangement of forces in Russia and relations between Russia and Ukraine. If it turns out that the democratic evolution of internal relations is stopped in Russia (primarily by Vladimir Zhirinovsky), Poland's feeling of national security will shrink rapidly. Synchronized efforts by all of Poland's political forces will increase in order to make Poland a part of NATO. The efforts could make the membership prospect much more tangible.

Local Elections

Local government elections will be held in late spring. Commentators believe that the elections will be devoted less to local matters than to grass-roots fighting. If people fail to feel at least some improvement by then, the resulting disillusionment could yield a different arrangement of political parties than in parliament.

New Year's Day marked the formal start of a pilot program designed to test the local-government reform program. Local authorities in the biggest cities in Poland have taken over new tasks. Forty-four of 46 selected cities decided to take part in the program.

The pilot program is expected to fulfill two basic objectives:

- Upgrading management of local matters by introducing uniform management procedures; concentrating previously scattered powers into the hands of local governments; subjecting offices to citizens' control; and securing better management of public money by local authorities;
- Evaluating the pluses and minuses of the potential introduction of counties (powiat).

Church and State

For the Roman Catholic Church in Poland, 1993 was very significant following signing of the Concordat, an agreement on the church's role in the country which also defines relations between Poland and the Vatican. The document is awaiting ratification by the new left-wing parliament and it also must be signed by the president.

The Catholic Information Agency (KAI) began operations, one of more than 20 modern Catholic agencies worldwide. Catholic radio stations are growing strong.

For a year, the Slowo Dziennik Katolicki daily has been appearing at the initiative of the Episcopate, transformed from Slowo Powszechne, the mouthpiece of the former PAX Association.

Bishop Tadeusz Pieronek, the newly nominated secretary of the Episcopate, breathed more life into his office. He has been granting numerous interviews, including interviews with the Warsaw Voice (Issue 38, September 19, 1993), confirming that within the Episcopate there
are different views about the church's social involvement. Pieronek called pluralism advantageous and valuable.

Discussions of issues such as the church's attitude toward democracy, a state based on liberal values, freedom and its boundaries, the possibility of a state governed by religion, were held throughout 1993, and they are expected to continue.

Freer Media

The media in Poland have established a fair degree of independence. Thanks to the media, Poles learned that, for example, some deputies in the previous parliament voted dishonestly on behalf of absent colleagues. People also learned about the excesses of some politicians and parliamentarians and of their children. Despite the revelations, the election campaign showed that politicians have begun to respect journalists and even try to get in the media's good graces. Although pressure from high government officials and attempts to influence the media have not ended, the media have a strong enough position to keep the authorities in check.

TV in Transition

The Sejm's passage of a new law on radio and television broadcasting opened new legal avenues for creating public television and private stations. The Sejm established the National Broadcasting Council, a constitutional body which "stands as a guardian of the freedom of speech, of the implementation of citizens' right to access information and of social interest in radio and television broadcasting." The council's task this year, in addition to exercising control over the operation of public and commercial media, will be to allocate frequencies and licenses to private stations. The council appointed at the end of last year the authorities of Treasury-controlled companies into which the Telewizja Polska and Polskie Radio state enterprises transformed themselves on January 1, 1994.

Wieslaw Walendziak, a 31-year-old journalist known from the popular television program Bez nieczulenia (No Anaesthesia), became the new president of Telewizja Polska. The new legal structure of the television company will make it possible to transform state television into public television. The main changes, to be carried out in the first half of the year, will include the introduction of a new programming scheme, greater independence of Channels One and Two, and direct supervision of the television company board over the film and theater desks. A special program council will monitor the programs and rate what has been aired.

The Broadcasting Battle

Competition for the right to establish television and radio stations is growing sharper. Potential investors are well-known firms and Western concerns, including the American groups Time Warner and Mike Palmer, Germany's Bertelsmann, a group controlled by Sardinian entrepreneur Nicola Grauso and France's Canal Plus. A lobby of private producers is waiting for the emergence of a strong commercial-broadcasting sector.
40 Million Poles by 2001

In 1993, about 496,000 Poles were born, the smallest number since the end of World War II and about 18,000 fewer than in 1992. The highest birth rate was recorded in Nowy Secz province, three times higher than the national average. Relatively high birth rates were also recorded in provinces such as Suwalki, Slupsk and Tarnow. In Warsaw and Lodz provinces, the population declined.

Poles are not only having fewer children, their average life span is growing shorter. The most frequent causes of death are circulatory diseases and cancer. Poles marry less often but they also divorce less often.

Poles in Flight

The number of people leaving the country is higher than the number of those coming to Poland. The number of people coming from the former Yugoslavia, Russia and Ukraine is increasing. Emigration to France was lower than the number of French people coming to live in Poland.

City Life

Lodz province is the most urbanized in Poland: 93 percent of the province's population lives in urban areas. Next on the list are Warsaw and Katowice provinces at nearly 90 percent. Katowice province was home to 10 percent of the country's population.

The best housing conditions were in Opole, Czestochowa, Katowice and Leszno provinces where the average resident enjoyed 19 square meters of apartment space (in Opole province, the figure was close to 21 sq.m). Residents in Nowy Secz province had the worst conditions: about 16 sq.m per person.

Katowice province had the most polluted air, followed by Piotrkow and Jelenia Gora.

Phones and the Cellular Boost

Warsaw province had the largest number of telephone lines per 1,000 people: 212, twice the national average. Lodz province was second with 178 lines per 1,000 people. Ciechanow and Siedlce provinces have the smallest number of telephones, at 61 and 60 lines per 1,000 respectively.

This year, owners of cellular phones will no longer have to pay when someone calls them. They will only pay for calls they make themselves. Thanks to so-called radio corridors along the main roads connecting Poland's largest cities, cellular telephones will be an effective means of communication when traveling around the country. It will be possible to use cellular phones during long-distance trips in much of the country as it is in other countries. On February 1, 1994, the system of settlements will be simplified and payments will be reduced.
by an estimated 30 percent. This year, construction of the last radio corridors will be completed, enabling cellular telecommunications to cover half of Poland's area. The entire territory will be covered by 1996 when the capacity of the system will reach 150,000 subscribers.

More Cars, Same Roads

Warsaw province tops the list in terms of the number of passenger cars registered: 312 per 1,000 people. Poznan, Leszno and Bielsko-Biala provinces have more than 200 cars per 1,000.

Katowice province has the most developed network of hard-surface public roads, nearly 171 kilometers per 100 square kilometers of the province's area. Next on the list are Cracow, Warsaw and Bielsko-Biala provinces with more than 150 kilometers each. The lowest figures are in Slupsk province, 47 kilometers, and Suwalki, 42.

No Drop in Drinking

Despite steadily rising alcohol prices, Poland remains first in the world in the consumption of potent alcohol.

Growth Slow but Sure

Last year's 4.5 percent growth in the gross domestic product placed Poland close to the top of world ranking. This year growth is expected to remain at the same level, but the GDP has still a way to go to reach its 1988 value.

In macroeconomic policy, one of the key objectives will remain restricting inflation further. This year inflation should not exceed 27 percent. The government budget deficit will be limited to 4.2 percent. Revenues are scheduled to be 610 trillion zlotys, while outlays are budgeted at 693 trillion. Of the 80-trillion-zloty deficit, the National Bank of Poland (NBP) has agreed to finance 30 trillion. The balance will be financed with loans taken out at commercial banks and from the sale of government bonds to individuals and firms.

Trade, telecommunications and financial institutions grow fastest this year while growth will be slower in transportation and non-market services. Growth will come from increasing domestic demand, both consumer (4-5 percent) and investment (5-6 percent). High rates of growth in investment demand will be tied to investment in construction, trade and telecommunications, municipal infrastructure and, in part, investment in modernization.

The Price of Change

Matching last year's 7-percent growth in production and 10-percent growth in labor productivity will be difficult. This year the government forecasts 3.5-percent growth in production sold. It is also optimistic that capital investment outlays will grow by 6 percent. The ratio of gross financial profitability to goods and services value will grow from 4.8
percent to 5.1 percent. This year the entire production sector, including industry, will require about 24 trillion zlotys in state subsidies amounting to 3.5 percent of the government budget outlays and 19 percent higher than last year.

Restructuring of certain industrial sectors will cost the government another 7.7 trillion zlotys.

The largest restructuring operation, changing the outlook of the entire Silesian region, will involve mining. Sixteen hard-coal mines (out of 70 currently operating), sulfur mines at Bochnia, Lezkowice and Moszczenica will be subject to liquidation proceedings in 1994. Mining restructuring will cost 3.4 trillion zlotys and 120,000 people will have to change jobs.

As in recent years, the greatest growth prospects will be in food-processing, light, automotive and shipbuilding industries.

New Apartments

Last year, the construction business demonstrated exceptionally high, 6-percent growth tied to the boom in capital investments. The main exception was housing. Everything seems to indicate that this year the situation will be similar. Forecasts call for 7-percent growth this year and between 5 and 6.4 percent in coming years.

In the housing industry, new dwelling construction has been declining year by year. In 1993 it declined by 30 percent and a 50-percent drop is expected in 1994 despite the fact that 2 million Poles are waiting for an apartment.

Extremely high construction costs for standard new apartment buildings are leading to some innovations, including Poland's first factory-adaptation project. Thirty apartments are being built in LodE in an abandoned, 2,000-square-meter factory dating from the 19th century.

As a result of the recession in light industry, LodE has a number of abandoned factories available, although there's no shortage in other cities as well. Buying the real estate from the state factories or local authorities poses few problems. Adaptation plans need to be developed, along with ideas for commercializing the undertaking and obtaining funds. Rental prices need to be studied as well: LodE's high unemployment rate means that people can't afford expensive apartments.

The Rich Get Richer

Most Polish families this year won't feel much security in everyday living conditions. Although potentially lower than in 1993, the inflation which makes incomes and savings depreciate will remain high. Official price hikes on energy, fuels and apartment rents, and higher city transportation ticket prices will add to inflation. In addition, taxes will grow.

The overall consumer price rise for 1994 is expected to be 23 percent (1.7 percent a
Increases will be particularly high for household utilities and services. Electricity is going up 30 percent, natural gas 43 percent, central heating and hot water 69 percent and communal apartment rents 130 percent. Prices for spirits and cigarettes will go up 21 and 32 percent, respectively.

The average gross monthly wage will be 5.08 million zlotys, nominally 24 percent more than in 1993, but in real terms just 1.5-percent higher. The average monthly old-age and disability pension will be 3.195 million zlotys (nominally 31 percent higher, and 3.5 percent higher in real terms).

Unemployment is expected to continue growing. By the end of 1994, the figure is expected to be 3.05 million people, 190,000 more than in December 1993. Just under half of unemployed people will be able to collect unemployment benefits. The highest unemployment rate will continue to be in northeastern, northwestern and southeastern Poland, where it will exceed 25 percent. The national average unemployment rate will be 16 percent.

Growing unemployment and the small increase in real income will allow for no more than a 3.5-percent increase in consumption. Demand for durables and household items will continue to be high. Specialists say that unregistered incomes are largely spent on this type of goods. Because of rapidly rising prices and the high cost of loan repayment, demand for new apartments will decline, despite the potentially large need for them. The high flexibility of demand for foodstuffs (dependence of demand on incomes) will continue. Spending on food will decrease only in the highest-income groups, or about 5-10 percent of households.

More Polish Holidays

More than 55 million foreign visitors came to Poland in 1993. Their reasons varied, to a large extent they came for shopping or to visit friends and relatives, but there was clearly an increase in pure tourism. There has been greater interest in seeing historical monuments and cultural institutions, in active recreation and organized outdoor activities. The Office for Physical Fitness and Tourism estimates that last year revenues from tourism amounted to 4.5 billion dollars.

This year most tourists will come from Germany, Scandinavia, the Benelux countries, the United States and Canada. Tourism from Great Britain and Austria is expected to grow by more than 75 percent.

Poland has an opportunity to develop tourism in three important areas which dominate the European tourist industry: cultural, ecological and health programs.

The newly created National Agency for Promotion of Tourism will try to connect owners of Polish tourist facilities with potential investors willing to provide capital for expansion or modernization. The agency's activities are expected to help small businesses in the tourism sector since it will, in part, seek out investment capital and arrange a guarantee fund for loans for expanding tourist infrastructure.
In the Banks and on the Exchange

The needs of the economy in terms of finance servicing seem to have been met by the 110 existing state and private banks. Not all are sufficiently strong; four of them, burdened with bad debts and poorly managed, are now under emergency management by the National Bank of Poland (NBP).

But the banking sector has entered a new phase, bank mergers, which the NBP had been expecting and promoting. The first was the takeover of Lodzki Bank Rozwoju by BIG SA. The act on clearing the debts of enterprises has also begun to take effect. One spectacular example was the clearing of 4.5 trillion zlotys of the Szczecin Shipyard’s debt by Pomorski Bank Kredytowy. Privatization of banks will continue. This year shares in Cracow-based Bank Przemyslowo-Handlowy will be traded on the stock exchange.

As they did in 1993, banks will live off government bond purchases and putting people’s savings to profit. They will continue to be very careful in issuing loans. Individual time-deposits in banks will bring nominal returns of 24-30 percent or 1.5-3 percent in real terms, very little above the inflation rate. Foreign currency deposits will carry similar yields.

Last year the most money could be made on the Warsaw Stock Exchange. Over the year, invested capital brought as much as a 14-fold profit. In December 1993, exchange transactions reached 2 trillion zlotys per week.

There is nothing to indicate that stocks will stop growing this year, although the growth is certain to be less pronounced. The reason will be a greater supply of shares, about 20 new firms are slated for listing on the exchange.

Agriculture in a Bind

Crop production in Poland declined in 1989-1992 by 24 percent and animal production fell by 9 percent. There was a certain positive breakthrough in 1993 when crop production grew 15 percent; however, the livestock population dropped 12 percent so total agricultural production in 1993 was close to 1992’s tonnage.

This year Polish farming will face problems with sales more than with production. Demand for dairy products, beef and poultry, sugar will continue to drop. Consumption of potatoes, grain products, fruit and vegetables will grow or stabilize. Low domestic demand and competition from imported food have caused the most difficulties for the food industry, whose profitability as a whole is only 1 percent. More than 40 percent of food-producing enterprises operate at a loss while 40 percent are in good financial shape. The Polish food industry has caught up with many western products in terms of quality and packaging; the industry now needs low interest loans to purchase produce and promote its products. A good distribution network is also lacking.

Poland will continue to remain an importer of food as it was 1993. Foreign producers can expect no difficulties in bringing in meat, the production of which dropped significantly in
1993 as well as dairy products and eggs. However so-called compensating tariffs have been imposed on imported food as of the beginning of the year, to keep imported products' prices at least level with domestic products'. Foreign exporters will have to reckon with greater difficulties in selling fully processed food products (routinely more expensive than domestic products) and can expect increased demand for raw materials and semi-finished products.

Government restrictions on sales and rental of agricultural land will be eased up this year. Domestic demand for land is low, and the privatization of state farms provides great opportunities. Foreign investors will be able to rent large farms (up to a couple of hundred hectares); in some cases they will have an option to buy, as long as there is no domestic buyer.

Land prices vary from 500,000 to 1 million zlotys per hectare in the north of the country to between 10 million and 15 million in the south where there is little available land.

The Privatization Push

Of nearly 10,000 state-owned enterprises, 28 percent have been privatized to date. The current government's main goal is to improve the financial standing of companies undergoing privatization. The government expects to earn 12.3 trillion zlotys from this year's privatization, more than last year.

Several hundred companies (probably up to 500) will participate in the Mass Privatization Program (PPP). Under the National Investment Funds which will manage the enterprises, at least some of the companies should gain access to loans and new markets. Five funds will be established in the first quarter and will be supervised by both Polish and foreign managers. Currently 30 firms are competing to manage the funds. Western financial institutions have promised several hundred million U.S. dollars in loans for firms participating in the PPP. Shares in the PPP will become available to all adult Poles in the third or fourth quarter of 1994.

A second way of helping state-owned firms is through restructuring, improving their financial standing and ownership changes. This is expected to encompass the arms sector, mining, metallurgy and the oil industry.

This year the government wants to speed up sale of small firms to employee groups. Conditions for the sales are to be made easier, with the new owners paying smaller installments for assets than before. Polish businesspeople will be able to buy firms in installments.

The stock exchange, which currently quotes 20 companies, is expected to gain 20 new issues over 1994. The government wants to privatize breweries, cement works, cable factories, furniture manufacturers, confectioneries and paper factories, construction firms, meat-processing, chemical companies and fat-processing factories by selling shares to large, so-called strategic, investors.
Contrary to earlier plans, privatization of the tobacco sector will not take place this year. Parliament decided against it at the end of 1993.

The State Foreign Investment Agency (PAIZ) says that foreign firms have declared or invested a total of 2.8 billion dollars in Poland, and intend to spend 4.6 billion dollars to develop the companies they've purchased. American firms have invested the most, 1.02 billion dollars or 36.4 percent of all capital invested.

Trade Tumbling

Poland's foreign trade deficit in 1993 was 1.9 billion U.S. dollars, according to the Central Statistical Office (GUS). The root cause of the deficit was that the dollar was undervalued in relation to the zloty. Exporting was unprofitable, while imports, especially of consumer goods, brought profits and grew very quickly.

The projected state budget for this year assumes that exports will grow by 6 percent, and imports by 2.5 percent. Achieving such rates will require a sharp devaluation of the zloty. The average dollar exchange rate this year is expected to be 23,614 zlotys, or 26,300 by the end of December. (The dollar traded at 21,210 zlotys at the end of 1993). Despite growing exports, the high trade deficit will continue, estimated at about 1.8 billion dollars.

The expected sharp growth of exports will be the result of customs and tax preferences, a 206-billion-zloty promotion campaign for Polish goods and state establishment of institutions insuring export credits. An expected economic boom in Western Europe and the gradual recovery of Eastern European markets are also expected to be significant.

Border zones, both western and eastern, will continue to be the most dynamically developing areas in the country, due to foreign trade. In 1993 trade, turnover in the 50-kilometer-wide western border zone was estimated at 4 billion deutschmarks. Trade in the area is not organized but spontaneous, since the region lacks real wholesale and even retail stores. Badly-needed infrastructure facilitating border traffic and purchases is also missing.

Poland's eastern border, which operates very weak duty-free zones, is a good launch point for trade with all the former Soviet states. Polish companies' knowledge of and presence in eastern markets has yet to be utilized to full advantage. Even today, the biggest companies maintain agencies in the biggest Commonwealth of Independent States cities. The current lack of trade is mainly the effect of a lack of credits and export insurance.

This year Poland will be less open to imports, especially consumer goods and foodstuffs in particular. A new customs tariff introduced on January 1 gives preferences to imports of semi-finished products and components, while restricting imports of high-value-added goods. Thus the quota for computer components was increased by 100 million dollars, while the customs duty on radio sets, tape recorders and similar items was raised from 15 to 30 percent.
Imported cars are sure to find buyers, but only up to the 33,500 duty-free quota. Demand for Western car models which are subject to high customs duty is dwindling from one year to the next.

LANGUAGE: ENGLISH

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**COLLECTION:**
Clinton Presidential Records
National Security Council
Robert Boorstin (Speechwriting)
OA/Box Number: 421

**FOLDER TITLE:**
7/94 Trip - Poland Background

**RESTRICION CODES**

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]
The president will make a bilateral visit to Poland, which occurs during the meeting of the Visegräd countries (the Czech Republic, Slovak Republic and Hungary), so he will attend a reception for people at that meeting as well. He also will address Parliament, join with AFL-CIO President Lane Kirkland in visiting a job retraining center, press the flesh, lay wreaths and hobnob with the president and prime minister. He comes at a time when political dissatisfaction is running high among those impatient that they haven't achieved the instant prosperity they expected with their freedom. Although stores are full of consumer goods, many high-ticket brands of the Fifth Avenue variety (including a Cartier's), ordinary people don't earn a great deal yet with $50 a week not unusual. Unemployment is high (officially about 16 percent, although that figure is considered inaccurate) and concern focuses on the costs of pensions and reform. Walesa faces the question of the extent to which his government can offer social protection while undertaking economic reforms. Poles are said to look to Clinton's visit "for signs we're [U.S.] going to continue to be involved" including more access to U.S. investment. He will be expected to remind them that change is not without cost but that the U.S. remains committed. City is clean and cosmopolitan although you may see the mother of all flea markets at the sports stadium.

President Walesa has split from his base in Solidarity (which demonstrated May 12 and threatened general strike in two weeks). Polls rank his popularity very low (16 percent or so with negatives ranked about 46 percent). Elections due in 1995. Walesa also remains at odds with Parliamentary leaders over his power to appoint three key ministers (Defense, Interior which includes police, and Foreign Affairs).

Virtually all of Warsaw was bombed into oblivion before end of WWII. ("Make the rubble bounce," Hitler is reputed to have ordered after his troops withdrew following the bloody Warsaw Uprising by ill-fated Poles while Russian troops waited across the Vistula River before moving in for the kill.) That WWII historical perspective works its way into daily life more often than elsewhere in the world. The city is new and modern although many buildings including "Old Town" were rebuilt the way they were with the bricks from the rubble.

SCHEDULES

Tuesday, July 12, 1994 (All times estimated, locations may change)

NOTE: Because of filing time in Germany while president leaves quickly, tonight's coverage in Poland may be entirely pool with a few more press sent along on the backup Air Force One after Brandenburg Gate event to be in position.
5:30 pm THE PRESIDENT arrives airport, Warsaw, Poland (without Helmut Kohl).

6:00 pm THE PRESIDENT and Mrs. Clinton arrive Belvedere Palace, Warsaw. Military and government welcoming ceremony. Welcomers include President Walesa and wife, foreign minister, secretary of state, Warsaw's mayor, parliamentary officers, diplomatic corps, Honour Company of the Polish Army (honor unit actually includes Army, Navy and Air Force), and the Polish Army Orchestra. Hillary gets flowers, national anthems are played and two presidents review honor guard.

6pm-7pm BILATERAL MEETING WITH PRESIDENT WALESA, Belvedere Palace. Pool photo at beginning


8-10pm OFFICIAL DINNER HOSTED BY PRESIDENT WALESA, Royal Castle (business dress, not black tie).

President probably overnights at Marriott Hotel, Warsaw, although could end up at ambassador's residence.

Wednesday, July 13, 1994

TBA WREATH LAYING CEREMONIES AT FOLLOWING:

* Tomb of the Unknown Soldier
* Monument to children who fought in Warsaw Uprising (50th anniversary Aug. 1)
* Warsaw Ghetto monument.

TBA ECONOMIC EVENT with Lane Kirkland, tentatively at the Polish-American Building Crafts Training Center.

TBA PRESIDENT MEETS with Prime Minister Jan Krzysztof Bielecki, Council of Ministers Building or Pawelak Castle (if not at Parliament).

11:30 am-1 pm President addresses Parliament and diplomatic community, Sejm. Meets with ministry officials.

TBA Reception or luncheon with Central and Eastern European ministers (Visograd nations and possibly Baltics). Belvedere Castle described as likely site.

tbd GREET AMERICAN COMMUNITY

5pm AIR FORCE ONE DEPARTS Okecie airport, Warsaw, Poland, en-route Andrews Air Force Base [flight time: 9 hours, time change: - 6]

8:00 pm THE PRESIDENT arrives Andrews Air Force Base

8:20 pm THE PRESIDENT arrives White House
BELVEDERE PALACE: Classical building built 300+ years ago and the cremonial residence of the Polish president. In 1765 it was the residence of Poland's last king (Stanislaus Augustus) and has housed its viceroys, dukes, and marshals. (Not surveyed.)

TOMB OF THE UNKNOWN SOLDIER: When the Saxon Palace was blown up by retreating German soldiers in 1944, a section of colonnade with three arches remained. The pillars atop its railing were snapped off. The tomb is within the center arch that now dominates Pilsudski Square, which during the WWII occupation was renamed Adolf Hitler Square. The body is said to be that of a student who fell in Lwow in the 1920 Polish-Russian War. Urns in the tomb also contain soil from battlefields on which Poles have fought and plaques on its walls list the major battles of the last thousand years (since 972). A flaming torch stands at the head of the tomb which was covered with wreaths when we visited. Two honor guards, tall young men in plain olive drab uniforms and spit-polished boots, stand motionless under the roof flanking the tomb at attention while balancing their rifles vertically in their left hands. At the changing of the guard ceremony, guards employed a pounding goosestep near the tomb. School kids who swarmed around the outside of the structure and posed for pictures moved aside long enough for the changing and then closed in again.

MONUMENT TO CHILDREN WHO FOUGHT IN WARSAW UPRISING: (The name in Polish is Mali Powstaniec, which I am told is the "Little Rebel," or a diminutive for Powstaniec who are the revolutionaries who fought in the Powstanie, or uprising. There'll be a quiz.). Fetching statue of a child about kindergarten age carrying a machine gun on a sling across his chest and wearing a helmet that came down over his eyes and ears and much of his face. The statue stands in a niche in the outer of two walls around Old Town. A bouquet of spring flowers was at his feet.

ROYAL CASTLE: Dinner will be in the Great Assembly Hall, set with about 12 round tables. Champagne toast, dessert and playing of both national anthems will occur in adjoining Council Chamber. Castle has the elegance and gilt seen in many European palaces, but is more brilliant even than Versailles since it is so new (rebuilt in 1971). Floors in the Castle are parquet and museum visitors are required to wear felt slippers over their shoes to avoid scuffing.

The castle, in the common style of a multi-story office building surrounding courtyards, overlooks the Vistula at the site of an ancient fortress. In its present form, the castle was first built in the 13th century. The nation's first constitution was signed there in 1791. The Castle contains 22 paintings from the 18th Century that were a model for post-war reconstruction of the old city. The column in front of the castle is Sigmund's Column, erected in 1644 in honor of King Sigmund III.

WARSAW GHETTO MONUMENT: The president will go to the largest and most prominent of several monuments in the ghetto area (Others are the large carved stone at Mila 18 and at the railhead where Jews were loaded aboard trains bound for Auschwitz). It was unveiled on April
19, 1948, fifth anniversary of the ghetto uprising (which is distinct from the general Warsaw Uprising or Powstanie, which came in 1944). The monument is about 35 feet tall and its facade depicts men, women and children fighters breaking out of the burning ghetto. They carry guns, handmade grenades, and paving stones. The central figure is a man, wounded in the head and right hand, who is throwing with his left. [Stone on the front of the monument was ordered by Hitler in 1942 to build a victory monument to Third Reich.] The rear of the monument is a stone relief depicting Jews being driven to concentration camps.

According to Polish histories, there were 380,000 Jews in Warsaw in 1939. The 307-hectare ghetto was sealed off on the night of Nov. 15, 1940, and at its peak in the spring of 1941 contained 450,000 people from a population being resettled by Nazis from the hinterlands. Quickly built brick walls enclosed it. By the spring of 1942, alarm spread among ghetto residents on the killings in concentration camps. 100,000 had already died inside the ghetto from starvation and disease. 300,000 were deported to Treblinka between July 22 and Sept. 21, 1942. The uprising occurred in April and May 1943, after a second major relocation on Jan. 18-22), when only 60,000 were left inside. The last holdouts in the sewers were flushed out in the autumn.

SEJM: The Sejm (pronounced SAME) is the lower house of Parliament (Senate is upper, recreated in 1989). Since Parliament is scheduled to recess by July 2, Clinton necessarily will address a special session of some of the Sejm's 460 members and some senators along with the capital's diplomatic corps and President Walesa. This parliament was elected last September. Gore spoke here as have the president of Lithuania and the speaker of Israel's parliament. The lower house chamber or Hall of Debate, rebuilt in 1947, is a handsome and bright room furnished in wooden benches, with fabric upholstery, arrayed in a series of 11 concentric semicircles beneath a 16-meter circular skylight. President Walesa's curtained box is on the balcony to the left of the speaker's stand from the members' viewpoint. The podium from which the president will speak is directly in front of a higher podium on which there are five throne-like chairs. At the center seat, belonging to the speaker of the Sejm, is the towering staff of office which he raps three times to signal order. Behind that is a towering arrangement of bunting that is a brilliant red and a very white, topped by the imperial eagle symbol. Each seat is equipped with electronic voting pad and there are four computerized screens in the room to record ballots. Acoustics in the hall are "far from perfect," parliamentary literature says. At the Entrance Hall the visitor is met with bronze railings in the shape of snakes that surround the room and present their menacing heads at each side of the bottom step.

COUNCIL OF MINISTERS BUILDING: (Meeting with Prime Minister Powlak.) Once a military school. During 1944 uprising Nazis used its gardens for mass executions. Three locations inside. Arrival photo op possibility in large anteroom to his office, in front of white marble fireplace beneath chandelier that looks a bit like a wagon wheel. Two rooms involved in meeting are the Clock Room, dominated by an exquisite grandfather clock whose time was accurate but the date was three days fast. In one corner, by the window, was a sofa, coffee
table and four chairs. The adjacent meeting room has a round wooden
table, tapestri red walls and two torchiere lamps.

POLISH-AMERICAN BUILDING CRAFTS TRAINING CENTER: Clinton may tour
school, with hands-on time with teaching tools, then say some words
just outdoors.

(From fact sheet made available by school director
Jerzy Pieszczurykow) School opened in 1991 in Warsaw, and a second
center opened in Gdynia in September, train some 60 workers at a time
in building crafts (bricklayer, ironworker, plumber, electrician,
roofer, dry wall). Activity is cosponsored by AFL-CIO and Solidarity
with financial support from U.S. Labor Department ($2 million so far,
according to Administrator Vito Skorupski, a Chicago Carpenters Union
official who says they could use another $3 million). Instructors
were trained in U.S. and use American tools and equipment. They
include four-month apprentice level courses and advanced courses of
four or six weeks in special skills such as tile-setting for
bricklayers or copper pipe work for plumbers. School has graduated
some 700 students. It also has graduated 76 people from a small
business course conducted in cooperation with Ohio State University.

From observation and interviews: Former Labor
Secretaries Elizabeth Dole and Lynn Martin have visited the center.
Center operates from a small two-story cinderblock building built by
students at 50 Nasielska, a rutted street beside a railroad track in
an apparently poor neighborhood of deteriorating housing. On the
staircase to the second floor is a plaque from the June 20, 1991,
dedication ceremony, bearing the names of President Bush (who was not
there) and President Walesa (?). It is flanked by an American flag
and a Polish flag. Students were seen tying iron reinforcing rods and
finishing wallboard. Skorupski, who really wanted to talk about the
Cubs' home victory, said students are virtually guaranteed jobs, many
at companies formed by other students who also send in workers for
advanced training. He said they are branching out to include 17-year-
olds in trade school. "It's still kind of primitive yet, but we're
working on it," Skorupski said. One overall objective is to further
unionize construction in Poland. He said the center is helping a
Chicago company (McCue Construction, phonetically) develop information
to bid on a 37-story building in Warsaw and said that if the company
wins the job it has promised to hire subcontractors from the training
school, to require the school's certification for workers hired by
other subcontractors, and to require 100 percent unionization on the
job.

LASIENKI PARK: Possible site of a Visigrad nations' reception,
assumed to be at foreign ministry level with a visit from Clinton who
is said to want them to meet informally enough so he can talk freely
to all the participants. Possibility of including Baltic states.
House toured is called Bathing Apartment (or Bathhouse) but this is a
misnamed 1788 mansion of marble. The park's name apparently is plural
for bathhouses so there must have been others. Salomon's Hall is the
ballroom involved.
FACILITIES

Press hotel is the Hotel Jan Sobieski, which proclaims itself four-star and appears to be exactly that. It is about 1,000 meters down the street from Marriott, where filing center is located and president will likely be staying in one of its 34 "regular" suites or, more likely, the Presidential Suite. (Press may be getting better end of this deal hotelwise, although Marriott is very nice and very American. Sobieski had no rooms large enough for a filing center).

It is two years old, 431 rooms of which 371 are roomy and attractive and 60 tiny singles are really teeny-weeny. All share the same amenities. Most rooms have tubs as well as shower. CNN, satellite TV, hair dryers, mini-bar, 24-hour room service, same-day laundry, non-smoking rooms. Touchtone phones have RJ-11 (computer compatible) modular plugs and a choice of dialing out via hotel's more expensive satellite phone system (dial 60, 20 lines activated when we visited) or using 50 lines to Polish phone system (dial 90) for local call, such as through USA Direct, or direct overseas phones. Rooms run $110 U.S. plus VAT of 22 percent. (Applies to all purchases). Restaurants not sampled, but less choice than at Marriott.

1 Plac Artura Zawiszy
P.O. Box 155
Warsaw, Poland 02-025
Telephone: 658 44 44 or 659 55 01 (Country Code 048, city code 2)
FAX: 659 88 28 (Country Code 048, city code 2)

Marriott (whose third-floor Grand Ballroom is press filing center) has 11 choices of restaurants including the elegant Chicago Grill, the Lila Weneda which has a great breakfast buffet and a different ethnic dinner buffet each night (about $11), the rooftop (40 stories) Panorama Club for late drinks, dessert, jazz, and the Vienna Cafe for light snacks with chamber music.

65-79 Al. Jerozolimskie
Warsaw, Poland 00-697
Telephone: (48)(2) 630-6306
FAX: (48)(2) 630-5239

MISCELLANEOUS

Brush up on decimals. The Polish Zloty uses even more zeroes than the Italian Lire. At the time of our visit 2,200,000 zl=$100. (Next Jan. 1 they are dropping four zeroes which should lower the stress of being a millionaire in anything. Largest notes we saw were 500,000. Change is rounded off and people don't bother with 1,000 Zl notes.)

Walesa and Clinton share the passion of crossword puzzles, although it is doubted that Mr. Clinton does his in Polish.

Those looking for a drink should not necessarily steer into a "koktajl bar," since a cocktail in Poland is a milkshake and such places are sort of dairy bars. There are at least two casinos in Warsaw, one in the Marriott and one virtually across the street.
Poland’s VAT of 22 percent is added to everything. Tips are generally not included in restaurant bills unless the party is unusually large in which case the menu will note it. Apparently 10 percent is considered an average meal tip.

Serious runners suggest limiting Warsaw jogs to 20 minutes because of pollution.

Shoppers are advised by local experts to beware of apparent antiquities since virtually everything pre-1945 in Warsaw and environs was destroyed or stolen. Authenticate anything really expensive, including religious panels, silver, etc.

END PRE-ADVANCE REPORT (as of May 17, 1994)

Frank Murray
Office: 202-628-1184

SCHEDULES FOR NEWS PLANNING USE ONLY (NOT FOR PUBLICATION)
OTHER DATA NOT FOR USE PRIOR TO TRIP BRIEFING OR SUNDAY, JULY 3, 1994

#####
Clinton will take overseas a new strategy for building unity and security.

Soviet Union's collapse. Its critical objective remains the fashioning of a cooperative relationship between the West and Russia, but it recognizes that this goal is compatible with the progressively deepening of Europe's political unity and the expansion of its security perimeters. Indeed, simultaneous containing friendly links with Russia and enhancing Central Europe's security is likely to prove more productive than concentrating on one or the other.

The theme of reconciliation will be especially resonant in Warsaw. The Poles are about to observe the 50th anniversary of the 1944 Warsaw uprising, which was suppressed by the Germans after 63 days of fighting while the Russians sat passively on the other side of the Vistula River. By contrast, with the Normandy events, the Poles have wisely invited both the German and the Russian leaders to symbolize their desire for genuine reconciliation. The President will thus have an ideal setting to make it clear that reconciliation and wider security are linked.

The theme of reconciliation will also resonate with the Czechs. Mrs. Vaclav Havel, the leading dissident, has indicated that it favors the expansion of NATO into the geopolitical no man's land between itself and the Russian Federation. Under these circumstances, the President will have the opportunity to stress two critically important themes: that the expansion of NATO is a natural process, closely connected with the widening of Europe's unity, and that any such expansion will reinforce a stable relationship with Russia. After all, the reconciliation of Central Europe and Russia is likely in a setting of security than in a geopolitical vacuum. Mr. Clinton might add that an expanding NATO would be prepared to undertake a special treaty relationship with Moscow, commensurate with Russia's status as a major power and now also a friendly one.

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The President would deliver a speech in the Main Chamber of the Sejm (the lower house), located at the parliament complex on Wiejska street two blocks from the U.S. Embassy in downtown Warsaw. Either before or after the speech he would meet the Marshals of the Sejm and Senate in their offices near the Chamber. The President would also hold a separate meeting with Prime Minister Waldemar Pawlak in an official meeting room in the parliament building.

The President will be speaking to a very receptive audience. One indication of the warmth of the welcome they are extending is the Sejm leadership's decision on June 7 to hold a special session of the Sejm, to which the Senate will be invited, for the occasion of the speech. The Sejm's planned summer adjournment will be delayed for several days to accommodate the event. The parliament will be looking to the president to reaffirm the U.S. commitment to the security and economic development of Poland and the CEE region, and for reassurance that the U.S. will lead NATO toward accepting Poland as a member. However, among the nearly two-thirds of the combined membership of the Sejm and Senate who belong to parties associated with the former Communist regime, there are a number of figures, including the Marshal of the Sejm Jozef Oleksy, who have been publicly skeptical about relying too much on the U.S. to push Poland's integration with the West.

Poland's bicameral Parliament consists of the Sejm (the more powerful lower house) and the (largely advisory) Senate. Parliament has occupied its current site since 1918, prior to which it served as a school for the daughters of Russian imperial officials. A meeting hall for the Sejm was added in the late 1920's, but the hall and most of the original buildings were destroyed during World War II. Reconstruction work was completed in 1952. The complex houses nearly all of the chambers and offices necessary for the functioning of the legislature on one contiguous site, including the Main Chambers of the Sejm and Senate, offices of the Parliamentary committees, offices for all parties represented in Parliament, offices for the Constitutional Court, and a hotel for parliamentarians from outside of Warsaw. It also has a row of official meeting rooms along the main "columned" upper floor corridor used for committee meetings, and its largest room other than the main chamber is the Hall of Columns on the main floor off the lobby, often used for press conferences and other large public meetings.

The Main Chamber of the Sejm where the President's speech would take place seats 546 people on the main floor and approximately 200 in the gallery, accessed from upper floor. Two huge swathes of red and white, the Polish national colors, run vertically behind the speaker's podium, with the Polish emblem -- a white eagle on a red shield -- in the center. The President would enter the chamber through one of two holding rooms whose doors open on either side of