Presidential Directive/NSC-21

TO: The Vice President
    The Secretary of State
    The Secretary of Defense

ALSO: The Secretary of the Treasury
       The United States Representative to the United Nations
       The Director, Office of Management and Budget
       The Chairman, Council of Economic Advisors
       The Director, Arms Control and Disarmament Agency
       The Chairman, Joint Chiefs of Staff
       The Director of Central Intelligence

SUBJECT: Policy toward Eastern Europe (C)

The President has directed that policy toward Eastern Europe should be based on the objectives of working with governments of the region to enhance their independence internationally and to increase their degree of internal liberalization. To that end, the United States will demonstrably show its preference for Eastern European countries that are either relatively liberal internally or relatively independent internationally.

For the principal countries of the region (excluding Yugoslavia), this policy will reflect the following general guidance:

--- Poland and Romania will continue to receive preferred treatment with regard to visits by government officials, and in handling economic issues and various exchange programs. We should examine ways to ameliorate the Polish debt situation, should it continue.

--- Relations with Hungary will be carefully improved to demonstrate that its position is similar to Poland and Romania. The United States will indicate its willingness to return the Crown of St. Stephen, providing the Hungarians
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will give acceptable assurances about its continuing display. Subsequent to
the return of the Crown, the United States will enter into negotiations for a trade
agreement with Hungary, including a provision for a waiver of the Jackson-Vanik
amendment, provided Hungary gives adequate assurances consistent with the
spirit of the Jackson-Vanik provision.

-- Relations with Bulgaria, Czechoslovakia and the GDR will remain limited
until there is demonstrated progress along one of the two dimensions mentioned
above. No particular initiatives toward any of the three will be taken, nor will
there be indications of willingness to grant MFN. That does not preclude
continuing efforts to put formal bilateral relations in a somewhat more normal
basis: e.g., through US naval port visits to Bulgaria, or through negotiations
with Bulgaria over outstanding bond debts, with Czechoslovakia over nationalization
claims and with the GDR over a consular convention and claims. The results
of such negotiations must be justified on their own merits, and must not dilute
the basic differentiation. Any other specific steps taken to improve U.S.
relations with those three countries must tangibly and demonstrably advance
specific U.S. interests.

This policy is aimed at producing stability, progress and the enhancement
of security throughout the region, pointing toward reconciliation between
both halves of Europe.

[Signature]

Jimmy Carter