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2009-0275-S

FOIA Number:
2009-0275-S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: Presidential Correspondence Files
Subseries: Presidential Memcons Files

OA/ID Number: 91108
Folder ID Number: 91108-002

Folder Title:
Presidential Meetings - Memorandum of Conversations 9/25/90 - 10/31/90

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	1	2

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memcon	Re: Meeting with Prime Minister Cavaco Silva of Portugal (8 pp.)	9/25/90	(b)(1)	S
02. Memcon	Re: Meeting with President Ozal of Turkey (6 pp.)	9/25/90	(b)(1)	S
03. Memcon	Re: Meeting with Zhelyu Zhelev, President of Bulgaria (2 pp.)	9/28/90	(b)(1)	S
04. Memcon	Re: President's Plenary Meeting with the Amir of Kuwait (4 pp.)	9/28/90	(b)(1)	S
05. Memcon	Re: Memorandum of Conversation with President Cesar Gaviria Trujillo of Colombia (6 pp.)	9/29/90	(b)(1)	S
06. Memcon	Re: Meeting with Prime Minister Salim al-Huss of Lebanon (3 pp.)	9/29/90	(b)(1)	S
07. Memcon	Re: Meeting with President Violetta Chamorro of Nicaragua (3 pp.)	9/29/90	(b)(1)	S
08. Memcon	Re: Meeting with Prime Minister Mulroney of Canada (3 pp.)	9/29/90	(b)(1)	S
09. Memcon	Re: Meeting with Prime Minister Mazowiecki of Poland (4 pp.)	9/29/90	(b)(1)	S
10. Memcon	Re: Memorandum of Conversation (6 pp.)	9/29/90	(b)(1)	S

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Collection:

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Office: Scowcroft, Brent, Files

Series: Presidential Correspondence

Subseries: Presidential Memcons

WHORM Cat.:

File Location: Presidential Meetings - Memorandum of Conversations 9/25/90 - 10/31/90

Pinksheet Number: cap921

OA/ID Number: 91108-002

Date Closed: 1/27/2009

FOIA/Sys Case #: 2009-0275-S

Re-review Case #:

P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
11. Memcon	Re: Meeting with President Vaclav Havel of Czechoslovakia (3 pp.)	9/30/90	(b)(1)	S
12. Memcon	Re: Meeting with King Baudoin of Belgium (2 pp.)	9/30/90	(b)(1)	C
13. Memcon	Re: Meeting with Prime Minister Felipe Gonzalez of Spain (4 pp.)	9/30/90	(b)(1)	S
14. Memcon	Re: Memorandum of Conversation with President Carlos Salinas of Mexico (5 pp.)	9/30/90	(b)(1)	C
15. Memcon	Re: Meeting with President Jovic of Yugoslavia (3 pp.)	10/1/90	(b)(1)	S
16. Memcon	Re: Meeting with Foreign Minister Shevardnadze of the Soviet Union (5 pp.)	10/1/90	(b)(1)	S
17. Memcon	Re: Meeting with Secretary General Javier Perez de Cuellar of the United Nations (4 pp.)	10/1/90	(b)(1)	S
18. Memcon	Re: Memorandum of Conversation (3 pp.)	10/1/90	(b)(1)	C
19. Memcon	Re: Memorandum of Conversation with President Collor of Brazil (5 pp.)	10/1/90	(b)(1)	C
20. Memcon	Re: Meeting with Prime Minister Giulio Andreotti of Italy (5 pp.)	10/1/90	(b)(1)	S
21. Memcon	Re: Memorandum of Conversation (5 pp.)	10/1/90	(b)(1)	S

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22. Memcon	Re: Memorandum of Conversation with President Cristiani of El Salvador (5 pp.)	10/1/90	(b)(1)	C
23. Memcon	Re: Meeting with President Carlos Saul Menem of Argentina (5 pp.)	10/1/90	(b)(1)	C
24. Memcon	Re: Meeting with President Carlos Andres Perez of Venezuela (5 pp.)	10/1/90	(b)(1)	C
25. Memcon	Re: Meeting with President Luis Alberto Lacalle of Uruguay (4 pp.)	10/1/90	(b)(1)	C
26. Memcon	Re: Meeting with General Mikhail Moiseyev of the USSR (3 pp.)	10/2/90	(b)(1)	S
27. Memcon	Re: Memorandum of Conversation with President Patricio Aylwin of Chile (5 pp.)	10/2/90	(b)(1)	C
28. Memcon	Re: Meeting with Jonas Savimbi, Leader of UNITA of Angola (4 pp.)	10/2/90	(b)(1)	S
29. Memcon	Re: President's Meeting with Prince Saud Al-Faisal, Foreign Minister of Saudi Arabia (6 pp.)	10/9/90	(b)(1)	S
30. Memcon	Re: Meeting with Prime Minister Antall of Hungary (4 pp.)	10/18/90	(b)(1)	S
31. Memcon	Re: Meeting with Prime Minister Jozsef Antall of Hungary (3 pp.)	10/18/90	(b)(1)	C

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
32. Memcon	Re: Meeting with Jaime Jose Serra, Secretary of Commerce and Industrial Development of Mexico (2 pp.)	10/26/90	(b)(1)	C
33. Memcon	Re: Meeting with Cardinal Casaroli of the Holy See (4 pp.)	10/31/90	(b)(1)	S

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memcon	Re: Meeting with Prime Minister Cavaco Silva of Portugal (8 pp.)	9/25/90	(b)(1)	S

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Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons

WHORM Cat.:

File Location: Presidential Meetings - Memorandum of Conversations 9/25/90 - 10/31/90

Document Partially Declassified
 (Copy of Document Follows)
 By CEA (NLGB) on 10/16/10

Date Closed:	1/27/2009	OA/ID Number:	91108-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2000-0429-F(232)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	8/21/2009	MR Disposition Date:	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 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. Removed as a personal record misfile.

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

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THE WHITE HOUSE
WASHINGTON



MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Cavaco Silva of
Portugal (U)

PARTICIPANTS: The President
James Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Marlin Fitzwater, Assistant to the President
and Press Secretary
Everett Ellis Briggs, U.S. Ambassador to Portugal
Adrian Basora, Director for European Economic
Affairs, NSC Staff (Notetaker)

Anibal Antonio Cavaco Silva, Prime Minister
Antonio Martins da Cruz, Diplomatic Adviser to the
Prime Minister

DATE, TIME September 25, 1990, 10:00-11:05 am
AND PLACE: The Oval Office

During the photo opportunities there was a brief personal exchange during which the President said that he hoped to get the Prime Minister back to Kennebunkport. The President, making an exception to his normal rule, answered a press question as to whether he was satisfied with the Portuguese contribution in the Gulf crisis. He said that he was very satisfied. (U)

The President: Where shall we start? I will be happy to talk about any subject you would like. I am glad to see Ted Briggs back here. (U)

Prime Minister Cavaco Silva: I want to express my strong support for what you are doing in the Gulf. Without U.S. action, Saddam Hussein would have imposed a fait accompli. Therefore, Portugal strongly supports U.S. policy in the Gulf. If a large country can invade a small one, we can never be secure. (S)

We support U.S. and EC actions. At the start of the conflict, we were about to start work on an Iraqi tanker in Lisbon harbor. The situation was complicated because 10 Portuguese workers were already on board, but we managed to get them off and have not done any work on the ship. (S)

I also want to congratulate you on your Helsinki meeting with Gorbachev. (S)

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The President: The significance of Helsinki was that it showed that there was no division possible between the U.S. and the Soviet Union. It sent a good signal to all -- to the EC, to Portugal, to U.S. public opinion, and to Saddam Hussein. (S)

Prime Minister Cavaco Silva: Now the problem is to achieve Iraqi withdrawal from Kuwait. (S)

The President: What do you think? How do you see this ending? Obviously we want a peaceful solution. Obviously, of course, if there is a provocation it's a different ball game. (S)

Saddam Hussein is hardening his position. He is dismantling Kuwait not only physically by moving out equipment, but he is also trying to obliterate the population. He is eliminating the records of all those who have left the country. (S)

Prime Minister Cavaco Silva: Everyone is doubtful as to whether the sanctions will work, but all say that we must put all our strength into the sanctions. The UN approach is necessary in order to maintain cohesion. I noticed Mitterrand's speech yesterday. (S)

The President: What did you think of it? I didn't read it the same way some did. (S)

Secretary Baker: He did mention that, if Saddam Hussein agreed to leave Kuwait, then everything was possible, and he did mention other Middle East problems. (S)

Prime Minister Cavaco Silva: I think it is important to Mitterrand to show an independent approach. He does not want to be seen as simply following the U.S. (S)

The President: I feel sorry for King Hussein, but I am also somewhat disappointed. (S)

Secretary Baker: Italy is sponsoring a conference for all of the Arab countries, but it is not inviting Iraq. (S)

Prime Minister Cavaco Silva: There is discussion of intensifying our dialogue with the Arab countries; I believe it is a conference on security in the Mediterranean. (S)

The President: On Saddam Hussein, I am absolutely determined that there can be no compromise without his leaving Kuwait and without having Kuwait's rulers restored. I realize that this presents a problem because many say that the Kuwaitis were stingy and its rulers are unloved. Therefore, there is a tendency toward erosion. But the Sabah family must come back, or else we will have set a dangerous precedent. But I know some people, including in the U.S., who are probing as to compromises that would go against this principle. (S)

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Prime Minister Cavaco Silva: Yes, they are probing. But we cannot accept such an outcome. This crisis shows the weakness of Europe. If the U.S. had not acted, we could not have done so.
(S)

The President: How about public opinion in Portugal, especially among the young? Do they support or oppose the U.S. sanctions?

Prime Minister Cavaco Silva: They strongly support it.

Secretary Baker: Do you see opinion eroding or holding firm if there is a prolonged stalemate?

Prime Minister Cavaco Silva: Europeans have gotten used to peace, economic growth and having no problems. They are expecting a new era of peace. But I think opinion will remain supportive nevertheless.

Secretary Baker: Would opinion hold better if there were a prolonged stalemate, or if rapid military action were taken?

Prime Minister Cavaco Silva: It is hard to say. At the beginning, we expected Saddam Hussein to invade Saudi Arabia. Europe will defend a peaceful solution, under UN auspices. This, people can support. But if we take things outside of UN cover or interpret the UN resolutions ambiguously, then we may have trouble with public support.

The President: But Mitterrand has said that we are in a "logic of war". Has he repeated this recently?

Prime Minister Cavaco Silva: He has repeated it two or three times, but it was not in the logic of his UN speech.

The President: I worry about Saddam Hussein's propaganda effort, pretending that the US is looking for a pretext for inserting its forces permanently in the Gulf. This is false. We don't want to leave a permanent force there and we have said so. But we have to keep repeating this in order to make it clear that Iraq's propaganda is false.

Prime Minister Cavaco Silva: We must also make it clear that this is not the US or the West against Iraq. It is the civilized world against Iraq.

The President: Our own press is trying to make it into a Bush versus Saddam Hussein conflict, but this is wrong and we will keep refuting it.

Prime Minister Cavaco Silva: Do you think that the embargo is having a real effect?

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The President: We think so but there may be a difference in effect in different areas. Ozal said weeks ago that it was having an impact but I think he was too optimistic then. I think that now it is having an impact, however, although we don't know for sure. (S)

Prime Minister Cavaco Silva: Saddam Hussein is not getting any hard currency. Therefore, it is very difficult for him to make purchases and break the blockade. I am told that he got \$2 billion from Kuwait, but this is not enough to maintain significant imports. (S)

Secretary Baker: The Soviets think that the embargo will take two months to have an impact. That is, two months from when I saw Shevardnadze in Moscow. (S)

The President: Food is a problem. Saddam Hussein can conjure up the problem of starving children or in fact it can be a real problem. (S)

Prime Minister Cavaco Silva: And Saddam Hussein is just the kind of man to let children starve. (S)

The President: Yes, he is cruel. Also, there's a question of what he will do if he feels cornered. It is hard to predict. Would you like to talk about Angola? (S)

Prime Minister Cavaco Silva: I do want to talk about Angola. The negotiations began their fourth round today, with U.S. and Soviet observers present for the first time. There are two baskets, and the Angolan government has accepted linkage between the two. UNITA wants explicit recognition. I was informed as of an hour ago that the negotiations are proceeding in a good atmosphere. (S)

The President: Who is attending for each side? (S)

Prime Minister Cavaco Silva: UNITA is represented by its top military man. (S)

Secretary Baker: This is the first time that the U.S. and the Soviet Union participate. (S)

Prime Minister Cavaco Silva: This is also the first time that they are discussing a cease-fire. I am told that they had good talks this morning. (S)

I ask that the U.S. government be committed to this process. Assistant Secretary Cohen is working with UNITA, and the government of Angola has shown some flexibility, as has UNITA. They have talked about specific concessions. (S)

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Can we have a word about Mozambique? (S)

The President: Yes. (S)

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There is a problem of bilateral relations that I would like to mention. I want to start the base negotiations in a very positive way. But, if the commitments made during the 1983 agreement are not kept, this will be a political problem. U.S. assistance was stable under the Socialists, but it has been declining since I have been in office. (S)

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Prime Minister Cavaco Silva: I have been asked to visit the European Subcommittee of the Congress. (S)

The President: Oh, that is Lee Hamilton. You should tell him frankly about the problem. (S)

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Secretary Baker: Yes, you should go up there and level with him.
(S)

The President: I understand you were just in Tokyo? (S)

Prime Minister Cavaco Silva: Yes, and I was pleased that Kaifu will be providing \$4 billion of assistance in the Gulf. (S)

The President: I like Kaifu. He has exceeded my expectations in providing help for the Gulf crisis. (S)

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Ozal of Turkey (U)PARTICIPANTS: The President
James A. Baker, Secretary of State
Nicholas Brady, Secretary of Treasury
Richard Cheney, Secretary of Defense

Turgut Ozal, President of Turkey
Nuzhet Kandemir, AmbassadorDATE, TIME September 25, 1990, 11:30am - 1:30pm
AND PLACE: Family Dining RoomPresident Bush: Tell me about Tariq Aziz (S)Ambassador Kandemir: He is close to Saddam Hussein. (S)President Bush: Would he tell Saddam bad news. Some say no one will tell him bad news. (S)Ambassador Kandemir: It is difficult but Aziz would be the right man. (S)President Bush: I'm interested in the comments you make of the Iraqi military. We're trying to assess it - have to look at the worst case. I'm interested in what you think. They have never fought with long supply lines or against air superiority. (S)Ambassador Kandemir: They are very tough - they would inflict heavy casualties on the other side. One must be very careful. (S)President Bush: That's discouraging. (S)President Ozal: I don't think they are so strong. They have lost a lot of equipment. I was there during Iran-Iraq war - they didn't really win very much. They couldn't even stop oil shipments. Kuwait was taken by a special guard. (S)Ambassador Kandemir: I was Ambassador to Kuwait. There were many Iraqi deserters during the Iranian war. They don't have water, blankets. (S)~~SECRET~~

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PER E.O. 12958,
AS AMENDED

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President Bush: Do you think they are undisciplined? (S)

President Ozal: Yes, except the guards. (S)

Ambassador Kandemir: They are in general very disciplined. (S)

President Ozal: The number of prisoners of war in Iran are much greater than in Iraq. (S)

Ambassador Kandemir: That's because the Iraqi's killed them. (S)

President Bush: We are worried about the dismantling of Kuwait. Can it bounce back? (S)

President Ozal: The Kuwaitis will know who is a Kuwaiti. (S)

The Kuwaitis are keeping records - though it is difficult to prove legally. Kuwait has 10-15 key families - many failed. Very delicate - this is why Saddam will prepare referendum. (S)

President Bush: You hear more and more talk - people are looking for a short answer. (S)

President Ozal: I told Mitterrand there can be no negotiation until they withdraw completely. (S)

President Bush: As time goes on you may hear more of this - we want to see more Syrians and Egyptians on the ground so it doesn't look like the US, UK, France against the Arabs. We are pleased the Egyptians and Syrians are moving. (S)

Secretary Baker: Both Egypt and Syria would be willing to send more forces - that's my impression. One Egyptian division is enroute - central Syrian deployment. (S)

Secretary Cheney: The logistical chain is important. The Syrians have quality forces but when you move them they don't have basic supplies. (S)

Secretary Baker: Equipment support from Germany may be taken from East Bloc forces - it may go to the Syrians. (S)

President Ozal: You shouldn't worry whether your force is small or large. They will make a lot of it - but this propaganda is not effective. (S)

President Bush: How about in Jordan? (S)

President Ozal: There the problem is the Palestinians. I don't think in most places Saudi Arabia, the Gulf - (S)

President Bush: How about along the Nagreb? Tunisia has been disappointing. Maybe because of the Palestinians. One other area we're concerned about is the financial. Secretary Brady has

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worked with the banks to cut down on illegal transfers especially the Bank of Jordan. Nick, is it better? (S)

Secretary Brady: Yes, much better. (U)

President Ozal: I mentioned to Secretary Brady - the debt we are paying. Everyone talks about the Frontline States. The banks started to pull out. We are not in a situation like Jordan or Egypt. I hope these missions that Brady and Baker worked out will help Turkey. Do we have a mechanism? (S)

Secretary Brady: There is a mechanism. It will meet tomorrow to get donors together. (S)

Secretary Baker: It is advisory. Countries want to do this bilaterally. Having solicited contributions we just want to work toward equitable distribution. Germany will do some things directly. We are pleased the Soviets have behaved as they have - what to you think? (S)

President Ozal: What they have done is reasonable. We can't ask more. (S)

Secretary Baker: We're adopting a tough resolution at the UN today - an air blockade and willingness to adopt other measures down the line. (S)

President Bush: What does it say? (U)

Secretary Baker: Full compliance with respect to air; countries are asked not to grant overflight if they suspect diversion to Iraq. (S)

President Bush: Who are the culprits? (S)

Secretary Baker: Libya. (S)

President Ozal: We need to look at sanctions for countries violating these sanctions. (S)

President Bush: We're not going that far this afternoon. We are talking about possibly doing that. (S)

President Ozal: Some Gulf states are talking about oil on credit. I talked to Brady - we must do something about the price of oil. We have increased gasoline prices by 65%. Maybe we can take action - announce the Saudis will increase production or ready to use reserves. (S)

Secretary Baker: Supplies will be drawn down in the third quarter. Japan, Germany, and the US would all have to do something. Even so, price is not being set by supply and demand but by speculation. (S)

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President Ozal: The Japanese are ready to do something. (S)

The French say they are looking for joint effort in purchasing oil. (S)

Secretary Brady: Speculation is in paper barrels of oil. (S)

President Bush: A strong statement that speculators will be hurt may help. We need to make a soothing statement. (S)

Secretary Brady: I think we can do something to knock the price down. (S)

President Bush: Dick, did you talk to the President about the situation on the ground? (S)

Secretary Cheney: We estimate now - 430,000 ground troops, 9 out of 12 are armored mechanized divisions - 1/2 in Kuwait; 1/2 just outside. (S)

President Bush: How many are reserves? (S)

President Ozal: Many must be very young because 48 percent are under 14. The total population is 18M. They must be almost down to the bare bones. (S)

Secretary Cheney: The size of military/proportion to population - they have larger percent in military than North Korea. (S)

Ambassador Kandemir: They call it the Popular Army - they are under command of the number 3 man. (S)

President Bush: What happens if Saddam drops dead? Who would take over? (S)

President Ozal: There would be dissent - there is no number two. (S)

Ambassador Kandemir: He controls the Ba'th party, the Army. (S)

President Bush: Maybe it's too optimistic to expect a more reasonable regime. (S)

President Ozal: After Saddam there may be a better situation. (S)

Ambassador Kandemir: But after a period of uncertainty. (S)

President Ozal: There was a good analysis in the Wall Street Journal. (U)

President Baker: How is your health? (U)

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President Ozal: Very good. (U)

President Bush: If you learn anything at the UN - I want to hear from you. (U)

President Ozal: There is too much exaggeration. Iraq is a third world country. The media exaggerates. (S)

Secretary Baker: Good news isn't news. (U)

Secretary Baker: If Iraq is a third world power - Does Saddam understand that? Will he act accordingly? If I knew this - I would be cautious in face of the alliance he faces. (S)

President Ozal: He thinks he won't have to. Do you see he is attacking you, Thatcher, Mubarak - but not Turkey, Syria - there is rationality there - as time goes on - he may start to try to bargain. (S)

President Bush: What worries me - we've come together on the same terms - get out of Kuwait - status quo ante - what if he said OK - Our people would say great - but in that part of the world people would worry. (S)

President Ozal: You should ask for reparations. (S)

President Bush: Many are saying already our terms are too tough. My point is that we cannot commit a war of aggression - but if he accepts terms - then what do we do? People would worry in the region. Something else needs to be on the table. (S)

Ambassador Kandemir: He is not going to withdraw. When he does something - he doesn't retreat. (S)

Suppose he takes the long view - he can use his power over time - he is saying let us share - have versus have not. (S)

President Ozal: If he pulls out - he cannot make this agreement. (S)

President Bush: He's sitting there with chemicals, biological weapons - a nuclear plant. He's reckless - unless a peacekeeping force comes along there may be disquiet - it may not be enough that we're asking. What is your view on timing of sanctions? (S)

President Ozal: Three-four months time - then there will be a pinch. (S)

President Bush: Is there any way that pressure could cause him to change his behavior - cause him to be kicked out? (S)

President Ozal: It is not tested? But if people become hungry - unrest could follow. Mr. President, you should come to Turkey. (S)

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President Bush: I accept - before you change your mind - I will be in Turkey before the end of 1991 - that's a commitment. Given the steadfastness of Turkey - my respect for you - I want to do it when it's beneficial to you. (C)

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THE WHITE HOUSE

WASHINGTON

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DECLASSIFIED
PER E.O. 12958,
AS AMENDED

2000-0429-F
TR 8/21/09

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Zhelyu Zhelev, President of Bulgaria (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President
for National Security Affairs
Kenneth Hill, Ambassador to Bulgaria
Robert L. Hutchings, Director for European
Political Affairs, NSC Staff (Notetaker)
Azalea Rosholt, Interpreter

Zhelyu Zhelev, President
Ognian Pishev, Adviser to the President
Ivan Trifonov, Chief of the President's Staff

DATE, TIME September 28, 1990, 10:05 - 10:15am
AND PLACE: Oval Office

The President: Thank you for your government's solidarity
against Iraq. We are very appreciative. (U)

President Zhelev: Mr. President, I'm very grateful for the time
you have spared to receive us, considering your busy schedule.
It is a great support for our young democracy. (U)

The President: We're wishing that young democracy all the best.
The American people are very excited about the changes. Are you
pleased with the way things are going at home? (U)

President Zhelev: Generally, yes. Our country has embarked
firmly upon the road of democracy. And for our nation this is a
symbolic visit because the greatest democracy in the world is
extending a helping hand to the youngest democracy in Europe.
(U)

President Bush: We're very anxious to see democratic change
solidified. We have great respect for what you're trying to do -
- a great respect for that. I just wanted to have a chance to
wish you well, and to say in front of the press here in our
country and around the world that the changes in Eastern Europe
have really captured the imagination of the American people. (U)

Every place you go people are talking about it. I've been
meeting the last couple of day in our Midwest with ethnic
Americans from different heritage groups, and the excitement is
still very high -- very high. (U)

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President Zhelev: The processes in Bulgaria are irreversible. Mr. President, this country is no longer a communist, a totalitarian state. We have a multiparty system, for instance, and we have independent trade unions, a free press, independent radio and television, a democratically-elected parliament, and a democratically-elected President. (U)

President Bush: It is this kind of exciting change that has the full support of the American people. I hope you feel that in your visit now. (U)

President Zhelev: We are at a critical stage, which coincides with an economic crisis. (U)

The President: I hope we can be helpful through the international financial institutions and trade missions, but the best hope is in revitalizing the private sector as a magnet for foreign investment. (U)

Have you given your speech yet at the UNGA? (U)

President Zhelev: Not yet, I will be addressing the UNGA the 2nd of October. (U)

The President: I hope you have a little different schedule from mine. I love these meetings, but it will be exhausting for you because so many will be interested in seeing you there. (U)

President Zhelev: I welcome the chance for such contacts, which will help build a new image for Bulgaria. (U)

The President: It will be a wonderful chance. I was Ambassador there for two years and learned more than I could have anywhere else. Is this your first visit to the UN in an official capacity? (U)

President Zhelev: Yes, on my last visit, I came as head of the Bulgarian opposition. My return as President is indicative of how fast things have moved. (U)

The President: We have our hands full with the Middle East and the budget, but I want to assure you we want to be helpful in any way we can. I am sure we can move forward in lots of ways. I look forward to working with you in the future. I am so glad this visit worked out. (U)

-- End of Conversation --

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President's Plenary Meeting with the Amir of
Kuwait (U)

PARTICIPANTS: The President
The Vice President
Nicholas Brady, Secretary of Treasury
Richard B. Cheney, Secretary of Defense
James D. Watkins, Secretary of Energy
Brent Scowcroft, Assistant to the President
for National Security Affairs
General Colin L. Powell, Chairman,
Joint Chiefs of Staff
William Webster, Director, Central
Intelligence Agency
Lawrence Eagleburger, Acting Secretary
of State
Robert Gates, Assistant to the President
and Deputy for National Security Affairs
Richard N. Haass, Special Assistant to the
President and Senior Director for Near
East and South Asian Affairs
Edward Gnehm, Jr., Ambassador-Designate to Kuwait
Sandra Charles, NSC (Notetaker)

Sheikh Jaber al-Ahmed Al-Sabah, the Amir
Sheikh Sabah al-Sabah, Deputy Prime Minister
and Foreign Minister
Sheikh Ali Al-Khalifa, Minister of Planning
Sulaiman Al-Mutawwa, Minister of Planning
Abdul Rahman Al-Ateeqi, Advisor to the Amir
Sheikh Saud Naser Al-Sabah, Ambassador to U.S.
Abdulaziz Al-Sharekh, Ambassador to Tokyo and
Advisor
Tawfeeq Al-Nasser, Assistant Under Secretary,
Interpreter

DATE, TIME September 28, 1990; 12:00 - 12:30 p.m.
AND PLACE: Cabinet Room

The President: The Amir and I have been discussing the current situation in Kuwait. Before I was shocked, and now I am even more shocked at the brutality of Saddam Hussein's forces to the people in Kuwait. Inside I had a chance to reaffirm to him our commitment that Saddam Hussein will go out, and the rightful

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rulers will be restored. I also didn't thank you in there for your generous support for Desert Shield. With Secretary Cheney here and the Chairman, I want you to know how much we appreciate that. I also want to thank you for your part in helping others that have been most hurt by the sanctions. You feel like we do that it sends a strong, good message around the world. (S)*

I also want to tell you how moved we all were with your reception at the United Nations. I think it sent the clearest signal to Saddam Hussein ever sent on how the world feels about his aggression. (S)

I also am concerned about the success of Saddam Hussein's propaganda, not in our country but others. He is making it the Arab world against the United States. No one knows better than you that is not the case. (S)

Now with those opening comments, I will turn the floor over to you. You and your associates can make statements if you care to and I also am happy to answer your questions. We are all working to fulfill the commitments we've made. We have moved a lot of force into that area. I know there is a sensitivity to that but with your welcome and King Fahd's and the GCC states, our people feel welcome. And they will conduct themselves in a way to see that welcome continue. Now I'd like to hear from you and to respond to your questions. But the main thing is that I am glad you are here and that you came to Washington. (S)

Amir Jaber: Thank you, Mr. President, for your remarks. There is no doubt and let me repeat this that we welcomed and do welcome the U.S. forces and we consider these forces are there not to occupy the area but to liberate a country -- a small country, a peaceful country that a larger, more powerful country wanted to solve the problems between us by occupying a smaller country, not by negotiations or talks around a negotiating table. This principle, if we are quiet about it, means a new law for the world, that each country that is stronger, instead of solving problems at the negotiating table could annex it. That was the way of the Middle Ages, not the twentieth century, when the superpowers are cooperating regardless of political differences, as is the case now between the United States and the Soviet Union. (S)

The support for our delegation at the UN is clear evidence that the world rejects this approach for a large country to occupy a smaller one. Thank you again and I leave the floor to any one else to talk. (C)

The President: Let me ask the Secretary of Defense to comment on the military perspective and maybe the Chairman also could in broad terms. I told His Highness that we are still moving in forces, they are not all there. (S)

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Secretary Cheney: Your Highness, there are two things we are watching closely. Our own buildup has gone smoothly. There are 170,000 personnel in the region, three aircraft carriers, and the equipment and support including armor and tanks. On the Iraqi side, I've been impressed with the size of their force in Kuwait and southern Iraq. We estimate they have in excess of 400,000 troops in Kuwait. The best we can tell is that they have deployed in a defensive posture and on short notice. Our buildup will continue until the commander on scene says that there is enough force. (S)

General Powell: Let me start by saying the buildup has gone well. The troops are adjusting and doing operational training well in the desert. In their training activity, they are working with some Kuwaiti forces to improve their readiness and training. We will make sure we are doing what we can to assist your air force and your brigade. On sea actions, they are doing a very good job stopping commerce to and from Iraq. A number of ships have been challenged, and no oil is getting out. I think the importance of that is we are seeing vividly the difficulty they are having dealing with food and material not coming in. We will continue to work to enforce sanctions. (S)

The President: Who on your team is the best one to give us an appraisal of how you view Saddam Hussein's military, how effective a force they are? They are big, as the Secretary said, but the one question widely debated is how good are they. Can anyone comment? It would be interesting to hear this. (S)

Amir Jaber: The information we have and the information we receive daily from Kuwait and the people who go back -- as individuals not as families -- what we hear them say is that the road leading north is occupied by heavy troop concentrations, such as armored personnel carriers and tanks. But they didn't see any such tanks near the Saudi border, and even along the Kuwaiti coastline, they said these forces were in certain locations but not as concentrated a presence of these troops as there was twenty days ago. They are not military but ordinary individuals. Kuwait is a small country and it is impossible for a big number of soldiers and large amount of weapons to disappear in Kuwait. But the Secretary with his satellites may see things other than what we are receiving. (S)

The President: I would appreciate it if Colin could give you a rough estimate and more detail later on the numbers and quality of the forces. (S)

General Powell: I agree with your assessment along the Kuwaiti-Saudi border. There is infantry not armor or mech, and along the coast there is infantry. From the coastline across Kuwait and north toward Iraq there are five infantry divisions deployed. Then behind them reinforcing the delta is armor and mech in northern Kuwait and southern Iraq. Along the Iraqi-Kuwait border are the republican guard divisions. They are

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the most capable divisions for Saddam. Along the border, there are infantry divisions for reinforcement. Regular army units are north of Kuwait city, what we call second echelon forces. The republican guards and others are along the way going further north toward Basra at the end of what we call the theater of operations. That is approximately 435,000 troops including support elements. (S)

Amir Jaber: If combination of spirit and willingness to fight, based on what we hear and what is practiced in Kuwait, many troops don't want war. Many soldiers are selling their arms to Kuwaitis simply to get civilian clothes and flee. How much do you know about that? (S)

General Powell: I believe that units along the border are having difficulty based on reports we get from Saudi Arabia as soldiers cross to get something to eat and drink. Morale is not high. It is hard for them to supply units farthest from Iraq. Morale is better in the guard units. They have better abilities than the other units. (S)

The President: Bill, maybe you want to add something from an intelligence standpoint. He is the head of our central intelligence. (C)

Judge Webster: I have nothing more, except we have been working with a number of your people and we are impressed with the help we are receiving. Some are working 16 hours a day. They are training. We are pleased and proud to be working in concert with them. (S)

Amir Jaber: I think any cooperation between us and our friends is beneficial. It gives us clearer information because you have a sense here of the problem. (S)

The President: Your Highness, we are a little behind schedule. So why don't we walk to lunch, and we can continue to talk at lunch if that is okay with you. (C)

Amir Jaber: I agree. (U)

-- End of Conversation --

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President
Cesar Gaviria Trujillo of Colombia (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard W. Aronson, Assistant Secretary
of State for Inter-American Affairs
Thomas E. McNamara, U.S. Ambassador to
Colombia
William T. Pryce, Senior Director for
Latin American and Caribbean Affairs,
NSC (Notetaker)
Stephanie van Reigersberg, Interpreter

Cesar Gaviria Trujillo, President
Luis Fernando Jaramillo, Foreign Minister
Jaime Garcia Parra, Ambassador-designate
to the United States
Gabriel Silva, Presidential Counselor for
International Affairs
Miguel Silva, Private Secretary to
President Gaviria
Interpreter

DATE, TIME September 29, 1990, 4:15 - 4:50 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, NY

President Gaviria: I want to thank you for taking the time from your busy schedule to see me. I know how busy you must be. (U)

The President: No, I'm happy to see you!. Our relations with Colombia are very important. I do have quite a few bilaterals and group meetings, and of course we have a lot to do on domestic affairs right now, like the budget. (C)

President Gaviria: How are things going? (U)

The President: As of about eleven in the morning they seem to be going well. We are getting closer to an agreement. (U)

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But I want to tell you that we have some good news for you about cut flowers. Perhaps someone from my staff can give you the details. Bernie, do you want to elaborate. (C)

Mr. Aronson: We have been able to work it out so that cut flowers which are very important to Colombia, are included in the legislation granting CBI treatment to the Andean Countries. (C)

President Gaviria: What is the legislation involved? (C)

The President: This means that cut flowers would not be off the list of things that are to get duty free treatment. (C)

President Gaviria: What countries are involved? (C)

The President: The Andean Countries. We hope this will work to your interest. We want to support what you are doing. (C)

But listen -- we have a short time together and I just want to listen to anything you have to say. (C)

President Gaviria: We are having a new wave of terrorism. They are kidnapping journalists. They have kidnapped the daughter of former President Turbay. They have kidnapped the daughter of a leading journalist. When this kind of thing happens, people get scared, and we are concerned. We have to find a way to handle this. We need a policy for Colombia. We have a policy for China, for India. We need one for Colombia. We need to worry about the problem. We may face a problem like Peru -- not now but soon. We need specific help. Any kind of specific help is important. Anything, however little, is important. We have terrorism against us and need support to fight it. (C)

The President: What kind of specifics are you talking about? What would make a difference? (C)

President Gaviria: The CBI is a good thing. (C)

The President: That's one step. What are other steps we need to take? (C)

Ambassador McNamara: Mr. President, may I say, that based on conversations with President Gaviria, the Colombians think that what is needed is a clear indication for Colombia that it's sacrifices will be recognized. They can't say that they don't think that the Bolivian people will come around to the degree of anti-narcotics activity that they have demonstrated, and that they deserve special recognition; but what they need is for something specific that demonstrates to the Colombian people that Colombia's efforts against the international drug traffickers are recognized and appreciated. When we do something for the Andean Countries, we are rewarding all countries on a equal basis when

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Colombia has done much more in fighting narcotics. He believes that we have to do something more for Colombia than for the other countries. (C)

Mr. Pryce: The decision on cut flowers is something which will help Colombia much more than the others. (C)

The President: Yes, but he is looking for something specific for Colombia. Is there a way we can do cut flowers outside of the CBI? (C)

Mr. Pryce: No. (U)

The President: Given the level of cooperation with Colombia, I would like to do something special. We have to find ways to be helpful. Can we do something in the investment field? Perhaps we can make Colombia a priority on this under the initiative regarding investment. (C)

The President: There is a problem I wanted to mention. How do you think about shipboarding. Consensual boarding, it is called. I talked with President Barco about it. There was perhaps heavy handed action on boarding ships. We said we would call your guy downtown before boarding. The problem is that it is taking too long. I would like you to see if you can help. Not to allow reckless boarding -- but to cut out the middle level of consultation which is what takes so much time. I don't want to have any misuse of boarding authority but would like to see if we can't hurry up the process. I hope we can get back to where we were before. There are traditions -- questions of international law involved. (C)

Ambassador McNamara: Our people are talking about this right now and we believe progress can be made. (C)

Foreign Minister Jaramillo: We have had talks about this in Bogota. I am optimistic that we can reach a solution to the problem. (C)

President Gaviria: I would like to talk about the possibility of a one billion dollar bond issue. We would like to see what can be done to muster international support for this initiative which would mean underwriting investment in Colombia. (C)

Ambassador McNamara: This issue was raised before by President Barco in a letter, but it sort of fell off the agenda. It was raised by President Gaviria with Vice President Quayle as an item they would like us to look at. But quite frankly this is a new concept which is very involved, and would be terribly difficult to do. (C)

Secretary Baker: On the Initiative for the Americas there is a possibility for reducing official debt, but there is also a possibility for new investment, and increased trade. (U)

President Gaviria: We could have a problem on a coal project which would cost \$300 million on the trade side. (C)

The President: What do you think about the oil issue? We think that oil prices are highly inflated. There is a lot of speculation. Speculators in Chicago are bidding the price up artificially. I anticipate seeing the price of oil come down. It would be very damaging to have the price stay so high. If you think about it -- I don't want to see the price at \$40. If we have to, to get down we will open up the strategic reserve. We are meeting with the IAEA. (C)

President Gaviria: We are looking at \$20-\$30 barrel energy for Colombia. We are increasing production. (C)

Foreign Minister Jaramillo: We don't want the price of oil to be too high. (C)

The President: We have no sympathy for speculators on the futures market. (C)

President Gaviria: We have a lot of oil in the area in Venezuela, Ecuador, and Colombia. We think it would be worthwhile to coordinate an energy policy. (C)

The President: I think it has been just wonderful the way you are trying to increase production. The more people see that, the more they will have confidence and prices will not rise artificially. (C)

Here at the U.N. I want to mention the aggression by Saddam Hussein. We are very grateful for your support on this matter. I don't want to see young Americans killed. I think that what the U.N. is doing is wonderful. Saddam has tried to paint the picture like it's the world against the United States. That is not the way it is. What is happening is that the whole world is turning against Hussein. I hope Saddam will go with United Nations resolutions but I'm pessimistic right now. But I think it is a wonderful thing the way the world is united to seek to stop aggression in a peaceful manner. (C)

Secretary Baker: I want to congratulate Foreign Minister Jaramillo for his speech on Iraq. It was a very useful intervention. I made a point of praising it to other foreign ministers. Our ministries have done well in cooperating for the most part but there are a couple of areas where we have problems. There was a resolution that we are trying to move to bring about free elections in Haiti -- a resolution which would authorize

electoral support for Haiti where Colombia was not helpful. And we thought a resolution urging the FMLN and the El Salvadoran government to work together to come to an agreement and a cease-fire would have been helpful. (C)

Foreign Minister Jaramillo: We have problems with the Security Council dealing with this matter on Haiti. (C)

President Gaviria: We are talking with Carlos Andres Perez on this and I think we have found a way to work it out. We want to help. (C)

The President: The more we can work together and be seen to be working together, the more effective we will be. (C)

Ambassador Parra: In the area of cooperation, we are interested in debt for energy. We have a problem with a \$300 million coal enterprise. We owe a lot of money to EXIM Bank. We have been paying on the loan but if we could make payments to EXIM Bank on a longer term, it would be better. (C)

Mr. Pryce: I understand the problem is that the Colombian coal company was started up when coal prices were much higher and the project was formulated on the supposition that they would stay high. Coal prices have dropped and the enterprise is no longer economically viable. The government is subsidizing the companies' payments to EXIM Bank in order to maintain Colombia's good credit. (C)

Ambassador Parra: That's exactly right. If we could reschedule the payments to make them lower, this would help. (C)

Secretary Baker: EXIM debts are outside the debt reduction contemplated under the debt reduction for the Enterprise for the Americas but we can look to see what could be done about this project. (C)

Ambassador Parra: This is only part of our debt owed directly to the United States. If you could give us a political lift on this, it would be very helpful. (C)

The President: Let's see what we can do. (U)

On the Uruguay Round, I'd like to solicit your help on agriculture. The Europeans don't want to do anything on this. If they hear from Colombia, it will mean more to them than if it comes from us. (C)

President Gaviria: I mentioned this in my speech. (C)

The President: In Houston, we and the European governments had good talks on including agriculture in the Uruguay Round. But as

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soon as they left Houston, they began backing off. Carla Hills is trying to push agriculture at the Uruguay Round and I support her strongly. (C)

Foreign Minister Jaramillo: You have all of Latin America behind you on this. (C)

The President: I hope I'm not putting our issues on your agenda but we all have to work together on this. We need to keep trying. It is a big problem. Carla Hills estimated that if we could cut tariffs by one third, we would boost the economy by one half trillion dollars. (C)

Foreign Minister Jaramillo: This is critical for Latin America. We need broader markets. (C)

The two Presidents stood up at this point and walked to the door.
(U)

- End of Conversation -

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Salim al-Huss of Lebanon (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
John H. Kelly, Assistant Secretary of State for Near Eastern and South Asian Affairs
Robert L. Hutchings, Director for European Political Affairs, NSC Staff

Salim al-Huss, Prime Minister
Suhail Shammās, Secretary General of Foreign Affairs
Nasib Lahoud, Ambassador to the U.S.
Khalil Makkawi, Ambassador to the U.N.

DATE, TIME AND PLACE: September 29, 1990, 5:00 - 5:20 p.m.
Waldorf Astoria Hotel, New York City

The President: It is personally frustrating for me, because of my personal contacts with your very peaceful country, that we cannot do more to bring an end to the conflict there. We have supported the Secretary General and have urged the Pope to help, but I must confess that we feel we haven't facilitated peace in your country. I would be interested in your views. First, let me say that we have a major problem in the Gulf which affects every country in the world. We are working with Syria, which is very, very important if we are to contain Saddam Hussein's aggression. But you should know that nothing in our contacts with Syria will be in any way detrimental to Lebanon. I don't want anyone in Lebanon to feel that way. (C)

Prime Minister al-Huss: Thank you, Mr. President. We know how you feel about Lebanon. Thank you for this chance to talk. I appreciate the sentiments you have expressed, and how you have supported the legitimate government in Lebanon. Your love for Lebanon is very well known to us. I remember the very nice gesture at the White House a short while ago. (U)

The President: It is interesting that you as Prime Minister would know about that. I am pleased and flattered that you mentioned it -- even that you were aware of it. (U)

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Prime Minister al-Huss: As our time is short, I will limit my remarks to the most salient features of our crisis. We have one problem that is moving to a climax with the approval in our parliament of draft legislation which will make our reforms constitutional. This marks progress. It is the first significant amendment of the constitution since our independence in 1943. We are starting a new constitution; our President calls it the Second Republic. We have been achieving progress slowly. (C)

We are very concerned about Iraq. We are among the hardest hit by the Gulf crisis. Our currency has devalued. The rate of exchange has gone from 600 to 1200 Lebanese pounds to the dollar. That affects everything. Oil prices are going up, and petroleum products are up fourfold. We do support all the sanctions, but they have aggravated the situation in our country. We have acute social and economic problems and have had to revise our policies. (C)

We have also had to direct ourselves again to a mutiny in East Beirut led by General Aoun. We are at the point where we must resolve the situation. Otherwise there will be no progress. We have invited him to join the process of reconciliation. We have been dealing with this problem for eleven months, and we have been able to do so until this setback. He is threatening the unity of our country and the legitimacy of our government. We have had to call on Syria. We hope we do not reach the point where action by those troops is required. We hope the massing of forces will persuade him to pull back. (S)

The President: What is his position? Does he simply want to be number one? (C)

Prime Minister al-Huss: Yes, exactly that. (U)

Secretary Baker: How many men are under his control? (C)

Prime Minister al-Huss: Around two to three thousand combat soldiers.

The President: Is this a force that believes in him? (C)

Prime Minister al-Huss: Not so much any more. It is now too obvious that he is a rebel without a cause. So we are at a crossroads, a very critical moment. (C)

The President: Let me ask a hypothetical question. If you had the Aoun question solved, would there then be a peaceful, relatively united Lebanon? (C)

Prime Minister al-Huss: Except in the south, which is occupied by the Israelis. (C)

The President: What about the continued presence of the Syrians? (C)

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Prime Minister al-Huss: We would have to come to some agreement.
(S)

The President: Could it be negotiated, so long as troops in the south get out? (S)

Prime Minister al-Huss: Regarding the problem in the south, in 1978 UN Resolution 425 was adopted, but it has not been implemented. There were attempts to send Lebanese units there, with the agreement of the UN Secretary General, but they were fired on by the Israelis. There was one attempt in 1978 and one in 1979. So we must implement Resolution 425. (S)

Once we finish with Aoun, I think the country would score great progress. According to the Taif agreement, six months from the constitutional amendments forces would have to be dismantled. But we cannot so long as Aoun continues. We cannot liquidate Lebanese forces and leave Aoun's intact. So he is a stumbling block in the way of dismantling these forces. (S)

Secretary Baker: Where does he get his equipment and supplies?
(S)

Prime Minister al-Huss: It is an enigma. For a long time he got them from the Iraqis and the PLO, but I'm not sure he is getting that much from them now. On March 11, we announced our initiative calling for Aoun to join the reconciliation process, but he rejected the offer. We learned from inside his entourage that he wouldn't respond positively because he thought that beginning August 15 something big will happen in the Middle East. So it seemed to us that Iraq told him about this in advance. (S)

The President: That's very interesting. Can I ask a question before we have to conclude? I have on my mind our hostages. Do you have any thoughts on how to get these people out? This is of great human interest to our people. If you have any thoughts, I really would appreciate knowing them. (S)

Prime Minister al-Huss: We know very little. I know how vital this is for you, and if we learn anything we will certainly let you know. Finally, a vital point for us: we have been hard hit from the Gulf crisis and wish something could be done for us.
(S)

The President: Haven't the Saudis been helpful? (S)

Mr. Kelly: The Saudis have given \$100 million and the Kuwaitis, \$50 million. (S)

Secretary Baker: Have you applied for help under Article 50?
(U)

Prime Minister al-Huss: Yes, we have already done so. (U)

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Violetta Chamorro of
Nicaragua (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard Aronson, Assistant Secretary of State
for Inter-American Affairs
William T. Pryce, Senior Director for Latin
American Affairs, NSC (Notetaker)
Stephanie van Reigersberg, Interpreter

Violetta Chamorro, President
Morales Enrique Dreyfus, Minister of Foreign
Affairs
Ernesto Leal, Deputy Foreign Minister
Ernesto Palazzo, Ambassador to the United
States
Cristiana Chamorro, Mrs. Chamorro's Daughter
Jose Guerra, Interpreter

DATE, TIME September 29, 1990, 5:00 - 5:30 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, N.Y.

The meeting began with a presentation of a framed AK-47 which had been cut in half with a blow torch symbolizing the return of peace in Nicaragua. (U)

President Chamorro: I know we have a short time, (in her original request, Mrs. Chamorro had asked for a short meeting).
(C)

The President: I want to know your priorities. I like the gift. I love it. I am not sure what Barbara will think. But I know just where I am going to put it. I have my own office in Camp David where it will fit so well. (C)

Tell me, how are things going? We try to follow things in your country closely. I take great satisfaction in seeing how well you are doing. I want to know what your problems are. (C)

President Chamorro: I have a few notes. Our biggest concern is the economic crisis. I am grateful for the millions we are receiving little by little. But, and here we talk as true friends, it is very little. I would like the \$200 million which

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has to go to Congress, I would like that approved not just for one year, but for four years. You know why? With the reduction in the size of the Army, we have to put all those boys to work. We have collected most of the weapons, but there are still a number uncollected. We have to put the people of the Resistance on a sound economic basis too. We have so many poor. We have an economic crisis which we inherited. I know that as a country which wants to help us, you will do everything you can. I have another point. I know that you are helping privatize in Costa Rica. I don't know if you know that we are also privatizing. We have turned over seventeen companies. Working with all concerned, we are turning over as fast as possible, but it takes time and I am the one who has to do it, as I said I would. (C)

Our friendship is so strong. We are so close. We want to be completely open. I want to tell you we got a piece of good news. Before I left for the U.S. I sent a decree to the legislature -- a decree which prohibits arms trafficking. The Assembly accepted my desires. So I feel we are not going to be protecting these organizations who use our country as a shelter to spread arms in other countries. (C)

The President: Do you think this will help with FMLN? (C)

President Chamorro: I do. President Cristiani does too. When we talked he thought there was now a situation where we can look to prevent trafficking. We don't want any two-way radios either. We won the war. With this new law we should be able to stop trafficking. (C)

The President: Are you confident that the army will help you? Will they support you in finding these weapons? (C)

President Chamorro: Yes. I told the Chief of Staff. (C)

The President: Does Humberto understand this? I understand from time to time they want to flex their muscles. (C)

This is not on the agenda, but there is a cruise ship which is going on a cruise where Daniel will participate. One of the other participants is very conservative. My son George has been chosen. The ship is an educational cruise for young presidents of companies. The faculty members include Jesse Jackson on the left and Daniel. It will be on the Queen Elizabeth. George checked it out ahead of time and it appears to be legitimate. They are advertising the cruise. Perhaps it will be good to have Daniel exposed to a conservative point of view. George, who is much more conservative than I am, called me and told me that Jesse and Ortega would be members of the panel and wondered if it was okay. I said sure -- why not? (C)

President Chamorro: Tell him to come to Nicaragua. (C)

The President: Why is our aid not moving -- is there a problem? (C)

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Assistant Secretary Aronson: This year's money is moving. I think Mrs. Chamorro is talking about next year's money. (C)

Foreign Minister Dreyfus: \$261 million of the \$300 million has been disbursed. Mrs. Chamorro wants the \$200 million for 1991, plus \$200 million for each of the next four years. This is necessary to put our democracy on course. (C)

The President: [Addresses the room.] How do you see it? (U)

Secretary Baker: I see a problem of earmarking. Nicaragua is a priority. As we discussed when we talked last time we were together, the ICJ case is a negative factor. You have to find a way to get over this thing. (C)

Foreign Minister Dreyfus: We are talking about this in a way to overcome it. If we can sign a trade framework agreement, that should help. (C)

Secretary Baker: I believe we can do this. We can do an agreement. This will be at the top of our priorities for next year. (C)

The President: You know that earmarking is a problem. They earmark funds for other countries and we do not have the flexibility we need. We do not want to let you down, and I will do all I can for you. (C)

President Chamorro: I know you have so many problems. (U)

The President: There is a hemispheric problem. We don't want to send a signal where people think we forget the problems of the Hemisphere. We want people to know that we are not neglecting our neighbors. I am afraid that some people may think we are doing this. I want our friends to know that we are not forgetting our neighbors while we are working on our problems in other areas. We do have our hands occupied with Persian Gulf problems. This is a very serious problem and I hope it will turn out peacefully. But who knows this man's mind? Anyway, I am delighted to see you. (C)

President Chamorro: I know you are so occupied. (U)

The President: Will you stay over? I want to send you a FAX with the information about the cruise. When to do you go back? (C)

President Chamorro: Wednesday. (U)

The President: If the budget works out, I may go back tomorrow to meet with the budget people and then come back. If you have a minute, why don't you go around to see Barbara in our apartment. I know she would love to see you. (C)

-- End of Conversation --

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Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Memcon	Re: Meeting with Prime Minister Mulroney of Canada (3 pp.)	9/29/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons

WHORM Cat.:

File Location: Presidential Meetings - Memorandum of Conversations 9/25/90 - 10/31/90

Document Partially Declassified
 (Copy of Document Follows)
 By ES On 5/18/22

Date Closed:	1/27/2009	OA/ID Number:	91108-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2000-0429-F(239)	MR Case #:	2009-0619-MR (507)
AR Disposition:	Released in Part	MR Disposition:	Released in Part
AR Disposition Date:	8/21/2009	MR Disposition Date:	12/21/2015

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 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

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WASHINGTON



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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Mulroney of Canada (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert L. Hutchings, Director for European Political Affairs

Brian Mulroney, Prime Minister
Derek Burney, Ambassador to the U.S.

DATE, TIME: September 29, 1990, 5:58 - 6:18 p.m.
AND PLACE: Waldorf Astoria Hotel, New York

Prime Minister Mulroney: I want to thank you for coming for the Children's Summit. (U)

The President: I am very pleased to participate. How many will be coming? (U)

Prime Minister Mulroney: There will be up to 70 or 75 heads of government. The co-chair was to have been Mrs. Bhutto. (U)

The President: How do we handle this in our remarks? (Ø)

Prime Minister Mulroney: It is no problem. Traore of Mali is the co-chair. Perhaps I could give you a little background. I know you have a busy schedule, so I will mention just two things. First, the Summit itself will be short and sweet. We come in, and then there will be brief words by me, by Cuellar, and by Salinas. There will be one speaker: that will be you. Your remarks will be followed by a video on the plight of children. Do you know that 15 million children -- that's equal to the population of Florida -- will die next year of entirely preventable diseases? A lot of people are very happy that you will be there. Afterwards, you can just shake a few hands. I know you have a busy day. (Ø)

The President: I anticipate I'll get down there around 11:30 provided they get a budget agreement tonight, which I think they will. It's not very good for me politically. (Ø)

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Prime Minister Mulroney: Your presence will be extremely helpful. That was the first thing. The second is corridor talk, which I wouldn't want repeated. I had lunch today with Kaifu. Queen Noor was pretty straightforward. After a few minutes I got the impression she had something on her mind. I told her the King is not very popular in Washington. I told her that I had never heard the President of the United States make an ungenerous remark about the King, but I characterized the attitude in Washington as "unimpressed" by Jordan's position. (§)

I gave her my opinion: this guy [Saddam Hussein] has got to get out real fast, because the American people will get fed up and take a poke if they're challenged. If so, I said, he wouldn't last fifteen minutes. She asked if this was the widely held view. I said it was the view of the Government of Canada. She asked what would be the face-saver for Saddam Hussein. I said first he has got to signal he's getting out, because while he is still there no one will talk. She asked what kind of signal was needed. I said if he pulled out of Kuwait tomorrow, he could have territorial claims negotiated at the Hague and under the Secretary General of the UN. I gave her an illustration. I had Mugabe in Canada -- not the typical conservative, but a Marxist-Leninist from Zimbabwe. He asked for \$200 million to cover higher prices for oil. He was mad as hell at Saddam Hussein and also at the King of Jordan. The next problem is that the money we're giving him is going to children, so he [Saddam Hussein] is declaring war on children and sucking up resources we need. I told her President Bush hasn't said a bad word ever, but her husband hasn't got many friends. (§)

The President: Did that surprise her? (Ø)

Prime Minister Mulroney: She asked about differences between Jim Baker and Cheney. I said there was no daylight between them. (Ø)

The President: What was she getting at? (Ø)

Prime Minister Mulroney: She said the Foreign Minister of Iraq was meeting today with her husband, and said she must go. I told her if he makes a signal regarding Resolution 661, the Secretary General and Mugabe and moderate Arab leaders could go over. That would be the face-saver. It was on that basis that she said she must call her husband. I told her no one wants to hurt Jordan. We're helping with dollars. So she asked if she could reach me later. (§)

The President: Interesting. Prince Hassan talked about this idea with Jim Baker and Brent Scowcroft. (§)

Secretary Baker: He was hoping there wouldn't be a knee-jerk rejection. I think I know what prompted her to ask about differences between Jim Baker and Cheney. We weighed in on the Amman conference, particularly the outrageous statement of the foreign minister. That may be the reason, because he said he wanted to be sure this came from the very top. (§)

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The President: We're old friends, but she's made comments, and that conference infuriated us. We're trying to help. Mubarak says he was bought off before the invasion. (S)

Secretary Baker: The enmity now among Arabs is bad. (S)

The President: Did she raise Israel? (S)

Prime Minister Mulroney: She just hinted at it. (S)

The President: I am very interested. She wants to see Barbara. Bar is unarmed for this but may learn something. (S)

Prime Minister Mulroney: ^{3.3(b)(6)}

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-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

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

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Raymond G.H. Seitz, Assistant Secretary of State for European and Canadian Affairs
Robert L. Hutchings, Director for European Political Affairs
Interpreter

Tadeusz Mazowiecki, Prime Minister
Krzysztof Skubiszewski, Foreign Minister
Alexander Smolar, Advisor to the Prime Minister
Interpreter

DATE, TIME September 29, 1990, 6:20 - 6:55 p.m.
AND PLACE: Waldorf Astoria Hotel, New York

The President: Welcome. Thank you for coming. I know you must have a busy schedule. I think back to our good discussions in March. Since then, there has been a lot of change around the world. As you know, I received a very gracious letter from President Jaruzelski telling me that given the internal political situation, he would not be coming to the U.S. for a state visit. I wrote him quite a personal letter in reply. I told him I understand his decision but want to receive him on a personal basis later. I just wanted you to know that. I know he has a complicated past, but he has played a good role, and he showed me great hospitality on my two visits to Poland. Now, I would like to ask you to raise any issues or questions that are on your mind. We have been preoccupied with the Gulf but have not lost sight of Poland's democratic evolution. We know your economic difficulties, made worse by the Gulf situation, and want to help.
(C)

Prime Minister Mazowiecki: Thank you, Mr. President, for finding time to see me. I know very well how packed your timetable is. I also recall my March visit very vividly. I thought we understood each other very well. I hope that understanding

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continues. Regarding your preoccupation, from the beginning we have very closely observed the resolutions of the Security Council. We see barbarity in the treatment of nationals of Western countries. It is a very dangerous region, but we have decided to send a mobile hospital. (C)

The President: Thank you. I meant to say so. We are very pleased with your offer. (U)

Prime Minister Mazowiecki: We will also send a hospital ship and are prepared to consider further commitments in the form of a rescue ship. We do appreciate the importance of the issues. We have about 1200 Polish people there. (C)

The President: In Iraq and Kuwait? (C)

Foreign Minister Skubiszewski: No, only in Iraq. (C)

Prime Minister Mazowiecki: Of course we have felt economic consequences from the embargo. They were debtors and repaid their debts with oil. As you said, since we met there have been many changes, including in Poland. We have worked to pursue these changes -- in laws, institutions, and in the economy. Now we face the great challenge of privatization on a scale never tried before. We have more than 7,000 companies, so it cannot be done overnight. We want to start in two processes. First, we want to move to full privatization of firms of smaller size, as well as a few big ones, as examples. Then we will place the rest of the companies in a different legal status in the first stage of privatization. Only afterwards will they go into fully private ownership. We believe this will alter significantly the Polish economy. However, we now face new challenges. First there are the economic consequences of the unification of Germany. Here let me add one comment on political matters, since we discussed this at great length in March. Thank you for your support in the Two Plus Four. We succeeded. (C)

The President: Is the treaty between Germany and Poland underway? (C)

Prime Minister Mazowiecki: We want it signed immediately after unification. We have a draft ready. (C)

The President: I believe this will work out to your satisfaction. (C)

Prime Minister Mazowiecki: Second, we have economic problems in relation to the Soviet Union, because of the shift to hard currency pricing and the question of raw material supplies. Let me make another political digression. In March we talked about Soviet troops. Now we have addressed two notes to the Soviet Union demanding swift talks. We would like arrangements for their withdrawal by the end of next year. There are now 48,000 troops in Poland, and we would like to make sure they leave before the end of next year. There is also the problem of the transfer of Soviet forces from Germany through Poland to the

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Soviet Union. Both parties will have to talk with us. (S)

The President: Are the talks with the Soviet Union regarding the 48,000 troops going smoothly? (S)

Prime Minister Mazowiecki: We are waiting for their reaction to our proposal. I get a sense of diverse trends. The diplomatic service understands, but there has been some surprise among the military. Of course, there is also the problem of finding housing for these troops, which calls for general talks on the whole package, both economic and political. For several months, it has been difficult for us to find competent partners to talk to. (S)

The President: Am I right in saying that the problem is more logistical than Soviet rethinking on security issues? Does the Soviet presence cost your economy? (C)

Prime Minister Mazowiecki: Yes. We have long asked for a revision of the arrangements for these troops. They hadn't been readjusted for many years. (S)

The President: Are you paying the Soviets for their troops being there -- providing housing, etc.? (S)

Prime Minister Mazowiecki: The problem is that their refund to us is calculated according to artificially lowered prices. (C)

Foreign Minister Skubiszewski: There has been immense damage to the environment, especially our forests. We are investigating the extent of this damage, but we estimate it at \$12 billion rubles. (C)

Secretary Baker: At what rate of exchange? (C)

Foreign Minister Skubiszewski: It is hard to say. The figure is in transferable rubles. (C)

The President: May I ask a question? Since you and I met, has there been any change in attitudes about U.S. troops and a strong NATO? Is this controversial in Poland? (C)

Prime Minister Mazowiecki: Our position has been clear from the beginning. We were the first to say a unified Germany can and should remain in NATO. (C)

Foreign Minister Skubiszewski: I got a letter criticizing me for not asking American troops to come to Poland to replace the Soviets. (C)

Prime Minister Mazowiecki: Let me touch on another issue. The evolution of the situation in Poland is such that the public has shown patience with our reforms. Now there is some debate about prospects for our elections, first Presidential and then general. In that debate, the problem is raised whether the results of the economic reform have been satisfactory. No one doubts that the direction of change -- toward the market -- is irreversible, but

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Poland needs some signs that their economic problems are appreciated by the Western world. One issue concerns our foreign debt. I would be very obliged, Mr. President, if America would take the first step. So far everyone says they understand our problem regarding official debts, but they say the private banks should take the first step. Then the private banks say the official banks should be first. Someone must act first. The economic results of our actions will take time, and we need some sign that the burden is lifting. I ask if America could take that step. I am saying so because in our first discussion you encouraged me to be frank. (C)

The President: First, we are impressed with your privatization. You wrote me in July, and I thank you for putting the issue clearly to me. We will explore this with the Paris Club. Jim, where do we actually stand on this? (C)

Secretary Baker: In the past we have supported a very liberal rescheduling for Poland in the Paris Club. We will continue to do so. We have a very small share of your official debt -- something around \$80 million. This is quite small compared to most in Europe. Our problem in being first -- though there is lots of sentiment for forgiving -- is that it would basically destroy the Paris Club. Without speaking for the President on an issue we have not really discussed specifically, it seems to me that if one of the other European members of the Paris Club would call for forgiving official Poland debt, we would be there very quickly. (S)

Foreign Minister Skubiszewski: Germany? (C)

Secretary Baker: Yes, or some other country. (C)

The President: We are running out of time, so let me make my pitch on the completion of the Uruguay Round. If you are meeting with West European leaders, lean on them regarding agriculture. It would be beneficial to you as well. I am getting frustrated. The EC is dragging its feet. We need your help, so if you agree I hope you will help. We will talk more about your debt situation. (C)

Secretary Baker: We have talked to the Soviets about converting to hard currency for oil, and they have given us certain assurances. I don't know if they have talked to you. (C)

The President: We are also working with them on technology sharing to help them increase their oil production. Are there other subjects you wanted to raise? There is no lack of interest in the U.S. for Poland. We want to help you and be constructive. I hope the Enterprise Fund is working. (C)

Foreign Minister Skubiszewski: One important point: the Soviets are watching our economic reform very closely, so its fate will have consequences that go beyond Poland. (C)

-- End of Conversation --

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Toshiki Kaifu
of Japan (C)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Richard Solomon, Assistant Secretary of State
for East Asian and Pacific Affairs
Nancy Bearg Dyke, NSC Staff (Notetaker)
Frances Seeds (Interpreter)

Toshiki Kaifu, Prime Minister
Taro Nakayama, Minister of Foreign Affairs
Ambassador Owada
Mr. Matsuura
Mr. Oshima
Mr. Okamoto
Koji Tsuruota, Interpreter

DATE, TIME September 29, 1990, 7:00 - 8:05 p.m.
AND PLACE: Waldorf Astoria Hotel, New York City

The President: Welcome and I am very pleased to see you at this critically important time. I am grateful for the many consultations you and I have had personally and the work done by our finance and foreign ministers. From my standpoint, I want to say thanks for coming here. I apologize for the New York traffic tie ups. (C)

I will continue to speak out publicly in the US saying the US and Japan are side-by-side in the UN and bilaterally in response to aggression. I am very pleased with Japan's response. I have only four subjects to raise, but I want to turn the floor over to you and, again, welcome. (C)

Prime Minister Kaifu: Thank you. First, I want to say how happy I am to see you again. I have already conveyed to you with letters and phone calls how I feel in this crisis. I want to reiterate that I admire your leadership, your courage, and your promptly acting to deploy forces together with the Arabs for a

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multilateral force and in the United Nations that has kept Saddam Hussein from taking further action. (S)

As we were looking forward to a major trend in history -- from US and Soviet opposition to one of dialogue -- we cannot overlook aggression. Japan is committed to full implementation of the UN resolutions and I have been exerting all of my efforts to this.

(S)

(Fire alarm sounded. Ambassador Joseph Reed came in and assured us it was false.)

Prime Minister Kaifu: I have acted on the basis of this understanding together with my cabinet to come up with contributions, especially for Egypt, Jordan, and Turkey; \$2 billion worth of aid. In addition, we have contributed \$22 million to relieving refugee problems but most important is not the money. As I told you in the beginning, I would do the most I could to come up with assistance. In kind, we are providing medical assistance, and others (types of assistance) are now gradually coming to reality. I think we have discussed over the phone that there are many ways to deal with this crisis with economic sanctions, to get them as effective as can be. I look forward to your continuing strong leadership. (S)

The President: We fully understand the constitutional constraints of Japan and I understand you have constructed ways for the Japan Self Defense Forces to participate in the forces. Anything like that would be very useful and quite well received around the world. You mentioned Gulf support. I urge it not be delayed. Come as fast as possible. You may have Diet problems, but I encourage it not to lay over until next year. The recipients need it as soon as possible. (S)

On a different subject: you have been most generous in terms of Host Nation Support, but if it could be increased in 1991, it would send a good signal to our country. I readily concede Japan has been most generous in sustaining our forces and more so than others. (S)

Two other subjects: One is always contentious - agriculture and the Uruguay Round. Again, we are always dealing with problems in Congress, and you tell me about problems in your Diet. I know this is complicated for you at home. A successful conclusion of the Uruguay Round will mean a half trillion dollars increase in world trade -- fast. You remember our discussion in Houston with the EC on this question. I'm soliciting support up here with countries, such as Poland and other European countries, to work for a successful conclusion of the Uruguay Round. So I would just make the appeal and ask you to share with your cabinet and

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Diet that we are trying to get as much openness on the trade side as possible. (S)

The other subject, Toshiki, was the Strategic Petroleum Reserve (SPR). These speculators, largely in Chicago and elsewhere, are driving oil prices up on a purely speculative basis. And I'm sure there is concern about that in Japan as well as here. Our assessment is that there is not a shortage of oil going to market but there may be in the fourth quarter this year. So, it might be that we should join together to draw down some from the SPR to counteract the market and relieve some of the shortage in the fourth quarter. We have been a little divided whether to call you about drawing down our own. We are not in that mode now. But, we will make a test drawdown of our own. (S)

Our Energy Department is urging a significant drawdown and to urge Japan and Germany to join in. But others are a little more cautious about that approach right now. I would like to urge that we stay in close touch on it and act in concert as much as possible. It would send a signal to speculators. I have not raised this with Chancellor Kohl yet, but I wanted you to know now that we are thinking about it. (S)

Prime Minister Kaifu: On the first question, as I said, we are contemplating, discussing among ourselves what Japan can do. We are looking into a world that is changing, and the US is leading the world that will be centered around the United Nations. I am supporting a law we call UN Peace Cooperation Law. The Cooperation Corps, which will be dispatched under this law, will include everyone from Japan being dispatched. It is a completely new concept. It will enable Japan not to just send money but also personnel. We will be sweating with you too. (S)

The Japanese people, in the last 45 years, have been used to peace provided by you. The Japanese are of the understanding that at the time of World War II Japan caused severe trouble throughout the world and decided not to be involved in any activities of force. That is the framework of the constitution you refer to, George, and it is true that the stability of Japan has contributed to stability in Asia. Therefore, the framework under which we are now considering the bill is to include cooperation but not combat and limiting ourselves to non-military activities. I stated these points just prior to departing Japan in a press conference but further discussion will be necessary in Japan as we present the bill to the Diet. Public opinion will have a role. I wanted to impress upon the Japanese people the need to assist. (S)

The President: What was the reaction? Favorable? (S)

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Prime Minister Kaifu: I invited only the party leaders. The largest opposition party was strongly opposed. The second largest opposition party put strong restrictions on JSDF and they prefer not to dispatch at all. This is against the background of Japan never in the past engaging in such an exercise. There will be much more time and many more arguments to be done before we engage in it, but I intend to do it. (S)

When we will have more details of the bill, I will have Ambassador Murata inform you or someone in your Administration. Since we are still writing it, I am not in a position right now to tell you all the contents. (S)

Second, on the contribution. Right after I announced the major pillars of our contribution, I made public the \$1 billion figure. That was what we could make immediately available this fiscal year. When Secretary Brady came, he informed me that more funds will be needed in the long run. So I said an additional \$1 billion, but it is not in the current FY reserve fund. I am consulting with the Finance Minister how to back up this pledge. (S)

We, of course, will try to come up with additional funds in the current budget but will not produce enough. So, I intend to call an Extraordinary Session (Diet) to come up with the funds. Of the \$2 billion pledged, we will take measures to make \$600 million available this year and the rest maybe through IMF, not directly by our budget. We will discuss it. The first \$1 billion, which we hoped would primarily go to the US, was intended originally to be given to the UN, but the UN declined. Therefore, we had to go to the GCC and through negotiations we were able to set up the Gulf Fund for Peace. \$1 billion is there already and in kind to the US and payments to the aircraft charters have already been made. (S)

The \$22 million contribution to refugees is being used to dispatch aircraft to Jordan and carry refugees home. And, the medical team went first to Saudi Arabia then to Jordan to see if there are any medical needs they can meet. (S)

On the Uruguay Round, as I stated at the Houston Summit, Japan's position is to have the Uruguay Round succeed. I have given instructions in this regard to my cabinet ministers. According to reports I have received from my Agriculture Minister, on September 28 Japan submitted to GATT the offer of a list on products. I understand countries have problems, but I instructed my ministers to make offers to come to agreement. I hope by the first part of December, we will be able to arrive at a successful agreement. (S)

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On Host Nation Support, we have been making efforts on our own on the understanding that the US-Japan security arrangement is of utmost importance. So we have been making a major effort. Now in the Japanese Government, we are considering the next midterm defense plan, and we are considering Host Nation Support. And, I would state to you that as a matter of course we will make our best efforts for you, for the US. On Host Nation Support, as we were considering contributions in the Middle East, some said HNS should be included as a pillar in our Persian Gulf help. Others said, "No, it is a matter of course and should not be part of our contribution to the Middle East crisis." This latter view prevailed. Please don't misconstrue just because we have not mentioned this during the crisis. They are separate. (S)

The President: Yes, they are separate. (C)

Prime Minister Kaifu: Since we are seeing oil prices rise, we need a serious response for Japan. We are now thinking if we indicate we will use the reserves, we invite panic. So we would rather tell people they need to conserve. Japan had 220,000 barrels a day of oil from Iraq and Kuwait, and they are gone and the price is rising, and we need to accept it. If the volume of oil in Japan goes down, we need to do something, but right now, the Japanese Government position is to tell people they need to live with the price hikes and not touch the reserves. (C)

I just stated in a very simple and frank way our position. Since the whole world is undergoing change/crisis, we may need to consider this further, and please contact me or us. (C)

The President: I will. It is hard to know what is the right thing to do. Let's stay in close touch on this. The International Energy Agency will be discussing it soon - in the next few days. (C)

Prime Minister Kaifu: Please feel free to consult me on this issue when we need to cooperate and I'll do as much as I can. (C)

I would like to take this opportunity to inform you about Korea. A team headed by Kanamaru and including Hanabe visited North Korea. Prior to my departure, I had said as leader of the LDP I apologize for our past history in Korea. But since we have no relationship with North Korea, I said I couldn't say anything as Prime Minister. The visit is still not fully reported to me, but things are moving. I know that North Korea still does not accept the IAEA safeguards. But, also we need the ROK involved and informed. I called President Roh and said I intend to keep him informed. I hope to come to a balanced resolution in the end.

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The President: What is the latest with the Soviets? (C)

Prime Minister Kaifu: Soviet Foreign Minister Shevardnadze came to Japan, and I held talks with him. During the visit, we agreed that Gorbachev would visit Japan in April. We have the territorial question to be resolved. The Northern Territories remain an issue from World War II, and we intend to resolve it with a peace treaty. I hope Gorbachev's visit is a turning point. Up until then, a Soviet economic team may come to learn about the Japanese economy, and we may have a technical assistance team. But, as we go into this, we cannot set aside the Northern Territories issue. (S)

The President: No. (U)

Prime Minister Kaifu: We feel they may be thinking about putting the Northern Territories issue off for the next ten years. I'm concerned, so I told the Soviet Ambassador we are looking for stability of the Soviet-Japanese relationship. So, we support perestroika. I have made these points to them. I look for your continued support, George. (S)

The President: Yes, we will continue to support you, and I hope they will accommodate you on this longstanding issue. (C)

Prime Minister Kaifu: I would again like to reiterate that we are interested in free democracy and market economies becoming the governing rules of the world, and we ought to get rid of Saddam Hussein as soon as possible. (S)

I would like to invite you and Barbara to make a State Visit in the spring. (C)

The President: Sounds great. I accept before you change your mind. Bar will be happy. We will have to work out the dates. It is important for the US and Japan, and for other reasons. (C)

-- End of Conversation --

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THE WHITE HOUSE

MEMORANDUM OF CONVERSATION WASHINGTON

SUBJECT: Meeting with President Vaclav Havel of
Czechoslovakia (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Andrew Card, Assistant to the President and
Deputy Special Assistant
Raymond G.H. Seitz, Assistant Secretary of
State for European and Canadian Affairs
Robert L. Hutchings, Director for European
Political Affairs, NSC Staff
L. Valyiova, Interpreter

Vaclav Havel, President
Jiri Dienstbier, Foreign Minister
Karel Schwarzenberg, Advisor to the President
Alexander Vondra, Security Advisor to the
President
Michael Zantovsky, Press Spokesman

DATE, TIME September 30, 1990, 6:00 - 6:20 p.m.
AND PLACE: Waldorf Astoria Hotel, New York

The President: I apologize for changing the schedule, but I had to go back to Washington. I want to talk about whatever you want to raise. (U)

President Havel: Since we met the last time, many things have happened, both good and bad. First, the good: we have had democratic elections and now have a democratic parliament and government. After many months, we have a government scenario for economic reform. In a few weeks there will be the first, small privatization followed by a major privatization. As of January 1, there will be a liberalization of prices. That's the good news. Now for the bad news: this crucial moment came at a time of very unfavorable conditions from the international point of view. For decades our economy has been dependent on the Soviet Union for oil and other raw materials. Our whole industry is based on this. The Soviet Union is reducing its deliveries of oil and does not uphold existing contracts. The reason is not ill will but the disintegration of the Soviet Union. The GDR market is collapsing in connection with German unification. We could get \$1 billion in oil from Iraq -- they owe it to us -- but we won't. We were among the first to join the sanctions. We want actively to participate in the blockade, if only in a symbolic way. (C)

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In this situation we are looking for a certain kind of assistance. We have asked for a standby loan from the EC and are also seeking favorable credits to buy oil. I know that the project to provide assistance to Eastern Europe is being discussed in Congress. We would be happy for a successful conclusion to that discussion. We are attempting to negotiate to trade goods for oil, but we are short of cash and in most cases can only get oil for cash. To sum up, this major transformation of our country is being complicated, if not threatened, by these external factors. That is my report on the state of our nation.

(C)
The President: Let me respond. First, we understand your sacrifice in being among the first to join the embargo. We appreciate your understanding and support. I am encouraging all the leaders I see to enforce the sanctions. I am very pleased, and I know the sacrifice you are making. We want the international financial institutions, especially the IMF, to take the lead in helping the countries hardest hit. We are working with Congress to extend to Czechoslovakia some of the programs we now have with Poland and Hungary. We talked the last time about a bilateral investment treaty. I hope you can facilitate this on your side and provide the best possible investment conditions for U.S. investors. I am glad about what you said regarding Soviet intentions. They are under very difficult circumstances. We want to help as best we can. (C)

On a smaller note, unrelated to economic assistance, we are lifting the travel restrictions on Czechoslovak diplomats. That will facilitate contacts between our countries. Have I left out anything, Jim? (C)

Secretary Baker: You mentioned the package of assistance. Some of that will be available for Czechoslovakia. (C)

The President: I am sorry that standing up against Iraq is causing such hardship. There is plenty of oil, but market speculators, many of them in our country, are bidding prices up. Our belief is that it will be substantially lower. (C)

Secretary Baker: I might add that we have talked to the Soviet Union about the consequences of their moving to hard currency. We spoke specifically about Poland and Czechoslovakia. (C)

Foreign Minister Dienstbier: I will talk to Shevardnadze tomorrow night about this. (C)

The President: It is difficult, and I don't see easy answers. Privatization and conclusion of a bilateral investment treaty -- these are ways the U.S. can be most helpful. (C)

President Havel: Our main problem is that two things that shouldn't have come at all have come at the same time. The radical change of a devastated socialist economy has come at a time of this crisis. It is our misfortune, but I am grateful to

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you for saying you will look into this. (C)

The President: There is no diminished interest here in your success. We have other problems like Saddam Hussein, but there is no diminished interest. We will see what we can do. (C)

President Havel: Since our time has run out, I would like to remind you once again how cordially you are invited to visit Czechoslovakia, if only for one day. If you could come in November, we would restore the name of our train station to the Wilson Station. (C)

The President: I want very much to come. We have no firm plans. We are still very much interested in getting a CFE agreement. I hate not to be able to say yes, but I can't do so yet. I already had to cancel a trip to South America, where I was scheduled to visit five countries. And I had to throw in that one with Gorbachev. But I am not forgetting your offer. I am very interested. (C)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with King Baudouin of Belgium (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Andrew Card, Jr., Assistant to the President
and Deputy Special Assistant
Raymond G.H. Seitz, Assistant Secretary of
State for European and Canadian Affairs
Robert L. Hutchings, Director for European
Political Affairs, NSC Staff

King Baudouin

DATE, TIME September 30, 1990, 6:25 - 6:35 p.m.
AND PLACE: Waldorf Astoria Hotel, New York

King Baudoin: How long do you think this standoff will go on with Iraq? (C)

The President: We have staying power, and others with us do, too. The more likely eventuality is that there might be some provocation. He is working with terrorists, so there is the possibility of some incident like that with the French in Djibouti. We have made it clear to Saddam Hussein that we will hold him responsible for any such acts. The conference in Jordan the other day was very disturbing. The King of Jordan has aroused anger in the Arab world. He's got a big problem, and we are not elevating the rhetoric against him. He refers to an Arab solution, but the kind he is talking about would be unacceptable to me, as well as to the Arabs and the GCC. It would be very nice to find a solution that is satisfactory. We cannot invite further aggression. But we do have staying power. (C)

King Baudoin: Once the process is open, will the King be strong enough and willing enough to solve the Palestinian Question? (C)

The President: He is trying to link the two. Bar had a meeting with Queen Noor and said this came up again. Jim is working very hard. We do want to get talks going. The U.S. is not viscerally opposed to an international conference, but what is unacceptable is linking this aggression to Israel and implying it's their fault. (C)

King Baudoin: Is there a solution? (U)

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The President: I think so. Lebanon has one set of problems. Solving the West Bank and Gaza is another. The intent should be to get at all of them, but not through linking them to Iraq's aggression. What is your perspective? (C)

King Baudoin: We should prepare Israel that the time will come to accept a solution. They should not just say no, no, no. (C)

The President: Part of the problem is that Labor supports an international conference. (C)

Secretary Baker: Your Majesty, we were down to two narrow questions, right on the cusp of agreement, but the former government would not accept two members on the Palestinian side. The government fell over this. (C)

The President: We have got to get the job done. There is a possibility of a new world order. (C)

King Baudoin: But Israel has to be prepared to move after this crisis is over. (C)

The President: We worry that Saddam Hussein may try to draw Israel in. (C)

King Baudoin: Do you think they have nuclear weapons? (S)

The President: No. (S)

Secretary Baker: Two years. (S)

King Baudoin: But they do have chemical weapons. (S)

Secretary Baker: They have extensive chemical weapons and limited biological weapons capacity. (S)

The President: If you look at the Middle East, there won't be a lasting peace until this is solved. (C)

King Baudoin: I know how difficult this is for you. Don't you think our new friends in Eastern Europe, and even the Soviet Union, can help? (C)

The President: This country has been very supportive and recognizes much more realistically the need to get a settlement. (C)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Felipe Gonzalez of Spain (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Andrew H. Card, Jr., Assistant to the President and Deputy to the Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Raymond G.H. Seitz, Assistant Secretary of State for European and Canadian Affairs
Robert Hutchings, Director for European Political Affairs, NSC Staff (Notetaker)
Stephanie von Riegersberg, Interpreter

Felipe Gonzalez, Prime Minister of Spain
Francisco Fernandez Ordonez, Foreign Minister
Jaime de Ojeda, Ambassador to the U.S.
Fernando Perpina-Robert, Secretary of State
Juan Antonio Yanez, Chief of Staff
Interpreter

DATE, TIME September 30, 1990, 6:40-7:00 p.m.
AND PLACE: Waldorf Astoria Hotel, New York

The President: I am delighted to see you. I am sorry our time is so short. I have one or two points to raise with you but I am much more interested in your views. (U)

Prime Minister Gonzalez: On the Gulf, I think we are in agreement. We look to see if there is some way out. The embargo is having an effect. International unanimity is having an effect. The embargo cannot go on forever, but if we have some tenacity it can succeed. (C)

The President: I agree. We don't know how effective it has been. What worries me, my friend, is the unpredictability of Saddam Hussein. We want a peaceful solution. I don't know if you saw the report of the Emir of Kuwait. It was horrible,

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sickening. There may not be a Kuwait in a few months. But, again, I am pleased at the solidarity of so many countries. (C)

Prime Minister Gonzalez: I think it is working quite well. You are right. He is unpredictable. But there are some signs of weakening in his position. The problem for the regional balance is to decrease his capacity to wage war, not just for him to withdraw from Kuwait. I think this can be done by maintaining the arms embargo. He buys at the supermarket. Iraq doesn't produce these weapons itself. I am told he doesn't even have lubricant. In addition to the global consequences of the embargo, the effect on his military apparatus will be very severe. My impression is that he won't have the nerve to engage in a provocation. He thinks he will break international solidarity. (C)

The President: I don't like his flirting with terrorism. This conference in Jordan, according to our intelligence, had some of the worst terrorists. I don't think world opinion would tolerate such terrorist acts. We sent a warning to him, but they reacted by denying these links. It is a worry. (C)

Prime Minister Gonzalez: It is impossible to predict. Even if the conflict is resolved, we should be prepared for an increase in terrorism. The condition in the region is such that it is ripe for an increase in terrorism. The situation is like that in Lebanon some years back -- a really uncontrollable situation. I have one other subject -- Central America. (C)

The President: Yes. There is something I want to say. Everyone I talk to in Central and South America has great respect for you and Spain. Can you use your authority with the FMLN? I mentioned it to Carlos Andres Perez. There might be a way to get him involved. Anything you can do would be helpful. You are probably unique with your standing in the region. (C)

Prime Minister Gonzalez: We accepted the idea of the UN Secretary General's role and accepted the group with Carlos, Menem, and Salinas. I think it can work by pressuring both sides. I am relatively optimistic. I don't think the FMLN is preparing for an offensive like last year, nor do I think they will walk away from negotiations. They paid a high price for that. We have to help Cristiani get some maneuvering room. Another element is to avoid a fight among political parties now that the March elections are coming up. Having the UNGA in the negotiation process will avoid a fight. (C)

There are two elements I would like to raise, Mr. President. First, perhaps it is the right time for the U.S. administration to open some channel to the FMLN, because they will now be

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sensitive to your views. See what you think. (S)

The President: Wouldn't it look like we were undermining Cristiani? (S)

Prime Minister Gonzalez: No, you would do it with his agreement. (S)

The President: Let me ask the Secretary of State for his views. (S)

Secretary Baker: We think they are not negotiating in good faith, because they are waiting to see how Congress goes on aid to Cristiani. We will know in two weeks. I am pretty sure we can prevail in a veto. We could restrict some aid in return for restrictions on the FMLN if they didn't bargain in good faith. That would free up aid to the Cristiani government. I think this question will be behind us in a couple of weeks. We should work through the UN Secretary General's good offices and the Friends of the Secretary General. I think we would be mistaken to have a dialogue with a group that hasn't condemned armed conflict. But if we get serious negotiations going -- maybe a cease fire -- then there would be possibility. (S)

Prime Minister Gonzalez: I understand the difficulty. I will leave the idea for you to think about. De facto we are recognizing Cristiani. We never talked about making the two equal, but this is a reality. We must strengthen the negotiating position of the governing party. Those who can take the decisions have to sit down together. At some point in the future, the direct pressure of the U.S. on the FMLN will be crucial. Of course the other factor is Cuba. We have had some difficulty with the Cubans ourselves, but it is important to try to see if they are in a constructive mood. (S)

Secretary Baker: What would be Cristiani's view if we had a dialogue with the FMLN and a cease fire? (S)

Prime Minister Gonzalez: I can't say, but I think he would approve if you sat down at the table. (S)

The President: Let me raise one other point -- the Uruguay Round. I have been telling everyone to please get a successful Uruguay Round. We can't get success without agricultural reform. At Houston we issued a good statement, but we are not moving forward. It is very important to the world economy and to the Third World. I know it is difficult, but I ask you to do what you can. I want to encourage that approach to finish up, but it won't be done without agriculture. (S)

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Prime Minister Gonzalez: I discussed this with the Secretary of Commerce. He knows our position and analysis. I also explained the difficulties we see. I have been defending the idea of that for the Americans. I think the evolution of opinion is very positive. It has always been difficult in getting agreement with the U.S. because restrictions are not federal but at the state level. (Ø)

The President: It is not clear what that is. There shouldn't be protectionist policies at the state level. We do have state interests on issues like textiles, but there are no state barriers to international trade. That is the responsibility of the federal government. But I am glad that we are somewhat together. (Ø)

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President Carlos Salinas of Mexico (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC
Stephanie Van Reigersberg, Interpreter

Carlos Salinas Gortari, President of Mexico
Fernando Morales Solana, Secretary of Foreign Relations
Gustavo Petricioli, Ambassador to the United States
Jose Cordova, Chief of Staff to President Salinas
Dina Kurianski, Interpreter

DATE, TIME September 30, 1990, 6:45 - 7:15 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, NY

The President began the conversation by outlining the budget accord reached earlier in the day with the Congressional Leadership, expressing great admiration for President Salinas' leadership and what he was accomplishing for his country, and saying that he was looking forward very much to his visit to Mexico. (C)

The President: I want to open the floor to you. Did you go to the working session of the Children's Summit? (C)

President Salinas: Yes. It was very interesting. You would think that with 61 Heads of State talking for four minutes on the same subject, it would be boring; but it was not. (C)

The President: I think the U.N. did an excellent job. (C)

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On the Free Trade Agreement, I want to be very clear on my commitment to you to go bilaterally. The Canadians came on like a ton of bricks on this thing, but late. Mulroney mentioned the subject in Maine at Kennebunkport, but only very peripherally. Then it came up in August. Then they said that it came up in their Cabinet. I did not want you to feel that we were somehow coming down on you. I want to clear the air on this. We are willing to consult with Canada. But, if these consultations get complicated, we are going to go ahead bilaterally with Mexico.

(U)

President Salinas: I am very glad that you will go with Mexico. I appreciate your letter and telephone call to me on this as well as your letters to the Congress. We told Canada they already had their agreement. We consider that the procedure is to go on the path of a bilateral agreement which will be taken by itself.

(U)

The President: Yes. (U)

President Salinas: I am glad you emphasized that Mexico wants it to be bilateral. In this way this will avoid complicating the negotiations and make things go quickly. If three-way negotiations were undertaken and failed, then Mexico would be adversely affected.

(U)

The President: Is it controversial at home?

(U)

President Salinas: No. After ten years of economic stagnation, people wanted change. I told them if we are to grow, then this is what we have to do. There is a good chunk of opinion which can get complicated if U.S. interests groups try to complicate things.

(U)

Secretary Baker: It will be difficult enough as it is without trying to do a three-way deal. I want to mention that when we talked in June, we let Canada know that we intended to go forward with Mexico, and they sat on it for three months. We also mentioned this in late July. Brent, when did they ... [President interjects].

(U)

The President: In September they really came down hard.

(U)

On the Uruguay Round. If we reduce tariffs by one-third, there will be a one-half trillion increase in the global economy. If we all get in there and pitch, especially in agriculture, we should be successful. The Europeans are being difficult on agriculture.

(U)

President Salinas: We are together on this.

(U)

The problems of the budget of the U.S. are of concern to Mexico. They are, of course, complicated by the Persian Gulf situation and causing tremors in world markets.

(U)

The President: On our budget, if we all get in there and pitch this will lower interest rates which will help the world economy.

(C)

We are worried about the situation in Iraq. It is terribly important to send a message to the world that we will not accept aggression. The more we study him, the more we see he is unpredictable. We want a new world order when this is over. There is potential for good in this, if we solve it successfully and peacefully. But this is a dangerous guy. We have not finished moving our forces yet. This is a very dicey situation. We had to exercise a leadership role. He says there is no danger to Saudi Arabia, but the day he said to the Kuwaiti's, "we are leaving," there were a couple of trucks going one way, but all the tanks were going the other way. (C)

President Salinas: The price of oil is going wild. We are all against such a high price. That is why we committed immediately to additional production. (C)

The President: You are right. You are moving in the right direction. We think that there may be a shortage at the end of the fourth quarter. Do your people think this? (C)

President Salinas: Perhaps not that soon, because inventories are high. But the price of oil is not based on market conditions. (C)

The President: We think that speculators are betting on a destruction of Saudi wells or something. (C)

President Salinas: We were working to be ready to produce more oil. What were your goals on price? We would like to see it \$26 per barrel by next June. (C)

General Scowcroft: The future markets were predicting this. (C)

The President: We are not talking about \$40-50 a barrel? Can you get \$40-50 a barrel? (C)

President Salinas: Yes. We are getting it. Our revenues have increased by three billion dollars in four months. (C)

The President: For October delivery? (C)

President Salinas: With all this revenue we are trying to be helpful. We have had discussions with Mrs. Charmorro and have agreed to restructure her debt. We are increasing the discretionary part of her oil payments. She is worried about the conditionality of U.S. aid. (C)

Secretary Baker: We have already disbursed over \$260 million. Some in cash; some in debt payments. (C)

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Assistant Secretary Aronson: She is worried about the \$200 million that we are asking for next year. (C)

President Salinas: There is no problem. We have reduced their \$1.1 million bill to \$360 million. Mrs. Charmorro is very satisfied. We have reached agreement with the Salvadoran government, but \$40 a barrel will wreck anyone. (C)

The President: I assume you have talked with Havel. (C)

President Salinas: Yes. We are sending 30 thousand barrels. They want to pay with machinery -- but old machinery. (C)

The President: How is your economy? (C)

President Salinas: Good. Privatization will make a difference. We are bringing in American companies and French companies. We expect three percent growth this year and a budget deficit of one percent of the GDP. (C)

The President: Is this being accepted by the private sector? (C)

President Salinas: Yes, there is a growing consensus. The telephone workers voted to privatize. They will get stock. We are using the money we get for selling companies for social programs. (C)

The President: I remember you talked to me about one child not seeing stars (because of the smog in Mexico City). (C)

President Salinas: Yes. The gray skies in Mexico City prevented this. (C)

The President: Are things getting better? (C)

President Salinas: Yes. We have a program where we don't permit cars to drive one day a week. That greatly reduces pollution. We are also introducing a new unleaded gasoline which is sold at U.S. prices. (C)

President Salinas: In the case of El Salvador, we think that with better coordination that we can end the war. We think that with a more coordinated effort we could get talks going. (C)

Foreign Minister Solana: The next talks are in Mexico. Cuba is involved. (C)

President Salinas: The Cubans can have an influence on that case. I have spoken with Felipe Gonzalez about a coordinated effort to push the FMLN to a more constructive role in El Salvador. Mexico and Spain are the ones who can convince the FMLN to stay at the negotiating table, not to go on another offensive, and to agree to a cease-fire. Cuba is key to a solution in El Salvador. (C)

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Secretary Baker: That would be helpful. We have a chance to finish the last war in Central America. We think the FMLN is waiting to see what our Congress will do. We will have a decision one way or another on that in a couple weeks. We need to keep the pressure on the FMLN. If there is a possibility of a cease-fire this would be real progress. We are going to put conditions on the government regarding the Jesuit Case. (C)

President Salinas: We will do our part to influence Cuba. (C)

The President: Castro has been disruptive on the Iraqi case. He was the exception on the resolutions. (C)

President Salinas: He was the exception on the last resolution. (C)

Secretary Baker: The Secretary General has talked about moving on the FMLN. Is Cuba likely to be helpful? Who has an influence? (C)

President Salinas: You will have a warm welcome in Mexico. You will find a most positive part of Mexico in Monterrey and Aguascalientes. (C)

The President: I look forward to it. I have been to Aguascalientes and Baha Sur. (C)

Secretary Baker: If we could raise the NPT review conference. We have a difference here. We hope you won't hold NPT hostage to a comprehensive test ban. (C)

President Salinas: We need to work more with you on that issue. Again, I look forward to receiving you in November. I am happy that this is the first time in recent history when a Mexican president and a U.S. president have met and it has not been necessary to discuss a serious controversial issue. (C)

-- End of Conversation --

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THE WHITE HOUSE

MEMORANDUM OF CONVERSATION WASHINGTON

SUBJECT: Meeting with President Jovic of Yugoslavia
(U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Raymond G.H. Seitz, Assistant Secretary
of State for European and Canadian
Affairs
Robert L. Hutchings, Director for European
Political Affairs
Interpreter

Borisav Jovic, President
Budimir Loncar, Foreign Minister
Dzevad Mujezinovic, Ambassador to the U.S.
Pavle Jevremovic, Foreign Policy Advisor to
the President of the Presidency
Interpreter

DATE, TIME October 1, 1990, 4:03 - 4:05 p.m.
AND PLACE: Waldorf Astoria Hotel, New York City

The President: I might start and then turn the floor over to you. The place to start, after saying welcome, is to underscore that we support a united Yugoslavia. We support the government's political and economic reform. The visit of the new president of Croatia in no way changes U.S. policy. I am anxious to hear from you. As I told Foreign Minister Loncar, I know it is a difficult period. I hope the Yugoslav people will agree on the future direction of your country. Our position is for free elections and democracy in the republics and autonomous regions as well as at the federal level. You are familiar with our human rights concerns, especially in Kosovo, so I won't dwell on those. But there is increasing concern about the violations of individual human rights. We are not talking about one group over another; that is not the business of the U.S. Before turning the floor over to you, let me say that I am grateful for the common stand against Iraq. I am impressed again at the U.N. and how united the world is against Iraq. Please, be frank and tell us the problems you have, and we will see where we go from here. (X)

President Jovic: Thank you very much Mr. President, especially for your time, which is precious. Thank you for your staunch stand in support of Yugoslavia. Let me spell out Yugoslavia's main problems and how we are dealing with them. First, the economic reform is going well. We have stabilized our balance of

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payments, stabilized our currency, and are paying our debts. So our foreign economic relations are going well -- so well, that the Paris Club won't consider a rescheduling of our debts. It is true that we have \$10 billion in foreign exchange reserve, but Iraq and the drought have had a serious effect on our economy. (C)

The President: May I interrupt? In Iraq, is the negative balance because of oil alone or other trade? (Ø)

President Jovic: Our \$1.2 billion in losses excludes oil, which we are still evaluating. The key problem is because of the economic reform. Production is down 10% because we opened the gates to the world market. The economy cannot adjust so fast. On the key issues of reconstructing our economy and finding additional resources, we also need understanding from the international community. Also, among all the Socialist countries, Yugoslavia's economy is the only one almost to have reached a market economy. So we are at the critical point. We need another year or two, but I believe that we can overcome these problems. On political issues, we have a multiparty system with more than 100 parties. In two republics multiparty elections have already been held. Four more are expected to be held before the end of the year. One difficulty is that most parties are organized on a national basis, leading to disintegrative tendencies. There are secessionist tendencies not only in Kosovo but also in the republics. During the elections people were carrying slogans about seceding, establishing a confederation, etc. Now there is pressure for them to live up to these promises. In essence, the constitution needs to be changed. I am confident we can find the best way of living together, but disintegrative tendencies are creating problems. I must say that your stand in support of a united Yugoslavia carries great weight, even among those opposed. At this point that is the best help you can give. On Kosovo, Yugoslavia accepts and advocates human rights for all. The problem of Albanians in Kosovo is the issue of separatism. This is not likely to be resolved easily. On September 7 they proclaimed a republic and said they would secede from Serbia. (Ø)

The President: Is this related to changes in Albania? (U)

President Jovic: Not really. It has been going on for hundreds of years. This is the second time this century. (U)

The President: On Albania, we don't know much, but will it emerge into a country that wants improved relations? Will it move swiftly now? (Ø)

President Jovic: They are changing, but very slowly. (U)

The President: I saw the Albanian ambassador today. He was very pleasant. In the old days, they wouldn't have spoken to us. (C)

President Jovic: Their ambassador is nice and outgoing. (U)

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The President: Is there more you would like us to do in supporting a united Yugoslavia? Have we been too quiet? (Ø)

President Jovic: Let me answer very sincerely and openly. The U.S. spoke clearly about a unified Yugoslavia but didn't distinguish democratic processes and disintegrative processes. For example, in Kosovo, there is a distinction between human rights and secession. We say yes to human rights, no to secession. In Slovenia, we say yes for democracy but not secession. (Ø)

The President: I wanted to give you the opportunity to be frank. I don't want you to think we are riding two different horses. (U)

President Jovic: One more thing: we do not believe in Yugoslavia's disintegration, because national groups are intermingled and it would be virtually impossible to delineate borders. It could lead to civil war in the Balkans, which no one wants. This is not in the interest of the Balkans, Europe, or the world. (Ø)

The President: I appreciate what you have said. We want to try to be helpful, and we wish you well. (U)

President Jovic: One final point, one complaint: there are too few high level visitors. Let me ask you to visit or have Mr. Baker come on one of his many visits to Europe. Also, the Secretary of Defense was to have come, but he cancelled. We were very sorry. (Ø)

The President: I appreciate your raising this. I recall my visit as Vice President with great fondness. (U)

Secretary Baker: Let me mention one thing. I will meet with your minister tomorrow. We are very concerned about your contract to repair Iraqi MIGS. Can we talk about this tomorrow? (Ø)

Foreign Minister Loncar: Yes, of course. (U)

President Jovic: Let me give you a very straightforward answer. We did have a contract for 16 MIGS. When we halted work the MIGS had to be moved. Now everything is frozen and nothing will happen on this contract. (Ø)

- End of Conversation -

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THE WHITE HOUSE

MEMORANDUM OF CONVERSATION WASHINGTON

SUBJECT: Meeting with Foreign Minister Shevardnadze of the Soviet Union (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Andrew H. Card, Jr., Assistant to the President
and Deputy to the Chief of Staff
Dennis Ross, Director, Policy Planning Staff,
Department of State
Raymond G.H. Seitz, Assistant Secretary of State
for European and Canadian Affairs
Robert L. Hutchings, Director for European
Political Affairs, NSC Staff
Interpreter

Eduard Shevardnadze, Foreign Minister
Aleksandr Bessmertnykh, Ambassador to the U.S.
Sergey Petrovich Tarashenko, Chief, Evaluation and
Planning Administration, Ministry of Foreign
Affairs
Interpreter

DATE, TIME October 1, 1990, 1:15 - 1:50 p.m.
AND PLACE: Waldorf Astoria Hotel, New York

Foreign Minister Shevardnadze: Congratulations on your brilliant speech. You must be very tired. (U)

The President: There are big domestic issues, with the budget situation. We are trying to get the deficit down. There will be a big fight with Congress, even in our own Party. (U)

Foreign Minister Shevardnadze: Still, you must be happy to know how many parties you have. We don't even know how many we have. (U)

The President: Ours sometimes act like more than two. On this budget agreement, only one third of the Republicans in Congress are for what I want to do. (Q)

Let me start by saying that I meant what I said in the UN about U.S.-Soviet cooperation. I know your historic relations with Iraq have made your position difficult. Jim has filled me in on his many conversations with you. Let me say just one thing on the arms control front. As I said in Helsinki, it is important that both I and President Gorbachev push our bureaucracies to get

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this done. Jim has a certain flexibility, because I want to see a successful conclusion. We will need to be as flexible as possible. (S)

There are only two other subjects I would ask you to touch on if you would. First, on Salvador, we are troubled that the FMLN will not go forward toward a peaceful resolution of that question. Second, having seen the text of your outstanding speech, I want to ask if you have given more thought to what happens if sanctions against Iraq are not effective. (S)

Foreign Minister Shevardnadze: Thank you, Mr. President. First, I would like to convey best wishes and best regards from President Gorbachev. Let me say at the outset, we regard as very timely your letter of September 17. It is an excellent idea to give the Secretary of State and me the necessary authority to make decisions -- not because we love power and authority. (S)

The President: I'm not so sure about that on our side. (S)

Foreign Minister Shevardnadze: We are at a stage when decisions must be taken. It is impossible to do in Geneva or Vienna, so we have to do it. I think we can now say, given what we have achieved, that we can confidently state that the Paris Summit will take place and be a success. There are still some problems with aircraft, but we can solve these if James helps. (S)

Secretary Baker: Our flexibility is already on the table. (S)

Foreign Minister Shevardnadze: Second, we have reason to hope for substantial progress on START. Two or three major questions can be settled soon, right away. Then there will be another meeting with James in November. I think we can resolve all questions, thanks to your support. This means in November we can probably discuss your visit to Moscow and the timing. (S)

The President: I want very much to come. (S)

Foreign Minister Shevardnadze: Let me again refer to your speech today. I think your UN address will be of great impact in the future in solidifying the positive trends we see in the world. I think it was very important what you said about U.S.-Soviet relations, because if we are to speak of a new world order, U.S.-Soviet relations will be the main support of that order. This is the sixth UNGA I have attended. Comparing the remarks made by the U.S. over the years, I note a new quality in our relations. I am emotional when I say that. (S)

The President: I feel the same way. (S)

Foreign Minister Shevardnadze: Thank you for what you said about the Soviet Union. If I may speak frankly and openly, it is very important for us, given the problems we face at home. I regard as very important the substantial support you expressed for the UN. I think I know the response, having talked to several of my colleagues. Your remarks were appreciated by everyone. (S)

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Concerning Iraq, it was difficult for us to take the initial decision. I knew Saddam was a difficult man. I remember the question James asked in Irkutsk: whether I thought that the concentration of troops would result in an invasion. I said no, because I didn't think it logical. But we took the right decision. Either we support the new world order, or we support the law of the jungle, as you said in your speech. It is either of those two. What we have done is right. It is very important that your speech was a clear, constructive stand in favor of a peaceful resolution. All points of emphasis were very important. I think a peaceful resolution is possible. I have been discussing this with James Baker. (S)

I think the Arab factor is very important. We have to get them united against Saddam Hussein. I think this is possible. You know the position that Yemen took before, and I know that you worked with Yemen and others. We did, too. At the UN Security Council everyone thought Yemen would vote against. Even the speech of their foreign minister seemed against. When he raised his hand in favor, I was surprised. He hadn't had time to change his speech but must have received last minute instructions. I think Jordan will also take a more constructive stand, and we can work with the Algerians. Maybe we should discuss patterns of our work in parallel with the Arabs. I firmly believe we can realistically hope to make Saddam Hussein withdraw from Kuwait. He must see that there is no other way out. I know the capacity of that country. It is not so powerful. Grave internal problems are about to emerge. One danger is the risk of an adventurous step. (S)

The President: Yes, a provocation. I worry about that very much. It might be a terrorist act. Terrorists were speaking at that conference in Jordan. This is very worrying. I share your concern that the man might act irrationally. (S)

Foreign Minister Shevardnadze: Yes. He is capable of that, but if he gets no support from the Arab world it will be difficult for him to take such a step. Today you pointed to further steps in the process, including Arab-Israeli negotiations. You have stolen some of our important arguments. (S)

The President: What we don't want is to let him link the invasion to Israel. That is not acceptable. But to hold out hope to get progress on the Israeli-Palestine question is correct. (S)

Foreign Minister Shevardnadze: Yes, I think that's right. There will be further consultations with Jim about how to work with the Arabs, and also about how to act in the Security Council if there is not a successful result on the basis of the resolutions. (S)

The President: I have seen your statement and appreciate it. I encourage you to talk to Jim Baker. I'm just not sure Saddam will act rationally. That is what is troubling me. (S)

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Foreign Minister Shevardnadze: Yes, indeed. There is this risk, this danger, but there is also another possibility. He could make a turnabout and leave Kuwait. He is a man capable of that kind of act, too. (S)

The President: Someone else said that same thing. (S)

Brent Scowcroft: Perez de Cuellar. (S)

Foreign Minister Shevardnadze: I met Saddam eighteen months ago in the context of mediation between Iran and Iraq. I was trying to persuade him to take elementary steps, which he said were categorically impossible. Now two months ago he made a complete turnabout. So I would not rule this out if he feels he is in total isolation and if the Arabs indicate this to him. For self-preservation, he might reverse himself. It was important in your speech that you said there could be a discussion of broader issues after an Iraqi withdrawal. The Iranian factor is very important. There is certainly some reaction in the country to a foreign military presence, but as for Iranian attitudes toward the invasion and aggression their views are very clear. Both Rafsanjani and their foreign minister told me their views. (S)

You mentioned Salvador. I will be discussing this with Jim Baker. There is some movement. We are working with the guerrillas. They are difficult, but the government, too, is not easy to deal with. We are ready to establish diplomatic relations with the Government of El Salvador. Yesterday we reestablished relations with Honduras. It is possible with Salvador, too. It would expand our ability for dialogue. Yesterday we also established diplomatic relations with South Korea and have established consular relations with Israel. (S)

The President: I think this is very important. (S)

Secretary Baker: On the Secretary General's mediation, Gonzalez, Salinas, and Perez have agreed to act as "friends of the Secretary General" to see if they can move forward. We need someone who can have influence on Cuba. (S)

Foreign Minister Shevardnadze: It is difficult to find such a person. I will try. I will talk again with them, but I have done so a number of times. (S)

The President: I know you have. (S)

Foreign Minister Shevardnadze: They're in a difficult position, economically and socially. (S)

The President: There are isolated, in this hemisphere at least. It is an irony: Cuba could be a wonderful participant in this hemisphere under different circumstances. (S)

Foreign Minister Shevardnadze: It will take them some time to really comprehend what is happening in the world. He is a man with some vision, but it needs to change. (S)

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The President: I appreciate you coming over. I am looking forward to hearing from Jim about your discussions. (C)

Foreign Minister Shevardnadze: I think we will be able to discuss the entire range of issues. (C)

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Secretary General Javier Perez de Cuellar of the United Nations (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Thomas Pickering, US Ambassador to the UN
John Bolton, Assistant Secretary of State
for International Organization Affairs
Nancy Bearg Dyke, NSC Staff (Notetaker)

Javier Perez de Cuellar, UN Secretary General
Virendra Dayal, Chief of Staff
Ronald Spiers, Under Secretary General
Alvaro de Soto, Executive Assistant to UNSYG
Jean Claude Aime, Acting Assistant to UNSYG

DATE, TIME October 1, 1990, 10:55 - 11:35 a.m.
AND PLACE: 38th Floor Office, United Nations

Secretary General de Cuellar: You are most welcome here. You are an old UN hand. There are many reasons for us to be most pleased. There has been some positive action here on the Middle East. (U)

The President: Did you hear anything from Jordan yesterday? Do you see any option for further diplomatic action? (Ø)

Secretary General de Cuellar: No diplomatic option, only military options. I don't see anything that gives me a chance of doing anything. Because of public opinion, there is no effort to find a solution. Morocco and others have tried with no success. I tried, and nothing came of it. (Ø)

The President: The UN has played a very useful role. The world understands and knows you have tried and has seen the almost frantic shuttling of King Hussein. I don't think there is a feeling yet around the world that peace is not possible. My concern is holding the world together on these sanctions. (Ø)

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Secretary General de Cuellar: He can do a U-turn all of a sudden. He did a U-turn on Iran and gave them everything they wanted. He doesn't care about public opinion. He doesn't need to save face. He looks at his interests; doesn't inspire confidence. I'm still hopeful the sanctions will be felt by him. (Ø)

The President: Yemen has backed away a little. (Ø)

Secretary Baker: Have you had a chance to talk to Iraq regarding the French proposal? (U)

Secretary General de Cuellar: I talked to the French Ambassador. The French have made statements through the press: "There has been no particular contact between France and Iraq except normal diplomatic dialogue. Our charge keeps contact in Baghdad regarding French citizens in Iraq." The French have said that any useful discussion would have two conditions: 1. Iraqi troops must leave Kuwait. 2. Let the hostages go. (U)

The President: But what about returning the legitimate rulers of Kuwait? (Ø)

Secretary General de Cuellar: That is not in there. (Ø)

The President: We have op-ed writers in the US that would go along, but I think we have to do what the UN set out to do. We won't back away. We want a peaceful resolution, but we may be faced with provocation. (Ø)

Secretary General de Cuellar: Yes. There are rumors about nuclear devices that could be launched from a plane. (Ø)

The President: We are well aware they have used chemical weapons. I would discount the nuclear. How do you see the Israeli card? (Ø)

Secretary General de Cuellar: Levy came to see me. They are being careful to be low key. I don't know what he will say to the General Assembly today. There is always a chance of an Iraqi strike. There are a lot of negative possibilities. Saddam Hussein is clever, criminal. (Ø)

Secretary Baker: How do you see Arab governments reacting if Iraq did an unprovoked attack on Israel? (Ø)

Secretary General de Cuellar: I don't see any Arab government that would come to the defense of Israel. What about combining the French initiative with an Arab initiative? The situation is extremely explosive. If I had something to say I wouldn't

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hesitate to go (to the region). Tariq Aziz is afraid to say anything in front of me. (S)

The President: Some think the sanctions are having a major effect. I don't know if it is true. The UN position is good; there is provision for humanitarian aid. (S)

Secretary General de Cuellar: It is important to monitor closely. (U)

The President: The US has a lot at stake. We have many soldiers there. It is working well in terms of hospitality. Saudi Arabia, Kuwait, and others are willing to see a fast military end to this. (S)

I trust King Hussein. He is honest. Israel is on one side of him; Iraq on the other. The King will honor what he said. (S)

Some feel it is too early for action. (S)

General Scowcroft: I think they know we are ready. (S)

The President: You can tell Velayati I see a new world as including better relations with Iran. We gave that message two ways. It was received seriously, but word came back that it is not time yet. But the response from Velayati and Rafsanjani was serious. They have right wing problems and can't move forward. Do you think the Iranians are complying with blockades? (S)

Secretary Baker: The Turks and Syrians think they are complying. (S)

Secretary General de Cuellar: Can we move to Central America? We are stuck on the negotiations. The FMLN told me they won't leave now. We need more from them. I told him (Cristiani?) he should have a multiparty delegation. It would add to their credibility. (S)

On Afghanistan, we have a group of countries to help us, and they are trying to have influence. (S)

The President: Let me ask Jim to bring you up on our Congressional action. (U)

Secretary Baker: Congress will adjourn between October 15-19. Then we'll know about aid to El Salvador. Either we will negotiate or have a vote. We have a sense of the FMLN stalling. I agree that Cristiani is acting in good faith. He knows about our desire for movement on the Jesuit case. They must move. If the FMLN is at the table and negotiating, then aid will be

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released. Mexico, Venezuela, and Spain have agreed to act as friends of the UN Secretary General. Tell the FMLN to negotiate in good faith and to not start an offensive. If the FMLN agrees to a ceasefire, it gives a better environment to look at direct talks. (C)

The President: I am embarrassed about the back money for the UN. I am continuing to try with Congress. You've done a good job on the Hill. We'll keep struggling. (U)

Secretary General de Cuellar: We know you have been trying. (U)

Mutual thanks for conversation. (U)

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WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Yoweri Museveni of Uganda, Chairman of the Organization of African Unity (OAU) (Ø)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Herman Cohen, Assistant Secretary of State for African Affairs
Nancy Bearg Dyke, NSC Staff (Notetaker)

President Yoweri Museveni, Chairman of the OAU
Salim Salim, Secretary General of the OAU

DATE, TIME: October 1, 1990, 9:15 - 9:30 a.m.,
AND PLACE: Waldorf Astoria Hotel, New York City

The President: I really appreciate the public support the OAU has given to our policy in the Gulf. I am also encouraged about Angola. One more step. UNITA will assume a legal status. Everything else is coming along: talking, ceasefire. Tell me what else you would like to discuss. (Ø)

President Museveni: Liberia. If Taylor talks with ECOWAS, it will be helpful. (Ø)

Ambassador Cohen: Now that Doe is gone, everyone says they can start talking. The OAU can be helpful with this. (Ø)

President Museveni: The OAU can help. (Ø)

Ambassador Cohen: We certainly support that. (Ø)

The President: We've been reluctant to do it. We don't want to dictate a solution. As soon as they stop fighting we are ready to go in. (Ø)

President Museveni: They have the manpower but not the logistics. Maybe, the US can support with logistics. (Ø)

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Secretary Baker: Back to Angola for a moment. It will really be helpful if the OAU takes a strong position. We have talks going and are very close to a solution - election, etc. Need Dos Santos' cooperation. UNITA is the political force in Angola. If military action can be put aside, and there is a ceasefire and political recognition, and if the OAU supports this, we can get peace in Angola. This would really be a major step. (Ø)

President Museveni: We will look at it. (U)

Secretary Baker: Please. (U)

The President: I would be interested in your view on South Africa. We think de Klerk is a new breed of ruler. The violence between the ANC and Zulus is bad. Are we right, otherwise, to be encouraged? (Ø)

President Museveni: The changes are encouraging. I asked Mandela if he trusts de Klerk. He said, "Yes." I was very happy. Mandela is fed up with the system in South Africa, especially the right wing and security forces and Army. He is pressing De Klerk to real change. In one year things will happen. Then, maybe the sanctions can be removed. If they are removed first, you remove pressure. If the pressure is kept on, de Klerk will keep moving. (Ø)

The President: We can't remove the sanctions until certain conditions are met under our law. Many black leaders in the US are blaming de Klerk for violence in South Africa. He has been slow to use his security force. (Ø)

President Museveni: Need Mandela to handle the situation differently. Some factions are taking advantage of the violence. The whites use it by saying, "Look at what will happen if you get majority rule." (Ø)

The President: One point de Klerk raised was regarding the Communist Party. I thought the Communist Party was out of style, but I guess some ANC members are still Communists. (Ø)

President Museveni: Since the West didn't give support, some of the people moved to the East. The numbers are very small of Communists in ANC. It would be unwise for Mandela to throw them out. It would cause lots of trouble. (Ø)

The President: Is Winnie Mandela being seen as a problem? Is it an effort of white South Africans to get at the blacks or what? (Ø)

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Secretary General Salim: Blacks want her to have a chance to clear herself. (U)

The President: What if she is found guilty? What effect will it have on the progress? (Ø)

President Museveni: The blacks would separate the two. (Ø)

President Museveni: The debt situation is a crisis. The African leaders are extremely concerned. The economies are not integrated. When the prices go down, what you export loses value and imports cost more money. And the oil factor is new. (Ø)

The President: We are worried and want to be helpful. We are encouraging everyone to move on the Uruguay Round, especially on agriculture. The oil price situation is bad on everyone. We want to do everything we can to move forward free markets. It is very tough on us. If the deficit comes down, maybe interest rates will come down. Thank you for raising this issue. (Ø)

President Museveni: If we have debt forgiveness on one hand and provision of machinery on the other, we can balance. (Ø)

The President: Can't the international institutions help with that? We'll look into it -- EXIM, OPIC, etc. Hank, please look into it. (Ø)

Ambassador Cohen: Uganda has one of the best economies in Africa today, but it is still a problem. (Ø)

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President
Collor of Brazil (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard W. Aronson, Assistant Secretary
of State for Inter-American Affairs
William T. Pryce, Senior Director for
Latin American and Caribbean Affairs,
NSC
Marcel Bouquet, Interpreter

Ferenando Collor, President of Brazil
Francisco Rezek, Foreign Minister
Marcilio Marques Moreira, Ambassador
Jose Goldenberg, Minister of Scientific
Affairs
Roberto Krause, Foreign Ministry
Maria Louise Phillips, Interpreter

DATE, TIME October 1, 1990, 4:15 - 4:45 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, NY

The President: Good to see you. I have just gotten back from discussing the budget in Washington. We had a meeting and I think we have a workable compromise. We'll have to work hard to get it adopted. But how are you? You are looking fit. (Ø)

President Collor: Fine. We are looking forward very much to your visit to Brazil on December 2. (Ø)

The President: Do we have a date set? (Ø)

Mr. Pryce: Yes. (Ø)

The President: We all have the Iraq problem before us and this naturally is taking some time. But, we don't want to send a signal that we are so preoccupied with Iraq that we forget our other priorities. That is why I am so pleased that we have been able to reschedule my trip to Latin America which has a very high priority for me. (Ø)

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I didn't have any particular problems to put on the table. We hope you can waive the Tlatelolco, I can never get that name right, Treaty into effect. I would like to know how much the Middle East will adversely affect Brazil. I apologize for the change in schedule. If we do get the budget through, this will lower interest rates. We would save \$500 billion over five years. I hope the Federal Reserve will lower rates once this issue has passed. This will benefit our trading partner's economies world-wide. (Ø)

President Collor: In the first place, I want to congratulate President Bush on his Enterprise for the Americas Initiative, it benefits all Latin America and especially Brazil. I want to say that my congratulations for the Enterprise for the Americas Initiative were passed to him at the very beginning. We have taken this as a decisive step which will improve overall relations and trading relations between our two countries. We have been holding talks and analyzing it. Both Brazil and Argentina are working towards a common market in 1994. We hope that Brazil and Argentina and Uruguay will all be integrated. This is a requirement for development. Latin American integration is a goal for all our democratic governments. It is fit that it begin with the Southern Cone. It has started and has gone well. This fits right in with the Enterprise for the Americas Initiative. (Ø)

May I say that pronouncing Tlatelolco is also difficult for us. I said at the UN in my opening speech, we in Brazil want to review the article which says that it is okay for the signatory countries to explode nuclear devices for pacific purposes. Brazil wants to eliminate that article. Brazil, under my government, will not embark on any nuclear adventures. (Ø)

Before coming on this trip, we got information that there was a deep shaft in the ground which people said was designed to test atomic explosions. The shaft was constructed by governments before me. I went up there and sealed the hole to show them once and for all that Brazil had no intention of making atomic explosions. (Ø)

I regret our bad informal relations with Saddam Hussein. As you know, Brazil had formal relations with Iraq. But those were open. Unfortunately, there have been clandestine relationships which were murky. That is unthinkable for us. (Ø)

Let me remind you, Mr. President, that we immediately joined the United Nations resolution which we considered our duty. We gave unconditional support to the United States and the United Nations regarding the decision on Iraq. Going back to the Tlatelolco Treaty, we think it would be good for our experts to discuss this further. (Ø)

The President: I was going to suggest that. The closer we cooperate the better for both countries. I meant to thank you in the beginning for your support on Iraq. Like you, we had trade

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relationships with Iraq. I am being criticized for trying to have better relationships. We did try, along with others, to get [Saddam] Hussein to be more moderate. It is better to try and fail than not to try at all! I am sorry we did not succeed. We had relationships. We understand those who had relationships. We know it is not easy when you have commercial relations. But if all the world opposes Saddam's actions, the result should be peace. I don't know how the situation will be resolved. I hope it will be peaceful. I have heard different reports about the effectiveness of sanctions. The worry I have is that the man is unpredictable. He thinks he can act any way he wants. He can lash out in one way or another. He has been gathering terrorist groups. We are worried about unpredictable behavior. But we are happy that the world has stayed together in opposing his actions. I would like to know what you think. I should have said at the beginning, thank you for your support, and I apologize for not having done so. (Ø)

President Collor: Mr. President, we are concerned about Iraq, as are all the people of the world. After the changes in the governments of Eastern Europe, we thought there would be a decade of peace and prosperity for the world. But then, suddenly, Saddam comes up with an invasion and walks over the sovereignty of another country and threatens the stability of the world. We have to stay together on this. Our attitude could be only one -- sanctions. I hope that they are effective. I hope this embargo is effective. As I heard somebody say the other day, "resolutions must become solutions." (Ø)

We support all peaceful attempts to resolve the Saddam problem. You cannot allow sovereignty to be obscured. There can be no rewards for violations of international law. We can not give in to someone like [Saddam] Hussein who invades another country. We had a brigadier general in the Air Force who went to Baghdad who had Top Secret information as part of the job which he formerly had. This causes a conflict from Brazil's official position. This was a Brazilian officer who had information when we wanted to be a nuclear power. Now we have a law that people cannot give their information to a foreign power. (Ø)

The President: May I mention the Uruguay Round? We are concerned about the progress on agriculture. We have been having trouble with the European Economic Community in agriculture -- they do not want to include it. If agriculture is not included in the Agreement, it will fail. If the Round is successful, there will be opposition here. (Ø)

I have to ride herd on trade negotiations. But we have Jim [Baker] and Bernie [Aronson] to do this. I don't want to meddle in Brazilian internal affairs, but if you can stay on top of your negotiators. Sometimes a person in a lower position comes under extreme pressure during negotiations and does not reflect the position of the top leaders. I felt optimistic after the Houston Statement. But after the meeting some governments were bicycling backward rather than forward. Carla Hills has said that a one-

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half trillion dollar increase in world GNP could result if we can get a successful Uruguay Round. The small countries will benefit the most. We are close together, Brazil and the U.S. I want to thank you for your public statement on trade. (C)

President Collor: May I remind you of all I said at our first meeting. And at the beginning it looked like it would be impossible to implement this in six months. I talked to Carla Hills about this also. At the beginning it looked like it would be impossible to implement this in six months, but we have been putting all of this into effect. But, we have done this by freeing up imports and the exchange rate, combatting inflation, and allowing prices to become freer. We had inflation of 90% per month and it fell to 12% per month. Excessive protectionism of some countries bothers us. Brazil wants to join the family of modern countries in the 21st century, but we need reciprocity in open markets. Some countries have protectionism which can threaten our continued growth. (C)

Regarding the Uruguay Round, unless agriculture is dealt with it will be like a one-legged man. (C)

The President: In discussing this I don't want you to think we are "holier than thou." Congress has just passed a restrictive textile bill. I will have to veto it. They think that they can override. We don't want protectionism. If we can move forward. (C)

Secretary Baker: Let me jump in here to say the change is dramatic, remarkable. Ambassador Moreira and I worked for three years and we could make little progress then. In the three years we talked Brazil/U.S. trade relationship and things were at an impasse. The problem is that some bureaucrats are not following directions from the top -- particularly on intellectual property. The European Community says no intellectual property -- no agriculture. We see a night and day difference between government's position now and before. (C)

President Collor: [Speaking to Foreign Minister Rezek] Who is our ambassador in Geneva? (C)

Foreign Minister Rezek: We have a new bill in Congress that will reform our code on intellectual property. Our man in Geneva is Ambassador Ricupero. He is now bound by the current legislation and is waiting for permission to act on the new legislation. (C)

President Collor: Perhaps our negotiators in Geneva should explain to your staff in Geneva about the problems. I hope we will correct any problems. It bothers me when I make decisions and find that they are not followed through by all levels of the administration. If there is a bureaucratic impediment, I promise you it will be corrected in 48 hours unless such restriction are backed by law. (C)

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The President: Sorry there was a change in the times for the visit. We look forward very much to coming. (Ø)

President Collor: I want to thank you and mention two things before we finish. One, we have forwarded a letter of intent to the IMF. We are conducting negotiations with the private banks and hope to have normal relations with our international creditors at end of the year. Your position that debt for developing countries should be handled differently is very important. (Ø)

Two, talking about the Brady Plan, when we met in Washington I said to you "couldn't we improve on the Brady Plan?" and you answered "I'm thinking about something, but won't mention it because Brady is here and if he hears it he will call it the Brady Plan Two, and I want it to be called the Bush Plan." I now see that what you had in mind was the Enterprise for the Americas Initiative! (Ø)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Giulio Andreotti
of Italy (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the
President for National Security
Affairs
Raymond G. H. Seitz, Assistant Secretary
of State for European and Canadian
Affairs
Robert Hutchings, Director for European
Political Affairs, NSC Staff
Sim Smiley, Interpreter

Giulio Andreotti, Prime Minister
Rinaldo Petrignani, Ambassador to the
U.S.
Vieri Traxler, Ambassador to the U.N.
Umberto Vattani, Diplomatic Advisor to
the Prime Minister
Pio Mastrobuoni, Head of the Press
Office, Office of the Prime Minister
Carla Lonigro, Interpreter

DATE, TIME October 1, 1990, 4:30-5:00 p.m.
AND PLACE: Waldorf Astoria Hotel, New York City

Prime Minister Andreotti: Congratulations on your speech this
morning. (U)

The President: Let me thank you for the support of the EC in the
Gulf crisis. I told a group in Detroit the other day that Italy
and the U.S. have never had better relations. So welcome. I
have one or two points to mention and hope you will feel free to
comment. (U)

Prime Minister Andreotti: I would like to say we have been very
firm and have strong support from parliament concerning Iraq. I
welcome the emphasis that you placed on the importance of the
U.N. All of this helps us support your policy. I also would

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like to say that the attention that you gave to the Arab people is very important, also from the psychological point of view. Some countries have difficulties because of fundamentalist propaganda. But we must keep our principles in mind. He who occupies must not remain unpunished. On this point we will always have support. (S)

The President: Do you know this man personally? (S)

Prime Minister Andreotti: Yes, I spent three days with him after Camp David in 1978, trying to soften his reaction against Camp David. I have the impression that he is a very tough man. I don't like him very much. This morning the Saudi Foreign Minister thanked me because we did not do everything asked of us during the war in favor of Iraq. Eight years ago they bought ships from us and paid in part, but we never sent them. They are still in Italy. With Iran this is a time for a warm relationship. I will propose to the Community that our visits start again. (S)

The President: We made it clear to Iran through a couple of different channels that we are ready, but we have the stumbling block of the hostages, and on their side the frozen assets. They don't feel the time is right to move with the U.S., because Rafsanjani can't defeat his radical left and needs more time. I think they are complying with the embargo despite some rhetoric. They made it clear they will interdict shipping bound for Iraq, though we are not sure they have done so. So I think you are right; it is important to develop relations with Iran. (S)

Prime Minister Andreotti: If they have certainty that the West is dealing seriously and that in the end Saddam Hussein will be defeated, they will adhere strictly to the embargo. At the same time, they do not trust Saddam Hussein at all. (S)

The President: One reason I put in my speech that all soldiers should come home as soon as possible was to reassure Iran. Some elements are alleging that we are trying to get a foothold in the Gulf. Let me bring up one area where we might have a nuance of difference. I worry that Saddam Hussein will try to play the Israel card and attack Israel, as he has already done rhetorically. He is trying to make it the Arabs against Israel and the U.S. That has failed because so many Arabs are against him. I was asked a question at Helsinki concerning Palestine. I pointed out that we have no problem with an international conference but a big problem if we link an international conference on Palestine with this crisis in the Gulf. That plays

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right into Saddam Hussein's hand. We have a clear position against naked aggression: they have got to get out. I know there is a Palestinian problem that needs to be solved, but we shouldn't lump these two together. I know your longstanding interest in seeing that problem solved and respect it. Jim Baker is working very hard. I have great respect for your knowledge and efforts. (S)

Prime Minister Andreotti: Thank you for raising this question. There is no doubt that simultaneously linking would be wrong. Nothing would be solved. The Helsinki communique language was good language in that it referred to other problems. This morning you were even more specific. This was a good idea. The question was posed with exactness this morning. You said the problem with Israel exists and will be solved in time, but this doesn't mean we will not solve the immediate problem with Kuwait. The important thing is to give faith to the Palestinians and prevent them from thinking Saddam Hussein will solve their problems. The expression you used this morning expressed my exact position. (S)

The President: Thank you. The Soviets may have a different idea -- of calling for a conference almost merged into the other question. (S)

Prime Minister Andreotti: Keep in mind the Soviets have their own problems. They have two Islamic republics. (S)

The President: Let me put you on the spot. Suppose someone called you and said that Saddam Hussein had launched four SCUDS into downtown Jerusalem. What should be the proper response of those of us with forces in Saudi Arabia? And what of Israel? (S)

Prime Minister Andreotti: I would like to make a distinction. The important thing on our side is to keep the UN very strong. If there were hostile acts like this, my impression is that Israel should not respond but western forces in Saudi Arabia should respond. (S)

The President: That is sound advice, but it may be hard to convince the Israelis. (S)

Prime Minister Andreotti: It is clear that Israel would also participate; but we would have to make a great effort so that it does not become Israel versus the Arab states, but rather the allies of Saudi Arabia versus Saddam Hussein. Last Sunday I went

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to visit the Algerian president, who is a great admirer of yours. He is determined that Saddam Hussein's population understands fully that we are defending principle in an Arab country -- Saudi Arabia. What you said today was very good -- that all countries must become democratic. (S)

The President: Saddam Hussein is thrilled about an Arab plan for elections in Kuwait. What about free elections in Iraq? (S)

Prime Minister Andreotti: Saddam Hussein is a pure and simple dictator. (S)

Secretary Baker: I can see it in Saudi Arabia now. King Fahd, the people's candidate. (S)

The President: Maybe he will run as a Christian Democrat. (S)

Prime Minister Andreotti: One day we may see that, even in Saudi Arabia. (S)

The President: I feel sorry for my friend King Hussein. At this meeting in Amman, he had cabinet officials addressing Habash. I feel sorry for him but don't know what to do. Mubarak is livid with him. (S)

Prime Minister Andreotti: We must keep in mind that he is in a most difficult situation. It is not only a poor country, but half the population is Palestinian. So he knows one day a solution of the Palestinian question can change the Hashemite reign and turn Jordan into a Palestinian state. He is a man who has known moments of great courage: during Black September he personally rode in one of his tanks. Saudi Arabia probably will be able to recover to some extent with King Hussein. (S)

The President: They were mad at the piece Prince Bandar wrote. They considered it a breach of royal courtesy. (S)

Prime Minister Andreotti: One thing: the pilgrimages are far away. That will be a difficult time, with one and a half million Muslims going to Mecca. I went several times but had to be sequestered in our Embassy, because it is forbidden for foreigners to be present. (S)

The President: It is true of our troops as well. It is very hard for me as President to condone Saudis taking Bibles out of packages going to American soldiers. I think that is worked out now; they have tried to be helpful. (S)

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Prime Minister Andreotti: May I raise one more thing -- the Baraldini case. We hope that she can be returned to Italy under treaty provisions and serve her sentence in Italy. (C)

The President: Let us look into it. (To Brent Scowcroft:) Tell Justice that the Prime Minister raised the matter and needs an answer. We need all the jail space we can get. (C)

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Hussain Muhammad Ershad of Bangladesh (S)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
John H. Kelly, Assistant Secretary of State
for Near Eastern and South Asian Affairs
Nancy Bearg Dyke, NSC Staff (Notetaker)

Hussain Muhammad Ershad, President
Anisul Islam Mahmud, Minister of Foreign
Affairs
Ataul Karim, Ambassador to the United States
Ambassador Mohiudiz
Iftekhkar Ahmed Chowdhury (Notetaker)

DATE, TIME October 1, 1990, 5:00 - 5:40 p.m.
AND PLACE: Bilateral Suite, Waldorf Astoria Hotel,
New York City

The President: I want to thank you for your steadfast support in the Persian Gulf. I am hopeful there can be a peaceful resolution. I am constantly concerned about a provocation from Saddam Hussein. He is unpredictable. (S)

President Ershad: We have underway a six-nation Asian-Muslim peace initiative that will be a positive element and will put 400 million Muslims in those six countries on record against Iraq. It is a joint declaration by Bangladesh, Pakistan, Maldives, Malaysia, Indonesia, and Brunei demanding: 1) unconditional Iraqi withdrawal from Kuwait; 2) restoration of the legal government of Kuwait; only after that would be 3) discussion of the differences that led to the tensions between Iraq and Kuwait. (S)

The President: Are you optimistic about Muslim solidarity? Can he break it? (S)

President Ershad: No, he can't break it. (S)

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I know Saddam Hussein very well; he is a good friend of mine. I have been to Iraq many times. We have a good relationship. Today he has given an indication that he is ready to talk to us. He is taking a chance. They don't say anything against him in Iraq. He has a one million man Army, and he may have chemical weapons; but it is not an Army that can fight against the Army you have put against him. He is a modern man and knows what he is doing. He may have miscalculated. (S)

The President: Do you think he miscalculated on the world response to his aggression? (C)

President Ershad: Yes. He did not think the whole world would go against him. (S)

The President: What do you think he might do as a provocation? Terrorism? He uses a lot of rhetoric. We are watching closely. I was concerned in the early days for the safety of Saudi Arabia. He said, "I'm leaving Kuwait," but there was one truck going north and everyone else was going south. When he saw the forces going into Saudi Arabia, he realized he couldn't take the next step. What will he do? He's just hoping American public opinion will turn against this action like happened with Vietnam. I don't think so. What might he do militarily? (S)

President Ershad: King Fahd told me. . . Saddam Hussein has 99 names, such as Saddam the Creator, Saddam the Great. He's gone mad. (S)

The President: If there is a clear provocation and he doesn't get a response, he will keep doing it. It could be one of several acts and I don't know what he is apt to do. We want a peaceful solution. If there is clear provocation, we can't just sit there. We have a heck of a lot of air power. (S)

President Ershad: If he just quits with his army intact, no one will be safe in the region. We have to monitor his buildup or he will do the same thing again. (S)

The President: That is a very, very important point. (C)

President Ershad: He has become a hero in his country. (C)

The President: Will he pull out? Mubarak told me he can't pull out. (C)

President Ershad: Mubarak is right about that. He won't be able to sustain himself then. But, if he survives, he will be an absolute terror in the region, with his chemical weapons. (S)

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Secretary Baker: What direction is Arab opinion going? (C)

President Ershad: He may do something to get public opinion totally on his side. (C)

The President: Attack Israel? (S)

President Ershad: Yes, he could. (U)

The President: Suppose I call you up and say he has launched three Scud missiles into Jerusalem. What would you suggest we do? (S)

President Ershad: It must be a military response. (S)

The President: Just the US, or Israel? (S)

President Ershad: The US must retaliate. (S)

The President: We want better relations with Iran. I agree with you. If provoked, we have to do something with the other countries. (S)

Foreign Minister Mahmud: Your United Nations speech dealt with that. You said there is more after the Gulf crisis. (C)

The President: We wanted it to be a separate point. (C)

Foreign Minister Mahmud: Yes, it was. You brought it up but not as part of this crisis. We hope we can help with the six-nation initiative. (C)

The President: I would like to get your advice on India/Pakistan. We are not trying to manipulate the situation, but General Scowcroft and I have been talking about it and we are worried. (S)

President Ershad: I don't think there will be war. I talked to the Indian Prime Minister and he thought Bhutto wouldn't last. I doubt very much there will be war. (S)

Foreign Minister Mahmud: Pakistan cannot win. (S)

The President: One of the charges Saddam Hussein makes is that we are violating the sacred places. We're miles away and only intend to respect the holy places. Does he think he can turn all Muslims against us? (S)

President Ershad: No, everyone knows it is propaganda. You are 1000 km. away. (C)

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The President: I also put in my speech today that I want every single American out as soon as our mission is complete. Iran thinks we are trying to get a foothold. What do the Muslims think? (S)

President Ershad: They know. (U)

The President: What about Chadli Benjadid? Is he more supportive now? (S)

President Ershad: He hesitates to act. (S)

The President: Saddam Hussein will sit with his chemical potential, including biological. The status quo ante is not reassuring to those in the area. He's ravaging Kuwait: raping the women, spilling babies out of incubators, etc. (S)

President Ershad: He may be giving us a signal that he is going to eventually leave. It may mean he is preparing to leave because he is taking everything. But I have my doubts he will vacate. (S)

The President: My understanding is that before he always fought with short supply lines and controlling the air. What if he can't control the air? We have lots of air power there. (S)

President Ershad: If you don't strike first and get his chemical weapons, he may use them. (S)

The President: On the military assessment, if he got pounded in the air and his armor was attacked by air and in large part destroyed, what then? (S)

President Ershad: Then he has to kill himself. (S)

The President: Or someone else might do it. The people turned on Ceaucescu. It depends on how he is seen, if he is seen as evil. This is a rare occasion to talk with someone who knows Saddam Hussein well. (S)

President Ershad: I've been to Faw. Thirty to forty thousand people were lost there. Ten million shells were expended. One hundred forty thousand casualties. He won't leave Faw. (S)

The President: Why in that war was he unable to knock out Kharq Island? (S)

President Ershad: He didn't use his air force. He used his armor as a defensive line not as an offensive force. No military

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commander can disagree with him. He won't listen. He didn't utilize his air force at all. (S)

The President: Why? (U)

President Ershad: He was cautious. He is not a military man himself. (S)

The President: This is a fascinating conversation; very valuable. I hope the sanctions take effect. But, I don't think they will make him give up. Are they hurting him? (S)

President Ershad: Yes. (U)

The President: Do you think the sanctions by themselves will drive him out? (S)

President Ershad: No. (U)

The President: The sanctions won't drive him out? (S)

President Ershad: No, but if he suffers a defeat, the population may turn against him. (S)

The President: There is an interesting article in the New York Times Sunday Magazine (September 30, 1990) about Saddam Hussein. It's a tough article. I recommend you read it. We will send it to you. (S)

The President: This has been so fruitful and interesting. I welcome any thoughts from you. I really would welcome them. We're in this together. A Bangladeshi life is just as precious as a US life. (S)

Farewells. (U)

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President
Cristiani of El Salvador (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard W. Aronson, Assistant Secretary
of State for Inter-American Affairs
William T. Pryce, Senior Director for
Latin American and Caribbean Affairs,
NSC

Alfredo Cristiani, President
Miguel Angel Salavaria, Ambassador to the
United States
Ricardo Casteneda-Cornejo, Ambassador
to the United Nations
Manuel Pacas-Castro, Foreign Minister
Aturo Tona, Secretary to President Cristiani

DATE, TIME October 1, 1990, 6:15 - 6:45 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, NY

The President: [Before the Press] I'm so glad to see you.
There is still a good glow from the elections in El Salvador and
the democratic process as it has developed under your leadership.
We welcome you, and want you to know how much we admire what you
are doing. (Ø)

I wanted to get in those comments in front of the Press. It is
so good to see you. How are your wife and kids? I just had an
idea. Maybe your wife and your boys would like to come over to
the room for a drink after this meeting. I have a few minutes
between the end of the meeting and my scheduled departure. (Ø)

President Cristiani: I'm sure they would be delighted to come if
we can find them, at least Mrs. Cristiani. (Ø)

The President: I have not diminished one iota in my support for
you as President. I would encourage you to do what you are
trying to do. We want to get this out of the way. You are

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trying, I know. I want you to see that our support for you continues. I want to see you succeed. (C)

I want you to know that the Secretary General talked to us about talking with the FMLN. If this would be helpful to you, we would do it. But we would do it only if it would be helpful in your view. This was something the Secretary General presented as his idea. We gave no view. If you want it, we would do it. But we won't do it unless you think it would be helpful. The Secretary General presented this idea -- I didn't support it. (C)

President Cristiani: Regarding the FMLN, there has been pressure on the FMLN after our discussion with Perez de Cueller. I think he will be pressuring the FMLN to be more forthcoming. I was proposing a cease-fire. We have to wait for their response. Our idea is being supported jointly with Costa Rica. What we need is to corner the FMLN. This is the message we tried to send Congress. Whatever conditions are placed should include a cease-fire. The only thing acceptable is a cease-fire. I tried to work out something with five Senators, two Republicans, Senator Kasten, Senator Lugar, and three Democrats. (C)

I think that the FMLN is waiting for Congress to decide. They have always had the idea of not accepting a ceasefire until after elections. They think that our party could get too much support if there was a cease-fire. It's kind of hard to work with our parties. They kind of worry about our being successful. (C)

We have been having talks with Chavez-Mena saying that we will take you in to share a victory together rather than have you work against us. (C)

We asked the Secretary General not to wait until the 4th of November, but to get in with some sort of mediation or confidential working session before the formal meetings. They agreed to contact the FMLN. They talked about Venezuela, Mexico, Spain, and the United States participating. DeSoto wants to involve the countries in negotiations. The four countries mentioned all have been working to help us. CAP is always trying to get into discussions. Mexico has a point of view. (C)

The President: When you say FMLN, who are the key figures? (C)

President Cristiani: There are five groups. (C)

The President: But who can speak for them? (C)

President Cristiani: The strongest group militarily is headed by the Villalobos. It is also the most radical. (C)

The President: Does he live around town? (C)

President Cristiani: No. He is out of town. (C)

The President: What about arms from Nicaragua? I asked Mrs. Chamorro. I asked her if she can control them and she said yes. Are you still concerned? (C)

President Cristiani: Yes. We think it is a group within the FSLN who is aiding them. I can't say that it is Humberto. (C)

The President: Can you say that Humberto has put out the order not to do it? (C)

President Cristiani: In talking with Mrs. Chamorro, she said she would put in a bill asking for ten years imprisonment for people who deal in arms and the Sandinistas had to support it. (C)

The President: I gather she is having a rough time with her economy. How is your economy? (C)

President Cristiani: We have been doing pretty well. The inflation rate was one-half percent a month for the last four months. It should be 16-18 percent for the year. Oil will be a problem. (C)

The President: Where are you getting your oil? (C)

President Cristiani: From Mexico and Venezuela. Mexico and Venezuela are upping their concessional financing from 20 percent to 30 percent. (C)

The President: Oil prices are too high. We think they are driven up by speculators. Our experts say that about in December there would be a shortage, but there is none now. If new production comes on line, there should be no shortage at all. There has been a lot of gouging speculation. This has pained everybody. There is talk of oil prices leading to a U.S. recession. We don't want this to lead to a world-wide recession. We are trying to get a budget bill which will help. We think it will bring down interest rates. Some experts say that there might be a recession. Others say no. Every time there is a message by Saddam Hussein, there is a reaction in the future's market. We are all agreed and all hold that we must confront Saddam together. There is broad support. (C)

President Cristiani: It was obvious yesterday when the Sheik of Kuwait spoke at the Children's Festival. He got the longest and loudest applause. Everyone recognized his position. (C)

The President: His reception at the United Nations before, last Thursday, should send a clear sign to Saddam. (C)

President Cristiani: The Iraqi speeches are interesting to see. I spoke with CAP and six or seven others to say that we supported joint actions strongly. (C)

The President: Who delivers the Iraqi speech? (C)

President Cristiani: The Ambassador. I don't know if he is a reasonable man, but reasonable men can't speak up. (C)

The President: I think we can hold the line on sanctions and hope it will have affect. Hussein is in a tough situation. He asked Queen Noor if she was interested in talking to Barbara about Israel. Anything else we want to talk about [Assistant Secretary] Bernie? (C)

Assistant Secretary Aronson: The idea of enlisting others in the El Salvador settlement when their prestige would be on the line might be useful. (C)

President Cristiani: They have been useful without being thrown together. The problem is that if they get together, they might pressure the government. (C)

Mr. Pryce: That is right. (C)

The President: There is the question of workers' rights. (C)

President Cristiani: I think we are going to be able to solve that problem. We are working with the unions. (C)

Ambassador Salaveria: I have talked with Bill Dougherty often about this. And Dougherty says he may eventually withdraw his objections. (C)

The President: Shall we go around the corner to my quarters?

President Cristiani: We want to assure you we are trying to do all we can. (C)

The President: The trouble is that the Jesuits have all sorts of support here. (C)

President Cristiani: We have done a lot. The Judge is courageous. We went down to testify and high-ranking officers have appeared in person instead of sending statements. Even the Provincial of the Jesuits has said that the Judge is doing nice work. The Judge said he thought he would be able to elevate the situation to a trial in several months. (C)

The President: Does the Judge ask you questions himself or do attorneys? (C)

President Cristiani: The Judge asks questions, then attorneys can cross examination. This is not public. The next step in the case is public. I think that it will go well. We are trying to push. The Judge says "I don't want to be seen as rushing." He told the Obey Commission "I'm not going too slow; I'm trying to be thorough and pick up everything that needs to be done." One last thing, we drafted a joint letter thanking you for the Initiative for the Americas. (C)

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The President: We want to see Central America prosper. Thank you. I'll look it over. We want to get Europe involved. (C)

President Cristiani: We were all without exception pleasantly surprised with the Initiative, particularly with the message of getting all Americans together. (C)

The President: We all worked hard on this -- Bernie, Treasury. (C)

President Cristiani: Like you said this morning, Latin America is proving that democracy works. (C)

-- End of Conversation --

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Carlos Saúl Menem of Argentina (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard Aronson, Assistant Secretary of State
for Inter-American Affairs
William T. Pryce, Senior Director for Latin
American Affairs, NSC (Notetaker)
Stephanie van Reigersberg, Interpreter

Carlos Saúl Menem, President
Domingo Cavallo, Minister of Foreign
Relations and Worship
Guido Jose Maria Di Tella, Ambassador
to the United States
Antonio Erman Gonzalez, Minister of Economy
Ana Brown, Interpreter

DATE, TIME October 1, 1990, 7:45 - 8:15 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, N.Y.

President Menem: How are you? So good to see you again. (✓)

The President: Fine. I don't take questions during photo ops, but I did want to say to them how much we appreciate all you have done regarding Iraq. I understand you are getting more support than you were previously. I wanted to tell them that you have made great progress in establishing stability, and to praise what you have done on the economy and other things. (✓)

I want to apologize for the early hour -- I hope it did not inconvenience you. I hope that the change in trip dates did not inconvenience you, that the new dates we have set are okay. I didn't want to send the wrong signal that we are not paying attention to the Hemisphere. I wanted to be sure that it was understood that we were postponing the trip -- not canceling it. (✓)

President Menem: We were always receptive. We are looking forward to receiving you anytime. The change in dates is no problem. The new dates are very good. (✓)

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The President: I am looking forward to it. (C)

I want to repeat that I am very pleased with your decision to help out in the Persian Gulf. We appreciate your action very much. I don't have any controversial points. I would like to make one or two more points, but first I would like to open things up to you. (C)

President Menem: Argentina's attitude is to cooperate fully with the international community; to contribute by working with the U.S. and the world community to resolve international security problems. We are working with Brazil to avoid nuclear proliferation. We want to thank you, and the U.S. experts that you have provided, for the help you are giving us in establishing a broad range of safeguards. I am sure that you have heard from U.S. officials that we have ended the Condor program. I know that was an item where you were worried. You have no further reason to be worried. (C)

On the Enterprise of the Americas Initiative I said this to you immediately -- we appreciate the initiative very much. We have been working very hard on this. It is important to move on debt, investment, and trade. With Brazil, we are moving to develop economic integration. Also with Uruguay and Paraguay. Regarding Chile, we would like to have them also. It would help if you could give them a little push. (C)

The President: Why is Chile holding back? (C)

President Menem: Because Chile's economic stability is something we have not been able to match. After 17 years of dictatorship, they have an economic model by which they are living within their revenue. Something could be worked out -- they are on the verge. If the U.S. encourages Chile -- they will go along. (C)

The President: I will ask Mr. Aronson about this. (C)

Assistant Secretary Aronson: We have been talking. If Chile were to join, we would welcome this. They want to go with a bilateral agreement. We would be happy if they want to go with a regional approach. (C)

President Menem: We want to try to get a firm basis for these regional agreements in the Uruguay Round. U.S. restrictions, and countervailing duties are hurting us. I think that if on the basis of the GATT Uruguay Round we cut preferences, if we did this, we could make real progress. (C)

The President: I think the answer is a successful conclusion of the Uruguay Round. We are prepared to move forward, but we need agriculture. I am worried that the Round may fail due to agriculture. The Europeans are very tough. They say that the U.S. is tough. We are tough on agriculture. (C)

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President Menem: The Europeans are going slow on agriculture.
(C)

The President: They don't want to go anywhere on agriculture.
(C)

Secretary Baker: The President [Menem] may be talking about export enhancement programs. We put this in as a method to get Europe to the table as a package -- now they will talk. We said we would like to see the elimination of subsidies. We have said plainly that we would like to get them all out, and would do that if we could get the Europeans to go along.

The President: We are not saying this, but there is a tremendous possibility for the Round in improving the global economy. Jim [Baker] what is the figure? (C)

Secretary Baker: I think the figure is about \$500 billion. (C)

Mr. Pryce: The problem may be countervailing duties which apply because Argentina has restricted and forbidden the export of hides which amounts to a subsidiary to the local leather industry. (C)

Foreign Minister Cavallo: We are ready to sign conventions. We are willing to travel to work out the question of export subsidies. We want to open negotiations immediately. New countervailing duties on Argentina give the idea that we are getting worse treatment than before. (C)

Assistant Secretary Aronson: We are ready to talk about this.
(C)

Foreign Minister Cavallo: On leather, we have a solution. We are willing to change this. But we have eliminated subsidies on other items. But there has been no elimination of countervailing duties. (C)

The President: When situations change we should change our attitude. We need a rapid round of bilateral talks because the efforts Argentina is making are tremendous. (C)

President Menem: The other international organizations, the World Bank and the IMF, do not understand the depth of our changes and they measure our progress in terms of numbers. They don't take into account fundamental changes -- privatization -- they don't understand the problems with the U.S. companies such as American Torilum. This is a whole process. We know there is a problem with Bell Atlantic. We have a situation where the International foreign banks who fund privatization need to understand the process which is going on. We have three enterprises involving gas, electricity, and sanitation which we are privatizing. We are completely changing the idea of how we should run our economy. People do not understand how basic the change is. (C)

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The President: We are very interested in the Bell Atlantic situation. Jim [Baker], we should help. (C)

Secretary Baker: There is a little problem of a personal history here where the previous government promised certain things to the World Bank and the IMF. We intervened to get the World Bank to go in on a program. The World Bank thought Argentina did not meet its targets so there is a resistance now because of what went on before. But we can do whatever we can to make them understand. This may require quiet work with Barber Conable [head of the World Bank] to let him know that he won't get burned again. (C)

The President: I am pleased that you are speaking at the OPIC conference. We find that this helps investment for a country. (C)

President Menem: We will do what we can to promote free trade. (C)

The President: Freer competition is good for everybody. You have covered all the subjects. I wanted to discuss Tlatelelco and efforts to bring it into effect. You mentioned Condor. One last thing, we can go forward with Conable, if you feel that will help. (C)

The President: How are you getting along with the English? (C)

President Menem: Fine. We are operating cordially. (C)

On Tlatelelco, Brazil has not ratified the Treaty for reasons which are the same as ours. We worry that secrecy may be invoked. What we have done is negotiate with the IAEA a system of overall safeguards which at the same time protects industrial property as was done by Europe and Japan. The U.S. is helping us by providing experts who worked on other agreements. As soon as we get this worked out we will be in a position to move forward. (C)

The President: Thank you for telling me this. Did I mention narcotics? We are thankful for your efforts on this. (C)

President Menem: Argentina is doing all that is possible. Argentina is probably less affected because we have the best controls. In every trade convention we signed, drugs are mentioned -- with Venezuela, Mexico, Chile and Brazil. (C)

The President: That is good. Money laundering is important. We have money laundering agreements with many countries. (C)

We think that if we can get economic sanctions regarding Iraq we will set the stage for a new world order. Jim [Baker] went to

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Syria to enlist their help. We are worried about terrorists. Assad made positive comments. We may have made progress there. I know of your interest in Syria. (C)

President Menem: I mentioned my interest before in our previous conversation. My brother has been working on this. He is Ambassador to Syria. I am glad to hear that Secretary Baker's talks with Assad. I hope the talks were successful. On Syria you can assume that we are going to cooperate completely. If there are hostilities we will be the first to come and fight. (C)

The President: It is important that a number of Arab nations be in the forefront in opposing Saddam [Hussein]. Saddam has tried to play it as though it is him and the Arabs against the U.S. The facts are, and it needs to be understood, that it is Saddam against the world. (C)

President Menem: We hope that there is a new world order growing out of this difficult situation. (C)

-- End of Conversation --

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Carlos Andres Perez of Venezuela (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard Aronson, Assistant Secretary of State
for Inter-American Affairs
William T. Pryce, Senior Director for Latin
American Affairs, NSC (Notetaker)
Stephanie van Reigersberg, Interpreter

Carlos Andres Perez, President
Reinaldo Figueredo Planchart, Foreign
Minister
Simon Alberto Consalvi, Venezuelan Ambassador
to the United States
Carlos Gonzalez, Ministry of Foreign
Relations
Danute Rosales, Interpreter

DATE, TIME October 1, 1990, 5:00 - 5:30 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, N.Y.

The President: Did you expect all this rise in oil prices? I'm sure we agree this is a bad situation? I want to say how much we appreciate that Venezuela is upping its oil production. If Venezuela had not taken the lead, we don't know what would have happened. In spite of that, the world price is artificially high. (Ø)

President Perez: I think that the problem is with the strategic reserve. We should have released more than came out when our desire was to increase production. (Ø)

The President: The problem is that this would have signaled a world shortage. Your decision showed that there would be a situation where lost production would be made up. We are still debating whether to put more of the strategic reserve into use. (Ø)

President Perez: This was a strong blow to isolationism. On Saddam Hussein, tomorrow I will propose that we hold a meeting

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under United Nations auspices of producers and consumers. We should have OPEC and the International Energy Agency (IEA). This no longer a producers versus consumers situation. I believe OPEC and IEA can work in a spirit of cooperation. (C)

The President: Interesting. I don't know. The Japanese are not quite ready. How about the Germans? (C)

Minister Figueredo: No. (U)

The President: You want to find a way to produce more oil don't you? (C)

President Perez: Yes. We want to increase, but a major increase in which we produce much more than 2.6 million barrels per day. We want to go to 3.5 million per day, but need \$3.8 billion to do this. Under the present prices, our oil industry can do it. But we want prices to go down. (C)

The President: I know there is sensitivity to foreign investment -- will that work at all? (C)

President Perez: Refining is no problem. Exploration could encounter problems. We will have to discuss this domestically. Now we need greater refining capacity. There, foreign capital could be involved. That is what I talked about when we last met. (C)

The President: Exactly. But that would require a change in the law, wouldn't it? (C)

President Perez: Yes. Sovereignty is a problem. (C)

The President: Not only in Venezuela, but also in Mexico. What do you have on your agenda? I am interested in anything you would like to cover. (C)

One thing I would like to discuss is consensual boarding. I would like to urge as much cooperation as possible. We do not want any heavy-handed intervention, but we need to have quick action. (C)

President Perez: We have been talking about this with Colombia. We both want maximum cooperation. We are prepared to have our sailors on U.S. ships. We want there to be timely interaction so that there will not be any delays. Our response will be immediate. We will reply at once. (C)

The President: We changed procedures with Colombia. They felt we should ask the Government and get permission from shore and we worked out a deal to do this, but it takes so long. (C)

President Perez: It would be automatic consent as soon as we got the information. We will give approval without checking. We will agree at once. (C)

The President: I am glad we are talking about this. (C)

I have two other little ones. Haiti -- I don't know what your personal feeling is. We want observers down there. (C)

President Perez: I have been working on this constantly. I have been working with Gaviria and Salinas. Mexico is extremely jealous about sovereignty. They say that to have the Security Council have the right to deal with elections is very dangerous. We had a proposal to the United Nations that is similar. That would include Canada, Spain, Colombia and Venezuela. That they would send military observers. They would send 180 observers between them. I talked with Mulroney and Gonzalez. It is now evident that both military and civilian could be involved. We could avoid the problem of going to the security council. We would do it informally. Countries would act as friends of the Secretary General. Mexico would not send troops, but they approve of troops going. (C)

The President: The only other matter is about the FMLN. You are the man who can work this out. We need to apply pressure to the FMLN and Cuba to see that the insurgency stops. I don't know how you do it. If you can get FMLN to stop the offensive, that would be wonderful. We have problems with the Jesuit case, but Cristiani is a very good man and is doing the best he can, but he has problems. (C)

President Perez: I want to say another word about Haiti. The Secretary General of the UN is in accord with this idea. He will see how we proceed on this. This is urgent. If we delay on this there won't be elections. I am interested in progress from a personal point of view. This is a kind of "ping-pong" match. We are ready to go ahead. (C)

Regarding the FMLN, I am also worried. A week ago, a delegate of the FMLN came to see me. I said we faced a danger. He said the FMLN has no plan to have an offensive. But I said but if the situation remained the same without progress, there would have to be an offensive. The FMLN could not just sit still. He said that was not true; that they rejected the idea of impunity. (C)

I talked with the Secretary General of the United Nations -- I said it was necessary for him to become more active -- to have more presence in the talks. He said he wanted Felipe Gonzalez, Carlos Salinas and me to become active -- that we should become advisors to him to pressure for a settlement. I talked to Gonzalez. He said he was ready to cooperate. I am ready to all possible. There is something there that is slipping things. I talked with Cristiani -- that is I am going to talk to him. I am prepared to call the chief negotiator for the FMLN. (C)

Secretary Baker: What we think is that the FMLN is waiting to see what our Congress is going to do regarding El Salvador. We are hopeful that there will be a holding back of some assistance which we can go with, but conditional on actions of the FMLN.

If I could suggest that if you could call publicly for negotiations to go non-stop and call for a cease fire, I think that there is a good chance to end the war this year. (C)

President Perez: You are very right. I said the same thing to the FMLN. They are playing on Congress. But, I also told Cristiani that they have to take actions on the Jesuits. (C)

The President: What is the problem? What is he concerned about? That too many of this army is involved? (C)

President Perez: Cristiani does not have enough strength in relation to the army. The second of the command of the army came to see me. I told him if you don't help Cristiani there will not be any aid for El Salvador. (C)

The President: I want to apologize for changing the dates of my trip. (C)

President Perez: Don't worry, we accept. We want another commitment on the upcoming visit. (C)

The President: Let's make this work. I am reminded that you gave me good advice. We have a problem in Iraq and it takes a lot of time. And we have other problems. But CAP gave good advice to George Bush, which is not to neglect Latin America, which is some of the best advice I ever got. (C)

President Perez: We understand you have wide areas of interest. We will talk more on the Enterprise for the Americas Initiative when you get to Venezuela. (C)

The President: We are going to press forward on the Uruguay Round. We plan on accelerating action under the GATT. Agriculture is a key. (C)

President Perez: We have proposed to give you on or before your trip, an accord to create a positive atmosphere. We would study possibilities of having a free trade agreement. We will have the Foreign Minister present a paper on this. (C)

The President: Let's talk about it. As I look down the path towards free trade, I think there is real opportunity. Carla Hills told me that a successful Uruguay Round could yield \$500 billion in additional trade. (C)

President Perez: I am talking to Gonzalez regarding Central America. He doesn't know what to do about the problem. The situation is getting worse. Why don't we do a plan for aid to Central America and see if we can get Salinas to get involved. Our contribution will be small. There is also the Caribbean to consider. (C)

Secretary Baker: This is in keeping with the idea having Venezuela and Mexico help with the Group of 24. (C)

President Perez: We could have group of friends of the Secretary General, Colombia, Venezuela, Mexico and Spain. We would need to give Cristiani more maneuvering room. We need to avoid a fight among the political parties now that elections are coming up.

(C)

Assistant Secretary Aronson: The U.S. administration could open a channel with the FMLN. (C)

The President: If it wouldn't look like we were undermining Cristiani. (C)

Assistant Secretary Aronson: We think that the FMLN is not negotiating because they are waiting to see what the U.S. Congress is doing with aid. We will have a solution not unlike what was done in Nicaragua. I think we can prevail on a vote where the restrictions which restricts some government activity and adds restrictions on action by the FMLN -- if they don't stay at the negotiating table -- if they start an offensive -- the government would also have restrictions. Thinking about good offices of the Secretary General and the friends of the Secretary General, we can't have recognition of a group that doesn't respect elections and tries to reverse what happened at the ballot box. If we get to that point, before we get support for talking with the guerrilla group that is trying to overturn the results of five elections we would need a change from them. (C)

President Perez: In fact, we are recognizing -- I never talk about giving equal status. We need to strengthen the government's side. Those who can make decisions need to get together. There is another factor. What to do about Cuba? (C)

Secretary Baker: Do you have an idea of what Cristiani's attitude would be -- if we were to talk to the FMLN -- provided they were to guarantee to respect a cease fire? (C)

The President: I want to talk about the Uruguay Round to let you know that we feel strongly that agriculture needs to be included if the Round is to be a success. There is an urgency on this.

(C)

-- Conversation Ended at this Point --

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Luis Alberto Lacalle of Uruguay (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs
William T. Pryce, Senior Director for Latin American Affairs, NSC (Notetaker)

Luis Alberto Lacalle, President
Hector Gros-Espiell, Minister of Foreign Affairs
Enrique Silva Braga, Minister of Economy and Finance
Eduardo MacGillycuddy, Ambassador to the United States

DATE, TIME October 1, 1990, 8:30 - 9:00 p.m. EST
AND PLACE: Waldorf Astoria Hotel, New York, N.Y.

President Lacalle: I want to thank you for your interest in our debt program. It appears to be on the right track. (C)

The President: Treasury is trying to help. We did talk with Mr. McPherson and he thinks the deal can be done. (C)

President Lacalle: Thank you for your intervention. There is more than money involved. The psychological input is important. Thank you very much. We are working currently in Washington on a cooperation treaty. We are also studying things that we could sign when you are there. We hope you can spend the night in Punta del Este. (C)

The President: We are working on that. (C)

President Lacalle: We are in a final round of conversations. We are eager to cooperate especially in drug trafficking. (C)

The President: Is this regarding money laundering?

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President Lacalle: We want it to cover money laundering. The U.S. wants to broaden it a little. (Ø)

The President: I hope we can get that done. We know that there is a feeling that if it weren't for demand -- demand in New York -- that there would not be the narcotics problem. We are trying to work here to reduce the demand. Do you have a drug user problem? (Ø)

President Lacalle: No. But we have an upsurge every summer. (Ø)

The President: Does it go back? (Ø)

President Lacalle: No. It keeps going up slowly. It affects the upper part of society. It is more of a problem in the upper classes which now have less family ties -- less support. Tourism is a problem. They [the Uruguayans] look at tourists -- the foreigners -- and emulate them. People tend to look up to tourists. (Ø)

We are working hard on business development. We are prepared to enter into a plan with Mr. Iglesias of the InterAmerican Development Bank on updating our industry. We have new, young businessmen who are very dynamic. (Ø)

The President: Is OPIC involved in Uruguay? If not, we might talk about that. (Ø)

President Lacalle: We are opening the insurance market because it was formerly a monopoly. We are ready to open public enterprises. We have ALADI. We have a center for international economic integration. We want to be a center of economic activity. That is why we are looking to be a international scientific center. (Ø)

The President: President Lacalle was the first man to call me on the Enterprise for the Americas Initiative. (Ø)

President Lacalle: I was so mad. There was an ALADI conference here. They were slow to react. I said "take hold of what is offered -- otherwise it will go." This is a marvelous support offered by the U.S. (Ø)

The President: On the Uruguay Round. I am ready to support your stand that if there is no agricultural component -- there is no agreement. A successful agreement is the best defense against our protectionist interests. We have a protectionist textile bill which has passed both houses, but I will have to veto it. (Ø)

Secretary Baker: We have heard that if there is a successful Uruguay Round that it will increase trade by one-half trillion dollars. (Ø)

The President: If we cut tariffs by one-third. The Europeans say that they have political problems in agriculture. The Japanese say the same thing about rice. I could say the same thing about Iowa and Kansas. (C)

President Lacalle: I think countries will support you if you support the need to include agriculture. (C)

The President: How is your economy? (C)

President Lacalle: Going well. If we take out debt from the immediate concerns, we will do well. (C)

The President: I hope that the budget agreement will result in a lowering of interest rates. This will help the world economy. If this has the effect we hope it will -- our economy is so large -- we hope it will help everybody. (C)

President Lacalle: I think that all the American nations should be lobbying for the Enterprise. The Enterprise is good for all the Americas, and we should help the Senators and Congressmen. (C)

The President: I want to say, on Iraq, that we know that there is sacrifice on your part. It is fundamental that this man [Saddam Hussein] cannot be allowed to succeed. We hope for a peaceful resolution of the problem. With solid support by responsible nations, perhaps we can move Saddam to a new reality. (C)

President Lacalle: And we need to stop him, to avoid a disaster. (C)

The President: Our experts think that with the operation of the law of supply and demand, the price of oil should be \$26.00 a barrel. (C)

President Lacalle: We are talking with the World Bank. We project at \$35.00 a barrel. We may need more help. CAP says the word is that a price of \$100 a barrel of oil could be here to stay. This would be a disaster! (C)

The President: He would be the richest man in the world if this were to come to pass. (C)

President Lacalle: We are consulting. I want to facilitate drilling in the area. We need to connect ourselves to the gas fields in Argentina and Bolivia. (C)

Secretary Baker: What is your feeling about the executive branch of the Government of Argentina? (C)

President Lacalle: In principle, Menem has more power than you, me, or Collor, but he was not too timely regarding procedures. There seemed to be different signals. Menem appeared to be a

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Peronist who is of a mind to change. There is some change in progress. Iberia has bought the Argentine airline. The problem is in getting the money. (C)

Secretary Baker: If you connect with Argentina in gas, would it go with YPF? (C)

Minister Gros-Espiell: No. (C)

President Lacalle: We are a hydroelectric power country, but have gas backup. We need to have the back up of clean fuel. We need more clean fuel. (C)

[As meeting breaks up.] We are looking forward very much to your visit. (C)

The President: So am I. (U)

President Lacalle: We hope to have you go fishing for a few hours in the harbor. (U)

The President: I would love to, but on these trips I never get to do this kind of thing. (C)

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with General Mikhail Moiseyev of the
USSR (U)

PARTICIPANTS: The President
Vice President
Lawrence Eagleburger, Acting Secretary of State
Richard Cheney, Secretary of Defense
General Colin Powell, Chairman of the Joint Chiefs
of Staff
Brent Scowcroft, Assistant to the President for
National Security Affairs
Robert Gates, Assistant to the President and
Deputy for National Security Affairs
Condoleezza Rice, Special Assistant to the
President for Soviet Affairs, NSC Staff
(Notetaker)
Peter Afanassenko, Interpreter

General Mikhail Moiseyev, Chief of Staff
Aleksandr Bessmertnykh, Ambassador to the U.S.
General Colonel Vladimir Denisov
Colonel Feliks Popov, Interpreter

DATE, TIME October 2, 1990, 9:30 - 10:00am EST
AND PLACE The Oval Office

General Moiseyev: We are glad to have this meeting so that
military-to-military ties develop as do the ties between our two
countries. (U)

Yesterday General Powell and I signed a plan for military-
military exchanges, and yesterday Secretary Cheney received us
for a substantive discussion. We addressed all outstanding
issues, including the Vienna Talks, etc. We discussed many other
points, and the exchange permitted us to understand the
contribution of the U.S. to what we are doing. (S)

The President: Dick Cheney told me of your talks. I'm glad
we're off to a good start. We are very interested in both START
and CFE. We have a common understanding that we must have a CFE
agreement to have a successful CSCE Summit. It is good that we
have the CSCE Summit on the horizon. We have said we must have
an agreement for us to attend, and the Soviet side agrees. We
told Mr. Shevardnadze that we want to push forward, but we don't

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want any bureaucratic blockage. START may take longer but I have pledged our flexibility. Shevardnadze raised my visit to Moscow. I look forward to it. He mentioned late this year or early next. We told Secretary Baker to move on out, to try to get both agreements wrapped up. We want both, no game-playing. That's all moving forward, even if it seems too slow sometimes. (S)

I am pleased with the military-to-military contacts. These help ensure that we will never have mistakes or conflict based on misunderstanding. (S)

Have you talked about the Persian Gulf? Let me make a couple of comments. We know it's not easy for you. You have had a close relationship with Iraq. We were trying to improve our relationship too. Some say we were stupid to try. I know it makes it difficult to take the position you have at the UN. Our meeting in Helsinki was important in that regard, and we thank you for that. The UN countries were solid in terms of Hussein's aggression. I want to hear your evaluation of what he means to do. Ershad of Bangladesh knows him well, and told me it will be hard for Saddam to turn back. The levelling of Kuwait worries us. I would welcome your comments. We still want to see a peaceful resolution. People also tell me we should be alert to terrorist acts. I'll understand if you don't want to comment. (S)

General Moiseyev: The position of the USSR and the President is clear. From the first day we have supported the position against Hussein. Annexation is impermissible. But it is not possible to use arms for this. Our idea of revolution is that it should be peaceful without using arms. We realize that a military solution would not bring additional dividends. The eastern character must be understood and that of Saddam as a person. We have not exhausted all the peaceful possibilities. Secretary Cheney and I talked about this. I said that the Military Staff Committee of the UN should be more active. They should have an assessment and judge the possible consequences. A resolution might come with deployment of the UN Emergency forces. This would add to the importance of the UN, and would make it capable of solving any critical situation. If necessary, a resolution should be passed to authorize their employment. A statement and ultimatum for the withdrawal of Iraqi forces should be set. If the deadline is passed, the emergency force should come into place. Today Saddam is nervous. There are rumors that a military overthrow is possible; there have been some erratic movements. Pressure exercised on Saddam should be concentrated and focussed. He is afraid for his life, actually. (S)

The President: We can't rule out terrorism against us. We know he is dealing with terrorists against us. This concerns us. I didn't realize he might be worried about terrorism against him. (S)

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General Moiseyev: He will not risk war against the rest of the world if we could have the emergency force employed. He has brought his people to the brink. Unusual processes are underway in Iraq. Economic problems have brought it on. Soldiers are beginning to desert. He cannot maintain order only by shooting deserters. (S)

The President: Maybe he's feeling the pinch of the sanctions. We have several assessments. Maybe they will be more effective than we think. We must stay in touch. The fundamental point is that we are together. The single most important point is containing him. (S)

What else did you talk about, Cheney? (C)

Secretary Cheney: We talked about the changes in the Soviet military and our own changes. (C)

General Moiseyev: We are experiencing difficulties. We are trying to address all the problems. We need to increase our knowledge of each other. My relationship with General Powell is growing. We met in Vienna, and now we are like old friends. We are trying to improve our understanding. (S)

The President: In spite of all the tensions, US kids never shot at Soviet kids. Now it's unthinkable. One of the best things is contemplating the changes taking place. Who would have thought that this was possible? The Soviet military is getting younger and younger. (U)

General Moiseyev: My life story is actually similar to General Powell's. We were commissioned in the same year, married the same year; we have a boy and a girl. I know this because General Powell took me to his residence. (U)

The President: Is your top command structure younger? (U)

General Moiseyev: No, I am the youngest at 51. The military chiefs are close to 67-68. Your military commanders are younger. The junior ranks are relatively young. (U)

It is always with gratitude that we have improved our chances for peace. Every generation has made a contribution. The historical circumstances have changed. We assess events of the past differently. (U)

The President: I wish you well. Please convey my respects to President Gorbachev. We have a good personal relationship. I look forward to staying in touch. (U)

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President
Patricio Aylwin of Chile (U)

PARTICIPANTS: The President
Lawrence Eagleburger, Acting Secretary of
State
Robert M. Gates, Assistant to the President
and Deputy for National Security Affairs
Bernard W. Aronson, Assistant Secretary
of State for Inter-American Affairs
Charles A. Gillespie, U.S. Ambassador to
Chile
William T. Pryce, Senior Director for
Latin American and Caribbean Affairs,
NSC (Notetaker)
Barbara Phillips, Interpreter

Patricio Aylwin, President
Enrique Silva Cimma, Foreign Minister
Patricio Silva, Chilean Ambassador to the
United States
Carlos Bascunan, Chief of Staff to President
Aylwin
Carlos Portales, Minister of Foreign
Relations Director General
Estela Lorca, Interpreter

DATE, TIME October 2, 1990, 11:20 - 11:55 a.m. EST
AND PLACE: The Oval Office

During the photo opportunity, the President said how pleased he was with the developments in Chile. Vice President Quayle had come back from President Aylwin's inauguration and had given him a very positive report on the transition to democracy. The President expressed strong U.S. interest in supporting democracy in Chile. Record picks up after press departed. (U)

The President: I'm sorry that we have had such a short time together. I was talking about the budget with the Congress. The Democrats and many Republicans are opposing the compromise and we have problems. I think we'll succeed. If we get it through,

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this should help your economy and all economies. We hope to cut \$500 billion in five years. A successful budget should cause interest rates to go down and be good for investment worldwide.

(S)

President Aylwin: I know you face a challenge and wish you every success. I want to thank you for the help you and your government have given to democracy in Chile. I think that it will be most useful if I speak with a great deal of frankness about our concerns. I will be very frank. (S)

The President: Okay, please do. (U)

President Aylwin: I certainly have a great deal of sympathy and respect for you and for your government for all you have done to help the democratic process in Chile. We do have the expectation that the return to democracy in Chile will bring about changes in your policies towards our government. (S)

The President: What areas are you specifically interested in?

(S)

President Aylwin: I have four areas: (1) GSP, (2) OPIC, (3) Kennedy/Harkin, and (4) Free Trade. (S)

I want to explain. In GSP, GSP was removed due to the fact that under the Pinochet Administration, the government did not respect the labor laws. Today the labor laws are being completely complied with. Now we find that we have a problem of patents. We have already approved in Congress some laws which will be an improvement. There are a few details which need to be worked out but we hope that with the laws that have been passed this will enable us to move forward. (S)

On OPIC, there was a problem on human rights. Now human rights are fully respected.

We have been dealing positively with the question of Letelier and Mrs. Moffitt. The government is doing all possible within the juridical system. We have a law -- the approval of a law which will allow appointment of a prosecutor has taken longer than we wanted. But the principle was approved by acclamation. (S)

The failure to get revocation of the Kennedy/Harkin Amendment is giving arguments to the friends of Pinochet that nothing changes that there is a bad opinion of the government of the U.S. against the Chilean armed forces. (S)

For the government to achieve a higher degree of loyalty from the military we need to get the Kennedy/Harkin Amendment dropped. This would allow cooperation for us to give compensation to Letelier and Moffitt without having it look like pressure. (S)

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The President: I'm not sure. It seems to me that to have this happen you were transferring jurisdiction from military to civilian. Bernie, is that the way we had it? (C)

Mr. Aronson: Yes. And then the plan for compensation would clear the way. President Aylwin has had some trouble with his legislature in getting the necessary laws passed. (C)

The President: What has to happen to annul the Kennedy Amendment? (C)

Mr. Aronson: We have to certify to Congress that steps have been taken, that significant progress is being made to achieve justice in the case. I think that to get justification we have to be clear that the intended government actions are going to happen. If we get this, we would probably have enough to satisfy our legislation. (C)

The President: I think the mood in Congress is pretty good. Maybe we could resolve the question if we have a little more movement. (C)

Ambassador Gillespie: We have just a little more convincing to do. (C)

The President: We would like to get it done before my visit in December. (U)

On OPIC, I thought that OPIC was going forward. (C)

Mr. Pryce: We have just cleared the decks and haven't told anyone yet. We were saving it for you. (C)

The President: Well, yes, now we can go ahead with the OPIC. I'm very pleased that we are able to do this. (C)

President Aylwin: Yes, I was led to believe you might give me some good news. (C)

Mr. Aronson: OPIC is ready to issue a press release announcing the resumption of their programs in Chile after this meeting. (C)

The President: On GSP, I know that there is a problem with intellectual property rights, particularly regarding pharmaceuticals. There are problems in satisfying the demands of Congress and the pharmaceutical association. Where are we on this? (C)

Mr. Aronson: They have passed legislation but it didn't go as far as the original proposal. (C)

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The President: Maybe the OPIC move will make it a little easier to get the right decision. (C)

President Aylwin: I want to say that the pharmacists are being awfully demanding. The legislation has a fifteen year period of patent instead of 17 years. This should not be a big problem. You know that our pharmaceuticals are jealous of their autonomy. (C)

The President: Bernie, is this a matter of policy? (C)

Mr. Aronson: No, it's in the law but it came later and was not the reason for our denying GSP. (C)

The President: We don't want to be in the position of moving the goal posts. There is a certain urgency. I'd like to get this cleared up before I go. What is the fourth part? (C)

President Aylwin: Regarding your own Enterprise for the Americas, Chile is fully ready to negotiate a full bilateral free trade agreement. This would have great possibilities for our economy. We are concerned that the U.S. Congress will approve legislation which will be a restriction on U.S./Chilean trade. (C)

The President: The framework agreement which has been agreed should lay a good base. On a free trade agreement, we have a commitment to move forward with Mexico as a first step. That is not to be considered the last step -- that we would not talk with others. We can talk more about this before I go down. In principle, we are interested in more and more of these agreements. It's just a matter of how we proceed. We need to keep going with as many agreements as possible. (C)

I don't know what you can do about the Uruguay Round. The Europeans don't want to do anything on this. (C)

I'm glad to hear of your personal interest. We are interested. I'll be ready to talk more when I come down. (C)

President Aylwin: Our interest is exactly the same as yours regarding the GATT and agriculture. We have problems similar to yours with regard to our agricultural exports. But what we think is that regarding fruits and table grapes, we find there are U.S. impediments regarding market orders with quotas which are similar to European quotas. (C)

The President: There is no question but that the Uruguay Round is extremely important. If we get it, it will help get rid of our trade restrictions. We have strong protectionist pressures in the United States. For example, there is a textile bill passed by both Houses. I will veto it but there are powerful interests who will push to override the veto. These restrictions

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are very harmful. As an example, President Ozal of Turkey, who has been very helpful regarding the Persian Gulf, asked for our help on textiles and this legislation is like putting two fingers in his eye. If we are able to have a successful Uruguay Round, we will be more able to get more free trade legislation out of the U.S. Congress. (C)

President Aylwin: I am sure we can make progress. In this sense, I repeat that in the Uruguay Round our interests are the same. I'm hoping you will have a good visit. (C)

The President: I hope you feel the excitement here about the new government in Chile. You have a good long-standing friend of mine as Ambassador and we would like to see things move forward. (C)

President Aylwin: Absolutely! I know that time is short but would you permit me to raise a political problem I have? (C)

The President: Sure. (U)

President Aylwin: I have a political problem in that the Pinochet opposition is aggressive -- small, but very aggressive. At present my government is seen as being very friendly and subservient to the United States but it doesn't seem to get anything out of this new relationship, and this is beginning to affect public opinion. (C)

I need a card to show that democracy in Chile is of direct benefit, that democracy means our friends give us better bilateral treatment. (C)

The President: We certainly want to demonstrate support for your democratic government. One of the differences is that under previous conditions the President of the United States would not go to Chile. I would hope my visit demonstrates a change. My visit is designed in part to support your democratic government in Chile. If we can help, we want to help in as many ways as possible. I understand your problem and want to find other ways to help. I look forward very much to my trip to Chile. (C)

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Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
28. Memcon	Re: Meeting with Jonas Savimbi, Leader of UNITA of Angola (4 pp.)	10/2/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meetings - Memorandum of Conversations 9/25/90 - 10/31/90

Document Partially Declassified
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Date Closed:	1/27/2009	OA/ID Number:	91108-002
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Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2000-0429-F(259)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	8/31/2009	MR Disposition Date:	

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P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Jonas Savimbi, Leader of UNITA
of Angola

PARTICIPANTS: The President
The Vice President
Robert M. Gates, Assistant to the President
and Deputy for National Security Affairs
Herman J. Cohen, Assistant Secretary of State
for African Affairs
Robert C. Frasure, Director for African
Affairs, NSC (Notetaker)

Jonas Savimbi, Leader of UNITA
Jeremias Chitunda, Vice President of UNITA
General Tony Da Costa Fernandes, Foreign
Secretary of UNITA

Date, Time & Place: October 2, 1990

The President: I'm delighted to be able to hear from you directly. I had the Prime Minister of Portugal here last week and he expressed some optimism about the peace talks. This is a good chance to hear from you. (U)

Dr. Savimbi: Thank you. We know you are very busy and appreciate that you are seeing us. We wish you Godspeed on all of your problems on the Gulf and elsewhere. (U)

We are making progress with the MPLA. We have direct talks now. Before they wanted only intermediaries. (U)

The President: What level are they? (U)

Dr. Savimbi: At about the deputy minister. It's not the level we would want. But it is good we are talking. (U)

It's a problem for the MPLA to recognize UNITA. They are not prepared to do it. They want to change their constitution first. (U)

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The President: Can they agree in principle to do it? Are they stalling? (Ø)

Dr. Savimbi: I didn't know. I give them the credit of the doubt. We shall see at their Congress in December. (Ø)

It is important to see this. They want one army. We must be able to enter the political game. It is of vital importance to us. (Ø)

We have divided the issues in Lisbon into political and ceasefire. On the ceasefire we made progress. The MPLA agreed to international monitoring of it. We defined the ceasefire. The MPLA as a conventional army will remain in towns. UNITA as a guerilla movement will stay in zones. We agreed on how to monitor the ceasefire. The MPLA wants neutral countries to monitor the ceasefire. (S)

We want an international body to neutralize the army. Experts can form one united army, not under party control, until after the elections. (S)

The President: How do you read the internal situation in the Angolan government? (b)(1)

(b)(1)

The President: The Soviets are less difficult on this. If they say they want change, it should be a sign to Dos Santos. The Soviets want the solution you want, don't they Hank? (S)

Assistant Secretary Cohen: The Soviets say they want a democratic elective process. (Ø)

Dr. Savimbi: We have just been up to the Hill. Some Democrats want amendments to cut the support you give to us. It is critical to the MPLA. Any signs like that would encourage the MPLA. (Ø)

The President: I agree. We don't favor that. Is there anything now we can do on this? (Ø)

Dr. Savimbi: Some Congressmen are talking about next week. We need your help. (Ø)

The President: We will do that. This visit should help. Who is leading the charge up there. (Ø)

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Assistant Secretary Cohen: Wolpe and Solarz. (U)

Dr. Savimbi: I met with them this morning. They want the triple zero option. No arms to either side, no arms bought. We said it won't work. The MPLA will buy arms in the market place. (S)

It would send a bad signal to the MPLA. (S)

The President: That won't prevail. Wolpe and Solarz want to run foreign affairs. (S)

What is Mobutu's role? (S)

Dr. Savimbi: He is not involved. The MPLA doesn't want him. I visit him regularly in Kinshasa. We have good relations. He needs something for his internal problems. (S)

The President: Are other African leaders upset by him? (S)

(b) (1)

The President: You have amazing staying power. I really admire that. It was looking pretty bad once. (S)

Dr. Savimbi: It was pretty tough from December 1989 to May 1990. The MPLA called it their "last assault." (S)

The President: How did you stop them? (C)

Dr. Savimbi: We cut their logistics. We destroyed their soft vehicles. They couldn't support their people down the road. (S)

The President: How is Cuban troop withdrawal going? (S)

Assistant Secretary Cohen: Perfect. (U)

The President: Did they intervene? (S)

Dr. Savimbi: No, they want to go home. They are leaving only some bodies in Angola. (S)

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Assistant Secretary Cohen:

(b)(1) (S)

The President: There is a lot of courage out there. (U)

We wish you well. We hope we can keep U.S. support going to you.
I can see why they are wary of you. (U)

There is new tide around the world to democracy. (U)

We wish you well. (U)

Dr. Savimbi: Your strong statement of support helps us. (U)

The President: Let's have Marlin do a statement after this meeting. Bob, can you handle that? (U)

Dr. Savimbi: Thank you. We are not going to get inflexible in the talks. (U)

The President: The radicals in the MPLA will have a problem if the Soviets pull back. (U)

-- End of Conversation --

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President's Meeting with Prince Saud Al-Faisal,
Foreign Minister of Saudi Arabia

DATE, TIME: October 9, 1990; 3:50 - 4:20 p.m.
AND PLACE: The Oval Office

PARTICIPANTS: The President
James A. Baker, 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
John Kelly, Assistant Secretary of State for Near
East and South Asia
Marlin Fitzwater, Assistant to the President and
Press Secretary
Richard N. Haass, Senior Director, Near East and
South Asian Affairs, NSC
Sandra Charles, Director, Near East and South
Asian Affairs, NSC, Notetaker

Prince Saud Al-Faisal, Saudi Foreign Minister
Prince Bandar bin Sultan, Ambassador to the U.S.
Rihab Ibrahim Massoud, First Secretary

The President: Please convey my respects to His Majesty and thank him for the hospitality being given to U.S. forces and the understanding that goes with it. I know it's difficult because of the culture. I hope they maintain proper conditions so it won't strain the Kingdom and strain your kindness. Also please thank him for his support for others who are suffering. And convey my deep, heartfelt support. (C)

Prince Saud: His Majesty directed me to convey our thanks, and appreciation for your steadfast support for Saudi Arabia and for sending American boys to protect our country. This will remain in the hearts of every Saudi. In fact, the second most popular person in the Kingdom is George Bush. (C)

The President: I have no agenda or cards, I just think it's important to touch base from time to time. I know we have contacts through the Chairman and Secretary Cheney, and on the

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State side. I did have a couple things. First, I want to mention my distress with what happened in the West Bank. I know Saudi Arabia issued a good statement. At the UN it is essential we not permit Saddam Hussein to use this event with Israel to shift the focus. It was an ugly incident. We have spoken out. We need to think what we might do and how he might try to link the two. (S)

The other thing, from the Syrian general's statements, I have a sense -- that is the Egyptian and Syrian generals' statements -- that under no circumstances will their forces go on the offensive. I just wanted your feeling that it is not any different from our own position. (S)

Prince Saud: I think it was a translation problem. It is the same position we've taken; these forces are not there to attack anyone. It is not different from our position. (S)

The President: So if we take a collective decision, they won't opt out? (S)

Prince Saud: Frankly speaking the Egyptian and Syrian Presidents first believe that Iraq can't be seen to achieve any gains. A stalemate is improbable. There must be a solution that causes Iraq's withdrawal from Kuwait, and return to legitimacy, and removal of the threat from Saddam in the region. There is no difference in the position of Syria, Egypt and the U.S. (S)

In a telephone call with His Custodianship, he told me that after I see you to convey this position of our three countries, I should go back to Egypt and Syria -- before I see His Majesty -- on the results of our meetings. (C)

The President: I just wanted to be sure there was no slippage that I didn't know about. (C)

Prince Saud: They are solid. They have no interest not to be solid. Our, the Egyptian and Syrian positions are the same. Everyone is ready for this to end and to bring peace and stability to the region and the Arab world in general. There are no qualms, no questionings, no second thoughts. I want to convey to you His Majesty's thanks for the steadfastness from the United States, and your promise that you will see this through to the end. Both of us will cooperate to see it through. We want steadfastness in the end. I believe cooperation between our two countries has had positive effect in the Arab world. Syria will be firm in its course. (S)

The President: Is Morocco steady? I have heard rumors. (S)

Prince Saud: They did try an initiative. They worry about their North African neighbors. They need to hold with Algeria because of its position on the western Sahara. On Iraq and Kuwait they

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are steadfast. I have talked with all parties, and they are steadfast. On the Arab side, we can from Saudi Arabia work for any reaction, for any collective action taken. I want to mention one important issue: time. Sanctions are working to pressure Saddam. I want to say I am glad we are meeting today not yesterday with your budget problem. (S)

The President: We've bought some time. It's better today. (S)

Prince Saud: If you need any support, Saudi Arabia is fully behind the budget. (S)

Secretary Baker: One point we discussed in New York, it is important to pull back all the Arabs that have floated off.

Prince Saud: There is good news on one: Libya. (S)

General Scowcroft: I saw they made a statement. (U)

Prince Saud: They agreed to support us yesterday. If you get fifty percent from Qadhafi that's good. (S)

Secretary Baker: With reference to Yemen, they are on the Security Council and we need to get their support like we did the last time. Their vote on that was not expected and hit like a brick. Yemen is talking about stopping the propaganda. They appear to be coming back. (S)

Prince Saud: With Tunisia I get a feeling they might do something. (S)

Secretary Baker: We have been working carefully with Tunis. (S)

Prince Saud: They have one newspaper still, but it is not important, it has little circulation, but we are working to get their support. Whatever the future, with your cooperation we can deliver these countries. In the final analysis if action is taken, no one will react against our interests. I think -- I want to stress at this meeting -- the element of time. We agree in terms of sanctions on the side of the UN and the international community. But we worry. I see two mischief makers: Iraq and Israel. Iraq we know. Israel we don't. On the incident, you know the call Shamir made. You know their circular that was spread about their building a temple on the holy site. This fact causes us to think the quicker we resolve the Gulf situation the better. But there should not be linkages. We don't want them. Syria, Egypt and Morocco don't want any benefits to Saddam from any resolution on the Middle East. We are fully with you, however we know for sure the more time spent the more their ability to do mischief and use the crisis to their benefit. We live in the Arab world. Whatever reaction may affect the United States will affect Saudi Arabia even more. We are willing to accept even military action. We see two exceptions: first, a reoccurrence of yesterday's incident would threaten the whole situation; and second, what is happening in Kuwait. The country is being murdered. (S)

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The President: Brent had a good statement on that after the Amir's visit and Jim mentioned it at the UN. Brent, after the Amir left, expressed our views well. It was brought up at today's press conference. Our concern is enormous. With these ingredients I understand it changes everything on our thinking and timing. What distresses me is not so much their dismantling the industry but the confirmed brutality against the Kuwaiti people. (S)

Prince Saud: And there are the hostages, and their taking the babies out of incubators and shipping the incubators to Iraq. It appears to be the will of Saddam to destroy Kuwait and the Kuwaitis. It is important. It was curious to see Iraqi television coverage of his visit to Kuwait. It was unashamed exposure of his willfulness. There was no better example than his visit to Kuwait. (S)

The President: I had two other questions: first, on the French, how was Mitterrand's visit? Is there separation on French participation? I am thinking there is not but I know they are edgy. And second, the Iran equation. (S)

Prince Saud: With the French, we expect them to go separately -- as they always do. They support the withdrawal by Iraq. Another thing, they are frustrated with Iraq. There was no difference in these elements in the King's talks with Mitterrand. (S)

The President: Did he raise with His Majesty elections and some democratization? (S)

Prince Saud: He made an explanation, but said the first element is withdrawal and return to legitimacy and the Amir's return. With democracy he said they are calling for it there like they do everywhere in the world. More important was that he agreed on the future threat of Saddam if he withdraws and legitimacy returns, and he remains as a continued threat. Mitterrand was solid on this as we are. That was very gratifying. (S)

We had meetings with the Iranians in New York, with the GCC Foreign Ministers and bilaterally with Velayati. On the Gulf they gave us staunch support. There are two elements for them: first the peace treaty with Iraq; and second, the situation in Kuwait which they see as separate. They are adamant about a withdrawal and adamant that there not be geographical changes. They do not want Saddam to accrue a political solution. They don't agree with any settlement that changes the geography of Iraq or Kuwait. (S)

Governor Sununu: So they don't want Iraq to get the islands? (S)

Prince Saud: Neither of the two islands should be in the settlement. They were very firm on the boycott. Bilaterally, we need a resolution on the Hajj. We have to work that out. They

also gave a tacit agreement not to exploit the religious element of the deployment. We explained what Iraq would have done if there had not been a quick decision by the United States and Saudi Arabia. We told them we don't want them to thank us but to appreciate King Fahd's decision, and don't damage the cause toward an Iraqi withdrawal. They gave us assurances they won't exploit this or assist Iraq. We are going to work with them and Syria to make their position more forward leaning in their talks with Islamic organizations. (S)

On the Gulf, we see in Saudi Arabia new evidence of more Arab presence. More is coming in. The only limits are technical not political. All are willing, but many have limited capability. On the Soviet position, we think they will accept military action in the future if it is under a UN umbrella. They talked about military committee. Frankly, I told Shevardnadze you can talk about it, but the Military Committee has not been operating for 40 years, so in 6 months to one year such operations would not be achievable. He agreed it will take time to structure. There was no full commitment on a UN resolution. We both need to work on them on future UN resolutions if the time comes that sanctions work, and it will come. (S)

On the Chinese, if the Soviets go along, they won't say anything. They won't take forward action but would vote for when the time comes. They agreed there would be no mischief on the presence of foreign troops. The Foreign Minister didn't mention foreign powers or the superpowers problem. We continue to say and to assure them that troops are there for a certain time, and they will leave when they are through. King Fahd and President Bush have stated this. They continue to worry so much that we told them you must have other information we and the United States don't have about their wanting a presence. If you don't, your saying so creates a dangerous position for us in Saudi Arabia, then you should stop. They promised to stop. (S)

The President: What about the World Bank loan? (S)

Prince Saud: We see it as part of a range of cooperation with us on Iraq. (S)

The President: We want closer normal ties. We want to give them MFN but they don't make it easy. Certain steps are needed to view this positively but there are not enough yet with congressional opposition on world bank loans. Then there was the Voice of America and the dissidents. Whatever, we are making strides. The Administration has tried to be supportive and not the Congress, but they know that. There are ways to do better with China. And there are good reasons to do better. We need to keep them with us on future resolutions. (S)

Prince Saud: If they support UN action, this is the way for them to get our support. (S)

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Secretary Baker: There is another way; someone could go here. We had a good meeting in New York. (S)

The President: A visit would help. (S)

Prince Bandar (to Secretary Baker): I think you just got thrown into the breach. (S)

The President: Please tell His Majesty I am very grateful.....(inaudible). (S)

Prince Saud: We need the Arab countries. Everything is set. Our options are open. If Iraq agrees, there can be a peaceful solution. There are three important elements: withdrawal and return to legitimacy and remove the regional threat; reaction in the Arab world -- I can safely say reaction in the Arab world would be positive, even on the military; and the third element, the international community with the Soviets and Chinese on board, opens a way. This is as good an international position as we could want to take any action. (S)

Before we go, I would like to return to one issue: an initiative by the U.S. to condemn the Temple Mount incident. I understand the linkage issue and we don't want it. We don't want Saddam to gain from this but an initiative by the U.S. in the Security Council is very important. I am not comfortable to leave this to delegates. It would help to have your personal involvement and Secretary Baker's. This would be the first test of the Arab world. We need to solve the crisis, and work on a resolution for the Middle East. (S)

The President: Jim, could you spend a few minutes after this and talk about this some more? It was good to have this talk. I wanted to be sure we are on same wavelength. We want no hodgepodge linkage that diminishes support for our efforts in the Gulf. (S)

Prince Saud: One last thing, I have to go see the newspaper men. I would like to say that we both condemned the incident. (S)

The President: We need to look at the UN resolution first. I said deplore today at the press conference. Let's go with that. (S)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Antall
of Hungary (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President
for National Security Affairs
Laszlo Szimonisz, Interpreter

Jozsef Antall, Prime Minister
Gyula Kodolanyi, Adviser to the Prime
Minister
Interpreter

DATE, TIME October 18, 1990, 10:45 - 11:40 a.m.
AND PLACE: Oval Office

The President: I will give you an opportunity to say anything in private here, and then we will join the others. We can also talk before dinner. Let me welcome you again to the White House. (U)

Prime Minister Antall: I would like to start by saying that this year we are celebrating the anniversary of our four greatest kings. As a commemoration I have a gift of a couple of coins, but the security people took them. (Patty brings in coins.) This King Matyas, who ruled from 1458 to 1490, was a great patron of the Hungarian nation. (U)

Then there is the sad case from the previous regime of Conrad. Here is a complete list of documents that Conrad had. Our soldiers talked to your people about them, and they know all the details. (S)

The President: That is very helpful. Damage control may still be possible. I can't tell you how I appreciate this gesture. (S)

Prime Minister Antall: An officer in Hungarian intelligence said, if there is one positive feature of the Conrad case, these documents proved that NATO did not plan an attack. This must have given Gorbachev ammunition against the Soviet hawks. Quite recently there was a heated debate in the Soviet Union on this issue, and through these documents Gorbachev could prove to Ogarkov and others that there was no threat. (S)

The President: In London, we tried to make it perfectly clear that NATO is not a threat to the Soviet Union. I think we made some progress. What is the status of Soviet troops? (S)

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Prime Minister Antall: The Soviet Union still has two full divisions in Hungary. They are stationed near Budapest -- not by accident. There are other troops as well but these are not the main ones. They want to withdraw the bulk by February but keep some until June. Soviet troops in Czechoslovakia also have a logistic tail in Hungary. When we said in June we are leaving the Warsaw Pact, we were not joined by the Poles or Czechs. They did not dare risk it, but during recent months they said they would join us. (S)

The President: What is the popular attitude toward Soviet troops? (S)

Prime Minister Antall: Indifference mainly. (U)

The President: They are not seen as a threat to change? (U)

Prime Minister Antall: No. We got the impression during recent negotiations that the Soviets would do away with the organization of the Warsaw Pact. They would rather take the initiative to do it -- for reasons of prestige -- than have others just leave. This will apply by next summer unless the position of Gorbachev changes. The problem is the troops have nowhere to go in the Soviet Union. Their commander told me that 2 1/2 billion rubles would be necessary for building apartments, and they want us to pay it. We gave them a list of damages their forces have done. It is much more. There was no reason after 1955 for the Soviet presence. You enumerated the different problems we face in the arrival ceremony, but we also may face the collapse of the Soviet economy. Soviet trade amounts to 4 billion dollars and all this is being imperiled. Our part of the world should not be pushed into the background by the Gulf crisis. (S)

The President: It is very important not to let that happen. (U)

Prime Minister Antall: I am counting on you. Let me comment on the Gulf crisis. We are giving you technical data and blueprints of the Iraqi air defense system. We have joined the embargo but Hungary was not a big trader with Iraq. Hungary has participated in help for Jordan, and we are working on a group of military surgeons which we could put at your disposal. We can't send combat troops. We have nothing trained for this kind of operation. (S)

The President: How do you think the embargo is working? (C)

Prime Minister Antall: It would be dangerous if the crisis was prolonged too long or if Saddam Hussein gets away with this. (C)

The President: I agree on both points. (U)

Prime Minister Antall: He has to go. There is no other solution. If he were thrown out, it would be by Khomeini types. A military solution is the only practical way. (S)

The President: The Gulf countries agree with you. We have a big coalition -- land and sea -- working. I wondered how long the coalition will survive without a resolution of the problem. Today the American people support the action, but I don't know for how long. (S)

Should we join the others for a minute? (U)

Prime Minister Antall: Just a couple of questions. I doubt the Soviets can cooperate long in the Gulf, because anything can happen in the Soviet Union. I told Webster to consult with the Turks (and Kurds) rather than the Arabs to find a military faction in Iraq. A provocation could be shifted against Israel to create a diversion. Perhaps you should try to force him to leave Kuwait and he might fall. If not, force is the only solution. (S)

The President: I am in close touch with Ozal. So far the Soviets have been helpful but maybe they couldn't be counted on if we used force. What do you think? (S)

Prime Minister Antall: You should leave the initiative with Iraq and then you could get the right reaction from the Soviets. They dread Islamic influence. The big problem is soldiers in the Soviet Army. You should negotiate with them. (S)

The President: We are in close touch. The Chinese have behaved well, but I am not sure for how long. They are trying to starve out our Embassy in Kuwait and we cannot tolerate that. That is a point beyond which we cannot go. Protection of our citizens is very important. (S)

Prime Minister Antall: In the Soviet Union, besides the Baltic and the south, the Ukraine is a big problem. The Ukrainians want independence in foreign policy. They want to move toward that, and not an integration process. The Ukrainians make serious gestures themselves toward the Hungarian minorities. (S)

The President: We have many in the U.S. (U)

Prime Minister Antall: You should move with caution. (S)

The President: There is much in motion regarding the Baltic states. (S)

Prime Minister Antall: We are making it clear we believe in the independence of the Baltics. As for our neighbors, tension is high in Czechoslovakia and critical in Yugoslavia. War is possible. We have no interest in trouble there. The Croats and Slovenes have been in touch and ordered police arms, but they were confiscated by Yugoslavia. They wanted heavy armor but we turned that down. (S)

The President: Would you be involved in a conflict? (S)

Prime Minister Antall: No, but there would be huge refugee groups. I will meet with Jovic. We are at a critical point. The government is committed to privatization, but economic problems can create social problems. I don't know if we can control the situation. If we don't, that would be a huge propaganda victory for conservatives in the Soviet Union and China. ~~(C)~~

The President: It is critical that does not happen. Will you see people at Treasury? We want to help. Then we can talk tonight as well. ~~(C)~~

Prime Minister Antall: There is no political force in Hungary which can substitute for the center and right of center. We have got a situation now because of unpopular measures we had to impose. The radicals are taking advantage of that. ~~(C)~~

The President: I understand your message. Your success is integral to our concept of a Europe whole and free. We need practical ways to help you succeed. Please discuss this frankly with our people. Then I will get back to you after I get their comments. ~~(C)~~

Prime Minister Antall: We don't expect you to solve our problem directly, but to use your influence to help us. ~~(C)~~

-- End of Conversation --

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THE WHITE HOUSE

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WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Jozsef Antall
of Hungary (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Nicholas Brady, Secretary of Treasury
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
David C. Gompert, Special Assistant to the
President for European and Soviet Affairs
Charles Thomas, Ambassador to Hungary
Robert L. Hutchings, Director for European
Political Affairs
Curtis Kamman, Deputy Assistant Secretary of State
for European and Canadian Affairs
Laszlo Szimonisz, Interpreter

Jozsef Antall, Prime Minister
Geza Jeszensky, Foreign Minister
Bela Kadar, Minister of International Economic
Relations
Peter Zwack, Ambassador to the U.S.
Gyorgy Matolcsy, State Secretary, Office of the
Prime Minister
Gyula Kodolanyi, Adviser to the Prime Minister
Pal Tar, Adviser to the Prime Minister
Istvan Forrai, Director of the Prime Minister's
Office
Interpreter

DATE, TIME October 18, 1990, 11:43 - 12:02 p.m.
AND PLACE: The Cabinet Room

The President: Mr. Prime Minister, I wanted, in the time remaining, to welcome you and the other members of your delegation. It may seem that we are preoccupied with the Gulf situation, but we remain committed to the process of democratic change in your country. You will have a chance to talk with the Secretaries of State and Treasury, and you and I will have more private time tonight. Now let me turn the mike over to you. (U)

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I told the Prime Minister that I hope you felt the warmth here. When Bar and I were in Budapest, particularly when we arrived in the rain, it made a lasting impression on us. (U)

Prime Minister Antall: Thank you, Mr. President, for your words. I think the American and Hungarian peoples have sympathy for each other. Your visit contributed to that. So has this reception. However, let me raise something that represents a problem for the Hungarian people and others in central Europe. There was a certain naivete about the collapse of the Communist system. People did not see that it would take a long time to achieve a higher standard of living. This applies to the Hungarian people in particular, because they could travel and see the conditions in neighboring countries. Now they are depressed and indifferent. They think there will be no quick increase in living standards. It is true that there has been a decline in living standards, but we are taking measures to transform the economy. There have also been unexpected events, which you have already listed in your remarks. This applies to the entire region. (Ø)

Let me just add a few more sentences. We have taken quick measures toward a market economy, encouraging privatization and a liberalization in economic life. This needs to be accelerated, yet we have had first to establish an appropriate system of institutions. We need more managers and greater knowledge of market economies. 1990 was a successful financial year for our balance of trade and balance of payments. But we also have a tightening economy and a decline in Soviet and CEMA exports. If we bear in mind all the factors you, Mr. President, were kind enough to list, not to mention the costs in connection with the withdrawal of Soviet troops, we would need \$4 billion to sustain and operate our economy -- of which we can raise only half. We will need to rely on aid and long-term loans. Another thing of great importance is foreign capital, including U.S., which gives political signals about your support. It is extremely important for us that assistance given the Soviet Union be connected with Hungary's commodity purchases. It is perhaps indispensable that an IMF agreement covering three years be concluded as soon as possible. We would like your kind assistance in that regard. You have mentioned the impact of the energy crisis. An important part is played by the energy dependence of the former Communist countries. The old infrastructure also contributed to a wasting of energy and raw materials, because of obsolete machinery. I am talking not only about us but about the whole region. These countries have two to three times the energy usage as the rest of Europe and America. (Ø)

We think of ourselves as a kind of model for the region, because we have always been at the forefront of political developments and economic reform. If we fail, it will be a signal to the whole region. This would lead to a loss of hope and strengthen negative factors domestically. For this region as a whole, there is a growing potential for unrest. There are revived national tensions in Czechoslovakia, between Czechs and Slovaks. In

Yugoslavia, not even civil war can be excluded. We have talked about this, Mr. President, already. Hungary, which is stable and homogeneous, can be a model for the region as a whole. (S)

In conclusion, let me say that European integration is important to us. We believe we have a relatively good chance in our negotiations with the EEC and the EFTA, yet we are not turning against the Atlantic idea. Therefore I was the first to visit NATO and to assign an ambassador there. (S)

The President: Thank you. Jim? (U)

Secretary Baker: We will have the opportunity to continue talking over our working lunch. (U)

The President: Nick? A lot of this is under your portfolio. (U)

Secretary Brady: We will be meeting at 2:30. (U)

The President: We did discuss multilateral assistance through the IMF and World Bank. We will find ways to help. Your economic success is essential to us. We don't want the clock turned back. You know the constraints we have, but I am sure we can find ways to demonstrate our support. (U)

-- End of Conversation --

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WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Jaime Jose Serra, Secretary of Commerce and Industrial Development of Mexico

PARTICIPANTS: The President
Robert Mosbacher, The Secretary of Commerce
Robert M. Gates, Assistant to the President
and Deputy for National Security Affairs

Jaime Jose Serra, Secretary of Commerce and Industrial Development

DATE, TIME: October 26, 1990, approximately 1400
AND PLACE: Century Plaza Hotel, Los Angeles

The President: So good to see you again.

Serra: We are at the end of our roadshow on the Free Trade Agreement. We've been to Houston, Dallas, Chicago and now Los Angeles. The reception has been very good although U.S. labor seems worried the agreement will take jobs away.

The President: How do you expect to handle Canada?

Serra: We've agreed to consult with a deadline of 31 January. If we do not have a trilateral deal by then, we will go bilateral with you.

The President: Why does Mulroney feel so strongly?

Secretary Mosbacher: I think it's a matter of timing. Originally, they did not want in.

Serra: I've talked to President Salinas. He sends his best regards. He is looking forward to your visit. The advance team says that it will be beautiful. I will see him tonight. We're

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all finished with the trip now. Things have been moving at home. We're recovering growth and our stability is stronger.

The President: The Chicago speculators on oil pricing are going to get burned.

Serra: In Mexico, we are not planning on \$40 oil. We want a stable market. We're trying to restore health to PEMEX and we hope to see interest rates coming down a bit. We've reversed capital flight, which was \$3 billion a year ago, and we are going to monitor it. The Free Trade Agreement is key to this.

Mosbacher: What a lot of people don't understand is that when we invest there, it builds jobs here, jobs to suppliers, transporters and so forth.

Serra: Seventy percent of the inputs will come from the U.S. Of every peso invested, 80 cents is spent in the United States.

Mosbacher: We expect 40,000 jobs to be created in the U.S.

Serra: We're very grateful to Bob (Mosbacher). By the way, your budget deal is critical to the rest of the world.

The President: (discussed the budget negotiations)

Serra: We are making a strong effort for a budget correction in Mexico. This is very difficult.

The President: The enforcement provisions in our agreement are the best aspects.

The conversation concluded with pleasantries.

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WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Cardinal Casaroli of the Holy See (U)

PARTICIPANTS: The President
James A. Baker, 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
Raymond Seitz, Assistant Secretary of State for
European and Canadian Affairs
Thomas Melady, Ambassador to the Holy See
Robert Hutchings, Director for European Political
Affairs, NSC Staff (Notetaker)

Agostino Cardinal Casaroli, Secretary of State
Archbishop Agostino Cacciavillan, Apostolic Pro-
Nuncio

DATE, TIME October 31, 1990, 10:23 - 11:05am EST
AND PLACE: Oval Office

The President: I am very interested in your thinking on the
Middle East and Lebanon. (U)

Cardinal Casaroli: What to do when peace requires all sides to
agree? The principle that war is not the means to solve
questions has been accepted in the world. But what is possible
to do to achieve peace without resorting to war? Pius XII on the
eve of WWII said "nothing is lost with peace but everything could
be lost with war." We now have the instrument of the UN. What
could it do? Until now, very little. But now there is unanimity
in condemning aggression. Personally, I wonder whether there is
some way to oblige Iraq. (C)

The President: I don't know what that would be. We have had
resolution after resolution, an embargo, and we are inspecting
ships at sea. I wish there were more we could do. If you have
any thoughts on additional steps I would be interested in hearing
them. (C)

Cardinal Casaroli: The boycott should be effective -- not,
perhaps, to oblige them to leave, but to put him in a very bad
situation, including with the Arab world. I am wondering what
Iran could do. Is there a danger? (S)

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The President: There is the possibility of danger, but so far Iran -- despite its anti-US rhetoric -- is complying with the sanctions. I don't take that to mean they will be aggressive against a defeated Iraq. I haven't really worried about future Iranian aggression. I don't think the Saudis worry. (S)

Secretary Baker: We have given some consideration to whether we want Iraq totally neutered, and have given thought to the balance of forces in the region afterwards. We don't want any country to dominate like Iraq is doing now. (S)

The President: I don't think this worries the Gulf countries, but it was Iran that attacked Iraq. That certainly wouldn't argue for doing less than to see these sanctions work. One thing that worries us is that in an effort to achieve peace, an accommodation might be reached that would reward aggression. I am doing my best, with great support here, to convince the Soviets and the French that we must stay the course and accept no deal short of UN objectives. (S)

Cardinal Casaroli: That Iraq must leave Kuwait is clear, but is there no other way to oblige them? (S)

Secretary Baker: Your Eminence, people talk about allowing Saddam Hussein to save face. But when you ask the difference between that and rewarding aggression, they find it hard to answer. (S)

The President: I am increasingly concerned about "guests" or hostages. There can be no compromising with this brutal treatment. I pray about this. It is offensive and barbaric. I hope we can all continue to speak out against that because it can lead to the most horrible conclusions. I listened to your words from Pope Pius. I am sure he didn't mean to condone Hitler's barbarity. Now we are seeing this happen again on a small scale with Saddam Hussein. I believe it is a clear cut case of good and evil, and I believe he is evil. What he has done will live in history, so I am not flexible. There may be people in our country who say "no blood for oil." But I have no flexibility. I hope it leads him to a peaceful solution and unconditional withdrawal. (S)

Cardinal Casaroli: Are there other means, such as Saddam Hussein's ouster? (S)

The President: If there were some way, it would be great, but he has security and a record of dispatching those who are disloyal to him. Yes, the replacement of this one man could mean instant reconciliation. We have no grievance against the people of Iraq. (S)

Governor Sununu: May I ask a question? Sources from Iraq indicate there is turmoil in the government. Do you have any information on that? (S)

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Cardinal Casaroli: Unfortunately, no. We realize how difficult this is for you. In our opinion, the problem should be seen in all its complexity. Speaking more personally, justice demands that the guilty be punished, but looking at the complete view this can't really alter the balance. We should not accept evil but we may have to tolerate some evil to avoid the worst. War should be the last resort. You mentioned the suffering of the hostages. With war, we could see the suffering of the total population. In my personal opinion, it is important to accept that the aggressor could have the advantage. There are justified interests of mankind, but when war begins no one knows the consequences. A man with tremendous responsibility should have a sense of the complete picture. (S)

During the war there were some attempts to overthrow Hitler and the regime. I don't know, Mr. President, if the Holy See could do more -- perhaps through our representative in Baghdad. (S)

Secretary Baker: I am not sure I understand. (S)

The President: Maybe there is a role for the Vatican to try a peaceful solution. (S)

Cardinal Casaroli: And a just solution. (S)

The President: ... if it didn't look like the Vatican were accepting a solution short of the UN resolution. Perez tried, but his mandate was that of the world body, so he had no flexibility and shouldn't have flexibility. I worry about war, as you obviously do, but there is a war involving innocent Kuwaitis. I don't want the blood of one single Iraqi child or soldier on my hands. I don't want that on my conscience for the rest of my life. But, to those who say we should have no war, I answer that we have got a war. We can't reward aggression. The Holy Father is unique in the world. I don't see what constructive role he might play, but if he thinks Saddam Hussein's stepping aside would help, why not try? (S)

Cardinal Casaroli: In any case, my opinions were completely personal. Is it more important to punish aggression or to prevent new aggression? (S)

Secretary Baker: We tolerated the evil of aggression against Ethiopia, and did the same against Poland and Czechoslovakia, thinking that would mean less chance of future aggression. I wonder whether the Holy Father's position would be that under no circumstances should force be used. I don't know what else we can do if all this fails. (S)

Cardinal Casaroli: At Munich, Pius XI was not satisfied because Hitler could think the world would accept the next step. Perhaps it would have been better to adopt strong measures, but there was no UN then and no international consensus. If you begin a war you never know where it will lead. We wouldn't interfere, because you are seriously dealing with the situation and we have confidence in the competence of the US. (S)

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The President: What about the Holy Father, who is so respected, making in the name of peace a moral appeal to Saddam Hussein to step aside? (S)

Cardinal Casaroli: A public appeal? He would just say no. (C)

The President: Yes, but I have tried, in my little speech to the people of Iraq to make it clear that our argument is not with the people of Iraq. (S)

Cardinal Casaroli: Yes, but the little people of Iraq, Saudi Arabia, and Jordan feel he is defending the people. (S)

The President: He's trying to tie into the Israeli question and is making some headway. (S)

Cardinal Casaroli: I wonder if the US and Israel have some way of deterring these people. The Pope has accepted deterrence in his message to the UN. He said that until other methods are found, deterrence is morally acceptable. (S)

The President: What we are trying to do is to achieve a peaceful solution. We will keep that up for a bit, but if there is a provocation I hope people understand that we have not only the right but the obligation to respond. I consider starving American children a provocation. I don't yet know what I'll do. (S)

Cardinal Casaroli: I realize the difficulties of your moral and political position. The new international order should give the international community the right not only to condemn but to enforce. May I ask a personal question? Do you think it possible for there to be a quick strike? A war there could last for years. (S)

The President: Not this war. It would not be a Vietnam situation. He's never fought without air cover. I wish I could say there could be war without major loss of life, but it could be short. (S)

-- End of Conversation --

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