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

OA/ID Number: 91149
Folder ID Number: 91149-006

Folder Title:
Other (July 1990)

Stack:	Row:	Section:	Shelf:	Position:
G	34	48	6	7

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Memo	Meg Lundsager to Brent Scowcroft Re: Houston Summit: World Bank Lending to China (1 pp.)	7/1/90	(b)(1)	C
01b. Memo	Brent Scowcroft to POTUS Re: Houston Summit: World Bank Lending to China (3 pp.)	n.d.	(b)(1)	C
01c. Talking Points	Re: Talking Points (1 pp.)	n.d.	(b)(1)	C
02a. Memo	Brent Scowcroft to POTUS Re: Houston Economic Summit (3 pp.)	7/2/90	(b)(1)	C
02b. Memo	James A. Baker, III to POTUS Re: The Economic Summit at Houston (8 pp.)	6/25/90	(b)(1)	S
03a. Memo	William F. Sittmann to J. Stapleton Roy Re: Transmittal of Memorandum of Conversation of the President's Telephone Call to President Carlos Saul Menem of Argentina (1 pp.)	7/5/90	(b)(1)	C
03b. Memo	William F. Sittmann to R. Blair Downing Re: Transmittal of Memorandum of Conversation of the President's Telephone Call to President Carlos Saul Menem of Argentina (1 pp.)	7/5/90	(b)(1)	C

Page 1 of 2

Collection:

Record Group: Bush Presidential Records

Office: Scowcroft, Brent, Files

Series: Chronological Files

Subseries:

WHORM Cat.:

File Location: Other (July 1990)

Pinksheet Number: cap1247

OA/ID Number: 91149-006

Date Closed: 7/15/2009

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
03c. Telcon	Re: Telephone Conversation with President Carlos Saul Menem of Argentina (2 pp.)	6/28/90	(b)(1)	C
03d. Memo	Donald C. Johnson to William F. Sittmann Re: Memorandum of Telephone Conversation with President Carlos Saul Menem of Argentina (1 pp.)	6/29/90	(b)(1)	C
04a. Outline	Re: Meeting with U.K. Opposition Leader Neil Kinnock (2 pp.)	7/16/90	(b)(1)	C
04b. Talking Points	Re: Points To Be Made for Meeting with IK Opposition Leader Neil Kinnock (3 pp.)	n.d.	(b)(1)	C
04c. Report	Re: Government report (1 pp.)	n.d.	(b)(1)	C
04d. Memo	Philip Zelikow to Brent Scowcroft Re: The President's Meeting with Neil Kinnock on July 17, 1990, at 2:30 pm (1 pp.)	7/16/90	(b)(1)	C
05. Talking Points	Re: Points To Be Made with Congressional Leadership on the Defense Budget (4 pp.)	n.d.	(b)(1)	

Page 2 of 2

Collection:

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NSC/S PROFILE

RECORD ID: 9005276
RECEIVED: 29 JUN 90 16

676x

TO: SCOWCROFT

CHRON FILE

FROM: LUNDSAGER
DEAL

DOC DATE: 01 JUL 90
SOURCE REF:

4

KEYWORDS: ECONOMIC SUMMIT

CHINA P R

PERSONS:

SUBJECT: HOUSTON ECONOMIC SUMMIT W/ REGARD TO WORLD BANK LENDING TO CHINA

ACTION: NFAR PER SCOWCROFT

DUE DATE: 03 JUL 90

STATUS: C

STAFF OFFICER: LUNDSAGER

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

DEAL

LUNDSAGER

NSC CHRON

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White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAF NARA, Date 7/15/09

COMMENTS: _____

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DOC 1 OF 1

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5276

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 1, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: TIMOTHY E. DEAL *te*
FROM: MEG LUNDSAGER *ML*
SUBJECT: Houston Summit: World Bank Lending to China

NOTE

Natl Sec Advisor
has seen

Attached at Tab I is a memorandum from you to the President for the discussion on China at the briefing in Kennebunkport on July 2. The memorandum presents the various aspects of the World Bank/China issue, particularly expected positions of the other Summit countries and U.S. Congressional concerns. A possible G-7 compromise is suggested along the lines of a slightly increased lending program clearly linked to economic reform.

Suggested talking points for your use are at Tab II.

Concurrences by: Bret Coulson *md* Douglas Paal *md*

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachment

Tab I Memorandum to the President
Tab II Your Talking Points

*General discussion
of China
with
7/2/90*

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER E.O. 12958,
AS AMENDED

2000-1204-F
3/22/2010 JMM

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5276

THE WHITE HOUSE
WASHINGTON

ACTION

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 3/4/24

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Houston Summit: World Bank Lending to China

Purpose

To review other Summit country and U.S. Congressional positions on the issue of World Bank lending to China, which will arise at the Houston Summit.

Background

Following the events at Tiananmen Square last year, the G-7 countries, at the Paris Summit, agreed that World Bank consideration of new loans to China should be postponed. In January 1990, we indicated that the U.S. would be prepared to support loans aimed at improving Basic Human Needs (BHN) on a case-by-case basis.

The G-7 together hold 51 percent of the votes at the World Bank and through concerted pressure this year were able to persuade World Bank President Barber Conable to withdraw from Executive Board consideration several loans that were not for BHN projects. The net result of this pressure was that World Bank lending to China in its fiscal year ending June 30 was limited to \$590 million, far below the originally planned program of \$2-2.5 billion. Bilateral assistance and lending programs were also scaled back.

Economic Summit Country Views

The United States is taking the toughest position on this issue; maintaining the G-7 consensus on limiting World Bank loans to BHN required many high-level interventions with G-7 finance and foreign ministry officials.

It is quite clear that the strength of the G-7 consensus on China contributed substantially to Beijing's decision to release Fang Lizhi. In the preceding months, the Chinese exuded an air of confidence that the consensus would crumble without the PRC capitulating first. As the Houston Summit approached, however, the Chinese grudgingly found that steps to satisfy the U.S. and others would be necessary to get the consensus to change.

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cc: Vice President
Chief of Staff

In the time remaining before the Summit convenes, the G-7 are continuing to take a firm line on China in the World Bank. This will help keep the pressure on China to take additional steps and will reduce Congressional criticism that the Administration is eager to reopen the flow of World Bank loans.

At last weekend's Sherpa meeting various country positions appear to have firmed. Italy and Japan are most anxious to resume normal World Bank lending after the Summit. They are also the most eager to restart their own bilateral aid and lending programs. Canada and the U.K. expressed interest in gradually normalizing World Bank relations with China over the next one to two years. The Germans and French both indicated that they could not agree to return to a normal lending program due to Parliamentary and public opposition.

In sum, the consensus to restrict lending to BHN-only has frayed. A possible solution would be for the Summit to agree to a slightly larger lending program, perhaps up to \$700 billion, but clearly tied to economic reform. We could perhaps also maintain G-7 opposition to loans to state enterprises.

At Houston, we should also seek at the very least to obtain public commitments from bilateral lenders that their aid programs will be significantly reduced from the pre-Tiananmen period. Implementation should also be stretched out, perhaps tied to China's progress on economic reform.

U.S. Domestic Pressures

The Administration has submitted to Congress its request for \$3.18 billion, or \$1.06 billion annually for three years starting this October, for our contribution to the International Development Association (IDA), the concessional arm of the World Bank from which China predominantly borrows. The U.S. has committed to contribute 21.6% of the \$15 billion in this new replenishment of IDA.

As you are well aware, Congressional interest in the China issue is very strong. The House has completed action on the FY91 Foreign Aid appropriations bill, which includes language stating that if the World Bank approves any non-BHN loans, the U.S. must withhold from its FY91 contribution to IDA an amount equal to the U.S. "share" of those loans, calculated as our voting power in IDA (17.2%). Additional, much more onerous amendments are being considered for the House FY91 Foreign Aid authorization bill, which is still in committee. The Senate has not yet acted on similar legislation.

Even if the other G-7 countries decide to begin supporting a few non-BHN loans to China, current law would require the U.S. to abstain on or vote against those loans. Congressional reaction to a weakened G-7 consensus and an increased lending program

cannot be predicted with confidence, but it may be that Congress would acquiesce to a slightly increased lending program that was clearly linked to meaningful Chinese economic reforms.

World Bank Position

While it is difficult to determine the World Bank position, it is clear that its lending program for China is being scaled back and staff reassigned in response to the united G-7 position. The World Bank currently has in the early planning stages about 45 projects totalling over \$7 billion. These loans, even under normal lending practices, would take many months, if not years, to negotiate and bring to the Board for approval. Of these planned loans, very few are for projects that would fit the BHN criteria.

Conable probably believes that the G-7 consensus is weakening and, depending on what happens in Houston, may bring some loans back to the Board this summer. He may recognize that he would still have to go slow and not return to previously planned high levels of lending. He is aware of Congressional sentiment and activity.

Conclusion

This suggests a compromise position at the Summit, where the G-7 would support increased non-BHN lending in furtherance of "economic reform." This G-7 consensus would be reached with explicit understanding that U.S. legislation will not permit U.S. support for the new non-BHN loans. The U.S. will also require agreement to a ceiling on annual World Bank loans to around \$700 million.

RECOMMENDATION

That you agree to this compromise position.

Approve _____

Disapprove _____

~~CONFIDENTIAL~~

Talking Points

- We will have to face the question of World Bank lending to China in Houston.
- Other G-7 countries appears to have mixed views:
 - Apparently, France and Germany will resist normalizing lending to China because of parliamentary and public opposition;
 - Canada and the U.K. favor a gradual resumption of World Bank loans; and
 - Japan and Italy appear the most eager to restore full World Bank lending.
- We need to determine our own position, keeping in mind that, in any event, existing legislation will require the U.S. to abstain on -- or vote against -- any non-Basic Human Needs (BHN) loans until China improves its domestic human rights situation.
- Nick, Jim, do you believe we could reach a consensus at Houston for a slight increase in lending, perhaps to \$700 million, clearly linked to economic reform? How do you think Congress would react?

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PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 3/4/24

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NSC/S PROFILE

RECORD ID: 9005291
RECEIVED: 02 JUL 90 09

UNKNOWN FILE

TO: PRESIDENT

FROM: SCOWCROFT

DOC DATE: 02 JUL 90
SOURCE REF:

KEYWORDS: ECONOMIC SUMMIT

PERSONS:

SUBJECT: HOUSTON ECONOMIC SUMMIT

ACTION: OBE / STATUS ORIGINAL UNKNOWN DUE DATE: 05 JUL 90 STATUS: C
STAFF OFFICER: MELBY LOGREF: 9001083 9001604
FILES: PA NSCP: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAF NARA, Date 7/14/09

COMMENTS: _____

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DOC 2 OF 2

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**National Security Council
The White House**

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LOG # 5291

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Bill Sittmann	_____	_____	_____
Bob Gates	_____	_____	_____
Brent Scowcroft	_____	_____	_____
Bill Sittmann	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>2</u>	<u>24.75</u>	<u>A</u>
NSC Secretariat	<u>3</u>	_____	<u>OBE/OWR</u>
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A = Action	I = Information	D = Dispatch	R = Retain	N = No further Action
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cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

July 2, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT 
SUBJECT: Houston Economic Summit

DECLASSIFIED
PER E.O. 13526

2010-0802-MR
10/20/2014 MM

The memorandum which Secretaries Baker and Brady have sent you (Tab 2) lays out clearly the main substantive issues at Houston and the objectives of other participants.

The importance of Houston is heightened by the NATO Summit. Indeed, the NATO and Houston Summits can be seen as the twin pillars supporting the far-reaching democratic and economic changes taking place around the world, but particularly in Europe. Houston is also the occasion to bring Japan into the allied consensus arising out of the NATO Summit.

For the public and financial markets, Houston will be judged by the degree to which the U.S. is perceived to show leadership on international economic issues. Your leadership is unchallenged among our allies on political and strategic issues. However, our large budget and trade deficits have raised doubts about the inherent strengths of our economy and have eroded American leadership on economic issues. Houston is the occasion to reverse this perception.

The message out of Houston should be that individuals have an inalienable right to political liberty and economic freedom and that the Economic Summit countries will support this right with their experience, resources and goodwill. The mutually reinforcing nature of political and economic freedom should be stressed. That is the theme of the opening section of the draft communique.

One of the most contentious and important issues will be assistance to the Soviet Union. This is essentially a political question for you and your colleagues. Kohl took the initiative on this issue by announcing the \$3 billion credit guarantee package with only cursory allied consultation. The EC Summit produced further momentum for those (Germany, France, Italy) who argue for a concerted Western financial assistance package for Gorbachev. The Europeans want to discuss the issue, and there will be pressure on you and your colleagues to produce a consensus.

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Declassify on: OADR

cc: Vice President
Chief of Staff

Given your position as Summit host, we don't want Houston to end in public disarray over this issue. This does not mean, however, that you need commit yourself to a major assistance program involving money. On the contrary, we have designed your talking points to position you as proposing that the G-7 countries agree to a set of principles to guide economic relations with the USSR. The principles are sufficiently flexible to permit some countries to move ahead on assistance faster than others. They also stress conditionality and market reform. These principles would, in effect, create a broad G-7 framework to include the German effort at one end of the continuum and Japanese hesitation to do anything at the other end. This would give you the ability to continue our technical assistance effort and Kerensky/Tsarist claims negotiations while avoiding any outlays of financial assistance. You would make clear that U.S. actions are linked to Soviet economic reform and political actions.

While there will be a tendency on the part of the media to highlight whatever is decided on aid to the the Soviet Union, the real legacy of Houston will be the result on the Uruguay Round. If you can crack the agriculture issue, you will achieve a major, substantive victory which will have positive ramifications for years to come as world trade expands.

To achieve a breakthrough on agriculture, you will have to convince Kohl, Mitterrand and Delors that, while our farmers and theirs merit continued support, it should be given in a way which does not distort trade or production. You have strong political chits (support for German reunification, COCOM reform) which should convince Kohl at least to be more accommodating on this issue. While Kohl may have problems with his farmers in December, he would be in much greater trouble without our support for unification. Indeed, we have indications that Kohl knows our position is the correct one and may be willing to move if he can hide behind Delors.

We no longer insist on the complete elimination of trade-distorting subsidies in this Round. This message has not sunk in with European leaders. Similarly, they do not believe you are serious about eliminating subsidies to farm groups, dismantling our sugar program or lifting import quotas on dairy products. In short, they question our political good will and faith, just as we question theirs. You will need to convince your Summit colleagues you have the support of Congress for making this ambitious change, provided the Round produces a substantial agreement on agriculture.

A successful Round which opens up trade will be of tremendous benefit in supporting market economies in emerging democracies in Eastern Europe and in improving trade opportunities for developing countries. Mitterrand will chide you and others for not giving enough aid to developing countries; a reform of agriculture would open large new markets for developing countries, end the dumping of food in the Third World, and

provide more resources to developing countries than assistance programs.

On the environment, you will have to cool passions, particularly those of Kohl, for dramatic Summit action on global climate change. The way out may be to acknowledge the positive steps individual countries are taking, while avoiding the emotional appeal of all marching in lock-step when the science is uncertain. Protecting forests, particularly tropical forests, is a special concern to Kohl. We are doing much in this area and have an enviable record by Summit country standards. A strong Summit commitment to take additional steps on forest protection, perhaps through a separate forest convention, may give Kohl the cover he needs to back off his CO₂ stance. We should stand firm on proposals to create a new Green Fund within the World Bank unless it is financed from existing resources, i.e., no additionality.

The Houston agenda has tough issues on it. Unlike recent Summits, Heads will not be able to duck them, passing them on unresolved to the next Economic Summit. However, our positions are well-reasoned and, with perhaps some modification in the course of the negotiations, should carry the day. It will take all your powers of persuasion to move Delors, Kohl and Mitterrand on agriculture. However, the political and economic gains from major progress in economic issues appear well worth tough discussions.

~~CONFIDENTIAL~~

~~with SECRET ATTACHMENT~~

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

July 1, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: TIMOTHY E. DEAL *DEAL*
FROM: ERIC MELBY *MELBY*
SUBJECT: Scope Paper for Houston Summit

At Tab I is a memorandum for the President laying out broad objectives for the Houston Summit. It complements the Baker/Brady scope paper (Tab II).

Concurrence by: Robert Blackwill and Karl Jackson

RECOMMENDATION

That you sign the memorandum at Tab I for inclusion at Tab 1 in the President's Briefing Book for Houston.

Attachments

Tab I Memo for the President
Tab II Baker/Brady Scope Paper

For 2
Sent to
President
18 +
18 +
Summit

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAF NARA, Date 7/15/09

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~~with SECRET ATTACHMENT~~

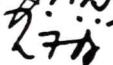
Declassify on: OADR

S/S 9014167
DEPARTMENT OF STATE
WASHINGTON

June 25, 1990

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MEMORANDUM FOR THE PRESIDENT

FROM James A. Baker, III 
Nicholas F. Brady 
SUBJECT: The Economic Summit at Houston

After the NATO Summit and other meetings focussed on Europe, the Economic Summit will address global issues.

I. YOUR OBJECTIVES

Your three main economic objectives are:

- o to break the logjam over agriculture in the Uruguay Round negotiations, and to provide the political impetus for a successful completion of the Round in December.
- o to prevent an open rupture over the environment, and reach agreement on a moderate, balanced statement which recognizes both the need to protect the environment and the need to promote growth, taking costs into account.
- o to agree on how we should respond to economic developments in the Soviet Union and Eastern Europe. Chancellor Kohl will ask the Summit leaders to discuss a Soviet request for support, including long-term credits.

In addition, the United States will want to:

- o recognize the sound state of the Summit economies, which are approaching their ninth consecutive year of solid expansion.
- o underline the need for further reductions in large trade imbalances. Although some imbalances have declined in the past few years (for example, the U.S. deficit and Japan's surplus), others have increased (Germany, the United

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Kingdom, and Canada). There is danger that the adjustment process may be stalling and that imbalances may increase in the future. (However, the large German current account surplus is likely at long last to decline somewhat because of the need to provide resources to East Germany.)

- o recognize the needs of the developing countries:
 - emphasize the progress that has been made during the past year in implementing the strengthened debt strategy.
 - secure continued support for the strategy.
- o highlight Western political values, especially:
 - securing democracy in newly-freed nations: Nicaragua, Panama, Namibia, Czechoslovakia, and Hungary.
 - promoting peaceful change in potential new democracies, most notably South Africa.
 - resolving regional conflicts.
- o join with other countries in actions to combat narcotics. There is general agreement among the G-7 nations to follow up antinarcotics steps such as the Financial Action Task Force and the Cartagena Declaration.

II. OBJECTIVES OF OTHER PARTICIPANTS

Houston will be Margaret Thatcher's 12th Economic Summit, Francois Mitterrand's 10th, and Helmut Kohl's 8th. Toshiki Kaifu is a first-timer. Although Giulio Andreotti is replacing Ciriaco De Mita as the Italian leader this year, he is scarcely a newcomer to the Summit, having attended repeatedly as foreign minister (1984-1989) and earlier as prime minister (1977-1978). Each of the leaders has his or her own agenda, as follows:

Margaret Thatcher's popularity has slipped in the last year -- but she has shown remarkable powers of recovery in the past. Of the European leaders, she has the strongest misgivings about the prospects for rapid European monetary unification. She prefers to avoid stilted and formalistic sessions in favor of a give-and-take. She has expressed increasing interest in environmental issues. If there is a confrontation between the United States and Germany over the environment, we cannot count on her support.

Toshiki Kaifu will be looking to solidify his domestic position. Although widely considered a caretaker when he

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- 3 -

became prime minister, he has enjoyed growing popularity, recently reaching a 63 percent approval rating -- the highest of any prime minister since polling began in 1964. Success in foreign affairs, including a successful Interim Report on the Structural Impediments Initiative (SII), has added to his prestige. The outcome of the SII meeting to draft the final report, in late June, will have an important effect on the chemistry between the United States and Japan at the Summit. Kaifu is concerned that Houston will have an overtly European focus, and he will press for consideration of non-European concerns. He also will want the Summit to avoid any suggestion that the Soviet military threat has evaporated. In response to suggestions that the Japanese trade surplus should be further reduced, Kaifu is likely to call on the United States to reduce its fiscal deficits. Japan has a major interest in the success of the Uruguay Round. Because of sensitivity over the rice issue, however, Kaifu is unlikely to participate actively in the debate between the EC and the North American countries over agricultural trade.

Helmut Kohl will be preoccupied with the reunification of Germany. He will raise the issue of credits for the Soviet Union; he is asking the Soviet Union, on its part, to adopt a constructive attitude toward German unity, including membership in NATO and the European Community. He has a strong interest in the environment, including global warming. Because of the political clout of the many small, inefficient German farmers, Germany strongly resists modification of the Common Agricultural Policy in the Uruguay Round negotiations. Two current complications will make it especially difficult for Kohl to bend on agriculture -- the German election that will take place in early December (just before the end of the Uruguay Round), and the additional competition that West German farmers will be facing from lower-cost East German farmers.

Francois Mitterrand is likely to support the Germans in a strong stand on the environment. He is also likely to be the second most difficult leader (after Kohl) to persuade that fundamental changes in the Common Agricultural Policy are essential to a successful Uruguay Round. In a recent interview, he expressed his intention to ask the Dublin and Houston Summits to consider the possibility of financial, commercial, and technical aid to the Soviet Union. He is eager to demonstrate French compassion for third-world countries -- for example, by supporting greater debt relief.

Giulio Andreotti is also likely to favor steps to aid the third world, particularly in the Mediterranean basin. He recently wrote you in support of the forthcoming report by former Prime Minister Craxi, who is special adviser to the Secretary General

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of the United Nations. They plan to release the report only a few days before the Houston Summit, so it will obviously be impossible to evaluate it carefully before the meeting. But from the outline, we do know that it will contain a number of proposals that are unacceptable to us. We have no assurance that the report will not include other objectionable proposals unknown to us at this time, but if past experience with UN reports is any guide, there are likely to be additional problems. Therefore, we strongly recommend that the Summit communique not mention this report, even though Italy's foreign office is pushing strongly for the reference. Italy is concerned with ethnic tensions in Eastern Europe, especially Yugoslavia. Italy is working toward a number of regional economic arrangements with Yugoslavia, Czechoslovakia, Hungary and Austria -- in transportation, the environment, small business, and telecommunications.

Brian Mulroney is at a low point in his popularity. The Canadian economy has been weak. Mulroney has been preoccupied in recent months with the Meech Lake constitutional crisis and the possibility of Quebec's secession, and he will be eager to show his leadership in other areas. Canada has suggested that the Summit nations recommend the establishment of a new International Center for Securing Democracy. Canada is concerned that the Summit nations might propose some official debt forgiveness -- something that would be very costly to Canada because they are major creditors of Poland.

Jacques Delors will represent the European Community. The EC Commission's key role has been in trade policy. In the Sherpa meetings, his representative has pursued a hard-line position on agricultural trade. As Delors is eager to become the voice of a united Europe, he will not be shy about discussing other matters, including those for which he has no mandate to speak for the EC countries, such as aid to the Soviet Union and third-world debt. As the author of the Delors Report, the President of the Commission has been a major player in the movement toward European monetary unification.

III. MAIN TOPICS

The main topics on the Summit agenda will be:

- o A review of the current international economic situation
- o The Uruguay Round of Trade Negotiations
- o The USSR and reform in Central and Eastern Europe
- o The developing nations, including their debt problems
- o The environment
- o The Middle East
- o China

IV. THE CURRENT INTERNATIONAL ECONOMIC SITUATION

Because of the broadly favorable outlook, this discussion is likely to be harmonious, with relatively few differences. The expansion in the G-7 countries is continuing into its eighth consecutive year. At this stage in the cycle, the main challenge is to pick a careful path between the dangers of overexpansion and inflationary pressures, on the one hand, and very slow growth or recession, on the other. A common concern of the G-7 nations is how to keep to this narrow path. The UK and Canadian economies are in the greatest danger. The United Kingdom especially has been suffering from a high inflation rate -- 9.7% during the past year. Strong actions by the United Kingdom and Canada to combat inflation mean that their economic performance will probably be the weakest among the G-7 nations this year.

There are some problem areas. Japan (especially) and Germany will want to ignore the problem of large trade and current-account imbalances. The Japanese have been having an internal argument (which has spilled unhelpfully into the press) as to whether it is desirable to continue to run large surpluses (of, perhaps 2 percent of GNP) on the ground that the world needs the capital they can supply by virtue of these surpluses. Reduction of large imbalances has been a fundamental U.S. objective, and there has been firm agreement that continued or even higher imbalances could have serious negative implications for the world economy. The best contribution that the high surplus countries can make to global development is to provide more open and steadily growing markets for exports from developing and other countries. We should strongly oppose Japanese attempts to walk away from their obligations to the G-7 and the external adjustment process.

V. THE URUGUAY ROUND

The Uruguay Round, the highest priority in our international economic agenda, requires a major political push if it is to be successfully concluded by the end of the year, as planned. The negotiations on agriculture -- the key issue for many countries -- are stalled as a result of an impasse over the negotiating framework.

The United States and other major agricultural exporting countries seek specific policy commitments in each of three areas: export subsidies, barriers to market access, and internal support programs. The EC refuses to negotiate such specific commitments and has proposed instead the negotiation of more general commitments aimed at the reduction in the

~~SECRET~~

- 6 -

overall level of support. We are seeking to use the Summit preparatory process to press the European Community to move on this issue. At the Summit itself, we believe that Heads should urge the trade negotiators to resolve the current impasse. They should also use Summit discussions to lay the political groundwork for an agreement on fundamental reforms in agriculture at the end of the Uruguay Round.

One of our key objectives will be to establish the successful conclusion of an ambitious Uruguay Round package as the highest international economic priority for all Summit countries. We also want to clearly communicate to the developing countries what we want from them and what we are prepared to do for them.

Other Heads are likely to express their concern about our unilateral actions under Section 301. We have indicated that if the Round is successful in establishing rules in areas not covered by GATT and in improving the dispute settlements process, we are prepared to act under the new multilateral rules.

Other Heads may also propose the establishment of a new World Trade Organization. We believe that we need to resolve the substantive issues of the Uruguay Round before dealing with institutional issues. We will also need to bring along Congress, which rejected the International Trade Organization after World War II.

VI. THE USSR AND REFORM IN EASTERN EUROPE

The Germans will raise the Soviet request for sizable credits (perhaps \$20 billion) over the next few years. Our response to this request will undoubtedly be one of the most important long-term decisions at the Summit.

There also should be a thorough exchange of views on G-7 policies in response to the rapid changes elsewhere in Eastern Europe. We expect that general agreement will have been reached at the G-24 Ministerial on July 4 to extend the G-24 coordination process beyond Poland and Hungary to include the other emerging democracies. It is less clear how the G-24 will differentiate between eager reformers (like Poland) and reluctant reformers (like Romania). Regarding the G-24 process, we are concerned about the EC tendency to float G-24 initiatives without prior consultation; we should resist any pressures to expand the role of the EC beyond the mandate to coordinate aid that it was given at the last Summit. We should also seek support for an expanded role of the OECD in the region, building on our successful initiative to establish an OECD Center for these countries.

~~SECRET~~

This year's Summit will be able to cite a number of other constructive steps in response to Eastern European needs, including signature of the agreement to establish the European Bank for Reconstruction and Development.

VII. THE DEVELOPING NATIONS

The developing nations are concerned that they will be forgotten, and that funds that would otherwise go to them will be redirected toward Eastern Europe.

Over the past few years, significant steps have been taken to ease the debt burden, including debt forgiveness for the poorest nations and the Brady Plan for middle income nations. Six countries have reached agreement with the commercial banks during the past year, accounting for 46 percent of the total commercial debt of the major debtors. We should stay the course, urge debtor countries to continue the economic reforms essential to future growth, and encourage commercial banks to move promptly to conclude further agreements.

The preparatory work for the Summit has led to an agreement to extend longer maturities on debts owed by heavily-indebted middle income countries through the Paris Club. We are also prepared to review both additional options to address debt servicing burdens of these countries and the implementation of existing options for the poorest countries.

VIII. THE ENVIRONMENT

Environment may be the most controversial issue. Germany and some others will want a "green" document, conveying a strong sense of urgency. Some countries want goals and timetables to limit CO₂ emissions, even though they have made no serious calculation of the costs. Our position is that costs must be taken into account; we should not respond to the strong ideological pressures to ignore costs. We have a political problem here: others may want to paint us as the odd-man-out.

To counteract this danger, you should be ready to state forcefully our positive steps:

- o leadership in efforts to protect the ozone, including early steps to reduce CFCs. We will be participating in a World Bank fund to assist LDCs in phasing out the production of CFCs by the year 2000. Action to phase out CFCs meets our major criteria: there is adequate scientific evidence that CFCs deplete the ozone; the steps to be taken will successfully address the problem; and the costs are reasonable and predictable.

- o we have been the leaders in actually doing something to protect and improve air and water quality in the past two decades. We have strengthened our policies with the new Clean Air Act.

We have one other factor working in our favor: with the full plate of other subjects -- including the Soviet request for aid -- other countries may want to avoid a time-consuming confrontation over the environment.

IX. THE MIDDLE EAST

We expect that developments in the Middle East will be a subject your G-7 colleagues will want to review. You should share with them our own concerns about the situation in the region, noting your continuing commitment to move forward on the peace process. You should also note, however, that the Arab-Israeli issue is not the only cause of regional tensions. Saddam Hussein's efforts to give a more radical cast to Arab positions, the continuing problems in Lebanon, the steady growth of political Islam and Qadhafi's continuing adventurism and efforts to acquire weapons of mass destruction all complicate the situation in the region.

X. CHINA

The G-7 consensus on limiting World Bank lending to China to basic human needs (BHN) projects has been extremely useful in demonstrating global concern about developments in the PRC and in addressing concerns of the public and Congress. However, consensus on this approach will not survive the Houston Summit without your personal intervention to establish the basis for a new consensus. The Japanese, for example, intend to make the Third Yen Loan after the Summit. Andreotti has also written to express concern about political criteria being used for Bank loans to China. There are indications the Chinese are making some gestures on issues of concern to the global community, but it is unlikely they will be enough to meet our overall concerns (or those of Congress).

It would be highly desirable politically to reestablish a consensus. Failure could damage our prospects for MDB funding and could encourage the Congress to reject the renewal of MFN for China, or attach unacceptable conditions to future MDB lending to China. However, any new consensus would have to be on a different basis because the bulk of loans that could meet the BHN test have already been considered by the World Bank. To be effective, a new consensus to restrict World Bank lending to China would have to go beyond BHN.

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9005226
RECEIVED: 28 JUN 90 17

TO: DOWNING, R

CHRON FILE

FROM: SITTMANN

DOC DATE: 06 JUL 90
SOURCE REF:

KEYWORDS: ARGENTINA

TELCON

PERSONS: MENEM, CARLOS

SUBJECT: TRANSMITTAL OF MEMCON OF PRES PHONE CALL W/ PRES MENEM OF ARGENTINA

ACTION: SITTMANN SGD MEMO

DUE DATE: 02 JUL 90

STATUS: C

STAFF OFFICER: JOHNSON

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

JOHNSON

PRYCE

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By CAP NARA, Date 7/15/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSALW

CLOSED BY: NSRLG

DOC 3 OF 3

~~CONFIDENTIAL~~

**National Security Council
The White House**

PROOFED BY: MSN

LOG # 5226

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BYPASSED WW DESK: _____

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<i>Bill</i> Bill Sittmann	<u>1</u>	<u>✓</u>	<u>A</u>
Bob Gates	_____	_____	_____
Brent Scowcroft	_____	_____	_____
Bill Sittmann	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>2</u>	<u>JEP 6/29</u>	<u>N</u>
NSC Secretariat	<u>3</u>	<u>RLG</u>	<u>A</u>
<u>GRAY</u>	<u>4</u>	<u>✓ 6/29</u>	<u>FFA</u>
<u>Nsc/s</u>	<u>5</u>	<u>RLG</u>	<u>D</u>
		<u>7/5</u>	

30 JUN 29 411.35

<u>A = Action</u>	I = Information	D = Dispatch	R = Retain	N = No further Action
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cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

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5226

NATIONAL SECURITY COUNCIL
WASHINGTON, D C 20506

July 5, 1990

MEMORANDUM FOR MR. J. STAPLETON ROY
Executive Secretary
Department of State

SUBJECT: Transmittal of Memorandum of Conversation of the
President's Telephone Call to President Carlos
Saúl Menem of Argentina (U)

The memorandum of telephone conversation of the President's
telephone call with President Carlos Saúl Menem of Argentina on
June 28, 1990, attached at Tab A, should be forwarded to
Assistant Secretary Bernard Aronson and Ambassador Todman in
Buenos Aires via NODIS channels. (C)



William F. Sittmann
Executive Secretary

Attachment
Tab A Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By MM NARA, Date 10/25/2013

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~~CONFIDENTIAL~~

5226

NATIONAL SECURITY COUNCIL

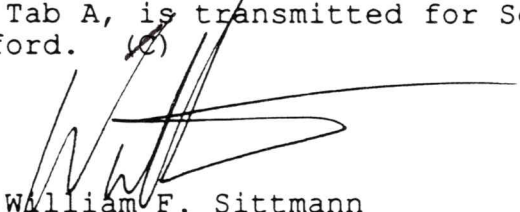
WASHINGTON, D.C. 20506

July 5, 1990

MEMORANDUM FOR MR. R. BLAIR DOWNING
Executive Secretary
Department of Treasury

SUBJECT: Transmittal of Memorandum of Conversation of the
President's Telephone Call to President Carlos
Saúl Menem of Argentina (U)

The memorandum of telephone conversation of the President's
telephone call with President Carlos Saúl Menem of Argentina
on June 28, 1990, attached at Tab A, is transmitted for Secretary
Brady and Under Secretary Mulford. (U)



William F. Sittmann
Executive Secretary

Attachment
Tab A Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By MM NARA, Date 6/25/2013

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5226

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with President
Carlos Saúl Menem of Argentina (U)

PARTICIPANTS: The President
President Carlos Saúl Menem
Notetaker: Donald C. Johnson

DATE, TIME June 28, 1990, 5:08 - 5:12 p.m. EST
AND PLACE: The Oval Office

The President: Hello? (U)

President Menem: Hello. (U)

The President: Mr. President, how are you? (U)

President Menem: Very well. I send you a strong abrazo and my greetings to your wife. (U)

The President: She just left here. But she heard you were calling and sends you her best. (U)

President Menem: Thank you. I want to greet and congratulate you for the speech you gave yesterday to the Ambassadors of the Americas. Regarding a free trade area from Alaska to Tierra del Fuego, this encourages us to continue our efforts toward continental integration. (U)

When you come down in September we'll discuss this more in depth.

The President: I appreciate your phone call, and look forward to seeing you in September. (U)

President Menem: We do also. The government and people of Argentina are waiting for you with open arms and thank you. Many thanks for turning your eyes to the Americas. (U)

The President: We can't forget our own neighbors in this Hemisphere. I appreciate your kind words. I understand you are having a birthday soon. (U)

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Declassify on: OADR

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PER E.O. 12958,
AS AMENDED

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President Menem: Many thanks. Monday is my birthday. I value this greeting from you very much. (C)

The President: Well, that's great. You're still a young guy. I wish I were as young as you are. (C)

President Menem: You carry your years better than I do. (C)

The President: I don't know about that. I'm off tomorrow for the seaside to finish my briefings for the NATO Summit and the Houston Summit. (U)

President Menem: I wish you, dear George, the best success. You can count on our support and collaboration. I wish you the best of success. (U)

The President: Thanks a million for this phone call, and I look forward to seeing you in September. Good-bye. (U)

President Menem: Good-bye, good night, and good luck. (U)

-- End of Conversation --

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 29, 1990

SIGNED

ACTION

MEMORANDUM FOR WILLIAM F. SITTMANN

THROUGH: WILLIAM T. PRYCE *WTP*

FROM: DONALD C. JOHNSON *DJ*

SUBJECT: Memorandum of Telephone Conversation with
President Carlos Saúl Menem of Argentina
June 28

Attached at Tab A is the Memorandum of Telephone Conversation between the President and President Carlos Saúl Menem of Argentina, June 28, 1990. The memorandum at Tab I transmits the Memorandum of Telephone Conversation to the State Department for use by Assistant Secretary Aronson and to Ambassador Todman in Buenos Aires.

The memorandum at Tab II transmits the Memorandum of Telephone Conversation to Treasury for informational purposes since the Department has been, and will continue to be, deeply involved with this process.

RECOMMENDATION

That you file the Memorandum of Telephone Conversation for record purposes.

Approve *✓* Disapprove

That you sign the memorandum at Tab I transmitting the Memorandum of Telephone Conversation to the State Department.

That you sign the memorandum at Tab II transmitting the Memorandum of Conversation to the Department of Treasury.

Attachments

Tab I Sittmann Memorandum to J. Stapleton Roy
Tab II Sittmann Memorandum to R. Blair Downing
Tab A Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Declassify on: OADR

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DECLASSIFIED
PER E.O. 13526

2010-0802-MR
10/20/2014 MM

TO: MITCHELL, MAYER

CHRON FILE

FROM: PRESIDENT

DOC DATE: 11 JUL 90
SOURCE REF:

KEYWORDS: ISRAEL

PERSONS: FISHER, MAX
FOX, RICHARD

KLEIN, GEORGE

SUBJECT: LTRS TO JEWISH LEADERS

ACTION: FOR DISPATCH

DUE DATE: 03 JUL 90

STATUS: C

STAFF OFFICER: HAASS

LOGREF:

FILES: WH

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

HAASS

NSC CHRON

COMMENTS: _____

DISPATCHED BY LMS DATE 7/12 BY HAND W/ATTCH

OPENED BY: NSALW

CLOSED BY: NSLMS

DOC 5 OF 5

UNCLASSIFIED

National Security Council
The White House

PROOFED BY: _____

LOG # 5252

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BYPASSED WW DESK: _____

DOCLOG AC A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Sittmann	<u>1</u>	<u>W</u>	<u>A</u>
Bob Gates	_____	_____	_____
Brent Scowcroft	_____	_____	_____
Bill Sittmann	_____	_____	_____
Situation Room	<u>3</u>	<u>LMS 7/12</u>	<u>D</u>
West Wing Desk	<u>4</u>	<u>LMS 7/12</u>	<u>D</u>
NSC Secretariat	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

DATE: 7/11/90

NSC/S —

NOTE THAT BRONFMAN

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CARE OF.

NATIONAL SECURITY COUNCIL

ID 9005252

REFERRAL

DATE: 12 JUL 90

MEMORANDUM FOR: WH STRIPPING DESK

DOCUMENT DESCRIPTION:

TO: MITCHELL, MAYER

SOURCE: PRESIDENT

DATE: 11 JUL 90

SUBJ: LTRS TO JEWISH LEADERS

REQUIRED ACTION: FOR DISPATCH

DUE DATE:

COMMENT:

FOR


GEORGE VAN ERON

DIRECTOR NSC SECRETARIAT

THE WHITE HOUSE

WASHINGTON

July 11, 1990

Dear Max, George, and Dick:

Thank you for your letter supporting my decision to suspend the PLO dialogue. Under your leadership, the National Jewish Coalition has been a source of continuing support to my Administration. I appreciate your insight and advice on issues of concern to the Jewish community, and, in turn, your help communicating my ideas and perspectives.

The U.S.-PLO dialogue was based on the assumption that the PLO would abide by the conditions it accepted in December 1988, including the renunciation of terrorism. After the May 30 Palestine Liberation Front terrorist attempt, we told the PLO that it could not avoid responsibility for this action by one of its constituent groups and that it needed to deal with this matter by condemning the operation, disassociating itself from it, and by beginning to take steps to discipline Abu Abbas. We gave the PLO ample time to deal with this issue. To date, the PLO has not provided a credible accounting of this incident or undertaken the actions outlined above. That said, I continue to believe that a U.S.-PLO dialogue has contributed to our diplomatic efforts and would be prepared to resume the dialogue with the PLO should it take the necessary steps.

I am proud of the principled and pragmatic approach of my Administration toward the important issues in the peace process. Ours is a stance designed to enhance Israeli security, promote its acceptance and recognition in the region, bring about an exchange of territory for peace -- the essential building block of any outcome -- achieve an end of the occupation

through a process of dialogue and negotiation, and realize legitimate Palestinian political rights. We supported the Government of Israel's peace initiative and sought to implement it. And through hard work, we brought Israel's initiative close to fulfillment. I have recently been in touch with Prime Minister Shamir, and we hope that Israel will say yes to the remaining issues required to launch that dialogue.

I appreciate your letter, and look forward to an even stronger relationship with each of you and the Coalition in the years to come.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ehud Barak". The signature is fluid and cursive, with the first name "Ehud" written in a stylized, elongated script and the last name "Barak" written in a more standard cursive style.

Mr. Max M. Fisher, Honorary Chairman
Mr. George Klein, National Co-Chairman
Mr. Richard Fox, National Co-Chairman
National Jewish Coalition
415 Second Street, N.W., Suite 100
Washington, D.C. 20002

THE WHITE HOUSE
WASHINGTON

July 11, 1990

Dear Abe:

Thank you for your letter supporting my decision to suspend the PLO dialogue. I especially appreciate your warm words about the spirit of openness and friendship in our communications.

We gave the PLO ample time to deal with the serious implications for our dialogue of the May 30 terrorist attempt. To date, the PLO has not provided a credible accounting of this incident or undertaken the actions I outlined in my statement upon suspension of the dialogue. That said, I continue to believe that a U.S.-PLO dialogue has contributed to our diplomatic efforts and would be prepared to resume the dialogue with the PLO should it take the necessary steps.

Our discussions with our Israeli friends about the peace process are continuing. We believe a principled and pragmatic approach toward the important issues in the peace process is available through the Administration's efforts to implement Israeli's initiative. Ours is a stance designed to enhance Israeli security, promote its acceptance and recognition in the region, bring about an exchange of territory for peace -- the essential building block of any outcome -- achieve an end of the occupation through a process of dialogue and negotiation, and realize legitimate Palestinian political rights. Through hard work, we brought Israel's initiative close to fulfillment. As you know, I have recently been in touch with Prime Minister

Shamir, and we hope that Israel will say yes to the remaining issues required to launch that dialogue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Aryeh Ben-El-Mechaieq".

Mr. Abraham H. Foxman
National Director
Anti-Defamation League
of B'nai B'rith
823 United Nations Plaza
New York, NY 10017

THE WHITE HOUSE

WASHINGTON

July 12, 1990

Dear Mayer:

Thank you for your letter supporting my decision to suspend the PLO dialogue.

The U.S.-PLO dialogue was based on the assumption that the PLO would abide by the conditions it accepted in December 1988, including the renunciation of terrorism. After the May 30 Palestine Liberation Front terrorist attempt, we told the PLO that it could not avoid responsibility for this action by one of its constituent groups and that it needed to deal with this matter by condemning the operation, disassociating itself from it, and by beginning to take steps to discipline Abu Abbas. We gave the PLO ample time to deal with this issue. To date, the PLO has not provided a credible accounting of this incident or undertaken the actions outlined above. That said, I continue to believe that a U.S.-PLO dialogue has contributed to our diplomatic efforts and would be prepared to resume the dialogue with the PLO should it take the necessary steps.

My Administration has worked hard to bring about a practical and workable dialogue between Israel and Palestinians. We supported the Government of Israel's peace initiative and sought to implement it. And through hard work, we brought the Israeli initiative close to fulfillment. I have recently been in touch with Prime Minister Shamir, and we hope that Israel will say yes to the remaining issues required to launch that dialogue.

I am proud of the principled and pragmatic approach of my Administration toward the important issues in the peace process. Ours is

[a stance designed to enhance Israeli security, promote Israel's acceptance and recognition in the region, bring about an exchange of territory for peace -- the essential building block of any outcome -- achieve an end of the occupation through a process of dialogue and negotiation, and realize legitimate Palestinian political rights.

I appreciate your long-time personal support and your offer of assistance as President of AIPAC. I look forward to working with you in the future.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. Bush".

[
Mr. Mayer Mitchell
President
American Israel Public Affairs Committee
440 First Street, N.W., Suite 600
Washington, D.C. 20001

THE WHITE HOUSE
WASHINGTON

Dear Edgar:

Thank you for your letter supporting my decision to suspend the PLO dialogue.

The U.S.-PLO dialogue was based on the assumption that the PLO would abide by the conditions it accepted in December 1988, including the renunciation of terrorism. After the May 30 Palestine Liberation Front terrorist attempt, we told the PLO that it could not avoid responsibility for this action by one of its constituent groups. We gave the PLO ample time to deal with this issue. To date, the PLO has not provided a credible accounting of this incident or undertaken the actions we had outlined. That said, I continue to believe that a U.S.-PLO dialogue has contributed to our diplomatic efforts and would be prepared to resume the dialogue with the PLO should it take the necessary steps.

I am proud of the principled and pragmatic approach of my Administration toward the important issues in the peace process. We supported the Government of Israel's peace initiative and sought to implement it. Through hard work, we brought Israel's initiative close to fulfillment. I have recently been in contact with Prime Minister Shamir, and I hope that Israel will say yes to the remaining issues required to launch that dialogue.

I am pleased to hear from George Klein that you would like to become more involved on behalf of Republican causes and that he has invited you to

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- Ask Staff
what to do

join the National Jewish Coalition Steering Committee. I encourage you in both these pursuits.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Bronfman". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Mr. Edgar Bronfman
Chairman and Chief Executive Officer
Joseph E. Seagram & Sons, Inc.
375 Park Avenue
New York, NY 10152-0192

THE WHITE HOUSE

WASHINGTON

July 4, 1990

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Letters to Jewish Leaders Purpose

To respond to several letters from key American Jewish leaders who wrote in support of your decision to suspend the PLO dialogue.

Background

You have received letters from the National Jewish Coalition, AIPAC, Abe Foxman, and Edgar Bronfman, supporting your June 20 decision to suspend the PLO dialogue. The incoming letters are attached at Tab B.

I think that a response to these letters would be a good way to reinforce our position that we will resume the PLO dialogue if the PLO takes the steps that we have outlined. More importantly, it is also a way to remind key Jewish leaders that the peace process remains our priority, and that we hope Israel will say yes to the remaining issues so that we can launch a dialogue between Palestinians and Israelis. Your response, which is essentially the same for each of the three letters, also notes our key principles, specifically enhancement of Israeli security, territory for peace, an end to the occupation through dialogue and negotiation, and Palestinian political rights.

The State Department has cleared these letters.

RECOMMENDATION

That you sign the letters at Tab A.

Attachments

Tab A Outgoing Letters to Jewish Leaders
Tab B Incoming Letters from Jewish Leaders

cc: Vice President
Chief of Staff



AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

440 FIRST STREET, N.W., SUITE 600 • WASHINGTON, D.C. 20001 • (202) 639-5200 FAX (202) 639-4697

Mayer Mitchell
President

June 22, 1990

The President
The White House
Washington, DC 20500

Dear Mr. President:

I join the many Americans, including the leaders of the American Jewish community, who support your decision to suspend our dialogue with the PLO.

It is regretful that the PLO has again missed an opportunity to demonstrate seriousness about peace through its actions, not merely statements. The failure by Arafat to take swift and decisive action against terrorists within his own senior ranks is disappointing, a move not down a moderate road to peace, but down a path supporting terrorism, which it was hoped he had abandoned.

AIPAC shares your views that the United States must adhere to its principled policy against terrorism. Your action puts Arafat on notice that the United States will not deal with terrorists and that they have no place at the peace table. It makes a clear statement that the United States is determined to move the process forward with credible, trustworthy partners. We urge you to make sure the PLO takes unequivocal and definitive actions, including expelling Abul Abbas, and other steps necessary to convince those interested in peace that he does not support violence before the dialogue resumes.

Mr. President, our vision should be one of peace and our minds should remain focused on how to bring that peace to the people of the region. Peacemaking is indeed a process. As witnesses of the peace treaty with Egypt, we have learned first hand the benefits that can be reaped from reconciliation.

The President
June 22, 1990
Page Two

The new Government of Israel's guidelines state their desire for peace with their neighbors. The United States and Israel have benefited over the years from a close relationship. The successful pursuit of peace is possible only through maintaining this strong alliance. As Americans, we are grateful that the United States, under your leadership, is engaged in nurturing peace between the State of Israel, the Arab states and the Palestinians.

On a personal note, I look forward to working with you and members of the Executive Branch during my term as President of AIPAC to strengthen the relationship between the United States and Israel. I have long been a personal admirer and supporter of yours. I will always remember the eloquent expression of your feelings following your visit to Auschwitz at the home of my good friends, Sage and Elsie Lyons, in Mobile during the 1988 campaign.

I hope the opportunity presents itself in the near future to personally discuss both AIPAC and the U.S.-Israel relationship with you.

Sincerely,


Mayer Mitchell

MM:cs

Edgar M. Bronfman

June 21, 1990

Dear Mr. President,

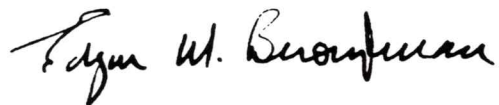
At the suggestion of my friend George Klein, I want to congratulate you on your decision to suspend talks between the United States and the P.L.O. While America should constantly try to find an end to the Mid-East conflict, there is no way that we can condone terrorism.

You, sir, have sent a clear message. I also fervently hope that the Israeli government will use this opportunity to try and have a dialogue with moderate Palestinians who also seek a solution to the dilemma.

You must be proud of the relationship you created with President Gorbachev. The policy of your administration to the Soviet Union has been letter perfect. In the meantime, and in large part because of that position, thousands and thousands of Jews are able to leave that country and to go to Israel. I am working to see if there is a way to assure the Soviets that Israel will not settle Soviet immigrants on the West Bank and Gaza.

If there is any way to help your administration, I would be honored so to do. Needless to say, I would love the opportunity to talk with you on these subjects which are so close to my heart, and, thank the Lord, to yours.

With great respect and admiration,

A handwritten signature in dark ink, reading "Edgar M. Bronfman". The signature is written in a cursive, flowing style with a prominent initial 'E'.

OFFICERS OF THE
NATIONAL COMMISSION

National Chairman
BURTON S. LEVINSON

National Director
ABRAHAM H. FOXMAN

Chairman, National
Executive Committee
RONALD B. SOBEL

Associate National Director
JUSTIN J. FINGER

Honorary Chairmen
KENNETH J. BIALKIN
SEYMOUR GRAUBARD
MAXWELL E. GREENBERG
BURTON M. JOSEPH

Honorary Vice Chairmen
LEONARD L. ABESS
DOROTHY BINSTOCK
RUDY BOSCHWITZ
EDGAR M. BRONFMAN
MAXWELL DANE
BRUCE I. HOCHMAN
GERI M. JOSEPH
MAX M. KAMPELMAN
PHILIP M. KLUTZNICK
HOWARD M. METZENBAUM
SAMUEL H. MILLER
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PHILIP SHAMIS

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ALAN BAYER

International Affairs
KENNETH JACOBSON

Leadership
Assistant to the National Director
MARVIN S. RAPPAPORT

Washington Representative
JESS N. HORDES

General Counsel
ARNOLD FORSTER

Staff



June 28, 1990

The President
The White House
Washington, DC 20500

Dear Mr. President:

Please accept my commendation for your decision to suspend the dialogue with the PLO and my hope that America and Israel will find ways to work together to advance the cause of peace in the Middle East.

Your willingness to listen to our concerns is admirable and we truly appreciate it. Of course, we don't always agree, though in most cases we do. But what's truly critical is your open door and open mind.

In particular, you have been most generous in your communications with me, and on behalf of the Anti-Defamation League I look forward to continued open communications on those issues that are so critical to America and the American Jewish community: fighting racism and anti-Semitism, strengthening our democracy, working for peace in the Middle East, and helping Soviet Jewry.

Sincerely,

Abraham H. Foxman
Abraham H. Foxman
National Director

6/29/90

AHF/nmh

Mr. President:

Your press conference comments this morning in response to Mr. Shamir's letter were sensitive and constructive. Best regards -



NATIONAL
JEWISH
COALITION

June 25, 1990

The Honorable George Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

We want to take this opportunity to thank you - not only for the bold decision you made in suspending the dialogue with the PLO, but for the meaningful actions you have taken on behalf of America, Israel and the Jewish people.

The role that you have played in pressing Mr. Gorbachev to allow free emigration of Soviet Jews has been crucial and will have a major impact on Israel's future. It is consistent with your commitment to human rights and your actions in the past, such as the key role you played in the rescue of Ethiopian Jews.

We know that your recent decision regarding the PLO was not an easy one, but we firmly believe you acted correctly. By your actions, you have again put America clearly on the right side of the fight against terrorism and you have let the PLO know that it will be judged by its actions and not only by its words. In the long run your courageous step will help peace by sending the message that terrorism and peace are incompatible.

We are hopeful that the peace process will continue and that the right climate can be created for meaningful movement. Too much attention is paid to the occasional flaps between our country and Israel, but there is much in common between the two countries and your recent actions will insure that the relationship will grow stronger.

We strongly believe that a lasting peace will only come about if the United States continues its firm support of Israel as our ally and strategic partner. This ongoing commitment will allow Israel to take the risks needed for peace.

As key supporters of you and your Administration, we share your commitment to fundamental goals: an America which is strong militarily, economically, and socially. We also join with you in your unwavering opposition to the forces of terrorism, oppression and injustice.

We look forward to working closely with you in helping to achieve the worthy goals that you have set for your Administration.

With personal best wishes,



Max M. Fisher
Honorary Chairman



George Klein
Nat'l Co-Chairman



Richard Fox
Nat'l Co-Chairman

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NSC/S PROFILE

RECORD ID: 9005570
RECEIVED: 12 JUL 90 10

CHRON FILE

TO: PRESIDENT

FROM: SCOWCROFT

DOC DATE: 16 JUL 90
SOURCE REF:

KEYWORDS: GREAT BRITAIN

ANSA

PERSONS: KINNOCK, NEIL

SUBJECT: PRES MTG W/ NEIL KINNOCK 17 JUL / POINTS TO BE MADE / PARTICIPANTS
LIST / BIO

ACTION: NOTED BY PRES

DUE DATE: 16 JUL 90

STATUS: C

STAFF OFFICER: ZELIKOW

LOGREF: 9002271 9005669

FILES: PA

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D O C U M E N T D I S T R I B U T I O N

FOR ACTION

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White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By cap NARA, Date 7/15/09

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DOC 3 OF 3

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2010-0802-MR

EG 1/27/15

THE WHITE HOUSE

WASHINGTON

July 16, 1990

THE PRESIDENT HAS BEEN

MEETING WITH
U.K. OPPOSITION LEADER NEIL KINNOCK

DATE: July 17, 1990
LOCATION: Oval Office
TIME: 2:30 pm - 3:00 pm

FROM: BRENT SCOWCROFT

Rg for

I. PURPOSE

To establish a friendly acquaintance with the leader of the British opposition and a serious contender to be Britain's next Prime Minister.

II. BACKGROUND

This has been a good year for Neil Kinnock. Coming back from a devastating electoral defeat in 1987 and a reputation as an intellectual lightweight with no government experience, dominated by his left-wing wife, he now has established himself as a savvy politician with a respectable chance of winning the next election. He has won plaudits for taming Labour's "looney left" and restoring a disciplined moderation to party policy, including in foreign affairs. He has been holding a double-digit lead over Mrs. Thatcher in the polls for months, although the Prime Minister has recently stopped her slide in public opinion and is starting to narrow the gap.

Having jettisoned the old credo of unilateral nuclear disarmament as politically inconvenient, Kinnock and his shadow foreign secretary, Gerald Kaufman, claim now to be closer to U.S. views on international issues than Mrs. Thatcher. At a July 11 lunch with Henry Catto, Kinnock was effusive in his praise for the outcome of the NATO Summit and for your leadership. They believe that the U.S. and Labour are together in sharing a forward-looking view of Europe's future and that Thatcher is out of step. In reality of course, for all the differences of opinion we may occasionally have with Number Ten, there is no comparison between Thatcher and Kinnock in gauging bedrock reliability on the fundamentals of our relationship.

Kinnock is too skillful a politician to try to use a friendly meeting with you to show up the Prime Minister. What he wants is a good, noncontroversial, exchange of views

cc: Vice President
Chief of Staff

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that will reinforce his public image as a respectable, mainstream leader capable of maintaining Britain's most important international relationships. Kinnock will, specifically, want to talk to you about Gorbachev's prospects and how to help perestroika. For your part, you might wish to reinforce his commitment to prudent security policies for an uncertain future, including a significant U.S. military presence in the UK.

III. PARTICIPANTS

The Participants List is at Tab B.

IV. PRESS PLAN

Open photo and writing pool.

V. SEQUENCE

Meeting

Attachments

Tab A	Points to be Made
Tab B	Participants
Tab C	Biography

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POINTS TO BE MADE FOR MEETING
WITH UK OPPOSITION LEADER NEIL KINNOCK

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East-West Relations

- Let me open here by giving you my sense of what we got out of the Houston and NATO Summits.
- Both of these meetings, in different ways, were about supporting the process of change in the Soviet Union.
- Gorbachev has shown real statesmanship in his policies toward Eastern Europe and in bringing a new era of reform to his country. He is now facing some difficult tests, in deciding what to do about Germany or in figuring out how to keep perestroika going. We want to help him with those tests, while keeping an eye on our own interests.
- At the NATO Summit we showed that the Alliance is ready to adapt to the new realities on the continent and be an agent of change in shaping the new Europe. We took some steps that we hope will inaugurate a new period of East-West cooperation instead of confrontation.
- Those initiatives also showed Gorbachev that NATO is not his enemy, to help him see that a unified Germany with full membership in NATO is in the interests of European stability.
- At the Houston Summit we decided to address the issue of aid to the Soviet Union. This is a very hard problem for us, since the Soviets have not yet undertaken necessary economic reforms and are still sending so much of their scarce resources to hostile client states like Cuba. However, we decided to get the IMF help us see what needs to be done.

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- The IMF study is a serious effort. It may lead to some assistance that can do the most good, in specific technical areas like ways to deliver grain without losing a quarter of it on the way to market. Henry Catto said that you were interested in technical assistance too, and I'd like to hear more about your ideas.

Defense Policy

- I'd also like to talk to you for a moment about defense policy. I understand that the Labour Party has done some hard thinking about these issues in the last few years, and that there have been some changes. Perhaps you can tell me a little about that.
- But one point I want to emphasize is that, as we change and NATO changes -- adapting to new circumstances, we're not abandoning some fundamental principles.
- People keep asking me who the enemy is. I tell them it is uncertainty and instability. We certainly did not predict what happened in the last two years, and I can't predict what the future will bring. Europe is very unsettled. There is a lot of hope, but a great deal of uncertainty too.
- So I think we need to keep the essential elements of Western defense and deterrence.
 - Substantial US forces in Europe, with the consent of our Allies -- including our British friends.
 - An adequate and effective mix of nuclear and conventional forces, kept up to date. NATO should reduce its reliance on nuclear weapons and adopt a new strategy to make them truly weapons of last resort. But the potential of

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nuclear weapons has helped keep the peace for all these years. We don't want to make Europe safe again for conventional war.

- A vital, functioning NATO military structure bringing us together to show our collective readiness to mount a common defense.
- I hope we can find some common ground in these principles.
- I also hope that you don't equate NATO with a dying Warsaw Pact and want to see both of these alliances dismantled, with NATO replaced by some all-European will-o'-the-wisp.

South Africa

- I had a good meeting with Mandela here in Washington recently. We still have some differences about the armed struggle but, as a practical matter, he and De Klerk are our best hopes for a peaceful end to apartheid.
- What is your estimate of the situation there? Do you think Mandela can control the growing problem of intra-racial violence?

Anglo-American Relations

- I can hardly recall a time when the relations between our two peoples have been better. You should know that we don't take this for granted. It is a product of years of effort, and keeping an eye out for each other's concerns.

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PARTICIPANTS

U.S.

The President

Lawrence Eagleburger, Acting 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

James Dobbins, Deputy Assistant Secretary of State for European and Canadian Affairs

Philip D. Zelikow, Director for European Security Affairs, NSC Staff (Notetaker)

U.K.

Neil Kinnock, Leader of the Opposition

Sir Antony Acland, Ambassador to the U.S.

Gerald Kaufman, Shadow Foreign Secretary

Charles Clarke, Private Secretary to the Leader of the Opposition

Julie Hall, Press Secretary to the Leader of the Opposition

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04c. Report	Re: Government report (1 pp.)	n.d.	(b)(1)	C

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (July 1990)

Date Closed:	7/15/2009	OA/ID Number:	91149-006
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

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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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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5570

July 16, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: PHILIP ZELIKOW *PZ*

SUBJECT: The President's Meeting with Neil Kinnock on July 17, 1990, at 2:30 pm

This is Kinnock's first effort to see senior U.S. officials in three years. During his last visit, in 1987, some last-minute confusion over his appointment with President Reagan resulted in no meeting with the President, and press stories throughout Britain -- in an election year -- trumpeting the U.S. 'snub' of Kinnock. Kinnock and his staff have therefore gone to great pains to insure that this visit runs smoothly. You should know that they are particularly fearful that the British press might somehow detect and promptly amplify the slightest murmur of controversy.

After he meets with the President, Kinnock will go away and hold a press conference, then come back later in the afternoon for a meeting with the Vice President and, at 4:30, with you.

RECOMMENDATION

That you forward the Memorandum to the President attached at Tab I.

Attachments

Tab I	Memorandum to the President
Tab A	Points to be Made
Tab B	Participants
Tab C	Biography

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United States Department of State

Washington, D.C. 20520

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July 11, 1990

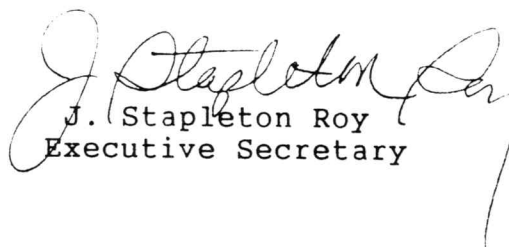
UNCLASSIFIED
(with ~~SECRET~~ attachment)

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Appointment Request: U.K. Labor Party Leader
Neil Kinnock

U.K. Labor Party leader Neil Kinnock has requested a meeting with you at 2:00 PM on Tuesday, July 17, prior to his 2:30 PM meeting with the President. Alternatively, he could meet with you after his talk with the President.

Kinnock has also requested meetings with the Vice President, Secretary Cheney, and Deputy Secretary of State Eagleburger. On July 18, he will spend the day with Congressional leaders.


J. Stapleton Roy
Executive Secretary

Attachment:

Biographic Information.

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REMOVAL OF CLASSIFIED
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RECORD ID: 9005950
RECEIVED: 24 JUL 90 14

CHRON FILE

TO: CICCONI, J

FROM: SITTMANN

DOC DATE: 24 JUL 90
SOURCE REF:

KEYWORDS: DEFENSE BUDGET

CONGRESSIONAL

PERSONS:

SUBJECT: TALKING POINTS FOR 25 JUL BIPARTISAN CONGRESSIONAL LEADERSHIP MTG

ACTION: HILL SGD MEMO

DUE DATE: 27 JUL 90

STATUS: C

STAFF OFFICER: GORDON

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

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GORDON

KANTER

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DOC 2 OF 2

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5950

July 24, 1990

MEMORANDUM FOR JAMES CICCONI

FROM: WILLIAM F. SITTMANN *KSH*
SUBJECT: Talking Points for July 25 Bipartisan
Congressional Leadership Meeting

Attached are Talking Points prepared for the President's use at the Bipartisan Leadership meeting on July 25.

Attachment
Tab A Talking Points

cc: Fred McClure

POINTS TO BE MADE WITH
CONGRESSIONAL LEADERSHIP
ON THE DEFENSE BUDGET

- I want to focus today's discussions on the defense budget. Sam (Nunn) and John (Warner) have completed their markup and I understand that Les (Aspin) and Bill (Dickinson) are planning to begin their work later this week.
- We have particularly tough decisions ahead of us on the defense budget. You and I want to realize the savings that can come from a reduced military threat. You and I feel the political pressures that are developing because many do not understand that a threat still exists or the implications of very rapid reductions on our military.
- There have been changes in the conventional threat to Europe -- and we are reacting to them. The Warsaw Pact is in shambles, but we must remember that the Soviets will remain a significant force -- the predominant military power on the continent.
- We must also remember there have been few changes in Soviet strategic forces. On the contrary, they are continuing to modernize their entire force and will enter START fully modernized. It is their strategic nuclear forces which make the Soviets a superpower. (They will not give that up lightly.)
- In brief, if we want to continue to be able to defend our interests and if we mean to remain a force for stability and freedom, then we must have effective military capabilities.

- We all recognize that the deficit must -- and will -- be brought under control and that defense must contribute its share -- but not at the risk of our national security.
- Sam and John put out a tough markup last week. As painful as it is, it is a level I can accept.
- I do not surprisingly have problems with some of the committee's specific actions. For example, I object to mandated troop reductions, especially with the accompanying freeze on reserve force levels, and I have trouble with the cut in the SDI program -- a program I continue to believe vitally important.
- But my basic problem with the Senate Armed Services bill is that it would severely constrain my flexibility in managing the cuts.
- I need the flexibility to manage troop levels to protect our most valuable military resource -- the highly-trained, highly-motivated personnel. And I need flexibility to get the most out of the SDI program at these lower levels -- the Shelby-Bingaman Amendment would remove that flexibility.
- I know that some of the Administration defense reductions can cause real problems for you at home. But please don't yield to the temptation to protect or add back things that we just can't afford at these budget levels.
- Put simply, with these painful levels of defense budget cuts, you need to give me the flexibility I must have to allocate the cuts in a way to maximize the remaining dollars.

- The offense side of the strategic modernization program in the SASC bill is, on the whole, acceptable -- given fiscal realities, prospects for START, and my expectations of follow-on negotiations. But let me underscore the need to move ahead to complete the development of both rail-garrison and the Small ICBM -- I am willing now to postpone deployment decisions until we see how START and the follow-on talks proceed.
- I was also pleased to see support for the 18th Trident boat. These highly survivable missile submarines make an indispensable contribution to effective deterrence and strategic stability.
- The toughest issue may be B-2. But let me ask you to remember that we have already made a major compromise in advance of Congressional action, cutting the program to 75 aircraft and reducing the FY 91 production from 5 to 2 aircraft. Dick Cheney has therefore already scaled back the program as much as makes sense -- it is now time to move ahead -- not backward and not adding further delays that only increase the cost.
- The revolutionary technology of the B-2 offers a unique capability. It is stabilizing, flexible and recallable. The man-in-the-loop can adjust to changing circumstances. B-2 is well along in its development and has met every test thus far with flying colors.
- I know that everyone is concerned about the cost of B-2. But what has already been spent is history. The question

now is how much capability can we get for the investment we have made.

- We can capitalize on the nearly \$30 billion we already have invested by going ahead to acquire a robust, effective B-2 force. Or we can stop now -- squandering that investment and getting nothing. I think the choice could not be clearer.
- Let me conclude by reemphasizing that what I need most from the Congress is flexibility in managing the cuts. We must maintain the core capabilities we need to defend our interests. We must protect the people who make up the military. We must not "break" the military with too rapid a build down.
- So please don't give me overly detailed legislation on what to fund and what to cut, at the same time we are dramatically reducing defense spending.
- Dick Cheney will go into more detail -- Dick.

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

July 25, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ARNOLD KANTER/VIRGINIA LAMPLEY

FROM: JOHN GORDON

SUBJECT: Talking Points for July 25 Bipartisan
Congressional Leadership Meeting

At Tab A are proposed Talking Points for the President's use with the Bipartisan Congressional Leadership on July 25.

RECOMMENDATION

That you authorize William Sittmann to forward the proposed Talking Points to Jim Cicconi (Sittmann memo at Tab I).

Approve _____ Disapprove _____

Attachments

Tab I Sittmann Memo to Cicconi
Tab A Proposed Talking Points