

February 10, 1989

MEMORANDUM OF CONVERSATION

Subject: President's Meeting with Prime Minister Mulroney

Place: 7 Rideau Gate, Ottawa

Participants: Canadian Side

Prime Minister Brian Mulroney
Secretary of State for External Affairs Joe Clark
Chief of Staff to the Prime Minister Stanley Hartt
Ambassador Derek Burney
External Affairs Under Secretary James Taylor
External Affairs Assistant Deputy Minister (US Affairs)
Donald Campbell

U.S. Side

The President
Secretary James A. Baker, III
Ambassador Thomas M. T. Niles
Chief of Staff to the President John Sununu
General Brent Scowcroft, National Security Advisor
Ambassador Rozanne Ridgway, Assistant Secretary of
State for European and Canadian Affairs

Prime Minister Mulroney opened the meeting with a warm welcome, stressing the government's loyalty and friendship for the United States. The relationship is complicated, and there is anti-American feeling in Canada. However, the November 21 election demonstrated that this sentiment did not run deep. As the two new Administrations begin, Mulroney said that he wanted the President to know that he would deal honestly and above board and that when the United States needed help, Canada would be there. He said he regarded the President as leader of the Alliance and although he wasn't asking for miracles, he said he would be delighted with progress on a certain issue.

The President said his visit sent an important signal of the importance he attaches to Canada-US relations. He was excited to be in Ottawa and was looking forward to working with Mulroney. He noted the "personal" element in the Canadian election, and Mulroney said he had much appreciated the President's supportive telephone call after the October 24 Canadian debate. The President said that he was prepared to discuss acid rain, adding that he understood Canada's concerns. His Administration will set new standards and talk frankly with Canada on the issue.

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Continuing, the President said he had stressed to the Prime Minister during the ride in from the airport that he did not plan to be recalcitrant with the Allies or hesitant with the USSR. However, as Gorbachev has been informed, the Administration needs to review, carefully but expeditiously, the broad range of issues facing it. The President said he had told Gorbachev during their session on Governors Island in December not to be confused on this point. There are big opportunities ahead, the President added, in East-West relations, but it is far from clear how the situation in the USSR will develop. Gorbachev had stressed during the talks on Governors Island that there would be no retreat on perestroika. Given the dynamic situation, this requires close consultations with our Allies, and the President said that he was going to be a good listener in these consultations. He noted that he and Secretary Baker had met with two German visitors, Chancellery Director Schaubele and FDP President Lambsdorf, with whom the President might not normally have met, in order to get their views. Secretary Baker's trip is a good example of how we plan to work with our Allies and find ways to take the offensive, not simply react to Gorbachev's proposals.

The President noted that the United States could not ignore the Pacific Region and had to keep in close touch with countries such as the PRC. His trip to Asia was more than simply for the Hirohito funeral but also to demonstrate our great interest in that part of the world.

In his talks with the Japanese leaders, the President said he would stress that they should use their immense financial resources to help countries such as the Philippines. We must be careful and not push the Japanese to do too much on defense, given the residual concerns in ASEAN about Japanese imperialism.

On Central America, the President said he did not know how far the US and Canada differed. He said he hoped to work with Congress to avoid two signals: (1) that the US would behave in a "Rambo-like" fashion or (2) that the US didn't care about what happened in Nicaragua, as Speaker Wright had signalled last year. Secretary Baker, the President added, was working closely with Congress in an effort to ensure that the United States speaks with one voice. He noted that it had been difficult for Allies to support the US on Central America since we were so clearly divided ourselves. The European view of the Sandinistas is changing, and in the FRG, France and Spain there is a more realistic assessment. We do want to work with our Allies in this area, the President stressed, noting how important Central America is to the United States. As far as the Soviet Union is concerned, the President said he told Gorbachev that less military support for Nicaragua and Cuba would be a major contribution to improving US-Soviet relations. As far as US-Cuban relations are concerned, the President said he was not interested in any bold initiative involving Castro, who continues to support subversion and is engaged in human rights abuses.

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The Prime Minister said he was very interested in learning more about the United States' political/strategic priorities. He noted that some (unidentified) Western leaders seemed to assume that Japan is moving into a coequal status with the United States. He did not agree. However, he said it was important for the United States to reassert its leadership role in the Alliance. As far as Central America was concerned, the Prime Minister said that the President was absolutely right when he discussed the confusing signals resulting from internal divisions. People in Canada, for instance, asked why the GOC should support the US, given Congressional opposition to Administration policies. Coherence is required. Mulroney repeated his point regarding Japan, stressing that he did not see the US as a "declining star."

The President said that he certainly was not expecting a total change in executive-legislative relations in Washington, but he felt through the consultations conducted by Secretary Baker some progress could be made. He suggested that Speaker Wright feels exposed and wants to back off somewhat. The War Powers Act and the requirements for notification on intelligence operations gives the impression of confusion. We are talking with Congress, he added, about how to return to a more bipartisan foreign policy. Senator Nunn, for example, agrees with the President's point on reducing "micro-management." As far as Japan is concerned, the President said he intended to take a firm position on trade issues. We have been "had" by the Japanese. While he was a free trader, he would not be a patsy. Thus, the Canadians should expect a tougher stance, led by Ambassador Hills.

The Prime Minister asked what the President's priorities were for the Western Alliance. In reply, the President said our first requirement was to get our individual and collective acts together. He expressed our concerns about 1992, which he termed a big potential problem. Our preoccupation with East-West relations does not exclude, the President said, concern over trade problems with Europe. Gorbachev, he added, is putting great strains on the Western Alliance with his flood of proposals. The President said he was particularly worried about Germany. In order to ensure continuing American leadership, we have to be firm but reasonable in our Alliance consultations. Our leadership must reflect sensitivity. Summing up, the President listed Alliance solidarity, moving ahead with the USSR, and dealing with 1992 as three main priorities. There is a big opportunity for us in dealing with Eastern Europe, he said, if we can get our act together. There is a potential for economic cooperation, but there is also the danger, he added, of pushing too far in Eastern Europe and causing the situation to get out of control, at which point the tanks might come in.

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Prime Minister Mulroney observed that Chancellor Kohl, who has a good feel for what is happening in Eastern Europe, sees a major challenge there. Thinking about countering Gorbachev's PR campaigns, Mulroney asked whether a Bush trip to Eastern Europe might be a big event. He noted that Mitterrand visited Bulgaria but made a modest splash. If the President went, however, armed with a comprehensive plan for dealing with the area and a sense of how to use the symbolism involved, this could be quite a PR coup. This would be good for the President, other Allies, and not necessarily bad for Gorbachev, Mulroney added.

The President recalled his recent visit to Poland where he had been rather surprised by Jaruzelski, who was more impressive than he had expected. Jaruzelski spoke frankly about the problems of dealing with Solidarity, complaining at one point that Solidarity was demanding five-year maternity leaves. Jaruzelski fancies himself, the President added, as Gorbachev's best friend in Poland and responsible for perestrojka in Poland.

Mulroney asked what our assessment was of the situation in the Soviet Union, specifically whether Gorbachev was "in charge." The President said it was hard to know whether Gorbachev was in trouble. He recalled his surprise when Shevardnadze had to leave the UNGA abruptly last September to go back to the crucial Central Committee Plenum. He also noted Sakarhov's recent suggestions that Gorbachev might be overthrown. However, the President added, we cannot base our policy on one leader.

Mulroney asked again whether we felt Gorbachev's position is threatened. General Scowcroft said that there was opposition, but so far that opposition was without focus. The nationalities problem was a threat, particularly if it became greater in the Ukraine. The opposition, General Scowcroft said, was essentially is the Party, which is threatened by Gorbachev's reforms. The President noted that Gorbachev seemed to be building his own staff in opposition to the Party, with people like Akhromeyev and Dobrynin popping up in offices next to the General Secretary. In any case, the President said, there seemed to be no chance that the USSR could go back to the status quo pre-Gorbachev.

Secretary Baker said that it was important to know that the Bush Administration did not believe that it would be to our advantage for Gorbachev to fail, although there may be some in the US who feel that way. The President recalled how sensitive Gorbachev could be on this point, noting that he had flared up when President Reagan asked him during the Governors Island meeting how perestrojka was doing. Gorbachev had responded that the US has plenty of problems too, but after he cooled down, Gorbachev discussed the opposition within the USSR in very frank terms.

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The Prime Minister asked when it would be possible for the United States and other Allies to say that there had been such big changes in the Soviet Union that we could move toward reductions in our own defense forces. The President said that our review of our policy toward the Soviet Union would be completed within a very brief period. We would then be able to make concrete proposals. At the same time, we must maintain stability and equality in key areas with the Soviet Union. We cannot ignore the risks posed by the USSR, but we must look carefully at Gorbachev's proposals. General Scowcroft said that we want to move ahead but be prepared, should Gorbachev fall or should the Soviet Union fail to carry out an agreement, to recover our own military position quickly. Secretary Baker said that the bottom line answer to Mulroney's question is that we will never know whether fundamental changes have taken place in the USSR that would enable us to make equally far-reaching changes in our own posture.

Mulroney turned to the public affairs area, recalling that Joe Clark had recently given a very reasonable and balanced speech on East-West relations only to find a great uproar in some circles in Canada where Clark was accused of being a cold warrior. Kohl has told Mulroney that the same thing happened to him, and Mulroney asked whether there was any way in which the West could preempt Gorbachev. The President agreed that we do not simply want to be reactive. Secretary Baker observed that it was difficult to preempt Gorbachev given the tremendous imbalance in conventional forces, which enabled Gorbachev to make one dramatic move after another. The Secretary added that Gorbachev will decide his own fate and that what we do in the West will have relatively little impact on his position. He admitted that it was important for us to take the public affairs high ground.

Joe Clark suggested that it would be useful to identify areas where the Bush Administration can distinguish its policies from those of President Reagan. This was true in relations with the USSR as well as in Central America.

The President observed that as far as Soviet intentions it was very difficult to know where they are and where they are going. However, it was clear that socialism had lost its allure both in the USSR and elsewhere. Thus far, there was no formal recognition of this, but that might come in the future.

Even the Sandinistas are changing their rhetoric, claiming to be following the "Swedish model." The example of the Soviet economy, as Gorbachev himself has admitted, is not attractive. Despite the evident failure of the Soviet system, however, Gorbachev continues to attract public support, and the President said it was clear that the West needed to regain the propaganda high ground.

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The Prime Minister observed that "They have figured us out, but we don't have them figured out." We need to do the same sort of strategic thinking, he added, that the President's campaign used in the "Boston harbor" case. The Soviets are doing the same thing to us, he said, that the President did to Governor Dukakis. He compared NATO and Warsaw Pact consultations, noting how much easier it is for Gorbachev to run his side of the picture. He asked whether there might be some dramatic move available to the President such as President Nixon's visit to the PRC.

The President agreed on the need for us to take the initiative and build greater public support. Perhaps some move in Eastern Europe ("playing in his end zone") might be useful. We had to play this card with care, however, to avoid a Soviet decision to send in the tanks. We also need to make more of our strengths: the fact that we are the proponents of democracy, human rights, and free economies.

The President said he was very concerned over trends in U.S. defense spending. He noted that he had proposed a one-year freeze, with increases only to meet inflation, after which modest increases would be proposed. However, Gorbachev has had a very bad impact on public support for defense spending. The Prime Minister observed that the West is "Great on policy but lousy on politics." How could we, he asked, obtain some quid pro quo for the fact that Soviet spokesmen such as Vladimir Pozner are always on "Nightline." The President said that if the West had the resources, a massive program of youth exchanges would help open up the USSR. Secretary Baker noted that we have a great story to tell on the economic side but we are not doing it. On the distinctions between NATO and Warsaw Pact consultations, the Secretary said it reminded him of the economic situation in South America, where undemocratic Chile was doing so much better economically than the democratic states.

Joe Clark suggested that the NATO allies worry too much about the substance and too little about the presentation. He asked whether the 1991 Moscow Human Rights Conference gave us an opening. The President said he would have preferred to hold off on agreeing to that Conference, but now that it is on, we need to make good use of it. The idea of a human rights meeting in Moscow appears to be a contradiction in terms, the President added, and we need to work together to demonstrate that holding the Conference in Moscow does not mean that we approve of Soviet behavior. We must also use the Conference to push the Soviets further in the right direction.

Secretary Baker said that there were some conditions, which we had to keep stressing, for holding the Conference in Moscow. Clark recalled that Canada had been one of the last holdouts, but we cannot renege now. The West must decide, he said, what we require from the Soviets before the Conference and how best to use it. The

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President asked whether Western delegates would have access to Soviet media while in Moscow. Ambassador Ridgway said this was one of the guarantees we had required.

The Prime Minister again complained about Gorbachev's media successes in the West. In Canada, he said, Gorbachev has better media access for his proposals than the Canadian government. Governor Sununu said the media has a strange relationship with the message. In domestic politics, you can counter this with paid ads, an option not available in the international arena. The West needs to pick its ground carefully and not play on Gorbachev's field. Joe Clark remarked that the FRG was the key in the public relations war and that the West was losing there. The President and Secretary Baker agreed.

The Prime Minister noted that President Mitterrand had some big plans for the July 14-16 Economic Summit and the period immediately before that were not necessarily in the general Western interest. At the same time, the Prime Minister said he did not believe Mitterrand was hostile toward the US. The President agreed, noting that Mitterrand was simply French. The Prime Minister suggested that the President had a relatively brief grace period when he could put his personal stamp on events and gain a dominant position in the Alliance. He said some assertion of the President's role, in part as a counter to Mitterrand, would be helpful. Clark asked whether some US gesture to Mitterrand, perhaps by honoring the French revolution in the U.S., would be helpful. The Prime Minister noted that Mitterrand was inviting Rajiv Gandhi and 20 or so other heads of state to Paris for the July 14 ceremonies, a procedure that threatens to make issues such as third world debt dominate the Summit.

The President observed that Mitterrand was also moving on a environmental conference. The Prime Minister said that while vacationing in Florida around January 1, he had been called by French PM Rocard to invite him to an environmental conference in The Hague. It was hard for the Prime Minister to turn this one down. Bob Hawke had called the Prime Minister from Thailand to ask what this conference was all about. The Prime Minister said the Conference would be held in The Hague on March 11, with Bruntland, Lubbers and Rocard hosting. There were some troubling elements, such as the secrecy with which it was being planned, the exclusion of the United States, and the idea that it would adopt a declaration establishing a supernational authority. The President asked whether Mrs. Thatcher was going to attend. The Prime Minister said there was some confusion on this, but he said he understood that Mrs. Thatcher, having heard about the Conference, was told that she would be invited if she guaranteed that she would accept and would sign the declaration. He said he understood that Mrs. Thatcher found both conditions unacceptable.

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The President asked which country was the driving force behind the conference. Clark said it was a French idea, but that they had located it in The Hague in the event it was a failure. The Prime Minister recalled that the President had proposed such a conference during the recent campaign. The President said this was correct, adding that we were now talking about arrangements for the conference. Clark said that Mitterrand was playing the third world card with both the Conference and the Economic Summit. The Prime Minister said that Mitterrand exaggerates his role and his importance. Secretary Baker asked whether Canada had signed the Law of the Sea Convention. Mr. Hartt said Canada had signed but not yet ratified.

The President said that Canada did not need advice from the US, but he urged that the GOC be very careful about Mitterrand's environmental conference. He said he was very worried by the secrecy surrounding it. The Prime Minister said he was very concerned that the US would not be there. Clark said that the subject of the Conference, climate change and the greenhouse effect, was a very serious issue. It would be very unhelpful for the Conference to misfire. Perhaps we should look around for other auspices, he said. Secretary Baker agreed, and the President noted that we were working on a similar idea. Governor Sununu said that the issue had to be handled carefully and that a forum for public debate was not needed.

Returning to the question of Mitterrand's plans for the Economic Summit, the Prime Minister said the "Summit isn't really going to be the Summit." Secretary Baker agreed, adding that it appeared that we would be joining in "global negotiations" after having refused this at Cancun in October 1981 and were being set up for a discussion of third world debt.

The Prime Minister asked whether it would be possible to go over acid rain before lunch. In reply, the President outlined his position as follows: 1) full funding of the clean coal technology program; 2) amendments to the Clean Air Act with targets and timetables for emission reductions to get our own house in order; and 3) a different emphasis, i.e. the time for research only has passed. The Prime Minister congratulated the President on this initiative. He noted that under his leadership, Canada, too, had turned first to the home front, cleaning up its own act. He said he hoped that it would also be possible to negotiate a bilateral agreement. The President confirmed that it was his intention to move on to negotiate an agreement with Canada as soon as the legislative process is well launched.

The President asked what the impact of acid rain was for the average Canadian. Clark noted that Canadians live the myth of their close connection with the outdoors. More seriously, however, Clark

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said that the impact on lakes, rivers, forests etc was serious and that all Canadians felt it. The Prime Minister went through the statistics of the number of dead and threatened lakes and rivers. The President asked how the responsibility for the problem in Canada is divided between Canada and the US. Mr. Campbell used the familiar Canadian figures that show both countries contributing about half of the acid deposition in Canada.

Governor Sununu warned of the dangers of a lack of balance in the relative contributions of the two countries to a solution of the problem. In response to Clark's comment that acid rain was a very serious environmental problem, Governor Sununu said this was not the point; rather, he said, we face a serious political question due to the very heavy costs involved if we are to deal with the acid rain problem, compared with what Canada is spending. Economics, politics, and trade issues are all involved here. Ambassador Burney took exception, noting that Canada's contribution to the clean up was commensurate with Canada's contribution to the problem. Mr. Hartt said that we should begin to negotiate soon; the longer we wait, the more difficult it will be. Governor Sununu again pointed to the politics of the issue and its great sensitivity in the US.

At this point, the discussion adjourned and the group went to 24 Sussex for lunch.

Thomas M. T. Niles
Ambassador

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