

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Prime Minister Mulroney of Canada (U)

PARTICIPANTS: The President
Brian Mulroney, Prime Minister
Notetaker: Adrian A. Basora

DATE, TIME July 6, 1989, 2:47 - 3:00pm EDT
AND PLACE: The Oval Office

The President opened the conversation by mentioning Ambassador Burney's recent calls on Governor Sununu and on General Scowcroft, and his suggestion that Prime Minister Mulroney might serve as an intermediary with President Mitterrand. The President wondered if Mulroney had been in contact with Mitterrand recently. He himself did not foresee any major problems at the Paris Summit, but he wondered whether Prime Minister Mulroney anticipated any. It was important to keep the lines of communication open. (S)

Prime Minister Mulroney responded that he did not expect any special problems, but that Mitterrand was always somewhat unpredictable. He recounted an anecdote from the 1987 Quebec Francophone Summit at which Mulroney had mentioned to Mitterrand that Canada was considering writing off the Official Development Assistance (ODA) debt of the African countries, about \$1 billion. Mitterrand said there was nothing he himself could do along these lines, since Chirac was in control of the government at the time. Last spring, however, when Mitterrand was in Senegal he announced that France was cancelling African ODA Debt in the amount of \$2-3 billion. He did so without notifying Prime Minister Mulroney in advance, and he presented the French gesture in a way that implied that France was the first to do this. Mitterrand was not very good at giving credit where credit was due. (S)

Prime Minister Mulroney continued, saying that he had spoken with Mitterrand recently and gotten assurances that there would be no surprises at the Summit. Mitterrand's main interest was in the environment and in Third World debt, but in Prime Minister Mulroney's own opinion the Brady plan was the proper approach on the latter issue. (S)

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The President asked whether Mitterrand would be raising the SDR issue. (S)

Prime Minister Mulroney replied that he might well, but that it was not inappropriate for him to do so since this was an issue that could be debated on technical grounds. Prime Minister Mulroney also wondered whether Mitterrand would have the energy to carry out the very ambitious Summit/Bicentennial program which had been planned. (S)

The President then asked how long Prime Minister Mulroney would be in Europe and there were exchanges as to respective travel plans. (U)

Prime Minister Mulroney asked whether the President planned any major moves at the July 14 working dinner. (S)

The President said he planned no major new initiatives, although he was seeking modest sums with which to assist Poland and Hungary. He would also be seeking to engage the other Summit partners in helping these countries, but he did not plan anything as a major initiative for the Summit itself. (S)

Prime Minister Mulroney said that he did not either, but it was important to encourage reform in Eastern Europe. (S)

The President agreed, but said that this encouragement could not take the form of a new Marshall Plan. (S)

Prime Minister Mulroney said that he thought Mitterrand would press the US for debt forgiveness for the developing countries, and that he would also push for endorsement of the concepts on environment produced at the Hague. (S)

The President commented that it was important that the price tag not be excessive. One had to show interest and concern without making major new financial commitments. (S)

Prime Minister Mulroney suggested that the US find a way of simply taking off the books those ODA debts that would never be paid in any case. It would cost nothing. (S)

The President agreed, but mentioned Congressional accounting requirements. (S)

Prime Minister Mulroney mentioned that he had seen former President Reagan recently. Reagan had been interested in how the Brussels Summit had gone and both agreed that the President had done a wonderful job. Reagan was very supportive of the President. (S)

The President said he looked forward to seeing Prime Minister Mulroney in Paris. (U)