

MEMORANDUM OF CONVERSATION

SUBJECT: Working Luncheon with Ruud Lubbers, Prime Minister, of Netherlands (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
C. Howard Wilkins, Ambassador
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Roger B. Porter, Assistant to the President for Economic and Domestic Policy
William K. Reilly, Administrator, Environmental Protection Agency
Robert Zoellick, Counsellor to the Department of State
James Dobbins, Acting Assistant Secretary for European Affairs, Department of State
Robert Blackwill, Special Assistant to the President for National Security Affairs (Notetaker)

Ruud Lubbers, Prime Minister
Rudolf de Korte, Vice Prime Minister
Hans Van den Broek, Minister of Foreign Affairs
Onno Ruding, Minister of Finance
Ed Nijpels, Minister of Housing
Richard Fein, Netherlands Ambassador to U.S.
Henry Wijnaendts, Director General, Political Affairs
M.J.D. van der Voet, Director, Information Service
Robert Meys, Head of Western Hemisphere Directorate
Jan Willem Holtslag, Advisor to the Prime Minister

DATE, TIME AND PLACE: July 17, 1989, 12:55 pm - 2:35 pm
Jacob Catshuis

Prime Minister Lubbers asked the President if the French bicentennial had been successful. (U)

The President answered that it had been marvelous and that the French should take pride. The President asked Prime Minister Lubbers to give his views of the role of the European Parliament. (U)

The Prime Minister answered that the authority of the Parliament is currently limited. Gradually the powers have increased but it is a slow process but as the European Community's stature grows, so will the power of the Parliament. The Prime Minister added that Austria has applied to join the EC but that its neutrality poses a strategic decision. The issue was raised with Gorbachev as well as whether the Council of Europe might be an appropriate institution for forging relationships with East European reformist regimes. (Ø)

Secretary Baker asked about the European Community's movement toward monetary union. (Ø)

The Prime Minister replied that the French are now positive about the prospect of monetary union but that the British are proving to be very difficult. It may take many years to move from a single market in 1992 to monetary union. (Ø)

The President asked how Turkey would be handled. (Ø)

Vice Deputy Minister Korte replied that Greece and Turkey are problematic because of their low GNPs and violations of human rights. (Ø)

The President asked why Austria wanted to join the EC but Finland had made no such approach. (Ø)

Vice Deputy Minister Korte answered that trade patterns explained the differences in the two approaches. (Ø)

The President continued, asking if these countries were not worried about the single market. (Ø)

Vice Deputy Minister Korte said that the European Free Trade Association (EFTA) is itself increasingly prosperous. (Ø)

The President then asked whether it was imaginable that a party could come to power in Germany that would call these trends into question. (Ø)

Prime Minister Lubbers answered that all Europeans are increasingly worried about emigration and that this has fueled the rise of the Republicaners who might question the single market. (Ø)