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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Theo Waigel, Chairman of the Christian Social Union of the Federal Republic of Germany

PARTICIPANTS: The President  
James A. Baker, Secretary of State  
John H. Sununu, Chief of Staff  
Brent Scowcroft, Assistant to the President for National Security Affairs  
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs  
Marlin Fitzwater, Assistant to the President and Press Secretary  
Robert D. Blackwill, Special Assistant to the President for European and Soviet Affairs  
James Dobbins, Principal Deputy Assistant Secretary of State for European and Canadian Affairs

Theo Waigel, Chairman of the Christian Social Union  
Juergen Ruhfus, Ambassador

DATE, TIME AND PLACE: September 26, 1989, 10:00 a.m. - 10:28 a.m.  
The Oval Office

The President and Chairman Waigel met in the Oval Office at 10:00 a.m. (U)

The President: Have you started your finance meetings? (U)

Chairman Waigel: We have begun our sessions. It has been a very busy week. Congratulations on your UN speech. (U)

The President: I am anxious to know what you say when people ask about "German reunification." I want to handle it right. (U)

Chairman Waigel: I would like to thank you for your personal interest in and support for reunification; this is very important for our people. No one ten years ago could have imagined the changes we are seeing in the Soviet Union, Hungary and Poland. They give us a chance to dismantle borders. We have

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an opportunity to end the division of Germany, within the context of a Europe peace order and self determination for all people. In the long term, no regime will survive against the will of its people. Only two people in the world still believe in Communism -- Castro and Honecker -- and they will be surmounted, too. We are observing a struggle between two Germans: Karl Marx and Ludwig Erhard. Erhard's ideas of free society are winning out over Marxist ideas. (C)

I would like to thank you for your arms control proposals in recent days. There has been a very positive reaction in the FRG. We welcomed your leadership at the NATO Summit. Regarding security, in spite of glasnost, we need a security policy. (C)

The President: On chemical weapons, verification is very difficult. We need to stay on the offensive vis-a-vis the Soviet Union. The Alliance is in a good position now. Sometimes I get criticism for going too slow with Mr. Gorbachev, but things are moving in our direction. We do not feel under enormous pressure to make unilateral concessions to Mr. Gorbachev. (C)

What is your view on Poland? I want to stay together with you on Poland and Hungary. The Congress has discovered Poland, especially some from Chicago who are running for reelection, and want to throw money at the problem. We want to be responsive, but we don't have bushels of money. (C)

Chairman Waigel: We discussed Poland and Hungary at the IMF and G-7 meetings. We must support developments in Poland. I met the Polish Finance Minister last night. We can help in three ways: through IMF and World Bank expertise and knowhow on financial and economic policy (Poland could also receive help under the Brady Plan); food aid; and bilateral aid from the FRG to Poland -- which is already six billion DM. We are willing to terminate and reschedule Poland's debt and extend credit guarantees that will help Poland earn foreign currency. We have done more than any other country so far. (C)

The President: I met with the new Polish Foreign Minister and was very impressed with him. Maybe we will have a good team to work with, including President Jaruzelski. We want to stay together with you on this, and we are thinking along the same lines. (C)

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Chairman Waigel: The problem with Poland is that leaders of government are full of good will and want to strengthen the market, but they are under personal and political stress because of the communist bureaucracy. I want to ask about your budget process. Do you foresee a positive U.S. decision regarding raising the IMF quota? (C)

The President: There is a possibility of it, but we have distinct problems in the U.S. I would not rule it out. Are there enough resources in the IMF now? (C)

Chairman Waigel: In the medium term, the IMF is afloat. But it would be good to increase IMF resources. (C)

The President: We don't want to undermine the IMF. (C)

Chairman Waigel: Thank you for your willingness to spend time with me. (U)

-- End of Conversation --

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