

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Francois Mitterrand of France (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs, Brent
Robert D. Blackwill, Special Assistant to the
President for National Security Affairs
(Notetaker)

Francois Mitterrand, President of France
Roland Dumas, Prime Minister of France
Hubert Vedrine, Elysee Press Spokesman
Admiral Jacques Lanxade, Elysee Military
Advisor

DATE, TIME December 16, 1989, 1:30 - 3:00 pm
AND PLACE: St. Martin

The President: We need to move forward on CFE. (S)

President Mitterrand: Yes, and we still have a problem with aircraft. The Soviets want to exclude air defense aircraft. (S)

The President: We have to move the process and get it done. It's very important. (S)

President Mitterrand: I don't see too many obstacles. It was a mistake to generalize the definition of aircraft. What we need on aircraft we should exclude from regular forces. We must sacrifice one category to save another. (S)

The President: Given the changes in Eastern Europe, we have a real problem in the US with defense spending. (S)

President Mitterrand: In France, we do not see things clearly enough to reduce defense spending. Things could change internally in the USSR. (S)

The President: That's the way I look at it too, but there is a crazy mood in the US. Some people say we should cut \$50 to 100 billion dollars in defense and give out a peace dividend in our social programs. There are almost euphoric expectations in the U.S. (S)

President Mitterrand: During a TV program a few days ago, I said that the time had not yet arrived to cut defense spending. However, this is not a refusal to consider doing so in the future, because we are spending too much. (S)

The President: MacNamara said that we could cut the defense budget in half. (S)

Secretary Baker: Yesterday, the Soviets announced an 8 percent cut in defense spending and said that all foreign based troops would be home by the year 2000. (S)

The President: That will put great pressure on us to cut back our forces. (S)

President Mitterrand: Shall we talk more about CFE now? We must get this thing moving. We had a problem with the Greeks and the Turks and we solved that one. This is a good lesson regarding the Turkish application to join the EC. If we solve the aircraft problem, we should be able to sign an agreement in the second half of 1990. (S)

Secretary Baker: This will take continued high level direction. (S)

Brent Scowcroft: Yes, or our respective bureaucracies will bog down. (S)

The President: What about wrapping up a CW treaty next year? (S)

Foreign Minister Dumas: We are somewhat optimistic, but the U.S. delegation in Geneva has the key. You made good proposals at Malta and I think the Soviets will accept. We got that impression in Kiev. I think they are interested in this one. Two treaties in one year would be a good signal. (S)

The President: I think they are interested across the board if we can find the right formulation. That will help more than anything. (S)

President Mitterrand: I have no objection to a CSCE summit. One will have to decide what is said. We will have to be prepared. It will not cost us anything, and it will boost Gorbachev at home. (S)

The President: We have been somewhat reserved about this. It did not come up with Gorbachev. We need to discuss what might come out of it. (S)

President Mitterrand: What does he expect of this? Gorbachev feels they need this to make the Summit solemn, to make it obvious he is a part of the international community. He needs it given his problems. (S)

The President: In Malta, he thought we had proposed a

Helsinki II rather than a CFE Summit. (S)

President Mitterrand: He needs results on arms control. We are in a good position to get concessions from him. (S)

The President: Tell us about the Eastern Europe Development Bank. We are interested, but how do you see it? Would the USSR be a sponsor or a recipient? If the latter, won't that break the bank? (S)

President Mitterrand: This morning in Paris, I signed a letter to you. On the basis of an EC decision, I would like a meeting on January 15 of all countries that will take part in the European Development Bank. There is no time to lose. The situation in the USSR is desperate. We need to help. I wrote to the other eleven EC members, to you and to the Japanese, Swiss, Austrian, Canadian, and Australian Prime Ministers. I also wrote to Gorbachev, and said this invitation is open to all who wish to give capital; they can be on the board of directors. We don't want it to be an EC bank. Recipient countries should also be involved at the decision making level. Hence, the participation of USSR. Each country will appoint representatives: bankers, Treasury Secretaries. These people will not make mistakes, or take financial risks. But this Bank is very important to the Eastern European countries. Gorbachev told me in Paris that he is very much interested; he is keen on this idea. Everything will depend on the quality and level of people we appoint. We can't throw money out of the window. (S)

The President: Exactly. (S)

Secretary Baker: Will there be a private sector component to this bank? (S)

Foreign Minister Dumas: Exactly; that's the point. (S)

President Mitterrand: The Strasbourg Declaration says we want them to move to a market economy. This bank should be open to both public and private funds. (S)

Secretary Baker: The President has proposed an Enterprise Fund to help develop the Polish and Hungarian private sectors. (S)

President Mitterrand: This will be a bank run by professionals. Bankers in France are not tenderhearted towards Frenchmen, and I doubt that they will be tenderhearted towards Moscow. You have bankers who are evangelists. Look at their loans to Mexico. (S)

The President: And look at Argentina also. (S)

Secretary Baker: Should the Soviets join the World Bank? (S)

President Mitterrand: They want to. (S)

Secretary Baker: The Soviets are not yet ready to come up with funding, but they want to join the International Financial Institutions. (S)

President Mitterrand: In itself, this is a good thing, although they must meet conditions. We mustn't isolate them. (S)

The President: This is good. It helps them understand the market. (S)

Secretary Baker: The Ryzhkov plan moves them in the wrong direction. This reveals their political vulnerability. (S)

President Mitterrand: As long as we maintain control, we will be fine. In the EDB, they will have a share commensurate with their contribution. It will be very small. The IMF and World Bank are strong. Why should they fear the Soviets, especially when dealing with a country that needs everything. (S)

Foreign Minister Dumas: IMF is certainly independent ready. (S)

President Mitterrand: On Lebanon, as soon as Muawad was elected, we recognized him. Then he was killed. I wrote General Aoun telling him I recognized the legitimacy of the Muawad government. I told him that this was in the interest of Lebanese Christians. I think the Syrians killed Muawad, although I have no proof. After Harawi was elected, we acted in the same fashion. We don't send arms to General Aoun. It is difficult for us to do much more as I said on French TV. The only legitimate government is this government. I have stopped all arms shipments to General Aoun. He is hesitant. He has picked up stature in the last few days thanks to Iraq and Israel. They have given him oxygen. I was right to tell the Syrians they would not accept bombing of Beirut. We said the same thing. I told Harawi that France would not understand an attack on East Beirut Christians through the Syrian Army. How does Harawi want to use force? His legitimacy would be questioned if he did. The Arabs are saying to us that General Aoun is in a state of rebellion, and we are helping Aoun. If we let him go on, he will win the day. Aoun should feel isolated without external support. Our advice to Israel should be to remove Aoun's external support. He must understand that Lebanon cannot be partitioned. He does not have the support of France. This is the first time in history that this is so. If the U.S. could act as we are to appease passions, we perhaps can avoid additional civil war. (S)

The President: As you know, we have no contact or standing with General Aoun. I had not heard of Israeli support. Aoun ought to be offered refuge somewhere so that he can get out. (S)

President Mitterrand: I have offered him asylum. This remains absolutely secret, but I have given Aoun all assurances as to the safety of his family. (S)

The President: I had not heard about the allegation that Israel was providing support for General Aoun. I assume you mean diplomatic support, not military. (S)

President Mitterrand: Assad doesn't want a victorious army which can be dangerous to politicians when the army comes home. It is

a tragedy for General Aoun that he does not have French government support. (S)

Secretary Baker: Would you have a problem with a statement that he should step down? (S)

The President: I have said on French TV that France does not recognize Aoun, and that we want the Taif agreements to succeed. But, we don't want to encourage the Syrians either and it is a Lebanese internal matter in any case. I am sad about this. (S)

General Scowcroft: We are more worried about Syria than you are. We feel that they are about to attack, only held back by a promise that Aoun will leave. (S)

The President: Aoun can beat the Syrians in the short term, for several weeks. The Syrians do not have a good army. (S)

The President: Many Lebanese Americans are sympathetic to General Aoun. It amazes me that they still are sympathetic. They see him as a strong Christian champion. (S)

President Mitterrand: We have the same problem. The only difference is they have friends in Parliament. (S)

The President: Are they of Lebanese heritage? (S)

President Mitterrand: Not especially, they are just Catholics. (S)

President Mitterrand: Today, the Pope is very silent on the subject. (S)

Secretary Baker: Very. (S)

Foreign Minister Dumas: If we push in the right direction, Aoun is more likely to step down. If he thinks he has outside support, such as Iraqi and Israeli backing, he will hang on. (S)

The President: Let us check the Israel connection. (S)

Foreign Minister Dumas: Israel provided support for the Maronites for a long time. (S)

The President: The Secretary is working hard to move the peace process forward. (S)

President Mitterrand: We can reiterate the points of law: recognition of the government by you and by all of us. This is significant because France is considered the protector of the Christians. To add to this that Aoun should go would be counterproductive, too aggressive. We can express the hope that everyone will draw the consequences. (S)

The President: The Tripartite group did well. It looked like they were down and out, but they arose from the dead. (S)

President Mitterrand: The Pope refused to meet the delegation. The Pope doesn't want to accelerate the process. (S)

The President: I thought the Pope had encouraged Muawad and Aoun to cooperate with the Tripartite group. (S)

President Mitterrand: What does Secretary Baker have in mind regarding your NAC proposals? (S)

Secretary Baker: We need to adapt our institutions for a new era. NATO/EC/CSCE need to be reviewed at a time when we are reducing the US presence in Europe. We want the EC to serve as an anchor for Germany. We should institutionalize some of what we now do informally. How to enhance cooperation? We have no blueprint in mind. We could talk about trade agreements, but not necessarily. The essential point is that when the US military presence is reduced, we should enhance our trans-Atlantic political ties. (S)

President Mitterrand: What does this mean in concrete terms? (S)

Foreign Minister Dumas: I said to Jim Baker this morning that Europe does not speak with one voice. He said, "does that mean you have twelve positions?" We can't create artificially one EC voice. Europe needs to shape itself. We are driven to move forward because of the German issue. Our approach should be practical, not theoretical. We don't know how Eastern Europe will turn out. Regarding U.S. reductions in Europe, the Soviets say they will withdraw from Europe by the year 2000. But Gorbachev says he wants the U.S. to remain in Europe. (S)

President Mitterrand: How do you interpret the idea of having all Soviet troops out of Europe by the year 2000? (S)

The President: I can't figure it out. He must be addressing himself to internal problems. (S)

President Mitterrand: This may be linked to Jim Baker's speech. (S)

Secretary Baker: I sent it to Shevardnadze. (S)

Secretary Baker: Czechoslovakia says that it wants Soviet forces out. Then will come Hungary and Poland, and then the GDR. They will have to leave anyway, so why not propose it. (S)

President Mitterrand: We are open as to the form the Alliance will take, but we must be practical. (S)

Secretary Baker: In my speech I suggested a NATO verification unit. This will be more and more a part of NATO's business. Regarding political consultations, we could talk about regional issues within NATO. This would not be to take NATO action, but to talk over the issues. (S)

Foreign Minister Dumas: Regarding NATO verification, our military believes it is the responsibility of each state. We are not against coordination and there could be an exchange of information. But to have NATO take over the responsibility entirely would seem inappropriate. (S)

Secretary Baker: As the military component of NATO diminishes, as it will, NATO needs an increased political role, but verification would remain a national responsibility. (S)

Foreign Minister Dumas: As for regional discussions, we talk bilaterally. Why do it in NATO? (S)

Secretary Baker: We would like to enhance NATO consultations in addition to bilateral contacts. (S)

President Mitterrand: It is a question of common sense. France is a loyal member of NATO. It is not in the integrated command, but we have good talks between our military and the NATO command. Each time the US has needed something, we were forthcoming. We have received assistance from the U.S. of all kinds. We have no complaints. France and the UK are the most reliable U.S. allies. National responsibility is fine, but I'm very open to this kind of thing especially since we are moving toward the time when there will not be an enemy to the East. But we must be careful and not put the cart before the horse. Things can change in the USSR and bring about a military reversal. However, if by the year 2000 we don't have a strategic enemy, .. I accept the framework but will reserve on the contents. (S)

Secretary Baker: We favor continued EC integration. It's not for us to say how or even whether to deepen the EC. We have discussed this issue. The key is a strengthened EC. (S)

President Mitterrand: Yes, we talked about that. Your last point is very right. I agree that it is important to understand the German urge to reunify, but this must be accomplished through a proper transfer. We can't ignore the others who will resist this: the Poles, the Soviets, the Czechs, the Belgians, the Danes, the Italians. And there are others. France is showing the most understanding for the Germans right now. As I said to Kohl, German reunification must not go forward any faster than the EC. Otherwise, the whole thing will end up in the ditch. (S)

The President: Regarding China, it will be a long time before we achieve normalized US-China relations. But I thought the time had come to have contact with them. We have difficult problems with China on trade, human rights, and their man in the U.S. Embassy. I asked Brent Scowcroft and Larry Eagleburger to go there. They were well received, but it caused a firestorm in some quarters in the U.S. We are trying to move the human rights agenda forward not backward. I hope China will take certain positive actions as a result of this trip. We don't know that they will, but it is my gut instinct that they will. We have taken a gamble. Privately, we have heard from the U.S. Ambassador that things are moving. They will not sell missiles

to the Middle East, and they have permitted The Voice of America correspondent to come in, although they do continue their jamming. We are also having discussions regarding Fulbright scholars. In taking this first step, I have taken some heat, but we want to move them forward on the rights of dissidents. Time will tell. I hope that I am right. (S)

General Scowcroft: There is an internal struggle going on in China. (S)

Foreign Minister Dumas: How is Deng Xiaoping? (S)

President Mitterrand: Has the situation stabilized? (S)

General Scowcroft: No, Deng Xiaoping still has control when he wants it. He is trying to transfer power to Jiang Zemin, the General Secretary of the Party. (S)

The President: Li Peng is tough and has something of an anti-US streak, but even he seemed a little more positive. Du Shi Meng was pleased that Scowcroft was meeting with Jiang Zemin. (S)

President Mitterrand: These eighty-year-olds give us some hope. (S)

Foreign Minister Dumas: Did anything come up on Cambodia? (S)

General Scowcroft: We didn't discuss it. (S)

Secretary Baker: China has said no to the idea of a UN-supervised process. (S)

President Mitterrand: Hun Sen is the strong point of his government. Paradoxically, we didn't choose him but he is governing well. He is benefiting from fears of the return of the Khmer Rouge. For us, the Khmer Rouge are a nightmare. They would kill the negotiation. Hun Sen really needs to be taken into account by us. Sihanouk has lost lots of authority. He hopes to regain it in the field via the Khmer Rouge. (S)

Secretary Baker: There can be no settlement that does not involve the Khmer Rouge and China. That is an absolute fact of life. (S)

Foreign Minister Dumas: If you have China then you have the Khmer Rouge. China is pulling the strings. Without China, Hun Sen will be the strongest. The Khmer Rouge depends entirely on China. (S)

Secretary Baker: Without China, the Khmer Rouge would indeed be weak. (S)

General Scowcroft: But China won't cut its links to the Khmer Rouge; that is their influence in the game. (S)

Secretary Baker: We have differences as to the role of the Vietnamese. We believe they influence Hun Sen. The West has

leverage over Viet Nam through their aid requirements. You give because you seek leverage. We hold back because we seek leverage. (S)

Foreign Minister Dumas: So there is no difference! (S)

General Scowcroft: It's only a question of tactics. (Laughter)
(S)

The President: Turning to Hong Kong, that is a very difficult repatriation problem. (S)

President Mitterrand: For us, it is ethically an almost unbearable situation. (S)

The President: Regarding Central America, Oscar Arias asked that I ask Gorbachev to persuade Castro to stop exporting revolution. We didn't get much progress, but our views are more clearly understood. (S)

President Mitterrand: On the question of what we tell the press on the German issue, developments in Germany must be linked to developments in NATO and the EC. We should show understanding over what the Germans wish. There is not much we can do because we are not going to go to war against Germany. It could cause a diplomatic crisis if it goes too fast. It would have the wrong effect and would complicate East-West relations at a time when the West is winning hands down. (S)

Secretary Baker: With regard to the Strasbourg communique and the NATO Ministerial, we are all together. (S)

President Mitterrand: I agree fully with President Bush. We are prepared to manage the contradictions in the situation. A speedy move towards reunification cannot be stopped by force, and perhaps not by diplomacy. At the same time, it could disrupt the European equilibrium based on existing treaties and frontiers. What you have said, I feel. I did not care for General Walters giving a date for reunification. (S)

The President: What he said about a five year time frame is not the official U.S. position. (S)

President Mitterrand: But he said it in Germany and the Germans heard it. I am not saying anything about the man, but I do not think it is wise to mention a date. We don't need to encourage more speed. (S)

The President: General Walters is no longer saying it. (S)

President Mitterrand: We must move on arms control, on EC integration, on European monetary union, and on US-EC cooperation all at the same time in order to create a new Europe. Otherwise, we will be back in 1913 and we could lose everything. We are friends of Germany. They can't take our advice amiss. (S)

The President: Kohl understands this but he is playing political cards. (S)

President Mitterrand: He has turned down the rhetoric, but he has his election problems. I was mentioning earlier that we must respect the Helsinki agreements. When Germany says no to the elimination of border controls with France because of the East Germany issue, that upsets me. Holland and Belgium refused outright; we were more diplomatic. But Germany caused the problem. Four days ago, Kohl called me and raised no objection. When our representatives met and had East Germany foisted on us, we were shocked. (S)

Secretary Baker: Regarding my trip to the GDR, the opposition said that Modrow represented our only hope of getting to the May 6 elections. He is the last symbol of legitimacy in the GDR. We fear anarchy if Modrow falls. (S)

President Mitterrand: I am going there on Wednesday on a State visit. Honneker had invited me. (S)

Secretary Baker: Kohl will have the opportunity to make the same point. (S)

Foreign Minister Dumas: Do you think he will? (S)

Brent Scowcroft: No. (S)