

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Prime Minister
Robert Hawke of Australia (U)

PARTICIPANTS: The President
Prime Minister Robert Hawke
Notetaker: David Pacelli

DATE, TIME: December 20, 1989, 4:38 - 4:47 pm EST
AND PLACE: Situation Room

The President called Prime Minister Hawke as one of a series of calls to world leaders to discuss the situation in Panama. (U)

The President: Hello, Bob. (U)

Prime Minister Hawke: George. (U)

The President: How are you? (U)

Prime Minister Hawke: Very well indeed. (U)

The President: As you know, we are engaging in military action in Panama and I am calling to explain it to you. (U)

Prime Minister Hawke: Thanks very much, George. (U)

The President: The problem began with Endara winning the election on May 7 and then Noriega throwing out the election. We haven't been able to do much about that except engage in lots of consultation; consultation with the OAS. And when the Panamanian military rose up in October, we were restrained, and we suffered a lot of criticism because we did not decide to become involved.
(Ø)

Last Friday, Noriega began by declaring a state of war against the United States. Now, we were cautious about that, but it alarmed people. Then he went and killed one Marine, wounding another, brutally interrogating another serviceman, and sexually abusing his wife. At that point, I said that we couldn't take this at all. (Ø)

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At 1 o'clock this morning, our military operations began. At 12 o'clock, Endara had taken the oath of office as the new President of Panama. We are seeking to help him restore democracy in Panama. As part of that, first, we are lifting the ban on shipping and our economic sanctions, returning the Canal fees we have held in escrow, and we will appoint a Panamanian chosen by the Endara government as Administrator of the Panama Canal. That is a key point, since I am fully committed to implementing the Canal Treaties. (Ø)

So we got a situation at the end of the day where the military situation is going well. Noriega has run for cover. I think we'll get him eventually, but I don't know, it is a bit like a rabbit warren down there. He has no power base. The PDF is discredited. Without him, it is nothing. You know how he had declared himself recently the maximum leader. (Ø)

We expect to receive some flak for this. As I told some other leaders, we tried to be patient, to use the OAS, to try harder for a solution, but when American lives are threatened, we had to act. This pattern of dangerous harassment of American citizens had to end. (Ø)

What we will do is help restore democracy in Panama. We will take our additional troops out just as soon as we can. (Ø)

I am pleased so far with the reaction I have received from the other leaders. We didn't get support for our military action, especially in Latin America, but there is understanding and that is like having psychological support. I have talked to a number of leaders, including Mitterrand and Helmut Kohl. I just wanted to explain to them our rationale and to ensure they knew that we had not decided this thing rashly. We have received enormous support for this in the United States. And that is where we are as of 4:45 in the afternoon. (Ø)

Prime Minister Hawke: Thank you very much for calling and keeping me informed. Obviously, like you, we regret the circumstances that made your action necessary. Like you, we don't like to use force to achieve our objectives. But in these circumstances, we understand the situation and the reasons why you took the measures you did. In anything we say about the matter, you'll have no cause for concern. (Ø)

The President: I appreciate that. And I appreciate your weighing in on the satellite thing -- I'm talking about the China satellite deal. (Ø)

Prime Minister Hawke: We appreciate that. I was going to mention it if you didn't. It makes a difference of over \$100 million in cost to the operation. I appreciate much you seeing your way clear on that. And speaking of that, what do you make of the events in China? (Ø)

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The President: I hope the Chinese will take action, seeing that personally I am in a bind with the Congress. I can't tell specifically. I don't know what they will do, but they will do something. There are some indications that they will do something. (C)

Prime Minister Hawke: Things in the economic and political directorates are worse than it was. Deng's power is diminishing. It's not a pretty sight at the moment. (C)

The President: I think you are right. Well, we'll keep in touch. And my best wishes for Christmas and the New Year.

Prime Minister Hawke: Thanks. The same to you and Barbara. I hope to be able to see you before too long. (U)

The President: Yes. My best to you during the holidays. Goodbye. (U)

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