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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone conversation with President Carlos Menem of Argentina (U)

PARTICIPANTS: The President
Carlos Menem, President of Argentina
Interpreter: Stephanie van Reigersberg
Notetaker: Donald C. Johnson

DATE, TIME AND PLACE: March 1, 1990, 6:47 - 7:09pm EST
Los Angeles, CA

President Menem telephoned the President concerning his plans to announce economic measures on Sunday, March 4. (U)

The President: "Como esta, mi amigo." (U)

President Menem: I send you an abrazo and my respects to your wife. (U)

The President: I'm in California and she's in Washington. (U)

President Menem: How are you? (U)

The President: Very well, and very pleased to hear from you. (U)

President Menem: I wanted to greet you and express my happiness over what has happened in Nicaragua. (U)

The President: Everybody is pleased with the move to democracy. Now we have to see that power is passed on to the duly elected government. But we're very happy and moved with what has taken place there. (U)

President Menem: I want to tell you, George, that here in Argentina democracy is assured, but of course we would like to base this on economic progress. We are set to start severe economic changes. The only risk is hyperinflation. We need help from the United States to help us face that risk. We are not looking for an economic assistance from the US Treasury, but signals from the US that would recreate confidence of the people in the (Argentine) government and strengthen our position in international bodies. (U)

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President Menem: If you would authorize it, I would like to reveal this conversation to the media in Argentina. I await your answer on this. (Ø)

The President: Mr. President, we're very interested in seeing your economy recover and beat back the challenge of inflation. Clearly what is needed is a consistent and defensible economic program. I hope you'll be able to do what is necessary for doing this. I want to offer you my strong support in this effort. But this support would be more effective if it comes from other countries besides the US, and not just from us. (Ø)

The President: You asked if you could share with the media that we had this conversation. You can tell them that we talked and that we want you to succeed in achieving the recovery of your economy. But I want to ask if you had something more specific in mind for me to do in addition to that? (Ø)

President Menem: I would like to get a declaration of support from you for the program of measures that we're announcing on Sunday, and which will go into effect on Monday (March 5). The goal is to recreate confidence. The measures will be announced by me on Sunday and take effect on Monday. A declaration by you is fundamental to this effort. (Ø)

The President: I'm in favor of anything you can do to win the fight against inflation. You can announce that we've had this conversation. At the proper time, maybe Monday, I'll say publicly up here that we want you to succeed in the battle against inflation, that economic reform is essential, that this process is not easy, and that we respect you very much in this effort to achieve this important goal. (Ø)

President Menem: This is very good, Mr. President, and very useful for us. I hope to continue this dialogue. This is a very harsh plan; it will hit hard at the marginal sectors of our population. But it is the only way we have to fight this struggle. (Ø)

The President: You can keep in direct contact with me on any matter that concerns you. But there are also others in the Government that are very interested in the economic issues we've discussed, the Secretary of State and the Secretary of the Treasury. You are my friend. Argentina must succeed in this effort. Feel free to raise with me any issue of concern. I'll be prepared to put out a statement here, and say that we had this conversation. But would it be better to wait until Monday to release the fact of this conversation when we make our statement? Whatever you want. (Ø)

President Menem: I would prefer it if you could make your statement of support on Monday, Mr. President, the same day that we put the measures into effect. (Ø)

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The President: You can say we had this conversation today, then. If you need specific support on specific items, we will need to know what they are. If you only need a broad general statement of support for economic recovery and our best wishes, I'll do this for sure on Monday. (Ø)

President Menem: I would also ask that your people make efforts with international organizations so that they can help us to achieve stability. I want you to know that I have designated an Ambassador to Panama. As soon as the Congress gives its approval, we'll send him to Panama. This will be a way of showing support. (Ø)

The President: That is very good news. On Monday, then, we'll put out a statement of broad support for your reforms. I'll talk to Brady tomorrow. He'll be here for the meeting with Kaifu of Japan. I'll have him follow this very closely. I'll talk to Brady about encouraging international organizations after we know the details of your plan. (Ø)

President Menem: Many thanks. I'm available to you any time. I want to express to you the gratitude of the Argentine people. I hope that we'll be able to have you down here to visit soon. The invitation for you to visit is an open one. I'll be seeing the Vice President later this month. Many thanks, a big "abrazo" and my affection to your delightful wife. (Ø)

The President: I think the Vice President's trip is very important. Tell him everything you'd tell me. I hope I can come to Argentina. Good luck and good-bye. (Ø)

President Menem: Good luck to you, Mr. President. (U)