

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Luncheon with President Rafael Leonardo Callejas of Honduras (Ø)

PARTICIPANTS: The President  
The Vice President  
Nicholas F. Brady, Secretary of Treasury  
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  
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs  
Cresencio S. Arcos, Ambassador to Honduras  
William T. Pryce, Senior Director for Latin American Affairs, NSC (Notetaker)  
Barbara Phillips, Interpreter

Rafael Leonardo Callejas, President  
Mario Carias Zapata, Foreign Minister  
Jorge Ramon Hernandez Alcerro, Ambassador to the United States  
Rodolfo Irias Nava, President of the National Congress  
Carlos Montoya, Member of Congress (Majority Leader)  
General Arnulfo Cantarero Lopez, Commander in Chief of the Honduran Armed Forces  
Gilberto Goldstein, Presidential Chief of Staff  
Ricardo Maduro, President of the Central Bank

DATE, TIME AND PLACE: April 17, 1990, 12:00 p.m. - 1:15 p.m. EST  
The Old Family Dining Room

The President: Do you think democracy will go forward in Nicaragua? (Ø)

President Callejas: Yes. Ortega won't put an obstacle to it. We flew with him to the inauguration of Alwyn in Chile and Gonzalez (Felipe Gonzales PM of Spain) lectured Ortega saying that he should be a 1917 Socialist, that he needed to give power to the people. CAP (President of Venezuela) told him that if you want a political future you have to turn over power. (Ø)

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Mr. Goldstein: I believe Ortega will turn over power. (Ø)

The President: Ortega tried to move away from rigid Marxism in his campaign and to appear more open, but what is his heart beat? (Ø)

President Callejas: He wants to get back into power and will do what he thinks is necessary to achieve this. The Sandinista will now become more mercenary -- they will emphasize revolution less and will want salaries. They will try to adapt to the new system. My perspective of the military is that they are trying to be more professional. (Ø)

The President: Are there some true professionals? (Ø)

President Callejas: There is now a tendency to try to keep positions. (Ø)

Foreign Minister Carias: They will try to come back. (Ø)

The Vice President: Will Ortega leave? (Ø)

Honduran (probably Army Chief of Staff): Maybe. (Ø)

The President: It's important the Violeta expand her circle and move out more. (Ø)

President Callejas: The international press is good for Violeta. (Ø)

The President: Much of the U.S. press was there to support Ortega. (Ø)

Secretary Baker: Nobody else got visas. (Ø)

The President: What about the Vice President {Godoy}. (Ø)

President Callejas: He is an old line politician. (Ø)

The President: What do you think of Cuba? (Ø)

President Callejas: They have been trying to make contact with us. We are not doing much. They are trying to generate cultural groups and exchanges. We don't want to go further than that. They have an interest in expanding their influence in other countries. (Ø)

The President: But without making any internal changes. He seems to be hardening his line. (Ø)

President Callejas: He has no past. He can't blame anyone else. His history began with him. (Ø)

The President: Is TV Marti contentious? (Ø)

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President Callejas: Nobody pays much attention to it. (Ø)

The President: We are getting a lot of pressure for programming. When President Havel was here he went over to VOA and while he didn't recognize faces, he did recognize some of the voices of people who had broadcast to Czechoslovakia. He told me in the Oval Office that he will always be grateful for the broadcasts VOA made. I wonder if TV Marti is too ambitious or too aggressive? (Ø)

President Callejas: No. (U)

The President: We need to be sure that we are doing it legally. Frankly, it is not as effective as we would like. (Ø)

President of Congress Nava: I have a special opinion on Cuba. There is no doubt that there is resentment -- strong resentment. But his (Castro's) control is strong. He is not Noriega. He has total control. When I was president of Congress, Cuba sent many delegations. I sensed a desire for change, but this is long term -- not like Panama -- or Nicaragua. It is long term. They are more isolated every day. Castro is seeking space in Latin America. He is looking for aid to replace what he is losing from Communist countries. I think that his achilles heel is to stop his tourism income. I'm told that TV Marti television is blocked but that the radio has a wide audience. People can't see but they can hear. (Ø)

The President: We get the feeling that we should try to improve the situation in Cuba but don't see anything to work with -- except the people. I've been so impressed with the people in Miami. They are really wonderful and have accomplished so much. We can't think of anything that would help the people of Cuba that would not help Castro. We are told that he has lightened up a little on the Church. (Ø)

The reason I asked is that I think we are in a position of holding where we are. My inclination would be not to look like we would reward the one last holdout to democracy. (Ø)

Secretary Baker: Not only a hold out regarding democracy, but for all he does destructively regarding the FMLN. (Ø)

The President: Are you optimistic about Chile? (Ø)

President Callejas: It's a long way away. (Ø)

The Vice President: How is the idea of a Central American Parliament coming along? (Ø)

It will probably be set up by the end of the year without Costa Rica. It's difficult for them. (Ø)

The President: Has Arias announced plans? (Ø)

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President Callejas: He wants to lecture. He might set up a Central American grant where the Nobel prize would start a foundation. Don't think there will be much support from President Calderon. (Ø)

The Vice President: Is the demobilization effort going well? (Ø)

President Callejas: Yes. A good number will surrender. (Ø)

The Vice President: What about the Nicaraguan refugees? (Ø)

President Callejas: About 50% will stay. (Ø)

Foreign Minister Carias: The Contras have to realize that they will have to live peacefully with Chamorro. (Ø)

The President: Bernie, how about the Nicaraguans in the U.S.? (Ø)

Assistant Secretary Aronson: About 1,300 are going back to look around. Some are worried about their visa status. (Ø)

The President: What are the basis economic figures for Honduras? (Ø)

President Callejas: Twenty percent inflation. We are concerned with cash flow. We have a negative of \$100 million. Unemployment is 28%. Underemployment is 40%. The per capita income has fallen to \$580.00. We have had ten years of negative per capita growth. (Ø)

The President: Do you have to make payments for the unemployed? (Ø)

President Callejas: No. (Ø)

Secretary Baker: Do you have much tourism? (Ø)

President Callejas: About \$40 million a year. We hope to create 70,000 jobs. We are trying to create wealth by helping people get the land where they have built houses as squatters. Forty percent of Tegucigulpa are squatters. We need \$200 million of housing. (Ø)

The President: I think the press is waiting for us to go out and make statements. (U)

-- End of Conversation --

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