

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Michael Manley of Jamaica (U)

PARTICIPANTS: The President
The Vice President
Nicholas F. Brady, Secretary of Treasury
Lawrence Eagleburger, Acting 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
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
Glen A. Holden, U.S. Ambassador to Jamaica
William T. Pryce, Senior Director for Latin American Affairs, NSC (Notetaker)

Michael Manley, Prime Minister and Minister of Defense
David Coore, Foreign Minister and Minister for Foreign Trade
Peter David Phillips, Minister of State
Keith Johnson, Ambassador to the U.S. and the Organization of American States
Donald Brice, Permanent Secretary to the Prime Minister
Hartley Neita, Press Secretary, Office of the Prime Minister
Anthony Bagues, Special Assistant to the Prime Minister

DATE, TIME May 3, 1990, 12:15 - 1:10 p.m. EDT
AND PLACE: The Old Family Dining Room

The President: I thought I might say a quick word about U.S.-Soviet relations. From all we hear, the Soviet economy is in horrible shape. And we hear that this is a very difficult time for the Soviets. They are actually far behind Jamaica in terms of knowing how to develop a successful market economy. Most of them have no real idea of how a modern economy works. To give an example, at Malta, Gorbachev said that he thought that there was no longer any significant private ownership in the United States. He was thinking in terms of Henry Ford no longer owning the Ford Motor Company. He had no concept of private

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ownership in terms of people owning, say 100 shares in a company. They are very behind in terms of their capacity for economic development. You hear that everything Gorbachev does is related to domestic tactics. He has to think of what would happen if things get very bad on the economic front or the nationalities front. You might see a reversion to a more military regime. There could be a stepping up of repression. (Ø)

On the Lithuanian front, we would, of course like to see them succeed. The approach suggested by Mitterrand and Kohl seems to offer a good possibility. I had a lot of questions about Gorbachev at a press conference this morning. People say I'm gullible regarding the Soviets. We want to handle this in a way that the Soviet troops go out. And also out of Poland and East Germany. We think that the Mitterrand-Kohl proposal was a good approach. We have talked with them about it. The Soviets have said they would not negotiate because this implies foreign intervention in their affairs, but dialogue is okay. The joint letter asks for dialogue -- although we did not have anything to do with it. (Ø)

I'm determined not to cancel the summit, nor to cancel arms control talks. The Soviets have had interesting reactions regarding Cuba and Afghanistan. They have reacted well to the election of Chamorro. We are in a constructive area. We want to keep things moving forward. But we are not going to be less than enthusiastic about helping the Lithuanians. I'm going to see Prime Minister Prunskiene this afternoon. Larry, you saw her this morning. Why don't you give us your impressions. It will be interesting for us, and help me in my meeting. (Ø)

Mr. Eagleburger: I did see her briefly, between breakfast and lunch with the Prime Minister. She is very bright, impressive. She said they would be prepared to suspend the laws' implementation, but that they needed some assurances from the West. She didn't say just what they were, but took a very legalistic approach. She says they were prepared to accept the Mitterrand-Kohl proposals with qualifications. Everything was wrapped around a legalistic approach. (Ø)

The President: On the question of how does the U.S. participate in post German unification Europe, we want to see a continued NATO in Europe. Maybe with not so many troops. If countries don't want us to keep troops in their territory, we don't want to stay. But we also don't want to be a mercenary power. We don't want to have troops there if we don't participate in the formulation of policy. We have always said we want to have a role in the European Community. This is why we are interested in a greater participation in the EEC. CSCE is a very big organization and is not conducive to determining policy. On the question of 2 + 4 talks, we don't want these to go beyond what was envisioned at the end of WW II. We don't want that group to

be dictating how post war Europe should be set up. The Soviets would like to see this group used because they see it as giving them more influence. (S)

Now this affects you especially, we want to keep moving on arms control -- and the question of whether we live in a world of more or less tension is affected by whether the Soviets can keep a peaceful evolution. And if we think the Lithuanians can do what Larry says, maybe we can get the right outcome on this situation. (S)

Prime Minister Manley: We have been very admiring of all your actions in this situation. (S)

The President: It is important to me to have your opinion. We want people to know that we fully support the Lithuanians. (S)

Prime Minister Manley: To what extent does Gorbachev have flexibility? (S)

The President: I think Gorbachev has unleashed forces which are stronger than he realized, and perhaps he feels that the movement is getting ahead of him. Things are going much faster than he wanted -- or thought would happen. Who would have thought that the GDR would have developed the way that it did? There are some who think that maybe it would be a good idea to keep troops in Poland and East Germany to keep stability there for a while. Maybe Larry would like to give us his impressions on this. (S)

Mr. Eagleburger: I think that Gorbachev is a superb tactician, but not a good strategist. By pushing Honneker I don't think he expected to see German unification come on like it has. He is courageous, more a tactician, but creative. (S)

The President: Bob Gates is our resident hard-liner. Would you like to add something, Bob? (S)

Mr. Gates: Well, in 1986 Gorbachev said that he would make things up as he went along, and that is what he has done. (S)

Mr. Phillips: What are the prospects for the Soviet economy? (S)

The President: Not good. Brent, what would you say about that? (S)

General Scowcroft: I think that the economy is even worse than it was before. He is talking about moving backward now, saying that he can't do all that he wanted. He probably could do better by trying to move forward even more dramatically. He has made command decisions, but he is having trouble in implementation. (S)

Secretary Brady: They don't have any idea of the energy which would be unleashed in a true market economy. We talked about cooperatives at one point and the Soviets said that they had proved to be more effective, but the people hated the members of the collectives because they had more than the others. They don't understand a market economy. At one point we suggested that they get people who have been exposed to market economies, who have lived abroad and understand about supermarkets and radio stations, perhaps children of diplomats, and bring them together to see if they couldn't use their experience to apply it to the Soviet economy. The Soviets had said that there were probably not more than 40 or 50 people who had that experience. The President has pushed us to be more forthcoming, but there is no receiving end. (Ø)

Mr. Phillips: The Chinese are more receptive. (Ø)

Mr. Eagleburger: They are very bright about economics. (Ø)

The President: What are your chances of attracting investment from Japan, Taiwan, maybe Korea or Western Europe? I would think that they would like to see you succeed. Have you talked with them? (Ø)

Prime Minister Manley: Not much. The free zone of the CBI has attracted interest. The Japanese are interested in Jamaica as a possibility for production. What attracts them is that Jamaica is a pleasant place to live, with golf courses. If we could get them to think of Jamaica as a corporate headquarters it would be very helpful. (Ø)

The President: What are your views on Nicaragua? My good friend Carlos Andres Perez thinks he is an expert, and he is, and he thinks things are going well. I'm a little worried. Can you help? (Ø)

Prime Minister Manley: I can't help, but we all think she (Mrs. Chamorro) is a very astute person. She has been very smart over the long term. A lot of my interpretation of Latin America I get from my good friend Carlos Andres Perez. He knows more than me on these matters. He feels strongly that she is very astute and hopes that she will get support. (Ø)

My second source of input comes from President Carter and Bob Pastor. They thought that the Ortegas are now very much interested in taking the democratic approach and need someone to teach them about parliamentary procedure, and asked if we could get the PNP to help them. We have a lot of Parliamentary experience, and are very well organized. What do you think? (Ø)

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The President: I hope he's right. I was glad to see Ortega accept the elections. We're working with Violeta. I would think that you don't want to make it look like Jamaica is trying to help get Ortega back into power. Bernie do you want to say anything? (Ø)

Mr. Aronson: Maybe it would be better to offer to help all the assembly. (Ø)

The President: We don't want to say that nobody should talk to Ortega. He may be taking the democratic approach, and if he does and he comes to power, we will work with him. (Ø)

Prime Minister Manley: Very interesting. I have reacted with a great deal of caution. (Ø)

Mr. Aronson: Mr. Prime Minister, I think what the President and I are saying is that Jamaica is a great model and we are not saying "stay away", but rather to use caution. (Ø)

The President: We don't think that Ortega is a died in the wool communist, that he is in a different mode now. We may be surprised with Daniel Ortega. He is not a bad man. (Ø)

Mr. Pryce: There are of course varying elements among the Sandinistas some of which are not at all democratic. (Ø)

The President: What is going on in Surinam? Any news? (Ø)

Prime Minister Manley: Not much. We are concerned about Haiti. (Ø)

The President: We have talked with Brian Mulroney on that. We have thought that perhaps we and the Canadians and the French could do something. We share the view that she is honest and tough. Have any of our people met her? (Ø)

Mr. Aronson: I have talked with her on the phone. My deputy has met her and was impressed. She is fearful. (Ø)

The President: You mean she is afraid for her life. (Ø)

Prime Minister Manley: The trouble is with the Ton-Ton Macoutes. There are about 20 or 30 thousand of them. Nobody knows how Haiti will solve its problems. CARICOM has been seeing what it can do to support free elections. What we need is the stick and carrot approach. If the elections come about as expected in September, it would be helpful to have a massive international presence for the elections. I don't know what else to do. We will do what we can. (Ø)

The President: Do you know the Chairman of the Joint Chiefs of Staff, Colin Powell? He is a truly great American in a very

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difficult job. I hadn't really focused on his Jamaican background. He is 100 percent American and such a fine, able person. (S)

Mr. Eagleburger: He was with us at breakfast. (U)

Prime Minister Manley: We consider him our most respected export. (U)

One last thing, could you do customs preclearance? We suggested a program several years ago but U.S. customs didn't like it. It would be a great help to us. (S)

The President: (looking at Secretary Brady) Well, you're looking at the person who is in charge of this. We would certainly be glad to take a look at it. (S)

The conversation ended with a brief discussion of the farewell ceremony. (U)