

THE WHITE HOUSE  
WASHINGTON

**MEMCON**

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Jaime Paz Zamora  
of Bolivia (U)

PARTICIPANTS: The President  
Nicholas F. Brady, Secretary of Treasury  
Carla Hills, United States Trade  
Representative  
William Bennett, Director of National Drug  
Control Policy  
Lawrence Eagleburger, Acting Secretary of  
State  
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  
Robert Gelbard, U.S. Ambassador to Bolivia  
William T. Pryce, Senior Director for Latin  
American Affairs, NSC (Notetaker)  
Lillian Nigaglioni, Interpreter

Jaime Paz Zamora, President of Bolivia  
Carlos Iturralde Ballivian, Minister of  
Foreign Relations  
Guillermo Capobianco, Minister of Interior  
Dr. Gustavo Fernandez Saavedra, Minister of  
the Presidency  
Mr. Enrique Garcia Rodriguez, Minister of  
Planning and Coordination  
Mr. Angel Zannier Claros, Minister of Energy  
and Hydrocarbons  
Jorge Crespo-Velasco, Bolivian Ambassador  
to the United States  
Mr. Samuel Doria Medina, Economic Adviser to  
the President  
Maria Teresa Guzman Willett, Interpreter

DATE, TIME AND PLACE: May 8, 1990, 11:05 a.m. - 11:25 a.m. EST  
The Cabinet Room

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PER E.O. 12958,  
AS AMENDED  
CM 6/21/09

The President: I apologize to our friends for taking so much of your President's time. With your permission we will go until about ten minutes after 12:00 and then break for the luncheon where we can continue our discussions. I will turn the floor over to the President, but only after I say how pleased we are to have you here. We have noted the economic progress you have made and are very pleased to see you get inflation in good shape. It is with great respect that I greet you as President and I have to let our friends know how much I appreciate our cooperation in so many fields. (Ø)

President Paz: Many thanks, Mr. President. We have been very well received. Not only personally, but I convey the feeling of all my delegation. Something new is in the offing between our two countries. We have a long tradition of cooperation, but I think we are embarking on something new. Our wish is that in the future we can cooperate and it will involve friendship, fraternity -- in the letter you sent me you spoke of our common home. We need to learn to love each other, our hearts need to be together so that we can get good results. We wanted to raise several things. Narcotics, which has taken us much time. We are working on joint responsibilities which we share. I want to reiterate that we are totally committed and ready to proceed with all our support in this struggle. I think that our effort is quite well balanced and has laid the basis for the future not only in terms of public awareness which can be very important, but internally. Here I refer to the eradication program where we have met the quota we set for ourselves for 1990. On interdiction, we have captured 8,500 kilos. (Ø)

What is the additional cooperation we envision? We need cooperation on alternative development. We have developed after Cartagena a special cooperation. What is the level of cooperation for alternative development? We need flexibility for this development. This is one matter that I think is important. (Ø)

A second matter is the use of the Armed Forces. It is important that Bolivians believe we are not waging war. In our nine months, we have had only one casualty. We want to find out what happened there. In order to clear thousands of acres of coca, we need to have an overall deal. Our helicopters have been flown by Bolivians. So far there have been no accidents. This has been a good track record. This is a significant indicator of what we think in terms of the fight. We need to be careful that we don't bring violence into an area where there is no violence. (Ø)

In Colombia or Peru, the situation is very different. We have narcotics traffickers but they are not cartels. We want to substitute other crops for coca. On interdiction, this is the way we are doing it. Today we have the police fighting directly against the traffickers. I think this is working well. Each of

the boys of the police who work with this make about \$100 a month. That is a problem. They are putting their lives on the line. Not only does their salary not reach \$100 a month, pardon me for talking about figures, but they do not have the equipment that is needed. They don't have a building to live in. They are living in tents. I have information that there is a shortage of beds. In some cases, two soldiers share one bed. We should be able to solve this problem. We think that these young men who are working well should be paid well and supplied well. (Ø)

Our people need to be well equipped. I don't think I should give orders for war or that I should order unnecessary force. I think that the people of Bolivia should fight the traffickers, but in an effective way and in a peaceful way. I think we need to avoid rumors of a militarization of Bolivia. (Ø)

I also wanted to raise what we said at our first meeting. I am even more convinced that Bolivia wants to cooperate as much as possible, and the best way to do this is to have more investment in Bolivia. I was therefore happy to hear about your speech to the Chamber of Commerce where you asked the United States to invest in Latin America and Bolivia. This is the message we have heard from the the U.S. Government. I think we could help the U.S. Government achieve its goal of a better life for Latin Americans through investment. (Ø)

I was in Europe and talked to leaders not only about the war against drugs, but also about development. We talked about financing alternative development. We said that although the United States was the major source of demand for drugs, they should not do it all. Others need to help. They have committed themselves to cooperate. It has to be most important for the U.S. and Europe to cooperate in terms of programs. (Ø)

Regarding U.S. cooperation, we have been talking about direct cooperation. The U.S. has been providing funds for special programs such as CBI and Puerto Rico, which is a very special case. The U.S. 936 program is for the Caribbean. Perhaps it could be expanded. We could make a broader program. Regarding the question of a gas production facility with Brazil to produce power. We need resources. We have talked with Brazil and Japan. They are looking for guarantees, and Brazil has said that the best guarantee they can give is a guarantee to buy our gas. But the World Bank wants a guarantee for the whole project. They want an absolute guarantee. I have talked with our Bank Director on this. With the influence and weight you have in the World Bank, I hope that you could help us on this. (Ø)

The President: On that project, the information that comes to me is that it makes good sense. If we are convinced, we can weigh in. I don't know why a gas contract wouldn't be good collateral. In principal, we are with you on that, and will see if we can't give you the support you are asking for. (Ø)

I want to repeat one thing I said in our private meeting. I told President Paz in there that I don't want to send a signal that we are neglecting Latin America. I have talked with the EEC about helping more in this area. I have talked with Japan. Trade Representative Hills and Secretary Brady have talked. We don't want to neglect Taiwan on this. They have lots of money. We have taken this up with Japan and the EEC and got general expressions of interest. Not about your country specifically, but in general. (Ø)

We should walk over to the lunch and continue or discussion there.

-- End of Conversation --