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<td>17. Memcon</td>
<td>Re: Meeting with President Jaime Paz Zamora of Bolivia (5 pp.)</td>
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Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.: Presidential Meetings - Memorandum of Conversations 4/13/90 - 5/17/90

Date Closed: 1/26/2009
OA/ID Number: 91107-009

FOIA/SYS Case #: 2009-0275-S
Re-review Case #: 
P-2/P-5 Review Case #: 
AR Case #: 2000-0429-F(184)
AR Disposition: Released in Part
AR Disposition Date: 8/21/2009

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information
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, 12:15 p.m. - 1:15 p.m. EST
The Old Family Dining Room

The President: (The conversation began with a discussion of sports including President Paz's description of a soccer game he played with Argentine President Menem where they played on the
same side, and the President's description of the tennis match he
and Secretary of State Baker played against Menem and President
Borge in San Jose Costa Rica. President Paz's son played on his
team and they both scored a goal.) President Menem is a good man
who has very serious economic problems. (C)

President Paz: Menem is having serious problems which impinge on
us. They owe us 18 million a year for gas shipments, and have
trouble paying. (C)

The President: I have great respect for him and what he is
trying to do. (C)

President Paz: I also have respect for him. Under his adminis-
tration, the Argentines are trying to pay their gas bill. They
are doing better than the previous government, they are making
most of the payments. (C)

The President: How is he doing with his military. I had heard
that there were some reports that some elements of the military
were causing trouble, or that they had been. (C)

President Paz: I think that he is doing okay. I want to be
careful how I say this so I will not be misinterpreted, but we
say about the Argentines that they are very special, so if you
feel a certain way with the civilians, think how you would feel
about the military. So it is very complicated. There is an
improvement in our relations. (C)

The President: Have you talked with President Barco lately? We
need to keep up support for him to keep up the fight. (C)

President Paz: I certainly encourage him. (C)

The President: Did you see that article about the "Stinger?"
The narco-traffickers came up to Florida to try to get "Stingers"
so they could shoot down President Barco. (C)

President Paz: Colombia, unfortunately has a long history of
violence not only regarding narcotics, but their politics are
also violent. (C)

The President: Yes. I was very sorry to see that former
guerrilla member, who changed from being a guerrilla, killed.
It was a shame. (C)

President Paz: Violence has been a problem in Colombia for
years. (C)

The President: Violence somehow seems more bloody in Colombia.
We of course have our own problems of violence on our own
streets. (C)
President Paz: Colombia has a violent culture. The average Colombian is nice, but if a Colombian can get away with something, he will. This leads to violence. (Paz told a story of being stopped in the middle of the jungle in Colombia near Venezuela and being forced to give all his money to a group of native dancers and their supporters who had blocked a bridge with a chain.)

Secretary Brady: The President has just told me that you reviewed the economic progress you made with him. We are very impressed. There is a shortage of capital in the world and capital tends to go where the conditions are best. We were talking earlier (at Treasury) about the fact that some flight capital is coming back to Bolivia. When you compare the success you have had in Bolivia with Brazil or Argentina, not that the problems facing them are not very difficult, usually we have a long session complaining about steps which need to be taken, but we are impressed with all you have done to attract funds to your country.

President Paz: Thank you. The sacrifices we have made have been great, but people know we are going down the right path always. We have to pay for it with sacrifice. People don't depend on the reaction of one President or one Government but on a trend. Nevertheless people say fine, but when will we see the benefits of growth for which we are sacrificing. That is why we want things to happen -- like the gas pipeline to Brazil we spoke about earlier. People need to see things happen.

Foreign Minister Iturralde: Since we said this would be a chance to continue our previous talks, I'd like to bring up three or four points.

The executive agreement is sort of an overall agreement to follow up on what happens. There are three annexes: 1) which talks about amounts (interdiction); 2) which talks about alternate development; and, 3) which covers the involvement of the armed forces. We are creating an umbrella which will mention economic assistance in 1991. That will be 86 million dollars which is the amount requested of Congress -- that is one half. The other half is that 175 million asked for all of the Andean countries of which Bolivia will get 65 million. We are talking about 150 million for 1991. There would be 33 million or so for military equipment, and if we included other military items where would be about 40 million in this. We know this is the higher level of assistance which has been mentioned. Nothing has been mentioned about Cartagena. We in Bolivia follow closely these matters. We could say that we could do more against more.

Another problem is that there is assistance pending for $18 million and the U.S. wants to list the tons of cocaine eradicated. Now we think that it is important not to mention any figures. There should also be no link to balance payments with
figures. At this time we have already exceeded our quota, so why rock the boat?

On this we should set up a task force to handle looking at this question with the White House Chief of Staff, Mr. Bennett, and other appropriate people to review the progress we are making and see how things are going.

The President: Why don’t you bring this up in your talk with the Secretary of State.

Mr. Bennett: Since we are having an informal meeting and continuing to work, I’d like to take the opportunity to talk about violence a little. My understanding is that the Bolivians are also brave. I’d be curious about the notion that the cartels which are operating in Colombia are now also operating in Bolivia. We have stressed to our public and stressed to the Congress the need for equipment. There is a great amount of money involved, and the traffickers won’t give up without a fight. What does the President {Paz} intend to do? We too don’t want to see a situation like in Colombia, but we know that traffickers will not give up power voluntarily.

The President: Was that a question? (U)

Mr. Bennett: Yes, and an assessment. (U)

President Paz: I maintain that this is a special situation. In Bolivia they don’t kill people. They got 3,500 kilos of cocaine in four months without one killing. No other countries do that. In my opinion the traffickers used to depend upon Colombia for delivery. Now Bolivia is trying to operate independently. Maybe they would act independently, or through Brazil. Traffickers react violently when attacked or when cocaine is seized. We have a Ministry of Interior who has appropriate forces under his command. We need 15 aircraft so we can see where attacks need to be made. We want to get at the problem of traffickers. The Bolivian citizen wants to make a quick buck and leave the coca business when he has any stake. The Colombian wants to stay in and keep power.

Mr. Bennett: May I ask our Ambassador to Bolivia how he sees the situation with traffickers in Bolivia?

Ambassador Gelbard: Over the last two or three years we have seen a significant increase in violent reactions because traffickers are becoming more involved in the fight. We have seen more Colombians in Bolivia and Colombian organizations are becoming more involved in violence.

Foreign Minister Iturralde: Violence which means one death in nine months. That’s not much. There may be violence, that may
happen, that's why we need alternative development. That is why we need to prepare programs to meet violence. (~)

President Paz: We are making an effort to develop a single registry and a single ID card. At this point, we don't have it. We need to know for sure what Colombians there are operating in Bolivia. With a program of this type we would have better control. If the situation should become dangerous, we would take action. You have met my sons. They don't need protection to walk the streets of Bolivia. Maybe the father needs protection, but not the sons. We should not underestimate the problem. We should move forward. That is why the equipment needs to be better. In areas where the narco-traffickers are active there should be a well equipped military unit near by. This is important. If the narco-traffickers get the idea that our Armed Forces are not well equipped -- this would be bad. (~)

Foreign Minister Iturralde: We are aware that the narco-traffickers are in business and that their financial power could be very dangerous. That is why we are clearly committed to waging war against them (Max Hernandez is an example). In my opinion, Bolivia used to depend on Colombia for delivery. One of the persons who we think is outstanding is the Minister of Interior. This minister is not only outstanding, but compare the people in his programs with the others who were there before. There is a great moral difference. This is important. This impression of U.S. personnel is that there is a difference. This means that traffickers can not buy people in government. After the last operation, they (the traffickers) burned their aircraft because they knew that the people would not give them back their plane as used to happen. (~)

The President: I know that you will have time to talk with Secretary Baker and others. I hope you will have an open two way street in your talks. I'm glad you don't have violence. I'd like to have exercises to help see you don't have violence. We hope to continue cooperation. (~)

I think that the press is waiting for us. Should we go out to greet them? (U)