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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Ivars Godmanis of
Latvia (U)

PARTICIPANTS: The President
The Vice President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Condoleezza Rice, Special Assistant to the
President for National Security Affairs
James Dobbins, Acting Assistant Secretary of
State for European and Canadian Affairs

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AS AMENDED
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Z 3/6/08

Ivars Godmanis, Prime Minister
Janis Jurkans, Foreign Minister
Ojars Kalnins, interpreter

DATE, TIME July 30, 1990, 10:00 - 10:45am EST
AND PLACE: The Oval Office

The President: Welcome. I am anxious to hear how you think things are going.

Mr. Jurkans: We believe that after this trip we will be on a new political level, even though we have had the same legation since 1940. (U)

The President: How is it going at home? There are so many changes and it is hard to keep up with them. (U)

Mr. Godmanis: We have established a multiparty democracy and private ownership. We will be the first to start a market economy. (U)

The President: Will it be possible for you to succeed when the Soviet Union is far behind? (U)

Mr. Godmanis: Our task is to show that it can be done. We have good democratic traditions. We are in close contact with the Russian government of Boris Yeltsin and the other Baltic leaders. We are also in contact with the central government. I talked for

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a very long time with Mr. Ryzkhov. We should show how the process can take place peacefully and democratically. The corner stone is privatization and the maintenance of a social security net. My task is to speak to government and business people, to talk about aid. The main problem is to get aid from the West eventually. My opinion is that aid should go only to the private sector. We are not opposed to Mr. Gorbachev, but we look on our move as a rebirth. We will start to develop bilateral relations. We are looking to find a way to press ahead peacefully and normally. One thing that would help is a U.S. information center. (Ø)

The President: Are you walking in total agreement with Lithuania and Estonia? As you know, the United States has never recognized the incorporation of the Baltic states in to the Soviet Union. You say you are privatizing -- are you ahead of the other Baltic states? (U)

Mr. Godmanis: We are in close contact with the other Baltic states. We are good friends of President Landsbergis of Lithuania and the Prime Minister of Estonia. We have good coordination with several intergovernmental groups. We also have good coordination with the Russians and Moldavians, and we know Mr. Ryzkhov well too. (Ø)

The President: I have never met Mr. Ryzkhov. I understand his economic plan was met with displeasure. (U)

Mr. Godmanis: Their ideas on stabilizing prices are no way to institute a market. I think all the republics will have their own markets. The Finlandization of the Baltic states is our goal. We have strong ties with the East, and will act as a bridge between East and West. (Ø)

The President: Is Mr. Gorbachev interested in this arrangement? (U)

Mr. Godmanis: The answer is who will find a way out of the crisis. I told Mr. Ryzkhov that we are a laboratory. We are small and can help others to learn mechanisms to start a market economy. No one will be against it. We want to be a real sovereign state -- that is our right. We belonged to the League of Nations. (U)

The President: Does Mr. Gorbachev say that if Latvia does become a sovereign state the whole union will unravel, or does he recognize you as different? (U)

Mr. Godmanis: Everything will depend on the Republics. The Central Asian Republics will stay within the Union. Some people speak of a dissolution of the Soviet Union, but I believe it is a rebirth. The problem is how to establish normal relations. Our situation is different, and we need support. We want to be observers in the CSCE process, for example. I spoke with

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business people about how we have a chance to organize in the Baltics and about the need for joint ventures. We will try to find out about a shareholding system. We are particularly interested in American investment. I spoke with twenty-five companies, and explained that we want to work with the Japanese to use our ports for trans-Siberian shipments. As I mentioned, we need a U.S. information center in Riga; this will help us to know that we are proceeding correctly. There are some differences between Latvia and the other Baltic states. We are only 52 percent Latvian, and 48 percent non-Latvian, yet we got two-thirds of the vote in the elections. (Ø)

The President: How many different nationalities are there in Latvia? (U)

Mr. Godmanis: 52 percent are Latvians, about 30 percent are Russians, and about 10 percent Ukrainians. There are some of these non-Latvians who have been in Latvia two or three generations. My government will do nothing to exclude them. (U)

The President: Are they all for your concept of Finlandization? Are you getting good support? (U)

Mr. Godmanis: We are a politically sovereign republic and our enterprises will be sovereign. We will have a market economy, but for this it is necessary to have a governmental structure. Our party got two-thirds of the votes, but we must prove that we are not just after the good of ethnic Latvians, but for all Latvia. We will need help, though, elaborating our program. (U)

Mr. Jurkans: I am of Polish extraction. We have national associations, and will need to have equal rights as well as institutions like Jewish schools and Polish schools. (U)

The President: What is the major stumbling block to your independence? Is it Gorbachev? (U)

Mr. Godmanis: The main task is for the Latvian government to control the economy. We also need to establish the sovereignty of the parliament and establish financial institutions. Then we can establish normal, organic relations. It would be impossible to organize everything from Moscow. There are big differences among the people in terms of cultural and economic development. (U)

The President: Do President Gorbachev and Mr. Ryzkhov understand that Latvia will be independent? (U)

Mr. Godmanis: The real issue is whether we can find a real mechanism to get out of the economic crisis. Then we can show that it can be successful. Our people need to understand for themselves. It is just a question of time how democratically-elected governments show their desire for full independence. The problem for Gorbachev, Ryzkhov and even me is that we should not

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try to remain in power forever, but rather to prove that we can do this job now. (U)

The President: I had the feeling that the Soviets understood that secession is in order. Maybe it was a charade. We told them directly that we never recognized the incorporation of the Baltic states. (U)

Mr. Jurkans: We are in a transitional period, and we need ways to move to recognition. The radicals say that we should throw all the Russians out. And we have to show tangible proof of our sovereignty, things like cultural centers and information centers. The Danes have already established a center in Riga. (U)

The President: Denmark has a cultural center? We will look into your idea. (U)

Mr. Godmanis: Let me say something about secession. The secession law is too cumbersome. Mr. Ryzkhov has said that if Lithuania wants to be free we have to give back Klaipedia and other assets. We need to find a way out of this crisis. We are scientists and are not so emotional. The republics need to be independent; the main problem is how to make a transition to a market economy simultaneously with our move to independence. Some say that helping us will lead to the breakup of the Soviet Union. But the Soviet Union is breaking up already, and you are only helping Gorbachev if you support those who want to move more gradually. (U)

The President: I am impressed with you and how you make your case. How is it that you speak such good English? (U)

Mr. Godmanis: I am a physicist and have published in English. (U)

Mr. Jurkans: I taught English literature and culture in a Latvian university. My family came to Latvia in the last century. (U)

Mr. Godmanis: We badly need to teach our young people who don't know about market societies; only the older generation remembers how a market economy works. Maybe the U.S. could give support. We will write to American professors to come and teach us. We need a change of thinking. (U)

The President: Thank you very much for coming. (U)

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