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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Oskar Lafontaine, Chancellor-Candidate of the Social Democratic Party of Germany (U)

PARTICIPANTS: The President
The Vice President
Robert Kimmitt, 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
Robert L. Hutchings, Director for European Political Affairs
James F. Dobbins, Acting Assistant Secretary of State for European and Canadian Affairs
Gisela Marcuse, Interpreter

Oskar Lafontaine, Social Democratic Party Chancellor-Candidate and Minister-President of the Saarland
Horst Ehmke, SPD Security Advisor
Dietrich Stobbe, SPD Bundestag Member
Hans Eichel, Chairman of the SPD in Hesse
Gerd Wagner, Interpreter

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
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JL 8/21/09

DATE, TIME September 7, 1990, 11:45 a.m. - 12:25 p.m.
AND PLACE: The Oval Office

The President: Welcome. We are pleased to have you here. We want to conduct ourselves in such a way that our friendship goes on. I feel our relations are very strong. We have tried not only to understand, but also to be out front of, the German people's aspirations. We have also tried to meet the concerns of Germans regarding host country problems. I want to tell you, as a major leader in Germany, from our standpoint our relations are strong and will be in the future. It will continue being essential in the new world that the U.S. and Germany are on the same wavelength on economic issues and foreign policy. I believe that across party lines there is agreement on the basic issues. I hope you will agree. (Ø)

Minister-President Lafontaine: Thank you. I appreciate your setting aside this time, knowing how busy you are. We have now good cooperation with the U.S., especially concerning unification. We are very grateful for that. Now that discussions are moving forward, I would like to talk about the problems of unification. (Ø)

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The President: Yes. I am very interested in your views. (U)

Minister-President Lafontaine: There is a big discussion regarding the socio-economic development in Germany. We now have a deficit of \$100 billion Deutsche Marks for the year, which we will have to spend for East Germany. There are also the costs for the withdrawal of Soviet troops. So if there is talk of burden-sharing, you should know we have big problems. Your Congress, where I have had meetings, refers to Japan and Germany, but there are big differences, because we have these economic problems. (Ø)

The President: The average Congressman does not know, but the equation occurs because of the Constitutional constraints on military action. So understanding these Constitutional constraints, it is almost natural that some would argue that Germany, a big, rich country, should pay more money. So there you have another problem on top of unification. I do think the discussions you had with the Congress are very important. There may be more understanding than you think. (Ø)

Minister-President Lafontaine: I talked with Mr. Kohl and said that we Social Democrats will talk, but only after unification, about changing our Constitution. (U)

The President: We understand and appreciate your position. Are there differences among the parties on this issue? (Ø)

Minister-President Lafontaine: Not big ones. I told the Chancellor we will talk, but after unification. (U)

The President: I ought to be careful in what I say, but I don't think there is external pressure on Germany to militarize. It would be nice if Germany could do more. We certainly don't want this crisis to be the U.S. versus Iraq. We are taking some hits on that. Let me put it this way: the more solid support we have, the better. But I don't think there are anti-German views around the U.S. because of your Constitutional constraints. The numbers you described are staggering. But this issue won't undermine U.S.-German relations. We have been through too much together. (Ø)

Minister-President Lafontaine: There is a broad consensus in Germany to help the U.S. in the Gulf. The question is only how. There is no problem with international support. Through the EC we are providing help to Turkey, Jordan, and Egypt. It is also very important to remain within the framework of the UN. Your policy has been very important. (Ø)

The President: Have you established how many Germans are still in Kuwait and Iraq against their will? (U)

Minister-President Lafontaine: There are around 200 in Iraq and 300 in Kuwait. Now that children and women have been let out, there are altogether around 650. (U)

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The President: It is important that we all stay together on the Embassy situation, because we are all in the same boat. I appreciate what you said about internationalization. It is important on issues like the Embassies that we stay close together. I'll continue working as much as possible to keep the issue internationalized. There is one special motive. Saddam Hussein says it is him against the U.S. We say, wait, it is everyone against him. So the closer we stay together, the better -- for humanity, it's better. (Ø)

Minister-President Lafontaine: It is also important to have support from the Arab states. (U)

The President: Yes, terribly important. (U)

Minister President Lafontaine: I have a letter from Mr. Wischniewski, who has proposals for handling the crisis. He was prepared to go to Baghdad, but we feared a deal like Waldheim's and said no. [Horst Ehmke hands the letter to Brent Scowcroft.] (Ø)

The President: Are there good ideas there? (U)

Horst Ehmke: Very good. He is a Middle East hand and knows the area well. (Ø)

The President: What your leader said is very important. It is an irony that most Arab countries support our position, but Saddam Hussein keeps repeating the canard. He attacked Mubarak and Fahd and has mounted a real propaganda campaign. His spokesman wears this fancy hanky, and I think Marlin feels inadequate. But I don't think that guy makes much progress. (Ø)

I have good relations with Mubarak, as many of you do. His wife was here yesterday -- Barbara loves her -- and she was pessimistic. She said he has tried so hard to work his way back into Arab leadership. Suzanne says he is worried that this may be the death knell of Arab unity. (Ø)

Mr. Kimmitt: Saddam Hussein did not want Mubarak to assume leadership. That is one reason he wanted to foment problems in the Arab League. Arab unity against Saddam Hussein has been good so far, but it will be hard to maintain. (Ø)

The President: I hope it is maintained. I'm a little disappointed with Tunisia, but please don't repeat that comment. As for Hussein, I well understand his difficulties. (Ø)

Horst Ehmke: As for Tunisia, the Iraqis have promised them everything they want. (Ø)

The President: Saddam had better be careful. He's promising a lot. Of course he's trying to bring Gadhafi in, but he is reverting to form. I tell Mubarak that he shouldn't let Gadhafi get into his wallet. Ben Ali is a good man, but he has problems

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with his radicals. (Ø)

Horst Ehmke: One important question is your future relations with the PLO. (Ø)

The President: We were doing all the right things, then came that crazy incident. They knew we would have to respond. Since then the PLO has moved to the left to shore up relations with the radical Arabs. I think it has hurt him. (Ø)

Minister-President Lafontaine: I would be very interested to hear about your meeting with Gorbachev. (Ø)

The President: I will be glad to tell you about it. I was just talking to Brent Scowcroft. I think it will go well. It is more important for Gorbachev, but it is also important for us that Gorbachev is in step with the actions of the West on the question of Saddam Hussein. It is difficult for him, because of their historic relations. He has been very good, though. I thought for a while they were dragging their feet at the UN, but they did come around. But we recognize that they have problems. (Ø)

At our meeting I hope a couple of things will happen. First, I know this will not happen: there will be no U.S.-Soviet special agreement. That won't happen. My mission, on behalf of the West and everyone, is that we've got to stay together on the sanctions. Gorbachev is worried about the use of force. We are not going recklessly to use force, but we cannot allow acts against our "allies" -- I am using the term in the broad sense. I will assure Gorbachev we are not going in to use our muscle, but he should understand that we should all be in this together. I know he has problems. We've got problems, you've got problems, but compared to the Soviet Union none of us has problems. I think we have a real opportunity to come out -- without elevating the U.S.-Soviet role -- with solidarity and to move him further into solidarity. (Ø)

There are other things we will discuss. On arms control, we want to move forward to a CFE agreement, so that we can have a CSCE Summit in Paris in November. Gorbachev, like me, doesn't know all the details, but we can get our negotiators to get going. I can talk about NATO's decisions, which he should interpret as meaning that no longer should we be seen as a threat -- neither Germany, the U.S., nor the collective entity, NATO. (Ø)

So if we can come out of this meeting with Soviet support, not for the U.S. but for what the UN has done, it will be a positive result. (U)

Minister-President Lafontaine: He also needs help economically. (U)

The President: I have talked with Chancellor Kohl about this. We have some differences, and you are probably farther along than either of us. Our view is that reform is needed before Western assistance would have any real impact. We are prepared to extend

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humanitarian help, but otherwise the next step has to be economic reform. (Ø)

Minister-President Lafontaine: Will you offer bread? (Ø)

The President: Gorbachev has said that bread is available. That is not the problem. The problem is their distribution system. In that area they need immediate help, as well as in the extraction of minerals. Gorbachev told me he was grateful that U.S. oil firms are getting involved. It's the old line: instead of giving them fish, show them how to fish. (Ø)

Minister-President Lafontaine: There is a problem also in relations between Germany and the Eastern countries. We are devoting \$100 billion to the GDR, but much less to Poland and the others. We need to create a better economic balance between West and East. (Ø)

The President: That's a good point. I will say that you have done a good job of laying to rest doubts stemming from history. I think Germany has handled this very well. But I am not arguing against your point. (Ø)

I hate to break off. I am delighted you came. This meeting is how countries with two parties -- or in your case a few more -- should operate. I want you to know you are always welcome here. (U)

Minister-President Lafontaine: Thank you very much. I hope to find in the future common solutions. (U)

The President: Thank you. No one here thinks we've got all the world's wisdom. On Iraq, we have had a wide array of consultations. It is very important to internationalize the issue and stress the UN role. (U)

-- End of Conversation --

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