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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Felipe Gonzalez of Spain (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Andrew H. Card, Jr., Assistant to the President and Deputy to the Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Raymond G.H. Seitz, Assistant Secretary of State for European and Canadian Affairs
Robert Hutchings, Director for European Political Affairs, NSC Staff (Notetaker)
Stephanie von Riegersberg, Interpreter

Felipe Gonzalez, Prime Minister of Spain
Francisco Fernandez Ordonez, Foreign Minister
Jaime de Ojeda, Ambassador to the U.S.
Fernando Perpina-Robert, Secretary of State
Juan Antonio Yanez, Chief of Staff
Interpreter

DATE, TIME AND PLACE: September 30, 1990, 6:40-7:00 p.m.
Waldorf Astoria Hotel, New York

The President: I am delighted to see you. I am sorry our time is so short. I have one or two points to raise with you but I am much more interested in your views. (U)

Prime Minister Gonzalez: On the Gulf, I think we are in agreement. We look to see if there is some way out. The embargo is having an effect. International unanimity is having an effect. The embargo cannot go on forever, but if we have some tenacity it can succeed. (✓)

The President: I agree. We don't know how effective it has been. What worries me, my friend, is the unpredictability of Saddam Hussein. We want a peaceful solution. I don't know if you saw the report of the Emir of Kuwait. It was horrible,

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sickening. There may not be a Kuwait in a few months. But, again, I am pleased at the solidarity of so many countries. (S)

Prime Minister Gonzalez: I think it is working quite well. You are right. He is unpredictable. But there are some signs of weakening in his position. The problem for the regional balance is to decrease his capacity to wage war, not just for him to withdraw from Kuwait. I think this can be done by maintaining the arms embargo. He buys at the supermarket. Iraq doesn't produce these weapons itself. I am told he doesn't even have lubricant. In addition to the global consequences of the embargo, the effect on his military apparatus will be very severe. My impression is that he won't have the nerve to engage in a provocation. He thinks he will break international solidarity. (S)

The President: I don't like his flirting with terrorism. This conference in Jordan, according to our intelligence, had some of the worst terrorists. I don't think world opinion would tolerate such terrorist acts. We sent a warning to him, but they reacted by denying these links. It is a worry. (S)

Prime Minister Gonzalez: It is impossible to predict. Even if the conflict is resolved, we should be prepared for an increase in terrorism. The condition in the region is such that it is ripe for an increase in terrorism. The situation is like that in Lebanon some years back -- a really uncontrollable situation. I have one other subject -- Central America. (S)

The President: Yes. There is something I want to say. Everyone I talk to in Central and South America has great respect for you and Spain. Can you use your authority with the FMLN? I mentioned it to Carlos Andres Perez. There might be a way to get him involved. Anything you can do would be helpful. You are probably unique with your standing in the region. (S)

Prime Minister Gonzalez: We accepted the idea of the UN Secretary General's role and accepted the group with Carlos, Menem, and Salinas. I think it can work by pressuring both sides. I am relatively optimistic. I don't think the FMLN is preparing for an offensive like last year, nor do I think they will walk away from negotiations. They paid a high price for that. We have to help Cristiani get some maneuvering room. Another element is to avoid a fight among political parties now that the March elections are coming up. Having the UNGA in the negotiation process will avoid a fight. (S)

There are two elements I would like to raise, Mr. President. First, perhaps it is the right time for the U.S. administration to open some channel to the FMLN, because they will now be

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sensitive to your views. See what you think. (S)

The President: Wouldn't it look like we were undermining Cristiani? (S)

Prime Minister Gonzalez: No, you would do it with his agreement. (S)

The President: Let me ask the Secretary of State for his views. (S)

Secretary Baker: We think they are not negotiating in good faith, because they are waiting to see how Congress goes on aid to Cristiani. We will know in two weeks. I am pretty sure we can prevail in a veto. We could restrict some aid in return for restrictions on the FMLN if they didn't bargain in good faith. That would free up aid to the Cristiani government. I think this question will be behind us in a couple of weeks. We should work through the UN Secretary General's good offices and the Friends of the Secretary General. I think we would be mistaken to have a dialogue with a group that hasn't condemned armed conflict. But if we get serious negotiations going -- maybe a cease fire -- then there would be possibility. (S)

Prime Minister Gonzalez: I understand the difficulty. I will leave the idea for you to think about. De facto we are recognizing Cristiani. We never talked about making the two equal, but this is a reality. We must strengthen the negotiating position of the governing party. Those who can take the decisions have to sit down together. At some point in the future, the direct pressure of the U.S. on the FMLN will be crucial. Of course the other factor is Cuba. We have had some difficulty with the Cubans ourselves, but it is important to try to see if they are in a constructive mood. (S)

Secretary Baker: What would be Cristiani's view if we had a dialogue with the FMLN and a cease fire? (S)

Prime Minister Gonzalez: I can't say, but I think he would approve if you sat down at the table. (S)

The President: Let me raise one other point -- the Uruguay Round. I have been telling everyone to please get a successful Uruguay Round. We can't get success without agricultural reform. At Houston we issued a good statement, but we are not moving forward. It is very important to the world economy and to the Third World. I know it is difficult, but I ask you to do what you can. I want to encourage that approach to finish up, but it won't be done without agriculture. (S)

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Prime Minister Gonzalez: I discussed this with the Secretary of Commerce. He knows our position and analysis. I also explained the difficulties we see. I have been defending the idea of that for the Americans. I think the evolution of opinion is very positive. It has always been difficult in getting agreement with the U.S. because restrictions are not federal but at the state level. (Ø)

The President: It is not clear what that is. There shouldn't be protectionist policies at the state level. We do have state interests on issues like textiles, but there are no state barriers to international trade. That is the responsibility of the federal government. But I am glad that we are somewhat together. (Ø)

-- End of Conversation --

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