MEMORANDUM OF CONVERSATION

SUBJECT: Telcon with Prime Minister Brian Mulroney of Canada (U)

PARTICIPANTS: The President
Prime Minister Brian Mulroney
Adrian Basora, NSC Staff (Notetaker)

DATE: November 10, 1990
LOCATION: Camp David
TIME: 12:59-13:08 p.m.

Prime Minister Mulroney: I'm sorry to intrude on a Saturday. I am calling to follow up on a conversation that Derek had with Brent. It's a subject I had also mentioned in New York. I know that the Baker trip is going well and that he's not back yet. (~)

The President: Yes, Mitterrand is holding firm. I have had reports from each stop. (~)

Prime Minister Mulroney: It looks like we are moving inexorably towards war. If so, so be it. We will be there. We will do our share and then some. (~)

The issue I wanted to mention is one that I raised with Perez de Cuellar and with Diouf of Senegal. Mugabe has said that what Saddam Hussein is doing will bankrupt his country. What do you think about the idea of a face-saver in which the poorest Islamic countries would go to Saddam Hussein and tell him: "We know it is not your intention to cripple us, but you are ruining us. We're going down the chute!" They would tell Saddam Hussein that they have no problem with his fighting the U.S., the UK and Canada, but he should not want to hurt his Islamic brothers. Diouf has said that this would be the kind of face-saver that Saddam Hussein would go for. I don't know Saddam Hussein, but Diouf does know him. Diouf likes the idea of the poorest of the poor Muslim countries serving as a face-saver, and believes that Saddam Hussein would buy this. (~)

The President: It's an interesting idea. Let me talk to Baker. I see no harm in it if he does not go off into other concessions. I think this next troop movement that we are making will get Saddam Hussein's attention. I don't think it would hurt to offer

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him a face-saver if it does not affect our resolve. (§)

Prime Minister Mulroney: I will see you in Paris next week. A
day or two after I had seen him, Diouf called back and said his
idea could work. Diouf stressed that Senegal was our ally in the
Gulf and that he had troops there. He said that he had just
bought oil on the spot market the previous week at $43 a barrel,
whereas his budget was based on $16 a barrel. Diouf is afraid
that he is going to be overthrown. He is ready to go to Baghdad
and give the message. (§)

The President: Has Derek talked to Brent about it? (§)

Prime Minister Mulroney: Yes, but I wanted to make sure that Jim
Baker and you were aware of the idea. This was an idea that I
mentioned to you at the UN but you were preoccupied with your
budget problems, and so I didn't pursue it. (§)

The President: I'll talk to Jim about it. (§)

Prime Minister Mulroney: If war does start, I wouldn't want to
have to look back and say "why didn't we try this idea?" The
idea doesn't involve us. It would involve Senegal, Bangladesh,
and perhaps one other poor Islamic country. They would say to
Saddam you are not doing the U.S. a favor, but do yourself a
favor and save us. (§)

The President: I know Ershad, who thinks we should move fast in
the Gulf, and yet he says he is a friend of Saddam Hussein's.
(§)

Prime Minister Mulroney: Congratulations on the Congressional
elections. Only a fellow politician knows how good a result that
was at mid-term. (§)

The President: Now I am shifting gears to focus more on the
economy. (§)

Prime Minister Mulroney: Is the Gulf situation looking worse?
(§)

The President: No, I still see solidarity holding. There must
be no giving in. The problem is that Saddam Hussein is
unpredictable. If the sanctions don't work, we have to be ready
to pursue other options. We cannot fail to prevail in this
thing. (§)