

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Czech Leaders (U)

PARTICIPANTS: The President
 John H. Sununu, Chief of Staff
 Brent Scowcroft, Assistant to the President
 for National Security Affairs
 Shirley Temple Black, Ambassador to
 Czechoslovakia
 Robert Hutchings, Director for European
 Political Affairs, NSC Staff
 Lisa Valyiova, Interpreter

Petr Pithart, Prime Minister of the Czech
 Republic
 Jiri Dienstbier, Foreign Minister
 Dagmar Buresova, President, Czech Parliament
 Victoria Hradska, Member of the Czech
 Parliament
 Alexandra Brabcova, Interpreter

DATE, TIME November 17, 1990, 11:02 - 11:25 a.m.
 AND PLACE: Hradcany Castle, Prague

Prime Minister Pithart: I am pleased to welcome you to Prague. Although the U.S. made such a great contribution to the creation of Czechoslovakia and helped so much during World War II, you are the first American President to visit. (U)

The President: I am very pleased to be here. I told your President that I was honored to be the first American President to visit. I would like to hear from you. (U)

Prime Minister Pithart: Before proceeding, let me say on behalf of the Czech Republic that we appreciate your resolute stand in the last few months. We, too, are striving to make a contribution, although we have substantial difficulties. In the past year, we have seen the process of the final disintegration of the Soviet bloc. This was a strategic objective of the Western democracies for years. It was for us as well, but it has contributed also to serious problems such as the disintegration of our eastern markets. It became obvious how total our dependence on the Soviet market has been. I wouldn't like just to complain. We follow the line that God helps those who help themselves. We have had some achievements: we have managed to avoid major inflation and have held wage increases to only 3.5%.

But some problems are obviously beyond our power. We don't seek sizeable loans. Rather, we seek other ways to help ourselves. In this context, I would appeal to your influence within the IMF, World Bank, and G-24. We have a saying that in looking for a helping hand, you are most likely to find it at the end of your arm. (X)

The President: I made it clear to the Prime Minister that we must not neglect central and eastern Europe. We have a big stake in this country and want to do what we can to support the private sector. I know you are sorting out the responsibilities between the federal government and the republics. I am in no position to tell you how to arrange these affairs, but investors want to see stability. One thing in our system that is good is that we have fifty states, all headed by powerful figures, but over time they have developed a stable relationship with the federal government. This was on my mind with regard to the Soviet Union. Investors go to the Soviet Union and ask who they can make a deal with, and how to be sure others will recognize it. This is the way investors will look at your country. (X)

Mrs. Buresova: Let me say that we have encountered difficulties, but these are inevitable consequences of the downfall of a totalitarian regime. The federal regime that was established constitutionally as a reality in 1968 was substantially weakened over the next 20 years. That is why we are now seeking to build an "authentic federation." (X)

Prime Minister Pithart: The problem has been mostly due to absence of procedural and constitutional mechanisms. Nevertheless, all has gone in a legal way, not extra-parliamentary. You have come at the right time: agreement was just reached last Tuesday between federal and republic leaders. (X)

The President: So many problems cross state borders -- the environment, for example. I was very moved when President Salinas of Mexico told me that when children paint the skies over Mexico City they never paint the moon or stars because of pollution. It made a powerful impact. On the environment I know you have a problem. We've got big problems too. (X)

Prime Minister Pithart: Mr. President, after the Soviet troops left, we learned of the environmental devastation they had left behind. Let me also mention that the governor of California invited us to pay a state visit, because California wants to have a "sister state" relation with the Czech Republic. (X)

Mrs. Buresova: Let me assure you, as you are informed of developments in this country, actual developments are sometimes distorted by the press. While naturally we are thrilled by freedom of the press, it can create problems. We talked with the Chairman of the Slovak National Council a few minutes ago about the idea of our being in a common state. (X)

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The President: Were these pressures suppressed under totalitarianism? (U)

Prime Minister Pithart: Yes. I think it is now clear what kind of system it was, and why we must avoid looking for a "third way." We are trying to avoid ideological categorizations, but if I had to adopt one I would have to choose capitalism. (C)

The President: Even the Soviet Union is recognizing that it offers great potential. I worry about the disintegration of the Soviet center adversely affecting Czechoslovakia. (C)

Prime Minister Pithart: Mr. President, it is known to us from our experience. We have had a number of talks but the conversations are not put into practice. When we talk to Soviet counterparts, none has the authority actually to make a deal.

(C)

-- End of Conversation --

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