MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Governing Mayor Eberhard Diepgen of Berlin, Germany (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
James F. Dobbins, Acting Assistant Secretary of State for European and Canadian Affairs
Robert L. Hutchings, Director for European Political Affairs
Gisela Marcuse, Interpreter

Eberhard Diepgen, Governing Mayor of Berlin
Juergen Ruhfus, Ambassador to the U.S.
Hildegard Boucsein, State Secretary, Berlin Chancellery
Heinz Fanselau, Berlin Chancellery
Brightta Richman, Interpreter

DATE, TIME AND PLACE: March 19, 1991, 1:34 - 1:49 p.m.
The Oval Office

Mayor Diepgen: I want to thank you for all your support. Without the U.S., I would never have had a chance to be Mayor of united Berlin. (U)

The President: That is very kind of you. All these five worked very hard to help bring that about. Let me also thank you for your support on the Gulf. (U)

Mayor Diepgen: It was important. We wanted to be sure you knew we are not just fair weather friends. (U)

The President: Regarding unification, Germany played its hand very skillfully. One reason I regret the difficulties Gorbachev has now is thinking how he permitted and facilitated these changes in Germany. Now one has to wonder whether he can survive. (U)

Mayor Diepgen: I think he will, but I don’t know what will happen among the nationalities of the Soviet Union. (U)

The President: How are things at home? I won’t get into a capital discussion. (U)
Mayor Diepgen: Are you interested? (U)

The President: I am interested, but I know enough not to get into that one. (U)

Mayor Diepgen: Let me say, first, that after all the political changes there has been a reduction of the American presence in Berlin and a reduction of the military presence. The tradition of Berlin and the U.S. necessitates that the American presence not be reduced but become a presence of a new quality in the cultural, scientific, and economic areas. We hope to see U.S. investment in Berlin and the new states and also in central Europe, all of which have the very special problem of moving from centrally planned economies to a new economic system. There are great problems, including high unemployment. But we must succeed. If we don't, it will send a signal to Eastern Europe. We want to see free society in all of Europe. If the "rich Germans" don't succeed, what will happen? So we hope for a new presence of the U.S. (F)

The President: I think that in terms of investment and trade, the future is bright. (F)

Secretary Baker: Mr. Mayor, what is the outlook now for the costs of unification? (F)

Mayor Diepgen: We don't know. Even in Berlin, where we have better possibilities, we don't know. Today, the program of the Federal Government is helping the infrastructure -- streets, communications, and so on. Communications is very important. In my office I have two telephones, one for the west and one for the east. These Federal programs will help, but we don't know the costs of, for example, social welfare. And we have to build up a new economy, and new administration. (F)

The President: A lot will depend on the world economy. If you do these things in a robust world economy, it will be much easier. (F)

Mayor Diepgen: These are problems not only for Germany. The market of the former Comecon is breaking down. This requires a new organization, a new system, and new markets. Berlin can be the headquarters of this work in the new states and central Europe, but for the next few years there will be no productivity and no markets. (F)

The President: President Walesa is coming tomorrow. He has real problems, but he has popular support. (F)

Mayor Diepgen: I have a special request. With the change of the political situation in Berlin, we need a new international role. Before it was the Four Powers; now we need a new quality for the city. One big chance is the CSCE process. In Paris it was agreed to develop parliamentary cooperation. I want to suggest that this organization be located in Berlin, as a symbol of overcoming the division of Europe. So I ask for your support in
the next CSCE conference. (Ø)

Secretary Baker: When is the next conference? (Ø)

Ambassador Ruhfus: Foreign ministers meet in June. (Ø)

The President: How long will you be here? (U)

Mayor Diepgen: Two days. It was traditional for new mayors to come to Washington. It is nice to do so under the new circumstances, too. I have a gift for you -- a print of the Brandenburg Gate. When President Reagan came to Berlin, he gave his speech at the Brandenburg Gate and proposed that the Olympic Games be held in Berlin. Now we are running for it in the year 2000 and hope we have a chance. Then we should become the seat of government. (U)

The President: Thank you. I am sorry to be so rushed, but I am off to give a speech. (U)

-- End of Conversation --