

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Meeting with President Violeta Chamorro of Nicaragua (U)

PARTICIPANTS: The President
The Vice President
Robert Kimmitt, Acting Secretary of State
John E. Robson, Acting Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Deputy Assistant to the President for National Security Affairs
Bernard W. Aronson, Assistant Secretary of State for InterAmerican Affairs
Harry W. Shlaudeman, U.S. Ambassador to Nicaragua
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC Staff (Notetaker)
Stephanie Van Reigersberg, Interpreter (Cabinet Room)
Barbara Phillips, Interpreter (Oval Office)

Violeta Chamorro, President
Enrique Dreyfus, Minister of Foreign Affairs
Antonio Lacayo, Minister of the Presidency
Silvio De Franco, Minister of Economics and Development
Erwin Kruger, Minister of Foreign Cooperation
Alvin Guthrie, Governor, Autonomous Region of the Atlantic Coast
Ernesto Palazzo, Nicaraguan Ambassador to the United States
Jose Adan Guerra, Vice Minister of the Presidency
Idette Swetye, Interpreter

DATE, TIME AND PLACE: April 17, 1991, 10:50 - 11:35 a.m.
Cabinet Room

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The President: May I simply say welcome. We are so glad to have President Violeta Chamorro back, both in a professional sense and as a friend. We have great respect for President Chamorro and all she has done for Nicaragua and all she is trying to do. On a more personal side, we greatly appreciate her warm relationship

with my son Jeb and Columba our daughter-in-law, who will be here for dinner tonight and are looking forward to seeing her. I want to assure her that we greatly admire the progress she has made towards reconciliation and her efforts for economic recovery. And so *Señora Presidente, bienvenida!* That is all I know in Spanish, but it comes from the heart. I suggest that you bring up any subjects that you would like to discuss. And after that I will respond; and if it gets more technical, I will turn to my Ambassador in whom I have great confidence. (C)

President Chamorro: The first thing that I want to say, and I will say it in English, "thank you, my dear president, George Bush." [Turns to Spanish] I am very pleased to see around the table a number of old friends, led by the President and the Vice President. As a woman I have felt that being here is like being in the family. I must say that I feel as if I am at home. Also as a woman, I want to say how much I appreciate the beautiful gift. I will of course, reciprocate. (C)

The area which concerns me, concerns all of us, is that after having completing a year in office, the most important thing was to end the dissention and violence. We have passed through the revolution and the conflict, and now are rebuilding. We have given the ex-combatants land. We have given them help, but we have to help the remainder. I do not want to leave anyone without help. I want to help everyone. (C)

Talking about the army. We have cut it back about 60%. A year ago there were about 86,000 -- now there are about 28,000 and these people are not out in the street -- we have helped them. The 5,000 officers have been given the ability to return to civilian positions in society. We gave them a job or money to help get resettled. We have also buried weapons to put an end to war. We have collected a quantity of arms and weapons. You have to remember that after years of dictatorships, weapons are a problem throughout my country. My concern is to put an end to weapons. To do this, we have to buy them back. We have to pay \$25-50 depending on the size of the weapon. This is what I want to say, that I want to continue to reduce the number of weapons. We need help in buying the weapons back. (C)

I have passed a law in the Legislative Assembly, a law that prohibits the selling of arms. This is designed principally for arms going to El Salvador, but it also applies to anyone. I want to get rid of all arms. I want to buy them back. Those who sold the arms to El Salvador are now in jail. (C)

For the economic part, there is so much to say, we are a developing country. We are passing laws to privatize banking, to stimulate private investment, eliminate state monopolies -- we are making great progress. In two months or very soon, there will be a privatization law in place. I want to restore the economy quickly. I am very ambitious. I want people to have a better life. I want to have a free economy. That is why I am in favor of a Free Trade Agreement between the U.S. and Mexico. (C)

Having said that, I also want human rights -- and I want to work towards complete peace throughout the area. We have five democracies throughout central America and we talk frequently on any topic. I had talked with President Cristiani and he said that there were certain subversives in Nicaragua. Then I talked with ONUCA about this, but they didn't find anyone. I don't want to see any more weapons in Nicaragua. I am an enemy of these things. (S)

Perhaps some day we can sign a trade agreement with you and Mexico, but that is up to you. (S)

Also, and this is most difficult to bring up, I have to pay back arrears to the Inter-American Development and the World Bank and I need to have additional help from you. I need \$75 million. (S)

Foreign Minister Dreyfus: You have already offered \$50 million and we ask that you, because you are the strongest nation in the world and you exercise leadership, that you add \$25 million for a total of \$75 million. Then..... (S)

President Chamorro: I have talked with Germany and Korea and with Taiwan. I am sending my son to Taiwan -- he presented his credentials yesterday. Any help you can give will be greatly appreciated. (S)

When I left Nicaragua, I sent to the Assembly, a bill to abolish the international court claim. I want to solve this case. As a woman I submitted to the Assembly a pardon to those who killed my husband. They vetoed my law, but my conscience is clear. (S)

I will keep my doors open. Twenty-five million will be very important. (S)

We want to help with Panama. We want to help President Endara. There is a meeting of Ministers of Agriculture in Panama and they asked the Presidents to come, and I will go. Central American presidents will be there and they will be pressed to try to find solutions to all problems. (S)

I am sorry to ask you for these things, but you asked me to be frank. (S)

The President: I will respond. It is always difficult to talk about money. I think we can be helpful to that request, but I do not want to get ahead of my staff. Bernie, what do you think about this? (S)

Assistant Secretary Aronson: Clearing the arrears is most important. We are fully committed to getting this done. If we need to have additional money to succeed, we will do so. There are several ways to do this. (S)

The President: Before I comment further, I want to check with Treasury. (S)

Under Secretary Robson: We did have a very positive meeting with Mrs. Chamorro and her advisors. She said that to clear their arrears with the international financial institutions was most important -- that they need to mend their relationship. We agree fully and we said that we would do all we could to help correct the arrears problem. (S)

Foreign Minister Dreyfus: There is a political condition to clearing up the arrearage. The success of democracy will depend on this process. If stability is important to the region -- then it is important to give Mrs. Chamorro what she needs. She is making a special effort to clearing the arrears which will make possible continued cash flow. Also, if the Nicaraguan approach succeeds, this will help in El Salvador. We can point to the success in Nicaragua as giving an example for peace process in other countries. In this connection, the legalization of elections with OAS participation which took place in Nicaragua is a very important example for democracy throughout the hemisphere, and must meet with ultimate success. (S)

The President: We will get this done one way or the other. Whether with AID or with Treasury, working together. (S)

President Chamorro: Permit me one minute. We have a very productive land, but without the economic assistance, we will not be able to have success. There is another little thing, I will finish my term in five years and we need to have success before my term has ended. My term will end the same time as yours. (S)

The President: Let me comment. You referred to the Hague and your case against the United States in the international court and your desire to rectify it. That is very important to us. I appreciate that you are trying to improve the climate for us to be able help you, but it is important to get a solution to this case. It is difficult to convince Congressmen to be forthcoming when people are suing us. I hope your law will be accepted. I know that sometimes when Administrations submit proposals they are dealt with in the Congress differently than we would like, but we will see if we can get this done in a proper way. And if there is a way we can help, let us know. (S)

President Chamorro: Our members of the Assembly need to have a sweetening from time to time. I will give each one a sweet so that they will be in a mood to pass the law. (S)

The President: A couple of points. I noticed, and the Vice President mentioned to me, that you very generously endorsed the Enterprise for the Americas (EAI) and the US-Mexico Free Trade Agreement in your talk to the Congress. We are going to fight very hard for both. The first step is fast track. If we can get this fast track and go forward with the Enterprise, not just words, but a real program, this will be greatly helpful for Latin America. (S)

People look at us as a great, powerful country. We just sent a half million people to the Persian Gulf. People say, what the hell, this is the United States and it can do anything it needs to do. I want to assure you that as we fulfill our solemn obligations to them in the Middle East and in Europe, we will not lose interest in our own neighbors; and one way that we are expressing our interest, is to move forward on the Enterprise for the Americas. (S)

On Panama, you said that you were going there. This is good. We worry about the situation there. We do not want to intervene in any way. As they get the stamp of respectability -- that will help solve their problems, and I am very glad to hear that you will be going there. (S)

You mentioned Japan. I asked Prime Minister Kaifu, God knows how long he will be there -- he is a good man, but he has terrible internal problems -- I have asked him to contribute as much as possible to Nicaragua. You can say in meeting other Ministers that the President of the United States has mentioned our interest to Prime Minister Kaifu. I don't know how much help that will be. We don't have relations with Taiwan, but perhaps your son can do more there than we can, but are we trying? (S)

Under Secretary Kimmitt: We have talked with the Taiwanese office here in Washington to ask them to help. (S)

The President: We have talked to Germany. We want to have their help. Germany has many obligations. Havel has asked them for help and they have shown a special problem with Eastern Germany and they have to help there. They have constraints, but we think they will help and we have urged them to do so. The structural reforms that you mentioned have our full support. A lot of the new democracies are finding problems in making the economic changes to help their people. I have seen sometimes that people are reluctant to see reductions in government entities. I know that your predecessors have a great reluctance to reducing unnecessary personnel. We want to help however we can. When I was talking with Lech Walesa of Poland, he said, I have a factory which builds tanks and you have beaten up on the tanks, so how can I sell them? He said that his country was still producing the tanks but there was, of course no market. He was having difficulty in shifting the priorities to other production. President Havel had a similar problem in Czechoslovakia. There is a large arms factory in Slovakia which was selling all over the world. They put a stop to selling arms, but now that have a factory with 100,00 people who are not working, and they are having difficulty in finding new ways to put those people to work. (S)

On polls, as you know I don't live by polls, but I have noted that the Nicaraguan people support you in carrying out your reform. I think it is a real tribute to you that they continue to support your reforms. Is my understanding correct that your approval rate was about 77%? (S)

Foreign Minister Dreyfus: Yes. (U)

President Chamorro: I want to say a little bit more. I have a great deal of travel to do. I am going to the Soviet Union to call on my friend Gorbachev. I will say to him, "What do I do with your tanks?" If he wants them back, he can figure out a way to take them back. I would be happy. Times are changing. There is a democratic move everywhere. Two years ago, when the Berlin wall came down, I said if this can happen there, why can't we change for democracy everywhere, especially in Nicaragua. I would like to help the Soviets, they are our friends now. I want to tell them about the democratic family. (C)

The President: I don't want to get off the subject, but in World War II when I first got into the Navy, Hirohito was depicted as the symbol of all evil. He was the bad guy. He was the same to us as Hitler. As we got over World War II, Hirohito went to see McArthur. Many Japanese were surprised and we were surprised that he would do that, but he went. People came to take another look at Hirohito. Later Barbara and I met him, and when you see him, here was this little, peaceful person going around with a butterfly net. There are changes in the world and sometimes yesterday's enemy is not the same today. We do not know how things will develop in the Soviet Union. Yeltzin is a new factor. We want to help the growth of democracy. But if we don't handle the situation properly, the military may come back. (C)

Well, back to arms transfers. I don't want to be contentious, but we are skeptical that the arms transfers to El Salvador are being done by rogue elements of the Nicaraguan military. Anyway, the army should go all out to stop shipments. I know that you have taken steps. You need to keep the pressure on. What would be helpful is if Soviet supplied spare parts for military items could be conditioned on a complete stopping of shipments to the FMLN. It would also be helpful if we could get the serial numbers from the weapons in the Nicaraguan inventory. I know that this may be difficult, but this would help us trace shipments. (C)

Foreign Minister Dreyfus: I think that we have shown that we are working effectively for the cause of peace in the area. Within the OAS, we have embarked our program of de-militarization and civilianization. We are thinking of a small fund with help from the United States, Spain and France to try to buy up arms. The OAS has a group in the area; we hope that perhaps they could stay six more months. We have collected about 45 thousand rifles, but there are about 150 thousand more out there. Another thing, at the OAS, Nicaragua has deposited a full, complete inventory of its military assets as a result of agreements made. We need a security network that would cover all of Central America. Costa Rica and Nicaragua have given inventories of their military assets. Honduras will do it on its own soon. Guatemala and El Salvador want to wait. El Salvador doesn't want to reduce until there is an end to the guerilla threat. Mrs. Chamorro has been

pushing for the reduction of military expenditures in all of Latin America. (S)

On arms traffic, we think we can improve on performance here. We need US help. The head of ONUCA has a mandate which ends on the 6th of May. We need to renew the mandate, but it needs to be strengthened. All they do now is ask to see if the Contras comply. If I were a guerilla, and knew that ONUCA had no power to investigate, then I would not worry about my activities. ONUCA needs to have the ability to investigate. It needs to be strengthened. There is a General in charge from Canada. In addition, we would like to ask Perez de Cuellar to become more interested. We need to ask him to extend the mandate for six months and ask for a stricter mandate. (S)

On human rights, the situation with Enrique Bermudez is very sad. Mrs. Chamorro has named a special investigative, independent committee which includes a former commander of the Resistance, a representative of Cardinal Obando y Abravo, and other distinguished citizens. Before we came here, last week I delivered a request to the American Embassy asking for technical assistance from the United States. (S)

Under Secretary Kimmitt: The FBI says that it is prepared to lend technical assistance as requested. (S)

President Chamorro: I would like to ask again about the arrears program because we have been asking people to reaffirm commitments to clearing arrears. There is going to be a consultative group in May, and we need to go to it with a firm commitment. We need to be able to present the Nicaraguan people with something concrete. (S)

Under Secretary Robson: In all of our conversations we have recognized that there is a short time span, that we need to do it sooner than later. We are going to break our necks to see that the debt arrearage clearance is successful. (S)

President Chamorro: I know something else I would like to discuss also. I want to assure you that all young people are looking to the future and they are in my heart. I want to help all people and I will do all I can to bring about peace. I have encouraged by the fact that people are going to work for peace in El Salvador, and I am going to help. If I have done a job in El Salvador, I will be happy. I am not a politician, you are. But often women can do things to smooth the way for the common good of mankind. I want to make a toast, "the Nicaraguan people love the United States." (S)

Oh, it looks like Mr. Guthrie would like to say something about the Atlantic. (S)

Mr. Guthrie: I want to say first that we very much appreciate the aid program that we have on the Atlantic coast. It will be helping from 5 to 7 thousand people. I also want to say that I am worried about the situation there because I am the Governor

and I am the Congressman and I am a Union man. I am worried because we have 670 miles of coast on the Atlantic side, and we are near Colombia, and we have problems with trafficking. I want to be helpful, and I think it would be helpful to us if we could get a used Coast Guard vessel. (C)

I want to tell a little story about what a teacher told me. There were two girls in a classroom who, when a piece of chalk broke and fell on the floor, begin sniffing the chalk powder. When the teacher asked why they were doing that, they replied that it was because their father did it. This is a sad commentary about the prevalence of cocaine in the area and we need to do everything we can to fight this problem. (C)

The President: We need to talk to Governor Martinez about this. We will see what we can do to help. (C)

Here is the plan. We will meet upstairs before the dinner. If there are any subjects that you would like to raise again, or if there are other things to talk about as a result of your other meetings, we will can discuss them and if need be, we can get a few people aside to discuss them. I think it will be a good dinner tonight. I'm told we will see Silvester Stallone. I look forward to seeing you. (C)

-- End of Conversation --