

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Brian Mulroney, Prime Minister of Canada on May 15, 1991

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

DATE, TIME AND PLACE: May 15, 1991, 9:39 a.m. - 9:46 a.m.  
The Oval Office

The President: Brian? How are you? (U)

Prime Minister Mulroney: I'm doing fine. How are you? (U)

The President: I just wanted to check in. I had a question I wanted to ask you and I want to ask how's the family? (U)

Prime Minister Mulroney: Well, everyone is fine, coming along very well. I wish I could say the same about the country. We're having our troubles, but I think it's improving. The constitutional thing is settling down a bit and I think our recession will be over by mid-July and that we will be back to strong economic growth in the next few years. But we had a tough one. (U)

The President: Yes. (U)

Prime Minister Mulroney: Our people are talking about the recession ending by the end of July with 3 percent growth next year. That will be good for us because it's been bad for the last year in terms of economic growth. We had zero growth. (U)

The President: That's interesting that you expect to come out of it in July. We're still in the dumps down here economically. The thinking is that we should be coming out of it in the second half of the year. They're retreating on the estimates and I am hoping like hell for recovery in the second half. The reason why I'm calling is to get a readout. Did you meet with Moiseyev of the Soviet Union? (U)

Prime Minister Mulroney: No, I think he's coming in tomorrow. (U)

The President: I thought he had already been there. I'd be interested in knowing what his views are on CFE. I am hoping that he is bringing a message from Gorbachev that is positive. I talked to Gorbachev a few days ago and he said Moiseyev would be coming with new ideas. I thought he'd already been there to see you. (S)

Prime Minister Mulroney: I believe he is coming today or tomorrow. I'm not sure. Oh, I see that I have him down for tomorrow afternoon at 1:00. (U)

The President: It would be interesting to know what he says if you can probe him on CFE. Gorbachev is very anxious to have a meeting with me and I want to do it, but we have a sine qua non that we wouldn't do it if we weren't in accord on CFE and ready to sign. CFE and START are both going along all right, but there is still a hang up in CFE on naval infantry. Anything you might glean on this would be helpful. I thought he was going back to Moscow and then coming here but probably not if he hasn't yet come to Ottawa. (S)

Prime Minister Mulroney: When are you seeing him? (U)

The President: Let me just look at my block. Oddly enough, I don't see him on the schedule. I've got Helmut coming in next Monday, but I don't show Moiseyev. (U)

Prime Minister Mulroney: Do you think you're going to be doing CFE? (S)

The President: I think we are, because Moiseyev is supposed to have some new ideas which we have taken as a positive sign. He's not on the schedule yet, but I know he'll be here. (S)

Prime Minister Mulroney: I'm astonished that Gorbachev, with his economic problems, wouldn't be a little more forthcoming, a little more direct with regard to CFE and START and indicate dramatically that he is willing to come to the well in a big way. If he spends more of his GNP on defense, there will not be anything left for soap and consumer goods. (S)

The President: Yes, they need to cut that back. Gorbachev was strong in his appeal to me to be more forthcoming on grain credits. I want to do it. I want to stay with Gorbachev and to be supportive. He raised the issue of participating in the G-7. What is your view? (S)

Prime Minister Mulroney: I thought it would come up in your conversation. We discussed the issue at Houston, and I think there was some talk that he could come as a kind of observer at the end. (S)

The President: Hurd is here and Brent is talking to him today. We're kind of ambivalent on it. The problem is that if he comes, there will be expectations of an enormous bailout. This would

make things difficult. I'd love to help him, but there are constraints in our law based on which the Agriculture Secretary has to certify good credit, but no one in their right mind could certify that for the Soviet Union right now. I told Brent if it would help at home and give him stability, maybe we ought to do it. We are muddling around on the issue. What is your view?  
(S)

Prime Minister Mulroney: If he came to the G-7 Summit for the whole thing, we wouldn't have a Summit at all, because he wouldn't have a clue as to what we were talking about and it would throw off the agenda completely. But we may be able to be helpful by including him on the last evening. I don't know. If we extended it on the last afternoon when we have the press conference -- we could extend it a couple of hours and then review his problems with him and invite him to participate. I'll do what the others want, but it is pretty obvious to me that if he's there from the very beginning, its not going to be the kind of effective G-7 Summit that we had in Houston. (S)

The President: Margaret Thatcher checked in and urged me to have him at the G-7, but Hurd and the new government do not agree and they are wondering how to work something out to help him without making him a full participant. We have a little time on that.  
(S)

Prime Minister Mulroney: If I find out anything at all from Moiseyev, I will call you or get a message to Brent. (S)

The President: On Moiseyev, Monday or Tuesday he'll be here, so I think the plan is that he'll fly back to Moscow after seeing you and then come here. We had assumed that he'd fly here directly. (S)

Prime Minister Mulroney: We'll find out his plans and get back to you. (S)

The President: That's fine. (U)

Prime Minister Mulroney: All right, George. (U)

The President: Love to Mila. (U)

Prime Minister Mulroney: Bye now. (U)

-- End of Conversation --