

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Poul Schlueter of Denmark

PARTICIPANTS: The President  
Lawrence Eagleburger, Acting Secretary of State  
John H. Sununu, Chief of Staff  
Brent Scowcroft, Assistant to the President for National Security Affairs  
Robert Gates, Deputy Assistant to the President for National Security Affairs  
Thomas Niles, Assistant Secretary of State for European and Canadian Affairs  
Jane E. Holl, Director for European Affairs, NSC Staff (Notetaker)

Poul Schlueter, Prime Minister  
Peter Wiese, Permanent Under-Secretary of State  
Peter Dyvig, Danish Ambassador to the United States  
Niels Dyrland, Deputy Chief of the Danish Mission

DATE, TIME: October 16, 1991, 2:00-2:30 pm  
AND PLACE: Oval Office

The President: Poul, my good friend, how are you? (U)

Prime Minister Schlueter: It's so good to see you again. (U)

The President: Where are you coming in from? (U)

Prime Minister Schlueter: I'm just coming in from New York. (U)

The President: Well I'm anxious to hear your views on Europe and how you see the changes in the Soviet Union. I'm so glad you could come, and I'm only sorry we're not doing it in Kennebunkport. (U)

Prime Minister Schlueter: Yes, that was a wonderful time. Mr. President, we have two important summits coming up -- NATO and the EC -- and there is a link between the two though some would say not. (C)

The President: What do you think? (U)

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Prime Minister Schlueter: We have two efforts that we are working on -- one on political union and one on economic union and we want to finalize work before December especially in a few critical areas where unsolved problems still exist. Specifically, we are trying to work out how we will arrange the role of the WEU with regard to the EC. We do not yet have complete agreement on this. The recent Italian and British agreement presents one view while on the other hand Mitterrand and Kohl have had their meeting on this same issue. We, the Danes, agree with the British and believe it terribly important that we don't weaken NATO -- you can try for a European pillar, fine, but our primary intention is not to weaken the Atlantic link. The British and Italians share this view. The French and Spanish want to emphasize the WEU and have it play a strengthened -- not independent -- role. But we must resolve that NATO links not be weakened. (C)

The President: I couldn't agree with you more. (U)

Prime Minister Schlueter: If the EC is a political force, we will in the EC in future have a number of more or less neutral states as members, like Ireland, for example. (C)

The President: They're pretty good. (U)

Prime Minister Schlueter: Yes they are; and with Austria and Sweden. They have a tradition which is neutral. (C)

The President: Are there more? (U)

Assistant Secretary Niles: Malta, Cyprus, Finland. (U)

Prime Minister Schlueter: The Finns will probably join the EC. This will be no problem for the Finns any more with regard to the Soviets. In eight, ten, or twelve years perhaps Poland, Hungary and Czechoslovakia may join, but they do not want to be neutral -- these countries want to be very close to NATO. How can we strengthen our liaison with these three countries? It is important that we do not disappoint them -- they know there is a limit -- they know we can't provoke the Soviets too much. (C)

The President: Well you know, we had a good talk with Woerner -- we see eye to eye on where NATO fits in. (C)

Prime Minister Schlueter: We've seen the British and Italian view and the German and French view. The French and Germans emphasize a tighter WEU-EC connection versus a tighter WEU-NATO connection that the British and Italians see. We prefer the latter. (C)

The President: Are the French worried that the U.S. will leave Europe or do they want us out? (C)

Prime Minister Schlueter: The French are realists -- they know that the United States represents peacekeeping and stability in Europe. But the French want Europe to play a more independent

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role. The problem is that the French are not partners in NATO. (C)

The President: And there's no chance that the French will turn that around? (C)

Acting Secretary of State Eagleburger: No. (U)

Prime Minister Schlueter: No. The French are also very preoccupied with Germany. Germany is so strong and powerful -- economically and politically. (C)

The President: Yes, once the Germans get the Eastern side geared up, they'll really be something. (C)

Prime Minister Schlueter: We must arrive at something that the twelve can support. I like the Baker-Genscher declaration. It underlines the link between you and us -- we Europeans. (C)

Whether Kohl thinks along the same lines is another question. (C)

The President: The changes in Europe and the Soviet Union have been remarkable. I'm interested in your views on food and other economic assistance to the Soviets. We've sent mission after mission -- from our Treasury Department, Agriculture, Baker has gone. The Soviets still have to get their act together -- get a treaty with the Republics squared away. If they want to attract investment, they'll have to get things in order. We want to help. We've had discussions with Yeltsin and Gorbachev. They tell me that they're working cooperatively. (C)

We need to figure out where they're going to be -- what's in the best interest of the West. Clearly, a superpower Soviet Union is not in our interest. Neither is each Republic with nuclear weapons -- that's a troubling thought. We have a problem with that proliferation in the Ukraine, but it's not as if they're at each other's throats. We've had cooperative sounds from them that these problems can be worked out. But the nuclear weapons remain a big concern. (C)

Our own nuclear proposals have been well received. We've sat down with the Soviets and I'm encouraged by Gorbachev's response. So we're aware of the problem and concerned that it be handled properly. The Soviets simply have to sort out their future -- they're trying very hard. (C)

Prime Minister Schlueter: We're very happy about your nuclear initiative. And Gorbachev came up with sort of an answer but as you say, we shouldn't be naive. There is an enormous amount of unanswered questions. Perhaps in a few days they'll sign a new treaty among eight or nine of the Republics. Then they will be able to start to sort out what their future will be. (C)

The President: Do you think Gorbachev will survive? (C)

Prime Minister Schlueter: He might perhaps outlive Yeltsin. (C)

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The President: You mean politically? Yeltsin looked so strong during the coup, standing up to those tanks, but I know he's got his problems. Our Ambassador questioned Yeltsin whether he would go forward with an economic treaty. I called him to ask about his health and he assured me -- he said, "I'll be back. We'll sign." It was very clear to me that he was going to do this. But now reports are coming in that he's now thinking of reordering his priorities. Your point is valid -- he's never dealt with the day-to-day business of running a government. (C)

Prime Minister Schlueter: It appears as though those two have joined interests and that is a good thing. One can't be successful without the other. (C)

When it comes to aid, we should assist them with respect to food, medicine and not too scarcely. It's important to show the Soviet population that we care. When it comes to investment on a large scale, we should still say to the Soviets that they still owe us a number of important decisions. You don't move to a free market economy in a year's time. (C)

I think there is a difference with Poland and Hungary. In those states the decision is on the road -- they can now control their economy's move toward a free market. But we still lack a number of decisions from the Soviets. (C)

The President: What would you like to see? How would you like to see them in the future? (U)

Prime Minister Schlueter: I think we will see a number of independent states, but in a new sort of cooperation. Perhaps a loose confederation -- with a certain joint military and establishing a certain joint foreign policy. I anticipate that in five to ten years most of the members of the Soviet Union will become members of the U.N. They won't automatically follow the policies of the central government. Some of the Republics will be localists in Asia, and this will perhaps reflect in their foreign policies. Others that are very close to us in Europe will let that closeness reflect. (C)

The President: Some States are moving closer to Iran. Religious differences are also important. I don't have the best answer, but any arrangement that makes them less of a solid military threat -- any that reduces the possibility of a coup. (C)

Prime Minister Schlueter: There has been a fundamental change in central Europe. The Baltic states can never again come under risk. We in the West should never again accept Soviet influence in that number of countries. (C)

We hope we can assist. We shouldn't disappoint them. Many more young intellectuals are coming forward and in official positions. We are undertaking thousands of personal contacts -- business people, government officials -- we have the know-how and they are welcome to it. I recently visited Mecklenburg in the former East

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Germany. The people there are very nice but they have no knowledge -- no idea of what management means. They have no way to market their products -- no knowledge of markets. They need a complete change in their mentality. I'm afraid this will be the biggest obstacle. (C)

Mr. President, I would like to bring up one more thing before we end our talk. It is the GATT deadlock. Specifically I think your position is a problem for us. (C)

The President: What exactly are you talking about? What kinds of things can we do? (U)

Prime Minister Schlueter: I am referring to your position on agriculture. (C)

The President: Look, we know we're pregnant too. We subsidize our farmers just like you in the EC do. But your measures are much more extreme than ours. When you change, we will too. But if you could suggest something specific that you would like us to do, I'd be interested in hearing it. But we think we're essentially right. (C)

Prime Minister Schlueter: What you have asked us to do is a bit too tough. We must move in that direction -- that is sure -- but for now we do what we can. Maybe we can take the next step in three or five years. No doubt we need to reduce state subsidies. Politically we must be successful now and be sure that we can get a good result. (C)

The President: Open markets are better than aid for the Third World. (C)

Prime Minister Schlueter: I agree. Better as well for all of us, but for now we must make what progress we can. The Germans have made an important step in this way. (C)

The President: Yes, I guess the French are a bit isolated on this one. But if you have any specific ideas on what we should do, send them on to me. Where are you off to now? (C)

Prime Minister Schlueter: Tonight I go to Atlanta to give a speech to American businessmen. You know we would love for you to come to Denmark -- next year after your election. (C)

The President: Well, the election is by no means a sure thing. We're still sluggish in our economy. This election will be the toughest fight of my life. But thank you, I'd love to come. Thanks for coming Poul, it was good to see you. (C)

-- End of Conversation --

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