

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Janez Drnovsek of Yugoslavia

PARTICIPANTS: The President
James A. Baker, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft,
Assistant to the President for National Security Affairs
Robert D. Blackwill, Special Assistant to the President for European and Soviet Affairs

Janez Drnovsek, President
Budimir Loncar, Foreign Minister
Dragoslav Pejic, Permanent Representative to the United Nations

DATE, TIME September 25, 1989, 8:30 - 8:35 p.m. EDT
AND PLACE: Grand Foyer, Metropolitan Museum of Art, New York

The President met briefly with President Drnovsek during the President's reception for Heads of Delegation, Permanent Representatives and spouses, on the occasion of the 44th Session of the United Nations General Assembly.

The President: How long will you be in the U.S.?

President Drnovsek: We are leaving tomorrow. There are problems in Yugoslavia to attend to.

The President: Are these on the financial side or the political?

President Drnovsek: We try to do our best on the economic side but face real difficulties. We want a market-oriented economy, but the problem is that inflation is running at 30% per month. We are putting more emphasis on the private sector, introducing a stock exchange, and completely reforming the financial institutions. It is difficult to do everything, especially with so many social problems.

The President: Is unemployment bad?

President Drnovsek: It is uneven around the country. The average is 15%.

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~~AS AMENDED~~

The President: With Larry Eagleburger and Brent Scowcroft, there is a special desire to have strong ties with your country. We will try.

President Drnovsek: Can the Brady Plan be applied to Yugoslavia?

The President: In terms of concept, we are for that and are trying to get the banks involved to help work these matters out. I will check with Secretary Brady. The concept is much broader than Latin America; it needs to be world-wide.

--End of Conversation--

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