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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Mitterrand of France (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Nicholas Brady, Secretary of the Treasury
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 National Security Affairs
(Notetaker)

Francois Mitterrand, President
Jacques Attali, Special Counselor to the President
Roland Dumas, Minister of State for Foreign
Affairs
Pierre Beregovoy, Minister of Economy, Finance and
the Budget
Hubert Vedrine, Press Spokesman and Chief, Foreign
Policy Advisor
Elizabeth Guigon, Liaison Economic Advisor

DECLASSIFIED
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AS AMENDED

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DATE, TIME July 9, 1990, 9:10 - 10:00 am
AND PLACE: Manor House, Houstonian Hotel, Houston, Texas

The President: Welcome to the travellers. I am pleased you are here. I look forward to a good conversation here. (U)

President Mitterrand: We haven't had much time between our two recent meetings. It is good to be here in Texas. (U)

The President: I hope it isn't too hot. We'll have our first formal meeting this afternoon. Then, as in the Summit of the Arch, there will be a private dinner tonight. (U)

I'll mention what the press has on their mind: financial support for the Soviet Union; how to handle China now; agriculture and the Uruguay round; and environmental questions. There could be differences. I hope we can find some common ground, although there will be nuances of difference. (Ø)

I am pleased with the results of our NATO meeting. The reaction from the Soviet Union was very positive. (Ø)

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President Mitterrand: Thank you. Despite the variety of positions taken, it is clear that the most important common line of action was an effort to transform NATO. The Soviet reaction is promising, if the USSR is bold enough to give itself new structures. We have, related to this, the question of aid to the Soviet Union. You know the position of Chancellor Kohl and myself was adopted because of our sense of urgency. Aid given after months have passed might arrive too late. (Ø)

On China, we have to analyze events there. If we are to relax our attitude, we will have to explain ourselves. Japan doesn't seem to believe that is necessary. (Ø)

On GATT, we have differences that go back for years. I mean, of course, aid to agriculture. Either you subsidize exports, or the farmers. And we always criticize each other. If we have mutual honesty, we will find a way. I could support reducing aid to exports, as long as there are no losers at the outset. In Europe, we have 16 million farmers, far more than you. But of course ours are smaller. (Ø)

On the environment, we must act on this, which is the problem of the modern age. And there is the issue of aid to the Third World. We can't try to do much on our agenda here. We need to pick what is most important. (Ø)

The President: Yes. (U)

President Mitterrand: Regarding the Soviet Union, we are focused on the short-term, you more on the longer view. On China, it is the reverse. We have to catch up with one another. But in general we have to be clear. Concerning the environment, where do we begin: Climate change; ozone layer; carbon dioxide, oceans, waterways, or the disappearance of forests? We can't do this entire agenda. We need to choose. (Ø)

The Third World, over the next fifty years, will be very dangerous, including the use of nuclear weapons. We in the West must control the way the situation evolves. Thinking of the poverty in the world, there are billions of human beings -- three to four billion in the next 20 years -- with no goal in life. That will produce revolutions, war, violence, terrorism, and collective madness. We must do something together to combat this. Even when our two countries quarrel -- which hasn't happened much in the last two years -- we have exceedingly friendly relations. (Ø)

The President: That's exactly the spirit in which we approach this Summit. The press will try to point to differences, not the 95% we agree on. Let me get on the table the American position on the issues you mentioned. I don't want the press to dub our meeting a failure. (Ø)

On the Soviet Union, we are very interested in seeing Gorbachev succeed -- both perestroika and the man himself. We have been

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criticized for focusing too much on Gorbachev personally. But he is the best bet there is in the Soviet Union. I like the man. In the letter he sent me, he mentions some kind of financial support. But he also mentions technical support, which we can do. I said in London that I have no problem with Kohl's position on this. That's his business. But I have laws that prevent some actions on my part. The main thing is to find common ground here in Houston on how to help the Soviet Union. We mustn't let the press define our conversations here only on the basis of whether we give the Soviet Union \$20 billion. After all, Moscow still gives \$5 billion to Cuba. But I think we can work this out here. Gorbachev was not clear at Camp David about what specifically he wants in the way of aid. (Ø)

On China, Toshiki Kaifu said they must go forward with most of the third yen loan. They have a fundamental commitment, he said. They are close to the scene. I won't lecture Japan. But I hope we can constrain international lending to basic human needs, until the situation in China changes. We helped Fang Li Zhou get out; he goes to London and dumps in the press on the US. So much for human gratitude. There are rumors that Zhao Ziyang might be rehabilitated. They have lightened up on others being held incommunicado. But I think they can go further. But we can manage this without the press charging a failure of the G-7 Summit. (Ø)

The Uruguay Round is more difficult. If we don't move the question of agriculture forward, it could torpedo the whole round. That would produce failure in the most significant trading round ever. I talked with Delors last night. There might be common ground. We discussed specific language, and using the de Zeeuw report as a positive step with which each don't entirely agree. The report could be a "basis for future discussion." But we don't want the Summit to collapse on this basic economic question. We have fundamental agricultural problems with sugar, textiles, and other areas. We also need to help the Third World through opening up markets. But I'll talk to Helmut Kohl, who has domestic political problems. We all do. This one worries me the most because it is so time sensitive. (Ø)

On the environment, we need a good discussion. I hope we can come out with a program that doesn't say our economies can't grow anymore. We worry about jobs. You have prudently developed nuclear power. We can't. That is our problem. On forestry, we are moving hard on clean air. We'll show our determination to move ahead. I think we can. (Ø)

Then, near and dear to your heart, how to assist the Third World. I stress economic growth. I would like to get real interest in Europe in the cause of democracy in Central America. I'll tell you about our debt forgiveness plan for Latin America. The press doesn't seem so agitated on this issue. (Ø)

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I agree we don't want to bog down in minutiae. You and I have been able to talk even when we don't agree entirely. That's my approach here. I think we can have a G-7 success in Houston. (Ø)

President Mitterrand: I remember discussions on trade negotiations in unpleasant conditions in Bonn in 1985. I was alone in opposing your predecessor. We talked about agriculture and foreign trade. It is not pleasant saying no. But I did. I said there was more to trade than agriculture. I want the Uruguay round to be a success. (Ø)

On the Soviet Union, I understand your reasons. But beyond the realm of reason and logic, time may overtake us. Of course Germany and France will proceed, but the scope of the problem is so great that agreement here will be required to respond to it. Even \$15-20 billion isn't very much. That's why the US and Japan are important partners. We need your participation in help and subsidizing. But we don't want our aid to go to some Marshal Popov. We have so little time. (Ø)

The President: I keep thinking of Poland in the early 1970s. (U)

President Mitterrand: I agree with that. I don't want to throw money out of the window. Reform is necessary. That's what we must talk about here. (Ø)

The President: He wants to get consumer goods on the shelves, get rid of ruble overhang, then reform. Isn't he putting the cart before the horse? (Ø)

President Mitterrand: We won't find another man of that caliber in Moscow. He's a very strange phenomenon to come out of the 1917 revolution. (Ø)

The President: It is so difficult for Gorbachev to understand about the free market. (Ø)

President Mitterrand: And the man in the street is even worse. (Ø)

Secretary Baker: The NATO Summit will help Gorbachev in his internal summit. (Ø)

President Mitterrand: President Bush was bold and opportune at NATO, more so than we Europeans, I must say. I appreciate the positions you adopted. (Ø)

I don't want to insult the Soviet Union, but we are so far from their economic organization as the Western explorers who went into the African jungle selling beads for diamonds. (Ø)

The President: Let's see what we can do to help Gorbachev in a tangible way. (Ø)

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In the environment, I would like to get a strong position on deforestation. Kohl will be interested, but we will have difficulties if we are pressed to adopt no growth or unemployment policies. I can't accept that. Are you having any problem with protests against the French nuclear power program? (Ø)

President Mitterrand: Mostly no. We have not had one fatal injury from civilian nuclear power. (U)

The President: I can't say the same thing about coal mining and drilling rigs. (U)

President Mitterrand: We don't have environmental protests like they do in Germany. We just don't have more than 300 people in such demonstrations. (U)

The President: Environmentalists here have blocked construction of nuclear power plants. It is now impossible because of the lawsuits. (Ø)

President Mitterrand: The most difficult problem is what to do with nuclear waste, not the power stations themselves. Reprocessing is also difficult. But this is a complex problem. We have exported nuclear technology. US public opinion gets worked up. But we insist on international safeguards. Technology now allows us to make sure civil technology does not get altered to military use. The technology for civil use is now quite special, and we can prevent diversion. And it supplies cheap and safe energy to the Third World. (Ø)

The President: You are on the right track on this and will get no criticism from the US. I wish we had gone ahead earlier with cheap nuclear power. (Ø)

President Mitterrand: We would be happy to sell you a power station. (U)

The President: John Sununu has lived through the political wars on this when he was governor of New Hampshire. (U)

President Mitterrand: It's the same as with the New Zealanders about our nuclear testing in the South Pacific. It's ridiculous. (Ø)

-- End of meeting --

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