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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Brian Mulroney, Prime Minister of
Canada

PARTICIPANTS: The President
Brian Mulroney, Prime Minister
Notetaker: Tony Wayne, NSC Staff

DATE, TIME November 25, 1991, 5:10 - 5:27 p.m.
AND PLACE: The Oval Office

The President: Brian, how are you? (U)

Prime Minister Mulroney: Doing fine, thanks. How are You? (U)

The President: Well, I've just been out West. (U)

Prime Minister Mulroney: Are you back in Washington now? (U)

The President: Yes. (U)

Prime Minister Mulroney: Good, I'm in Montreal, and I'm not calling about any substantial policy business policy. I just wanted to take two seconds to pass on, if I could, an outsider's view of what I've been reading about in the U.S. I've been reading about it and thinking about it and worrying about it a little bit, although someone might say why is someone doing so poorly himself in the polls, where does he get the temerity to worry about someone else? (U)

The President: Well, I'm delighted to hear from you. (U)

Prime Minister Mulroney: I want to give you an outsider's view. I was in Paris last week, and the press there was full of it. My own assessment from the outside, George, is first, you are in the strongest position of any freely-elected leader in the world. There is no question about that -- you have both the breadth and the depth. Secondly, any of these kind of apparent missteps that I've been reading about, and I can't comment because I don't really know, but they're minor. They're totally driven by the media, which is simply looking for a fight. They are looking to reduce the odds. I think you have to avoid any precipitous action of any kind. Don't change course and keep the high ground of Presidential moral authority on foreign policy. The high

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ground on moral authority is absolutely indispensable to the well-being of America. Keep domestic policy initiatives oriented to the broad middle-class and any economic initiative focussed on job creation. (C)

The most important dimension of the American psyche that I have observed as a student of American politics is that they have pride. Americans have developed a sense of pride in four things: national security, national defense, a growing economy and an admiration for its leader, and you've got all four. (C)

The President: It's the lack of a growing economy where they're hitting me. (C)

Prime Minister Mulroney: Yes, but the economy continues to grow. It may not be 3 1/2 percent next year. But it is a growing economy. I think you have got all four, George, and I think, quite frankly it may be presumptuous of me to get into this, but I just wanted to tell you I think you have all four in place. They're trying to stampede you. (C)

The President: Yes, they are certainly doing that. It's an unpleasant time as you can imagine. They're hammering away. It's just a lot of election year politics with the democrats feeding in. We just have to get through this period. (C)

Prime Minister Mulroney: The reason I wanted to make sure I gave you a call is that I saw Governor Cuomo, not on Sunday, but the week before on C-Span and this guy, George, is about as thin-skinned as it gets. I couldn't believe what I was seeing. I almost called you that day. This is not a battle-hardened politician. He's a guy, and I say this with respect, but I would have to question his qualifications for the pounding the president of the U.S. must take. It occurred to me as I watched and watched the build-up in the media that those four great elements that I thought Americans take pride in their country, you've got the four. It's when you don't have one, two or three that there is trouble. I just wanted to pass on from the cheap seats that the worst that politicians can do sometimes is act for the sake of acting. (C)

The President: I think that's right. We will have a good program based on the latest data come the State of the Union. There aren't a hell of a lot of quick fixes out there for the economy. We're at a low, although it will be up. We have far better unemployment figures coming out of this recession than they had going into the Reagan recession. We're coming out. There are things to be grateful for. But if I try to say these things, it's almost like back in the '88 campaign. (C)

Prime Minister Mulroney: If you compare the unemployment rate in France or in Canada or in the UK or in Italy -- anybody but Japan -- you will find that your unemployment rate is at least 4 percentage points below that of major competitors. Remember in Canada today, and I'm sad to tell you this, unemployment is 10.2 percent. In France it is 10.8 percent, in the UK for God's sake

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it was up to 12 percent. It only recently broke the 10 percent mark. So relatively speaking, your position is a very strong one, but the American press does not make comparisons with other economies. (C)

The President: But if you say that, you've got to be careful. It's a difficult period here. Fortunately, I have sat through a couple of these and perspective helps. You're really sweet to call about it. (C)

Prime Minister Mulroney: I saw some of this. They get the drumbeat going. They start and it takes on a life of its own, but if you go back to the first principles of politics, the fundamental elements of decision-making of the American psyche, you have the four big ones in place. What they are trying to do is drive off a successful presidency. They want to get you in the mud down with them and wrestle. So, as a friend, I wanted to pass on my own views. (C)

The President: How are things going with you? (U)

Prime Minister Mulroney: We're actually doing a little better. (C)

The President: Well, that's great. (U)

Prime Minister Mulroney: After a long winter of discontent. We're doing better, but still it's rough as hell out there for me. I'm hanging tough. Our tough policies are starting to pay off. Inflation is down. Next year it should be at 1 1/2 percent. Interest rates are down, but still higher than yours. The policies are starting to pay off, and things should look even better come spring.

The President: Good luck. And thanks for this very helpful call. (C)

Prime Minister Mulroney: Love to Barbara. (U)

The President: Thank you. (U)

-- End of Conversation --

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