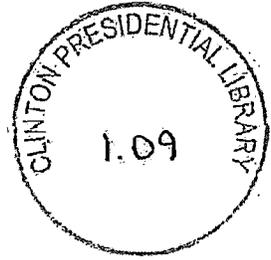


THE WHITE HOUSE
WASHINGTON



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MEMORANDUM OF CONVERSATION

SUBJECT: Working Lunch with Prime Minister Jean-Luc Dehaene of Belgium

PARTICIPANTS: The President
The Vice President
Warren Christopher, Secretary of State
Leon Panetta, Chief of Staff
John H. Dalton, Secretary of the Navy
Samuel Berger, Deputy Assistant to the President for National Security Affairs
Richard Holbrooke, Assistant Secretary for European and Canadian Affairs
Alan Blinken, Ambassador to Belgium
Alexander Vershbow, Senior Director for European Affairs, NSC Staff, Notetaker

Jean-Luc Dehaene, Prime Minister
Andre Adam, Ambassador to the U.S.
Frank Vandembroucke, Foreign Minister
Paul Maertens, Chief of Staff to Prime Minister
Johan Swinnen, Diplomatic Advisor to the Prime Minister
Frans van Daele, Director General of Political Affairs
Philippe Beke, Advisor to Foreign Minister
Moniel Delvou, Spokesperson for Prime Minister

DATE, TIME February 11, 1995 12:15 pm - 2:00 pm
AND PLACE: Oval Office/Roosevelt Room

The President: I understand you just flew in from Dallas. How long are you going to be in the States? (U)

Prime Minister Dehaene: I arrived on Tuesday, and will be going on to New York and then back to Washington. It's a quick but

intensive trip. I understand that you had Helmut Kohl here a few days ago. (U)

The President: Yes, we had a very good visit. Helmut was in good spirits, although he was a little sad about President Mitterrand's illness. (U)

Prime Minister Dehaene: Yes, he is losing a good friend. But he is also concerned about the French elections. (U)

The President: Yes. Do you think Balladur will win? (U)

Prime Minister Dehaene: As of now, I would say yes. He has the best chance. For the sake of continuity and for Europe, collaboration between Germany and France is of great importance. The personal element is also important. I think Kohl and Balladur can work together. I think Kohl also expects that Balladur will win, but you never know in an election. ~~(U)~~

The Vice President: That's certainly true. (U)

Foreign Minister Vandembroucke: Balladur has been lucky so far, but something could go wrong. This is what the newspapers are saying. ~~(U)~~

Prime Minister Dehaene: One thing always happens that you least expect in politics. (U)

The Vice President: Please give us your advice on politics before you leave. (U)

The President: And please take our media with you. (U)

Foreign Minister Vandembroucke: Maybe we should swap journalists. (U)

Prime Minister Dehaene: I don't know if we would change our press for yours. We don't like ours, but we prefer them to yours. (U)

The President: The British are the only country with a press that rivals the American press. (U)

Prime Minister Dehaene: Yes, their tabloids are even worse. (U)

The President: What do you make of the situation in Russia -- not just Chechnya, but generally? ~~(U)~~

Prime Minister Dehaene: For all of us in Europe there is an element of big concern about Russia. Like you, we are all thinking about how the situation in Russia will evolve and how we

should develop the security architecture in all of Europe. To start with Russia, following Chechnya we are in a terribly uncomfortable position vis-a-vis our public opinion. What has happened in Chechnya is unacceptable, but our position is not easy to explain. We accept that Chechnya is part of Russia and that this is an internal affair. What we cannot accept is the way they have tried to solve the problem. On the other hand, we also have to remind our publics that we are convinced that Yeltsin is still the best leader that we can have in Moscow. This is a difficult situation and a difficult position to explain. Public opinion is asking for a more pronounced position and we have to remain steady in the way we react. We attach very great importance to the meeting this week to establish a role for the OSCE. Chechnya is also a test for that organization. The Hungarian President is not doing a bad job in this context. He is trying to extend the OSCE mission and increase OSCE involvement. (e)

We also have to maintain our contacts with Yeltsin on the overall security architecture in Europe. When I visited Poland and Prague in recent weeks, and when I met with the Hungarian Foreign Minister, I found that Chechnya is a big concern for all the Central European countries. For them it is also a test of how Europe and the U.S. will react. Chechnya inevitably has a relationship to discussions on NATO enlargement, as it raises the question of future Russian intervention. For us, we have a difficult position. On the one hand, we need to give them a perspective that PFP will continue and, for some countries, will end with membership in NATO. On the other hand, we have to work in parallel to clarify our position toward Russia and avoid creating the interpretation that NATO enlargement is anti-Moscow. This brings me back to OSCE. It is the basis for the security architecture in Europe. (e)

What are the latest indications that Russia is going to sign the PFP documents? They also want to go farther, and we should do so in relations between Russia and NATO. (e)

Secretary Christopher: A month ago I met with Foreign Minister Kozyrev. We discussed the status of the documents that Russia did not sign in December -- the partnership program for PFP and the side-document on relations beyond PFP. I had the impression that Russian signature is only a matter of time. Since then, Chechnya has intervened. But in my conversation with Kozyrev, we took the first steps in discussing some kind of overarching relationship between Russia and NATO. We agreed that in 1995 we should work out this relationship in parallel with the work on NATO expansion. We have a general understanding, but Chechnya has now preoccupied our thinking and our conversations with Kozyrev since Geneva. We need to push for reconciliation in

Chechnya. Given our public opinion, it will be hard to move ahead with Russia until Chechnya is resolved. ~~(S)~~

Prime Minister Dehaene: What is your impression? Will Russia sign the document or will they ask for more before they agree to sign? ~~(S)~~

Secretary Christopher: I think we reassured them that NATO is not going to take decisive action on expansion this year, and that 1995 will only be a year of study and presentation of the results of that study. They understand that we will be proceeding in a measured way. How things got so off the tracks in December, we may never know. But after my meeting with Kozyrev and the Vice President's meetings with Yeltsin in December, I think Yeltsin has been reassured. ~~(S)~~

Prime Minister Dehaene: Do I understand you correctly that the 1995 process will be on course? We have heard some echoes from the U.S. that you wanted to go faster than was agreed in December. ~~(S)~~

Secretary Christopher: There has been no change in our position. The key is that the study be finalized in the fall and the briefings given so that we have an opportunity to consider the results and decide next steps. We are precisely on the course set down in the NAC communiqué. ~~(S)~~

The President: Have you met with the Republican leadership yet? Some of them believe we should be going faster on NATO expansion, partly because of domestic politics and partly because of their convictions. They will point to Chechnya to argue their position. They are influenced to some extent by Walesa. He argues that we now have the opportunity to expand NATO without any consequences, but that in 5-7 years, Russia may be stronger politically and militarily, and expansion then would have dire consequences. Therefore our timetable is wrong, according to Walesa. I disagree with this. We are moving at the right speed. The Vice President in his meetings with Yeltsin and Chris in his meetings with Kozyrev agreed that we will have an evolving relationship with Russia even as we work toward the expansion of NATO. But there is pressure here from people arguing that we should take the historic opportunity now to move east. We are expanding NATO for obvious security considerations, and I hope our allies do not believe we are moving too fast. In your discussions here I hope you will say that we are moving at the right pace. In December we decided that 1995 would be a year of study of the "why and how" and that it would be better not to say this year which countries will join or on what dates. Things might change, I don't know. We could have a different

conversation in six months. But for now, we are on the right course. ~~(c)~~

Prime Minister Dehaene: I have the impression that Russia refused to sign the PFP document because it had the impression that the NAC decision meant we wanted to rush the process. It is important to stick with the timetable agreed to in December. It is important to bring Russia to... ~~(c)~~

Secretary Christopher: ...to a steady course. ~~(c)~~

The President: I know that Chechnya frightens people in the former Soviet bloc. But it is not clear that it will make the Russians more eager for further adventures. ~~(c)~~

Prime Minister Dehaene: That is just what the Russian Ambassador told me before my trip to the Czech Republic. He said that I would hear in Prague that they are afraid and he said: "Why should they be afraid?" They should now see that the Russian military is not in any position to threaten them. ~~(c)~~

The President: There is also the factor of Russian public opinion. Chechnya has generated a lot of opposition. This is Russia's first televised war. It is what we have dealt with since Vietnam. Anytime you are getting people killed on TV, it leads to problems. Even though we have reservations about the way Yeltsin has handled Chechnya, it is good that the Russian people have seen it all unfold. ~~(c)~~

Prime Minister Dehaene: There is a new situation in Russia. We should also be concerned about the relationship between the politicians and the Army. I don't always have the impression that Moscow's orders are being followed by the military. This is cause for uncertainty about Russia's future. But I am certain that if Yeltsin disappears, we will not have leaders with more control over the military. This is also Kohl's analysis. We have to continue our policy of sustaining Yeltsin. For the moment, he is the best we will get. One of Yeltsin's weak points is that he has not succeeded in establishing a political party, and we should have contacts with other leaders. If there were elections in December, the real reformers won't have a party. We may end up with the same political relationships, with troops that the President can't count on, etc. One of the problems with Russia is that it still needs to learn the essential mechanisms of democracy. They seem to think they can create democracy on their own. It is different in Central Europe, where you feel that they have functioning democratic structures. These do not exist in Russia and this is an unstable factor. ~~(c)~~

I am glad to hear that we have the same approach regarding NATO enlargement. It is important to have a report on the "how and why" and then a further process, in which it will be important to give some countries -- on a well-founded basis -- signs that they can go farther toward membership. It is also my impression that the Central European countries underestimated at the beginning the effects of Partnership for Peace. They are learning now that it can help in the process of harmonizing procedures. At some point, we will need to identify and go forward to a new stage, one in which not all the countries of Partnership for Peace can come into the Alliance. We can't say that all partners will have the vocation to join NATO, but our conclusion on this will have to be the result of the NATO study. (S)

Secretary Christopher: One reason to make Partnership for Peace a more tangible organization is that it is not just a conveyor belt for new members, but also needs to have an independent value. (S)

Prime Minister Dehaene: To sum it up in two words, PFP is to prepare for membership, but it is also process in its own right. (S)

The President: We had very good PFP operations in 1994. We hope that during this year we will hold even more exercises and other things that will make it into a real organization, one that will add to the security -- including the psychological security -- of all of its participants, and one that will help create the proper transition for future members. We want all the partners to say that PFP is better than they first thought it would be. (S)

Foreign Minister Vandenbroucke: I have a question. Apart from expecting Russia to sign the PFP documents and have a special dialogue with NATO, should we also come forward with ideas for a more formal relationship? (S)

Secretary Christopher: Yes, I think we should explore that. There are lots of possibilities. At one end of the spectrum is a possible treaty between NATO and Russia. At the other end of the spectrum would be a commitment to consultations. There are a lot of possibilities in between, and we need to explore them in 1995. (S)

Foreign Minister Vandenbroucke: Yes. I think we should find something in between. (U)

The Vice President: Part of the dialogue with Russia will be to assure them that the NATO expansion process will take place in the context of efforts to define a Russia-NATO relationship that is partly within Partnership for Peace but also outside its

boundaries. The third element of this simultaneous process is an effort to deepen our bilateral relationship with Russia. A sense that these three processes will go along at the same pace is important to the Russians. (S)

Foreign Minister Vandembroucke: When you say "at the same time," are you saying that you do not consider Russia to be a future member of NATO? (S)

The Vice President: We don't exclude that possibility, but we agree with the Russians that this is most unlikely. (S)

Foreign Minister Vandembroucke: Should we say this or should we keep silent on that point? (S)

The Vice President: Russian membership is a theoretical possibility and there is little sense for us to say that, for all time, we rule out even the theoretical possibility of Russia joining NATO. To do this is not the same as investing it with any likelihood. The Russians have no such expectations, but the theoretical possibility helps them deal with what Gorbachev called the "enemy image." (S)

Prime Minister Dehaene: I have another question regarding NATO. Can we make progress in parallel with the second element of the NATO summit -- where we agree not only on PFP, but on Combined Joint Task Forces. This would give possibilities to Europe and the WEU to engage in certain operations. This may also be an element of concern for Russia. Until now, we have not seen sufficient progress in making CJTF more operational. I don't know your approach, but this could be of psychological importance since not all of our European partners are supportive of NATO expansion. It could be important to bring them along if we can make progress on CJTF as well as expansion. We have been clear in supporting the expansion process. We are one of the EU members who believe that we can expand the security dimension of Europe even faster than we can expand the EU (because some economic problems will be difficult to resolve before the EU can expand). So to bring all the Europeans along on expansion, we need to move ahead on CJTF. We have always stressed the need for a double approach to transatlantic relations and European integration. The case in point is our approach to the Eurocorps. Germany and France asked us to join. We obliged them only after it was clear that the Eurocorps would be tied to NATO as well as the EU. We have always been strong advocates of these two elements, but it is important that we operationalize CJTF. I am concerned that it has been stuck in technical discussions. Perhaps we need a more political approach. At some point following the military discussions, we will need a political impulse. (S)

Secretary Christopher: Do you think it would be easier to resolve CJTF after the French elections? ~~(S)~~

Prime Minister Dehaene: Probably. (U)

Foreign Minister Vandembroucke: Yes it will. (U)

Prime Minister Dehaene: But we should go very fast on CJTF after the French elections. ~~(S)~~

Foreign Minister Vandembroucke: If we succeed in settling the remaining issues on CJTF, it will be very important. It will lead to a settlement of the ideological question regarding the relationship between European defense and NATO. If there is good will on all sides, we can come to terms. Yes, it is technically complex. But we would like to see it resolved on a pragmatic basis. If you say that the WEU needs operational capabilities, then we have to be able to act without the participation of NATO but in harmony with NATO. So to put this into practice, CJTF needs to be settled. ~~(S)~~

Prime Minister Dehaene: I don't know what is your impression, but I think we need a political discussion. ~~(S)~~

Secretary Christopher: If your impression is that we are dragging our feet on CJTF, that is not accurate. ~~(S)~~

The Vice President: We have met resistance from France. And their elections will not completely purge them of their feelings. ~~(S)~~

Secretary Christopher: We are committed to the CJTF concept. ~~(S)~~

Foreign Minister Vandembroucke: This is a case of France's typical problems with the NATO integrated military structure. They feel there should be a clear distinction between Article IV operations and Article V operations. Taking this into account, pragmatic solutions should be possible. ~~(S)~~

The President: What about Bosnia? How do you see the situation? ~~(S)~~

Prime Minister Dehaene: I think that the Juppe initiative should be given a chance (the Foreign Minister can elaborate since he has been more closely involved). I don't know how Karadzic evaluates the situation after his negotiations with President Carter. We have to be careful to find the right way to approach him. It is important to ensure that we work on the same basis.

We have a problem with the perceptions of our public opinion. They feel we have to intervene and clear up the situation. We have to explain that we are engaged in a process. Some of them don't like this and want us to choose one camp and intervene massively. Right now, however, we are doing peacekeeping, in between the parties. We should continue to try to settle the conflict by agreement and we should reinforce UNPROFOR so it can implement that agreement. The Foreign Minister can elaborate on the EU position. ~~let~~

Foreign Minister Vandembrouke: First, I am very happy that the Alliance has found cohesion in its approach to Bosnia. We are grateful for your efforts despite the pressures of Congress and public opinion. We know it is difficult, but we are glad solidarity has been kept alive. We have questions about cohesion within the Contact Group at this stage. The Juppe initiative is worthwhile but I am cautious, as is Juppe himself. He asked the EU to endorse his idea in order to see whether his initiative could work. The summit France has proposed could be an informal one before holding a real summit of the parties. But the basic philosophy of isolating Karadzic looks like the right policy. My question is whether your Administration is on the same track. We have been told that you are looking for a way to get Karadzic into the process by defining the end result. Are you trying to get him to the point where he will not need to accept the Contact Group Plan as the starting point, but instead focuses on the end result? I am not sure this would be contradictory to the Juppe and EU approach, but it could be. So my questions are: (1) How is the cohesion of Contract Group? (2) What do you think of the Juppe initiative? (3) What is your thinking on isolating versus talking to Karadzic? ~~let~~

Secretary Christopher: Nothing in Bosnia is easy. I believe we are on the same wavelength as Juppe. In fact, I phoned him at 7:30 Monday morning to make sure. For a time we did try to see if it were worthwhile to have direct contacts with Karadzic. But we are now past that stage. And we don't think it will be worthwhile dealing with him further before we have more leverage. Therefore, we support the idea of working for a meeting between Milosevic, Tudjman and Izetbegovic and trying to isolate Karadzic so as to increase the pressure on him. ~~let~~

There are two areas where we have differences of nuance with the Europeans. First, I have always been cautious about summit meetings unless they are well prepared. They can overexcite public opinion and lead to disillusionment with diplomacy in general. Second is the degree of sanctions relief that we should offer Milosevic in return for cross-recognition. This is a fair subject for discussion in the Contact Group. It is more of a negotiation than a substantive issue. We are more cautious about

offering Milosevic the sun, the moon and the stars. But I think there will be unity at the Contact Group Meeting on Tuesday. We are sending an able man to join the group and represent us. We have made unity an important goal of our position. We have adjusted our position to keep the Russians on board and we know others have made compromises as well. (S)

The President: Let me make another point regarding your contacts with the Congress. If you agree that unity is important, particularly when Europeans have troops on the ground, and that we have a common interest in keeping the Russians in the process, please say this on the Hill. You know we are under enormous pressure to lift the arms embargo unilaterally. Many well-meaning people favor this. When I ask them whether they want us to put in troops if the situation collapses, however, they say no, no, no. Some of these pressures may be more image than reality, but there will probably be a serious effort to force the policy upon me. Therefore, I hope you will make your position clear. (S)

Prime Minister Dehaene: Regarding Congress's position, another point of concern for us is the whole discussion of peacekeeping operations and the role of the United Nations. What are the chances that the process will end in a vote? (S)

The Vice President: The legislation won't pass. (S)

The President: I think we will be able to beat it. (S)

The Vice President: And we may veto it if we can't. (S)

The President: There is a general rule to be remembered in watching the new Congress. There has been a complete reversal in some ways, but things are probably the same in one respect, or so I predict. In the last Congress, we had a majority and could pass almost anything in the House, but the Senate was more closely divided and has different rules. So the Republicans could stop almost anything with a filibuster. Plus some conservative Democrats would vote with the Republicans. Now there is a Republican majority in the House, made up of the extreme right. They will be ramming through all sorts of things. But don't be alarmed until you see whether the Senate goes along. (S)

Prime Minister Dehaene: The peacekeeping discussion is in the House for now? (S)

The President: Yes. And the people there want to impose radical restrictions on the President's role (not just my role) in peacekeeping. In foreign policy and trade policy, there is a

group that is not so much isolationist as in favor of retrenchment. This group is made up of the most conservative Republicans and the most liberal Democrats. At the extremes, they all want to focus on our problems at home. They ask: "Why are we doing this in foreign policy? Can we afford it?" We should never put U.S. forces under foreign command, they say, and so forth. But there is also a great body of common sense in the Congress and in the country that understands we have responsibilities in this new world. We have to lead but we also need more partnerships. That is why we need to build up Partnership for Peace and cooperation with our friends in Europe. We want to let others take the initiative when they can, but have the U.S. take the initiative when we should. Our collective job in dealing with the new political realities is to make sure that the necessary corrections occur. I believe we will be okay. Not only do I have the veto (I believe I can sustain my veto even on some momentarily popular items), but I also believe the Senate will block a lot of things passed by the House. I could be wrong; we have just begun. But if you could put in a word about these issues to the Congress, it would help. (C)

Prime Minister Dehaene: There is certainly reason to reflect on why we do peacekeeping. But it is important that we do this together in the UN and seek a common position. We can understand the reaction after things happen, as they did to your people in Somalia and to ours in Rwanda. There are reasons to redefine the conditions for peacekeeping, but it would be bad if the biggest country acted on its own. So I am glad to hear your position. (C)

The President: Don't worry. I am hopeful that there will be a maturing of attitudes in the Congress. For now, however, be mindful that the House could pass some alarming things, but I would predict that the Senate will be more measured. And when I veto things, I believe I can sustain it. (C)

Secretary Christopher: To return to Bosnia, I would like to solicit your support for the Federation. We had a meeting in Munich where we tried to revitalize the Federation. It will be a good antidote to Karadzic and the Bosnian Serbs. Right now it is like a house without furniture. We need to give it more content. We've proposed the Friends of the Federation. In our meeting with Kohl he said he wanted to do this in conjunction with other allies and not get out ahead of the others. So if you could give the Friends of the Federation a boost, it would be helpful. (C)

Foreign Minister Vandembroucke: Regarding the Juppe proposal, I agree that we need to be sure of success before we launch a high-level meeting. On sanctions, I understand your position, but Milosevic will need a lot to agree to recognize the others. (C)

Secretary Christopher: Yes, he will need a lot at the end, but the question is where do we start out. (C)

Foreign Minister Vandembroucke: I agree about the Federation. We know things in Mostar are not going very well. We need to boost the process. (C)

Prime Minister Dehaene: Before I say a few words on Africa, I would like to hear your evaluation of the Middle East situation. We admire what you and Secretary Christopher have done, but we appear to be at a critical moment. To settle the conflict, we need to improve the economic elements. If Arafat cannot prove that he can produce economic growth and well being, he will not be able to hold on (and vice versa). (C)

The President: Let me say a few words and then turn it over to Secretary Christopher. There are two problems. The first that concerns me is the Israel-PLO agreement and encouraging the sides to carry through. There are lots of enemies of the peace process who are using terrorism and other means. The trauma was very strong after the latest bomb in Israel. Rabin lost one of the minor parties from his coalition, so he has less of a grip. The second big question is whether we can ever achieve an Israel-Syria agreement. This would be good for the peace process and would help in stamping out terrorism. We are trying to get things on track. Tomorrow we will be holding a meeting of the foreign ministers of Egypt, Jordan and Israel, along with a PLO representative. It is not the best time, but we need to try to keep things on track. It will be difficult to move on the PLO deal and on Syria, but the group of leaders we have now probably has a better chance of success than any other leaders I could imagine. So we are boring ahead. (C)

Secretary Christopher: The President gave a good survey. I cannot pretend that the situation is not fragile. But we have been there before and we have gotten the process back on track. When we meet Sunday with the foreign ministers, we will face the mirror-image problem. From Arafat's viewpoint, the Israelis have not given him enough to manage autonomy and resist terrorism; so he argues that Israel needs to give more autonomy and more resources to fight terrorism. Rabin's argument is that Israel can't confer government powers on the Palestinians unless they can see whether the PLO is able to absorb those powers. There is a very bad situation after the last terrorist attack. The Israelis closed Gaza tighter than ever before -- to goods as well as people. We are trying to deal with all the leaders. I had to call Arafat just to get him to send someone to tomorrow's meeting; but now he has agreed to send a very senior person, his number two. We need to give Arafat a basis to be stronger in

fighting terrorism. He has taken some steps in rounding up some people from Islamic-Jihad and from Hamas. (C)

We are glad that the President has given us strong instructions to keep working. We know the consequences of failure. If Hamas took over in Gaza, it would be terrible. With regard to Syria, there has been some slippage. Assad has hardened his position and he is less keen to move on normalization. But Rabin and Assad have an underlying interest in common. Assad knows that he needs to do it this year, since 1996 is an election year. However, Assad may be questioning whether Rabin can do it with his weakened coalition. Nevertheless, we will keep at it. (C)

Foreign Minister Vandembroucke: In our context, should we press the Israeli government to be more restrictive on settlements around Jerusalem? (C)

Secretary Christopher: Yes. This is a goad to Arafat. Settlements have always been a troublesome factor, and we are seeing it again. But on a more positive note, if we look at the Middle East situation as a whole, there has been so much progress since the Administration began. Israel has normalized its relations with so many Arab countries and now Israelis can travel back and forth to them. (C)

The President: Thanks for your help in promoting normalization between Israel and Tunisia. (C)

Secretary Christopher: There has been real progress through normalization and we cannot let it slip backwards. (C)

Prime Minister Dehaene: This is very important. If we let things slip, Islamic fundamentalists will come in. (C)

Foreign Minister Vandembroucke: Can Arafat do more in fighting terrorism? (C)

Secretary Christopher: Yes. If the Israelis ease up enough to give him the confidence to do it. (C)

Foreign Minister Vandembroucke: This is not a tactical question? (C)

Secretary Christopher: It's a question of confidence. (U)

The President: What do you want to tell us about Africa? (C)

Prime Minister Dehaene: We are strongly involved in Central Africa, particularly in Rwanda, Burundi and Zaire. We have to be aware that the tensions in Burundi have the potential of leading

to a repetition of the tragedy in Rwanda. Even though the leaders in Burundi are trying to organize collaboration between the Tutsis and Hutus, it is clear that both sides are under enormous pressure. The Hutu majority is being pressed by Hutu refugees from Rwanda, who are now living in the camps in Zaire. There is a whole organization from the former Rwandan government that is going to the camps and organizing a mini-state. This is putting big pressure on Hutu extremists in Burundi. ~~(C)~~

The present government is under some pressure from Tutsi extremists. There has been a succession of incidents that reinforce the pressure. So to avoid a repetition of what happened in Rwanda, a number of countries need to help prevent the situation from getting out of control. ~~(C)~~

Second, let me describe the situation in Rwanda. We have put enormous pressure on the government that is in place now and have a more solid basis on which to resume a dialogue with the Hutu majority. We can't say that we have succeeded thus far, because both sides are still refusing to reestablish a dialogue and to come to an agreement as was set forward in Arusha. The situation for the moment in Rwanda is consolidating itself step-by-step, but in a bad way. The Hutus are organizing themselves among the refugees in Zaire, while the Tutsis dominate the government in Kigali. There has been no movement partly because the organizations have impeded it and partly because the situation doesn't encourage people to return to Rwanda. We are supporting the Conference in Bujumbura in order to encourage refugees to return. But given the Rwandan government's approach to refugee return, the tensions could persist for the long term and we could have a repetition of what happened before. So the situation is very destabilizing. ~~(C)~~

Finally, the situation in Zaire. I had the opportunity to meet with the Prime Minister in Paris (he was there for so-called health reasons, and came to Belgium). Prime Minister Kengo's intentions are good but his real impact on what happens is small. He has appointed a new governor of the Central Bank, but there is so much counterfeit money, and it is clear that the President is playing in that game. Secondly, no one is controlling the army. Kengo said he might carry out an operation to replace the currency with a new one. He also spoke of establishing a new army, but in terms that were not realistic. Meanwhile the President is pushing for elections in July, yet they can't be held in present conditions. So we have a very destabilized situation in all three countries. In Rwanda and Zaire we have governments that have no impact on the reality of the situation. We need to follow things very closely. I am pleased that we can consult closely with the U.S. We need to keep this up in order to see what we can do. My biggest concern is Burundi, where the

situation is very unstable. It would be bad for our image if Burundi became a repetition of Rwanda, and we had failed to agree on measures to prevent it. (C)

Foreign Minister Vandembroucke: The question is whether we can do anything in a preventive way with respect to Burundi. The extremists are gaining ground in political parties and public opinion. This is not just a question of a few troublemakers. If we had more observers, perhaps we could do better. But we need to talk as soon as possible to the OAU. Perhaps we could finance more observers. The situation is very urgent. (C)

Samuel Berger: The President today broadcast a message that will be widely disseminated in Burundi. It calls on the moderate factions to moderate their behavior. And it calls for reconciliation. Our Ambassador there is very much an activist. He has been working tremendously hard because we share your assessment of the risks of the situation. (C)

Foreign Minister Vandembroucke: Regarding Zaire, should we stay passive or be more active? We explain to them that they are not going in the right direction. So far I have been cautious, believing it is better to stay passive. But should we do a joint demarche? Should we talk to them about the date of the elections, or stay silent? (C)

Secretary Christopher: We would take on a lot of responsibility if we were to try to convince them to postpone the elections. (C)

Prime Minister Dehaene: But on the other hand, if we let the President do what he wants, he will force elections in July, yet the internal organization won't allow these to be serious elections. (C)

Foreign Minister Vandembroucke: But he will win them! (C)

Prime Minister Dehaene: I don't know how they will vote. In some parts of the country, there will be no voting at all -- they don't have the infrastructure or communications. (C)

Secretary Christopher: What is your assessment of Kengo? (C)

Prime Minister Dehaene: He is trying to get the situation under control but he doesn't have the ability. He sees where the problems are, but lacks the instruments to go against the President. It is positive that he put a new governor into the National Bank, someone who is not just his man but has the confidence of the IMF and World Bank. That was difficult and it took him nine months to do it, but he achieved it. Now he says

he wants to change the currency. I told him that it made no sense to do it if it were not in agreement with the IMF and World Bank. To replace a currency with a new one and stop counterfeiting, one needs the IMF to know what levels of money to release and to provide other help. I will meet with the IMF and World Bank in Washington to see how they approach the situation. But much preparation is needed beforehand. The same applies to the Army. It has too many people and no one knows who is paying them. Kengo said he was going to send them out to build roads and build a new army. I asked him how he was going to do this. His intentions are good but he has no idea how to do things. (C)

Foreign Minister Vandembroucke: Let me offer an anecdote to illustrate. To organize elections, one needs to conduct a national census and take other steps. Yet the Zairian parliament cannot pass an election law because it cannot even decide who the co-chairmen of the committee to draft the law should be. There is a lack of consensus within the elite, and you cannot move things through the parliament. So my question is whether or not we should intervene, urge them to work together and find consensus, or should we stand aside? Until now, I have preferred to be cautious, but there are real problems: First is President Mobutu, and the second is infighting within the elite. (C)

Prime Minister Dehaene: In short, it is a mess. (C)

Secretary Christopher: But the situation is more hopeful than it has been for some time. We will try to push for delay in the elections through our Ambassador without taking on responsibility. We have railed against Mobutu for as long as I can remember, with no success. (C)

Prime Minister Dehaene: I just ask that we stay in close contact. (C)

The Vice President: We should also talk with one another about the implications of efforts to prevent further deterioration in Africa caused by uncontrolled population growth, environmental destruction, sales of dangerous weapons, etc. These forces are combining to destabilize countries to a point that it is, as the Prime Minister said, a mess. And it is happening all over. (C)

Prime Minister Dehaene: Yes, from Somalia to Zaire. (C)

The Vice President: From Sierra Leone to West Africa. (C)

Prime Minister Dehaene: There is a whole gray zone where there are no governments, where it is not clear who is in charge. We have to recognize that we failed in Somalia to change the

dynamic. The whole of Central Africa must be one of the big concerns of our foreign policy. (C)

If I might ask about two other problems in which we are involved either directly or indirectly: On Haiti, we appreciate your words of thanks. Do you think we can meet the timetable for shifting responsibility to the UN? And what is going to happen in Mexico? (C)

The President: We are on track in Haiti. There are problems from day to day, but the operation has gone very well. We are so far on schedule to turn things over to the UN by the end of March. We expect that the total force will be 6,000 troops, of which the U.S. will make up roughly half. (C)

Prime Minister Dehaene: You will stay as part of the UN force? (C)

The President: Very much so, as part of the UN force, we will be roughly half the total. We will stay through the election and inauguration of the next President early next year. I feel very good about the situation. We've had only one death and it was kind of a fluke (when soldiers stopped a truck at a barricade). The situation is not free of difficulties. Mr. Berger just made a big speech describing how remarkable things are. Tony Lake is there this weekend. There are still some political problems in establishing a civilian government and determining who runs the police. But on balance, things have gone much better than expected. (C)

Samuel Berger: We have to keep in mind that Haiti is the poorest country in the hemisphere and one of the poorest countries in the world. So our expectations cannot be excessive. President Aristide described it well when he said that "we have helped them make the transition from misery to poverty with dignity." This provides a good perspective on the situation. Aristide has done everything we expected in reaching out. Reconciliation has become his watchword. (C)

Prime Minister Dehaene: The important thing in Haiti, as compared with Somalia, is that when we went there, we knew what was the process we wanted to put on track. In Somalia, we didn't know this. (C)

The President: I learned from Somalia that, unless a humanitarian crisis is caused by a natural disaster, then politics are involved; it is naive to assume that we can go in to stop people from starving without dealing with the underlying political problems, as we did in Somalia. We went in honestly with a limited humanitarian mission, but we had to stay and we

had inadequate resources to deal with the political situation. In Haiti, we had the privilege of time (since the military dictators did not leave) to plan for a year and to work through every last aspect. We probably won't have that luxury again, but we need to prepare as we did. In Rwanda we went in and out with a strictly humanitarian mission and did not pretend to seek to have an impact on the political situation. In Somalia, we joined a UN mission that had not been thought through. This explains the opposition in the U.S. to UN peacekeeping operations. People were affected by seeing our soldiers dragged through the streets. But we have learned from our mistakes. ~~(S)~~

In Mexico, the situation is much better, but we are not out of the woods yet. The fundamental problem is that Mexico probably expanded its economy too optimistically, especially after NAFTA. They ran up a lot of short-term debt, and couldn't pay when it came due. They were bound to have a devaluation, yet they tried to maintain a fixed exchange rate. The international financial markets probably over-corrected, running the risk that all fledgling market democracies could have been damaged. There were big drops in Argentina and Brazil, and even in Central Europe, after the peso collapsed. There were even troubles in India. People thought they should put their money some place safe. I thought it necessary that there be rapid action. I was glad the IMF came through, especially after it became clear that we would not get our loan guarantees through Congress. There are still problems. Some of the Mexican banks are still shaky, having too many delinquent loans. But we are working hard with them, and I think they will make it. We couldn't wait any longer to act. I regret that the consultations before the IMF vote were inadequate, but the situation was touch-and-go, with daily auctions forcing the peso down. ~~(S)~~

Prime Minister Dehaene: In Europe there was some displeasure about the lack of consultations, but we agreed that something needed to be done. I have broader concerns. This was a subject that was on the G-7 agenda. Open financial markets with capital flowing without control can lead to concentrations in one country even if the economic fundamentals there don't justify it, and therefore cause disequilibrium. The G-7 should set as a priority to determine what structures can be put into place to deal with this. With the global economy, we almost have a "casino economy," in which a limited number of guys can concentrate capital at the drop of a hat, with the problem further reinforced by computers. (This is using the information superhighway in the wrong way, to reinforce dangerous capital movements.) We have the GATT and now the WTO to look at how to regulate the situation. Just as we sought to deal with environmental issues at the Rio summit and we will deal with social issues at the Copenhagen summit, we need to decide what kinds of regulations

are needed for the world economy to match what we have in our national economies. Capital movements are an urgent issue. We need to see what we can do, since failure to act could threaten the global economy. You are right that if you had not acted in Mexico, there could have been a domino effect. But we need to go further in dealing with a situation in which deregulation has gone too far. ~~(C)~~

The President: You are right. I don't have the answer and am hesitant to comment. But if we want a world dominated by mature and developing market economies, we also need a world central bank. The IMF and World Bank are not up to dealing with situations like Mexico. If we hadn't had resources set aside to deal with runs on our own currency, we couldn't have done what we did in Mexico. The opinion polls were 81 to 15 against what I did, but I did it. I can understand why the polls were against. If the issue were still in the Congress, they would still be debating it and Mexico would have gone down the tubes. I don't have an answer, but we need institutional mechanisms which permit market movements but which have some checks on stability. It is like trying to turn an aircraft carrier around on a dime. ~~(C)~~

Prime Minister Dehaene: None of the individual states have the means to prevent destabilizing capital movements. ~~(C)~~

The President: If we there were a repeat of the Mexico situation in Argentina and Brazil, we couldn't help. ~~(C)~~

Prime Minister Dehaene: In the end, the globalization of the economy is a good thing. But if we don't organize ourselves well, there could be catastrophic reactions. ~~(C)~~

The President: This is a big challenge. There are pressures on the social contract even in developed countries. Less skilled workers are not getting raises, and inequality is increasing in Western countries. Currency movements only exaggerate that effect. It puts at risk people's sense of belonging, which is dependent on the sense of being rewarded for their work. So the G-7 is very important. If you have any specific suggestions, I would be eager to hear them. I don't want to make a mistake, to undermine the good aspects of the world economy in trying to improve it. But even the U.S. can only handle one Mexican crisis. ~~(C)~~

Prime Minister Dehaene: The pressure of capital movements on the stability of currencies can have social consequences that are very far-reaching. So we need to avoid exacerbating the relationships between the haves and have-nots, including within our own societies. ~~(C)~~

The President: We need to wrap up. I want to thank you for your support for the indefinite extension of the Nonproliferation Treaty. I hope you will help with others. ~~(C)~~

Foreign Minister Vandenbroucke: One thing that is restraining us in this discussion is that we need to find some way to ensure that non-member countries don't escape regulation as well. ~~(C)~~

-- End of Conversation --