

July 25, 1997

ACTION

MEMORANDUM FOR GLYN T. DAVIES

FROM: ALEXANDER VERSHBOW *AV*

SUBJECT: Memorandum of Conversation Between the President
and President Herzog of Germany

Attached at Tab A is the Memorandum of Conversation of the
working lunch between the President and German President Herzog
on July 24, 1997.

RECOMMENDATION

That you sign the memo at Tab I transmitting the Memorandum of
Conversation to the Department of State.

That the attached Memorandum of Conversation of the meeting be
filed for the record.

Approve g769 Disapprove _____

Attachments

- Tab I Memorandum to State
- Tab A Memorandum of Conversation

MEMORANDUM FOR MR. WILLIAM J. BURNS
Executive Secretary
Department of State

SUBJECT: Memorandum of Conversation Between the President
and German President Herzog on July 24, 1997 (e)

The attached Memorandum of Conversation of the working lunch
between the President and President Herzog is provided for the
information of the Secretary of State. It must be distributed
via NODIS channels and not below the Deputy Assistant Secretary
(DAS) level. It may also be sent to the Embassy in Bonn for the
Chargé d'Affaires only. (C)

Glyn T. Davies
Executive Secretary

Attachment
Tab A Memorandum of Conversation

Classified by: Glyn T. Davies

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Working Lunch with President Roman Herzog of Germany (x)

PARTICIPANTS: The President
 Vice President
 Strobe Talbott, Deputy Secretary of State
 Samuel Berger, Assistant to the President for National Security Affairs
 Leon Fuerth, ~~National Security Advisor for the Vice President~~ Assistant to the Vice President for National Security Affairs
 J.D. Bindenagel, Charge, Embassy Bonn
 John Kornblum, Assistant Secretary of State for European Affairs
 Donald Kerrick, Deputy Assistant to the President for National Security Affairs
 Alexander Vershbow, Special Assistant to the President and Senior Director for European Affairs, NSC (Notetaker)
 Gisela Marcuse, Interpreter

Roman Herzog, President
 Matthias Wissmann, Minister of Transportation
 Dr. Werner Hoyer, Minister of State
 Wilhelm Staudacher, State Secretary
 Jürgen Chrobog, Ambassador to the United States
 Professor Dr. Werner Weidenfeld, Coordinator of German American Cooperation
 Dr. Christoph von Rohr, Executive Director, New Germany Länder Industrial Investment Council
 Johanna Quandt, BMW Executive
 Steffi Graff, Tennis Professional

DATE, TIME AND PLACE: July 24, 1997 12:30-1:30 p.m.
State Dining Room, The White House

The President: I know many people spent time in Germany as Fulbright scholars. I knew Senator Fulbright very well and I know how his program changed the lives of the participants. (U)

Classified by: Glyn T. Davis

President Herzog: We were discussing on the way to lunch the many new opportunities in the world for communication. But nothing can replace personal contacts between people. We need to adapt our systems of education so that German universities become more attractive again for American students. This will be the subject of my next important speech. (U)

The President: I will support you on that. We will do what we can to support exchanges. It was on a foreign exchange program that I met Strobe Talbott 29 years ago. We studied in England together. For almost 30 years, my mother felt that he had been more successful than me as a result of the experience. (U)

President Herzog: Mothers often underestimate the prospects of their sons. (U)

The President: She just thought it was better that he was writing books than entering politics. The Vice President here has had the best of both worlds in this regard. (U)

President Herzog: I would like to return to our previous discussion and ask for your impressions about your visit to Central and Eastern Europe. (U)

The President: My overwhelming impression from my stops in Warsaw and Bucharest-- as well as previous visits to Budapest and Prague-- is that the people in the region are still in love with their freedom. They want to be accepted by the West and its institutions. I think it was a good thing that we decided to extend NATO membership to Poland, The Czech Republic and Hungary. It would not have been a good thing if we had offered membership to five countries. In Poland I was met with a big crowd and lots of enthusiasm. As for Romania, the conclusion I draw is that we did the right thing in not inviting them to join NATO just yet. Their per capita income is less than one-half of Poland's. To meet their military responsibilities in NATO, they would need to spend five or six percent of their GDP. They should not do that at this point.

(c)

It was right for me to visit Bucharest. There were over 100,000 people in the streets. I suggest that you or Chancellor Kohl visit Romania as well. We all need to organize a sustained effort to support their reform program. President Constantinescu is very impressive. His whole team is under 40 years old, with lots of experience in Western Europe or the United States. They are very committed to reforms. They know that reforms initially lead to a down turn in the economy. They had hoped that an invitation to NATO would help convince the public not to lose heart. Romania is very important, as is

Slovenia. We should offer them the chance to join NATO in two years if they keep going in the direction they are now pursuing. We need to help keep their spirits up. Romanians are a very emotional people. The level of intensity and passion in the streets was amazing. I am very hopeful about the overall situation. That part of Europe looks good to me. (✓)

President Herzog: I agree with much of what you just said. I have the same impression about the situation. The Romanian people are optimistic. They are willing to work hard. The best thing we can do is to help them economically and give them the feeling that they belong to the West and will be included in our community. The issue is very much psychological. For Germany, of course, this will be an enormous task. Each individual East European country expects us to help them. We will continue to do everything we can, and we are not seeking German domination. It is important that the United States realize that we are not turning our backs on the Western Alliance, but that it is in our interest to support Eastern Europe as part of the fulfillment of our obligations to the Alliance. I don't think you, as President, misunderstand this, but there have been some questions raised about Germany shifting its attention away from Western Europe to the East. We belong to the West. We want to help these countries find their way back into the West European community, since this is in our common interest. (✓)

The President: Germany has done more than its fair share in this regard. You have borne the heavy cost of integrating Eastern Germany and you have been very generous in your approach to Russia, when other countries were more skeptical about the prospects for reform there. People used to make fun of Chancellor Kohl and me, claiming we were too close to Boris Yeltsin. We said that he was the only Russian president we had and that he had stood up for freedom. I feel very grateful for German leadership in absorbing the enormous burden of Bosnian refugees. I am trying to persuade the Congress to do more in terms of non-military investments around the world. Lots of our Congressmen have a different view, arguing that we should not be spending more on foreign aid. Some of these are frankly isolationist (✓) they argue that the Cold War is over and we should forget about our world role. Therefore, we have an ongoing debate aimed at changing the attitudes of the American people and Congress. Small amounts of money can have a huge impact in helping people in Poland and the rest of Central Europe, and in maintaining our partnership in support of peace in Bosnia. You may meet with some people here who say that Europe should take on more responsibility and even take over the effort in Bosnia. But you can say that Germany has done its part to keep the world going in the right direction. (✓)

President Herzog: I am very happy that you see it that way. Germany is a prosperous country and will continue to do what it can to help others. The Bosnian refugees represent a problem of enormous proportions. Solving the problem of their return is a major challenge. We are trying to handle this in a careful and humane way. The question boils down to one of financial costs. We could use the same money that we are paying to assist the refugees in Germany to help them build new houses and return home. (Ø)

The President: One of the biggest problems in implementing the Dayton Peace Agreement is the question of refugee return and resettlement. I agree that it would be less expensive to help them build houses and go home. If we wait several more years to do this, it will be almost impossible to send the refugees home. We are now working on an agreement, with which I believe Congress will go along, to permit 300,000-400,000 refugees from Central American countries (→) Nicaragua, El Salvador, Guatemala (→) to settle permanently in the United States. They left 10-15 years ago with the intention of returning. Yet now they have put down roots, had children, married American citizens, so we need to resettle them here. (Ø)

President Herzog: That is indeed the problem. In the future we will have similar waves of refugees from other conflicts. Therefore, we need to return the refugees from Bosnia so that we can be in a position to assist the future refugees. Since 1945, Germany has seen repeated waves of refugees (→) from Hungary in 1956, from Czechoslovakia in 1968. It is important to return refugees and, in the case of the Bosnia refugees, to do so in time to make way for the next wave. (Ø)

The President: Are you in favor of NATO forces taking more aggressive action against people who are resisting refugee returns? (Ø)

President Herzog: That is a very difficult question. The situation varies from one place to another within Bosnia. It is my personal conviction that, if rules are established, we should make sure that they are implemented. But you cannot compare the situation in one place in the former Yugoslavia with that in another. We will need to do a very specific analysis. (Ø)

Minister Wissmann: We have tried to get help to the people of Bosnia by sending new railway cars to Sarajevo. Five months later, however, these new cars have not been put into service. The leaders in Pale want 50 percent and we have been in continuing negotiations. This is just the case of railway cars, and not refugees. The question is whether these kinds of problems can be resolved without force. (Ø)

President Herzog: These are not new problems for the people there. Over the centuries, they have established ways of behavior and it is difficult for us to fully understand the situation. I wouldn't dare to make a general assessment. (✓)

The President: Much of the problem relates to the leadership of each of the ethnic groups today. A fair reading of history shows that they lived peacefully together for many of the last thousand years. In the last few decades, they lived peacefully together in and around Sarajevo. It was only a few years ago that they started shooting each other. This is a sobering fact as we consider how to handle our own people. Our country is becoming more diverse daily. Our culture is becoming very different, with different ethnic and racial blends. It is a great challenge for democracies. We cannot lead the world if we cannot keep our own people together. We need to show that we can live in harmony among many ethnic groups. In five years, our largest state, California, will have no majority race. Today, that is true only in Hawaii. Six major cities have schools in which there are children from over 100 ethnic backgrounds, and soon that will apply to twelve cities. We need to move away from the situation in Bosnia, the Middle East, and Northern Ireland, where people are robbing the young generation of their future because their parents and grandparents will not give up their old hatreds. This is largely a question of leadership. (✓)

President Herzog: For decades in Germany, we have had schools where the majority of students are not Germans. So far we have managed to deal with the situation with flexibility. Our state schools have received more teachers to help to deal with minorities. So far this system has worked well in integrating these children, especially when they enter schools at a young age. It is much harder to integrate foreigners who enter the schools when they are 12, 13 or 14 years old; these people are having trouble finding jobs. We have made an effort to ensure that all children who want to receive an education enter schools by age six. Our only real problems are with Turkish families. Among the Turks, some youths are not fully integrated. There are also some problems between the Turks and Kurds. On the whole, the Turkish residents have achieved a lot and have been successful in starting businesses. They are very creative and industrious people; they even work on weekends. We have limited flexibility because we don't have a strong central government in Germany. I don't know if this is a similar problem in the United States. (✓)

The President: So far we have been able to take in successive waves of immigrants going back to the end of the last century. There has never been a real multi-ethnic democracy anywhere else

in the world. In Russia they have many different groups, but they do not live together, rather in separate enclaves. I think the United States will make it, but this is an extraordinary challenge. With respect to the Turks, what do you think is the best way to handle their aspirations for integration into Europe? (Ø)

President Herzog: Recently the leaders of several Christian countries said that Turkey could never be a member of the European Union because it is an Islamic country. I personally think that is wrong. I believe that we should take in any country that does not mix politics and religion. If the Turkey of Ataturk were to disappear, I would have a problem. But the criterion that the European Union has applied has been that a country should resolve problems of national minorities before it can join the EU. Also, I would not like to see a country joining us around the table in Brussels that has not yet gotten rid of torture. But I think that Turkey should be included in the EU in the future, if it meets our conditions. (Ø)

This will be a very hard question. It relates to the East-West situation, and affects peoples all the way down to the Black Sea. Whenever I talk to Presidents from Central Asia or the Caucasus, within three minutes they are taking out their maps and talking about problems of railroads, natural gas pipelines. Each one has his own special interest. The most difficult question for Turkey is how to deal with the Kurdish issue. If you go from the Mediterranean to the Black Sea, there you find the Russians; on the other side, you find the Bulgarians and the Romanians who want their share of the economic opportunities. I'm not only interested in Europe; I have traveled a lot in the Central Asian and Caucasus regions and I am very aware of how, in historical terms, a lot of difficulties affecting Europe have originated in those regions. To change the subject, I would like to ask you about the situation in Ukraine. I have a feeling that, no matter how you look at the question, Ukraine is pivotal to the European situation. (Ø)

The President: I agree with your assessment of the importance of Ukraine. If one looks at Ukraine and Turkey, both countries with 60 million people, one can see that they have great strategic importance in their neighborhood. Turkey has an impact not only on Central Asia and Europe, but on the Middle East and on the whole question of the future of Islam. What happens in Turkey will affect how the Muslim region will regard itself in the future. One reason why the United States bends over backwards to help Turkey is because it is our hope that the hundreds of millions of people in the other Islamic countries can find a way to work with the rest of us on the basis of mutually acceptable norms. (Ø)

With respect to Ukraine, I like President Kuchma very much. He knows how to get things done. But he also has lots of problems. The problems that we might face are less than one-hundredth as bad as the problems that Kuchma faces every single day. My concern is that in Ukraine there could be a victory of the old guard because the country is so close to Russia and because there is an ethnic problem, with the large number of Russians within Ukraine. In Poland, Walesa lost to Kwasniewski, a former communist, yet no one seriously worried about Poland going back to communism. But there is a chance of this happening in Ukraine. A reversal in the elections could bring back the old communists. This would be somewhat ironic, if Russia were still a vibrant democracy. It could stimulate renewed nationalism in Russia -- not Yeltsin, but the leaders who may be in power 30 years from now. For these reasons, it was very important for Kuchma to have an agreement with NATO. Germany was very supportive in achieving that. If I could return to my point about Romania, all former communist countries have to go down before they go up. You know this very well from your experience with Eastern Germany. Poland is now a different place than it was three years ago. It has really turned the corner, but I am very worried about Ukraine. (S)

The Vice President: Kuchma has appointed a very good new Prime Minister. The two of them are personally close, they come from the same region, and they are both committed to reform. But Kuchma has a terrible parliament, led by the Speaker Moroz. I once told Kuchma jokingly that we would trade our Speaker for Moroz. (S)

The President: I wouldn't agree with that exchange. (S)

The Vice President: That is one of the few issues on which the President and I disagree. (S)

Samuel Berger: Moroz probably wouldn't accept the deal. (S)

The Vice President: The outcome of the next Ukrainian elections in two years will be very critical. (S)

The President: The parliamentary elections are next year. (S)

The Vice President: That's right, and the next presidential election is in two years. I believe that they have a fighting chance to gain enough momentum to escape the gravitational pull of the past. (S)

The President: I believe this too. Ukraine is a great country, but its economy was so fully integrated into the former Soviet Union that they have a long way to go. (S)

The Vice President: They have a big crime problem. The privatization process has gone much slower than it should. They still have too much of their economy in government hands. (S)

President Herzog: In spite of all of this, I am not resigned to the possibility that Ukraine will go the same way as Belarus. (S)

The President: I agree. Unlike Belarus, there is a strong underlying impulse for independence in Ukraine, and they have an economic potential that Belarus lacks. (S)

The Vice President: Ukraine's relations with Poland will be very important. (S)

President Herzog: You are quite right. This is the second place that will determine the fate of Europe. (S)

Minister Hoyer: Was Poland open to you on this question? (S)

The President: Very much. They want to do all they can for Ukraine. They feel the problem and have a big interest in helping their neighbor retain its independence. They were very supportive of completing the NATO-Ukraine agreement before NATO enlargement began, so that there would be an equilibrium. (S)

Strobe Talbott: Poles also want to preserve Ukraine's unity as well as its independence. They are aware of the ethnic split between the Ukrainians and Russians and would not want to be left with a smaller Ukraine run by ultra-nationalists. (S)

The Vice President: They are forming a joint Polish-Ukrainian military force that can serve as a bridge between an expanded NATO and Ukraine. (S)

The President: When I was in Madrid, it was unfortunate that the differences among the allies on NATO expansion became so public. We may bear some responsibility for this, perhaps. The way that Chancellor Kohl handled it at the meeting was the decisive thing in bringing us to a common position. I did not want the meeting to look like a confrontation between the United States and France. The issues were more complicated than that. We are very worried about the stability and independence of the Baltic states, as are Norway, Denmark and Iceland. Chancellor Kohl said what he did in the right way. This led to the right decision on expansion, one that admitted three while calling for an aggressive development of our relationship with Slovenia and Romania. (S)

Strobe Talbott: I should mention that it was Foreign Minister Kinkel who proposed the reference to the Baltic states in the communique. That was very helpful. (Ø)

President Herzog: Thank you very much. I must say that I have long known what Chancellor Kohl can do. (Ø)

The President: Some people think that I now have a method of running in like a bull dog and knocking down the door, and then letting Chancellor Kohl clean things up. (Ø)

The Vice President: I would like to raise one delicate issue before we leave. Your visit here is seen as very significant because it underscores our common desire to give forward momentum to our bilateral relationship. In that spirit, it would be wise for me to mention a problem that must be dealt with by both countries in a wise manner. We need to coordinate our approaches to Iran. This issue has the potential to generate a lot of bad feelings and disagreements. We believe that it is important to hold firm to actions and policies that encourage change within Iran. There is a power struggle going on between Khatemi and Khamenei on how to divide up authority between them. But it is clear that foreign policy will remain under Khamenei. It is only through unified Western determination that we will have a chance to bring about a change in Iranian behavior. This issue will be very important to U.S.-German relations. (Ø)

President Herzog: Thank you. It is not I who decides our policy on this issue. (Ø)

The President: One final word. In the years since I have been President, the relationship between the United States and Germany has been absolutely fundamental to our ability to achieve our common objectives. This is especially the case in the way we supported democracy in Russia, efforts to get the Russian troops out of Baltic states, arms control agreements, and many other things. Our partnership was crucial to the success that we have achieved in Bosnia. Chancellor Kohl has helped me worked through my relations with France and other West European countries. I know that one of the reasons that you came was to intensify the interest of Americans in more personal contacts with Germany. These contacts are fairly extensive on the private side, but I would like to be helpful in getting more members of Congress to visit Germany. I want to compliment you for including Steffi Graff in your delegation. This will intensify interest among younger people in the German-American relationship. We need to appeal to the young people. (Ø)

There have been a series of issues on which the U.S. and Europe have been on different sides. Our only disagreement with

Germany was over the handling of climate change at the Denver Summit. This was very painful for me. I would do anything for Chancellor Kohl (even jump off this building) since he has done so much for the United States. I know there is a feeling in the European press that the United States has decided to go off on its own. They cite the way that we handled NATO expansion and climate change, together with the fact that our Congress does not want to pay all of our UN dues. The French have fed this feeling of U.S. arrogance. All that I can tell you is that I have supported a strong European Union, a European defense identity within NATO, and the expansion of the European Union. On occasions there will be differences, but I have no interest in trying to use the fact that, at the moment, we are doing well economically. I have to deal with an isolationist Congress, but my goal is not to throw our weight around. I favor partnership. Our biggest success in Europe is represented by what has happened in Russia. This is the result of the U.S.-German partnership. It would not have happened if one or the other of us had not been engaged. Therefore, I invite you to treat us as friends with whom you can be honest and not to see us as a country that is trying to be both isolationist and arrogant at the same time. I regret how some of the issues played out, but please understand that I see our future in continued partnership, shared responsibility, and shared decisionmaking. I am very thrilled to support the larger human mission of your trip. (✓)

President Herzog: I am very grateful for your remarks. I personally never doubted that you felt that way. Of course, there are misunderstandings that are played up by the media. This happens from time to time. I think that both sides would be well advised to coordinate their public statements and to take into account the sensibilities of the other side. But the fundamental position is that both of us want the same things. To achieve our common goals, we need more contacts. There is a problem with our parliaments, they are not visiting each other regularly and we should work against this. But the decisive thing is our young people. If we get a 60 year-old parliamentarian to work for the transatlantic relationship, this will be useful for another ten years. If we persuade a 30 year-old to do so, this will be beneficial for the next 40 years. In this regard I should note that Steffi Graff is not yet 30 years old. Please rest assured that as long as I am President, I will be working toward these ends. After all, I grew up in the American zone in occupied Germany. (✓)

The President: John Kornblum will be coming to Bonn soon, just as soon as he receives Senate confirmation. We also want to get our new embassy built in Berlin. (✓)

-- End of Conversation --

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