

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Restricted Meeting with President Vaclav Havel of the Czech Republic (U)

PARTICIPANTS: United States  
The President  
The Vice President  
Madeleine Albright, Secretary of State  
Samuel Berger, Assistant to the President  
for National Security Affairs  
Leon Fuerth, Assistant to the Vice President  
for National Security Affairs  
Jenonne Walker, Ambassador to the Czech  
Republic  
Stephen Flanagan, Special Assistant to the  
President and Senior Director for Central  
and East European Affairs, NSC Staff  
(Notetaker)  
Michael Borek, Interpreter

Czech Republic  
Vaclav Havel, President  
Jan Kavan, Minister of Foreign Affairs  
Josef Tosovsky, Governor of the Czech  
National Bank  
Jiri Pehe, Director of the Political  
Department, Office of the President  
Alexander Vondra, Ambassador to the  
United States  
Petr Burianek, Deputy Director of the  
Political Department, Office of the  
President (Notetaker)  
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: September 16, 1998, 10:25 - 10:50 a.m.  
Oval Office

President Havel: Coming back to Washington brings back many old memories of my previous visits to the United States and meetings with you and Hillary. It's very nice. (U)

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The President: I remember your visits very well, particularly our early conversations on NATO. I think our relationship in NATO and our engagement in Europe is going to be even stronger. (U)

President Havel: NATO enlargement is not just a matter of concern to Europe. It guarantees America's engagement in Europe, which is a global achievement. (U)

The President: I fully agree. It helps assure our global engagement. It helps assure that we can lead the way to prevent future Bosnias and Kosovos. (S)

President Havel: This is precisely what I think. And I think it is time that we act on Kosovo before it is too late. (S)

The President: Let me tell you a little bit about my discussions with President Yeltsin. We had a good exchange on NATO. Yeltsin made the necessary protest in public, but he took a constructive attitude on Russia's relations with NATO in private. (S)

President Havel: From time to time Yeltsin needs to do and say things he doesn't really believe. Let's hope he stays. I think things have calmed down a bit in Russia now. (S)

The President: Yes, I think so. The first step to dealing with the current crisis is to have an effective government. (S)

The President: I think the Vice President has spoken to Primakov, haven't you? (S)

The Vice President: No. I wrote him a letter outlining some of our concerns and our desire to work with Russia as a responsible global partner. There are many challenges ahead. One is the fact that space program scientists have not been paid for six months. This provides a strong incentive for them to sell missile technology and information on weapons of mass destruction. (S)

President Havel: During the Cold War period the nuclear danger was more certain and calculable. Now our fear is that these systems could be launched by accident. (U)

On the economic situation, we have a certain amount of understanding of Russia's plight, because we are both part of

the post communist world. But Russia suffered under communism for three generations and that legacy is difficult to overcome. So problems that have taken two years to overcome in Czechoslovakia will take ten years in Russia, and what will take thirty years for my country to overcome will take Russia 150 years. (S)

The President: Our focus is not just on Russia alone right now. There are real problems in Asia, particularly Japan, after years of growth. We have a serious recession in a part of the world that produces one-third of the world's GDP. We are also looking at Latin America. Yesterday I spoke to the Presidents of Brazil and Mexico and Prime Minister Chretien about this. And I gave a speech on Monday about the global economy. (U)

President Havel: We have not seen through the depths of all these problems. (U)

The President: Treasury Secretary Rubin has said that we need to find a way to cushion the extreme fluctuations of the global economy without interrupting the natural flow of capital. (U)

President Havel: One has to be careful to not hand out blank checks. Czech banks can be separated from the bad aspects of the global economy and are therefore good partners for American business. It's not the responsibility of the government or president to tell investors which banks are good partners, it would be an invasion of freedom. (U)

U.S. investments in the Czech Republic are flourishing. The Procter and Gamble factory is moving right along. (U)

The President: Let's talk a little bit about NATO. (U)

President Havel: We need to keep the door open for the Baltics. In my opinion Romania and Slovenia should be the next in line for membership. (S)

The President: Maybe you would like to have about ten minutes here for a one-on-one discussion. (U)

-- End of Conversation --