

THE WHITE HOUSE
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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting With President Hugo President Banzer
of Bolivia (U)PARTICIPANTS: The President
Madeleine K. Albright, Secretary of State
Samuel R. Berger, Assistant to the
President for National Security Affairs
Stephen J. Ricchetti, Assistant to the
President and Deputy Chief of Staff
Peter F. Romero, Acting Assistant Secretary
of State for Western Hemisphere Affairs
Arturo A. Valenzuela, Special Assistant to
the President and Senior Director for
Inter-American AffairsHugo Banzer, President of Bolivia
Javier Murillo, Foreign Minister
Marlene Fernandez, Ambassador to the United
StatesDATE, TIME September 8, 2000, 12:45 p.m.-1:15 p.m.
AND PLACE: New York

President Banzer: President Clinton, thank you for this opportunity to have this conversation. This is a good way of avoiding tons of paper and getting straight to the point. I want to tell you that we appreciated very much the Secretary's visit in August; it underscored the excellent relations Bolivia has with the United States. It also is fitting recognition of what has been accomplished. For eighteen years now, we have had democracy in Bolivia. You know, the Cold War was very difficult for us. In the rest of the world it was problematic, for us it was life and death. We have overcome so much since its end. Not only have we made political progress, but we have made progress on the economy. We had twenty-four thousand percent inflation, one of the highest ever in the world. We decided to overcome that. I founded my party, a party aimed at change. We have had 18 years of political stability. I am the fifth

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straight elected president, and we have all been from different parties, alternating in power. In previous governments, I was in the opposition. (X)

Why have we had this transformation? Because 18 years ago we decided that we needed to work together to establish a dialogue and conciliatory politics. I have been a candidate six times. In some elections, I did well (in fact, I was the front runner in one), in others not so well. In 1997, I was elected and came to power. In 18 years, we have come to share one ideological vision on economic, social, and political matters. The key to our success has been our coalition governments. For example, I have 70 percent support in the parliament, although at times I have lost. This is difficult to attain, but it is the basis of governability. Until 1985, our economy was in disarray, dominated by inefficient State enterprises. We proposed a dramatic change. It was risky. We were too used to State presence. But, people accepted the change, and since then we have had a market economy. (X)

We have also made real progress in building a more participatory democracy. Two years ago, for example, we initiated a national dialogue with over three hundred institutions of society. Our policy has been to strengthen democracy; fight narco-trafficking; modernize the State and fight poverty. This is a difficult challenge, and we need to do it together. Like Israel, we are something of an island in our region. We see the problems of Venezuela, Colombia, Peru, and Paraguay. We are in the center but have been successful. (X)

In 1997, we made a decision to do away with drugs entirely. We were the second largest producer in the world of pure cocaine, 250 tons -- when mixed with additives could produce 500 tons for consumption of Europeans or Americans. Through our efforts, we have liberated your country from this curse. Before I finish my term in 2002, no plants will be dedicated to the production of cocaine. We have 2,500 hectares to go. Before I leave office, we will pull the last plant. In fact, Mr. President I want to invite you to join me in pulling the last plant. Or you could have the Secretary or our friend Arturo Valenzuela come. (X)

The United States has helped us in this endeavor -- to cut back on production and trafficking. The problem is that with the loss of \$500 million dollars of this crop, people have become poorer. They have lost jobs. We went from 40,000 hectares to 4,000. Thousands were put out of work. That is why we need

more help from the United States and the world. We need that help so that our success can remain sustainable. (C)

If we pull the last plant, but don't employ people, the plants will reappear once again. I call this plant the "planta maldita" ["cursed plant"]. It grows anywhere in our country, and does not need rain, fertilizer, or care while it produces four crops a year. Further, it has to be pulled by hand. We have had 2,000 soldiers involved in plant destruction. We did this out of our own conviction. Each time, the Ambassador would come and read us a list of demands we would be required to meet in order to be certified. I would say we are doing these things on our own accord and have gone beyond your requirements. (C)

But, there is a serious social repercussion. And that is why I am worried. I fear the unemployment that produces violence and instability. That is why I am asking you for your help.

We want to open markets for our textiles. If you opened just a bit, you could help preserve 40,000 jobs and make a real difference. We have created an employment fund and have created work projects such as paving streets, because they are labor intensive. (C)

On the justice side, we have made much progress. We worked hard to make sure that our Supreme Court would be impartial. Today two-thirds of both Chambers are required to ratify Supreme Court judges. That has guaranteed the appointment of impartial people, the best people. There is no political favoritism. And, yesterday a three-judge court ratified the sentence of an Italian who had been convicted of drug trafficking and corruption. This is very positive for our institutions. He was associated with the powerful Italian Santo Paolo organization. Justice is now working. My only concern is that the political class is not well viewed, not well accepted. This undermines confidence in democracy. (C)

The President: You are not alone in this. In the United States, everyone hates politicians. (U)

President Banzer: We have a dialogue in place with the political class -- we are looking for ways to improve the confidence in government. We can't risk this contributing to the destruction of the system. This dialogue extends down to the municipal level and from the local level; we are elevating the dialogue upwards. Our emphasis is on the grass roots. Our

democracy is representative, but we need to make it more participatory. (S)

In sum, Mr. President, we want to forge a broad alliance with the United States -- one that transcends the fight against drugs. We need to broaden our cooperation to fight against poverty. (S)

The President: What you have accomplished is outstanding. No other country in the region has done as much considering your history, and you strengthened democracy even though Bolivia is poor. You deserve much more attention. It is amazing what you have done: strengthened democracy; destroyed drugs; and improved the economy. You need to ensure that there is no backsliding. (S)

This is what we need to do. In Plan Colombia, there is a chunk of money for Bolivia. But we need to work on developing a broader partnership, and we have been working on it. Bolivia is one of the first countries to qualify under HIPC. But we need to think of the longer term. This will require renegotiating the Andean Trade Preferences Act -- we must look to the future. I will not be here so this will have to be done with my successors. My own advice is that you need to work on a comprehensive plan; one that focuses on the economy and key areas for investment such as education. We should work together. We should explore ways in which our aid can be made to work and get more interest on the part of others, including the Europeans. We should see where we are now and where we can go into the future, but we need realistic assessments so that we can review what you can do and what we can do. (S)

We can get the process going before I leave office because, as I noted earlier, when we did the support for Plan Colombia, we included some funding for other countries. We also put a lot of effort into debt relief. Bolivia is a story not told, and an example that must be recounted. With the difficulties your neighboring countries have had, it is good to see your success. We need to ensure that development will work -- it is a great signal to other countries. (S)

If I may ask you a question -- what would you do if you were President of Colombia? (U)

President Banzer: I am a friend of President Pastrana's. (U)

The President: I am too. I love the guy. But what would you do in his shoes? (U)

President Banzer: Mr. President, you are right to help him. The key is to fight the drug traffickers. We respect what you have done for Colombia, and think you are doing the right thing. But, we have to be realistic. Pastrana will not solve Colombia's problems -- he will not finish the work that needs to be done. But he has established a very good beginning. In order to reap, you must sow, and Pastrana has sowed, so that others may reap. (Ø)

The President: I like the way you expressed that. The truth is that so much money flows into drugs that Colombia risks losing its democracy -- a frightening prospect. We need to help strengthen democratic institutions. (Ø)

President Banzer: We made the decision to fight drugs. We did not want the same fate. Drugs end up fueling guerrillas. We did not give them a chance. (Ø)

The President: I want to encourage you to think of a blueprint for bilateral relations on aid, trade, and long-term objectives, past my presidency and yours. Our people will reap rewards in the future. I would love to come to Bolivia, I actually can breathe the air without problems and my wife loves it there. (Ø)

President Banzer: You are our perpetual invitee. I will personally escort you around. Bolivians know what you have done for your country and for ours. You are welcome anytime. (U)

The President: Thank you. (U)

-- End of Conversation --