MT

TOP SECRET

PART 6

CONFIDENTIAL FILING

UK/Soviet Relations

Internal Situation

~~(In folder attached: Briefing for Chequers Seminar 22.2.87).~~

SOVIET UNION

PT 1: MAY 1979

PT 6: JUNE 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~5.6.86~~		~~22.1.87~~					
~~10.6.86~~		~~29.1.87~~					
~~17.6.86~~		~~3.2.87~~					
~~10.7.86~~		30.1.87					
~~6.8.86~~		PART ENDS					
~~22.8.86~~							
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PART 6 ends:-

Moscow Tel. 122 30.1.87

PART 7 begins:-

Prof. Amman to CDP. undated

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC (86) 22nd Conclusions, Minute 2	05/06/86
CC (86) 42nd Conclusions, Minute 3	18/12/86

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed C Wayland Date 28 March 2017

PREM Records Team

GRS 800

*AMMENDED DIST 2/2 **Restricted**

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FM MOSCOW

TO DESKBY 301330Z FCO

TELNO 122

OF 301230Z JANUARY 87

INFO PRIORITY WASHINGTON, BONN, PARIS, UKDEL NATO, MOD

INFO ROUTINE EAST EUROPEAN POSTS, PEKING, HELSINKI, TOKYO

MY TELNO 101: CENTRAL COMMITTEE PLENUM: GORBACHEV'S CLOSING SPEECH

1. PRAVDA TODAY, 30 JANUARY, PUBLISHES THE TEXT OF GORBACHEV'S CLOSING REMARKS AT THE PLENUM. THE FOLLOWING ARE THE MAIN POINTS:

A) THE ATMOSPHERE OF THE PLENUM WAS ONE OF UNITY ON ALL QUESTIONS SUBMITTED FOR DISCUSSION. THERE WAS A BROAD DEBATE IN WHICH 34 OF THE 77 COMRADES WHO INSCRIBED THEIR NAMES TOOK PART.

B) THE PLENUM HAD SHOWN THAT THE PARTY AND ALL HEALTHY FORCES IN SOCIETY WERE IN FAVOUR OF RESTRUCTURING. THAT BEING SO THERE WAS NO ALTERNATIVE, AND THAT SHOULD PUT AN END TO ANY DISCUSSION ABOUT WHETHER RESTRUCTURING WAS NECESSARY OR NOT.

C) IT WAS NOW CLEAR, FROM THE POINT OF VIEW BOTH OF INTERNAL DEVELOPMENT AND OF THE INTERNATIONAL SITUATION, THAT THERE HAD TO BE ACCELERATION OF SOCIAL AND ECONOMIC DEVELOPMENT.

D) THE THEME OF SERIOUS AND PROFOUND DEMOCRATISATION OF SOVIET SOCIETY HAD RIGHTLY BEEN AT THE FOREFRONT OF THE POLITBURO'S REPORT. ''WE NEED DEMOCRACY LIKE AIR. IF WE DO NOT UNDERSTAND THAT AND NOT ONLY UNDERSTAND IT BUT TAKE REALLY SERIOUS STEPS TO BROADEN IT AND TO DRAW THE WORKERS ON A BROAD SCALE INTO THE PROCESS OF RESTRUCTURING, THEN OUR POLICY WILL FAIL AND RESTRUCTURING WILL COME TO A HALT''.

GORBACHEV EXPRESSED SATISFACTION THAT THIS IMPORTANT FEATURE OF PARTY POLICY RECEIVED FULL SUPPORT FROM THE PLENUM.

E) GLASNOST', CRITICISM AND SELF CRITICISM, CONTROL BY THE MASSES WERE THE GUARANTEES OF THE HEALTHY DEVELOPMENT OF SOVIET SOCIETY. THEY WERE THE MEANS FOR PRESERVING THE PARTY FROM MISTAKES IN POLICY. ''THE PRICE OF SUCH MISTAKES IS KNOWN TO ALL OF US''.

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(F)

F) ''NOW MORE THAN EVER WE NEED MORE LIGHT, SO THAT THE PARTY AND PEOPLE SHOULD KNOW EVERYTHING, SO THAT THERE ARE NO DARK CORNERS WHERE MOULD COULD AGAIN START TO GROW.''

G) GORBACHEV DECLARED THAT THE PARTY AND PEOPLE COULD EASILY COPE WITH THOSE WHO TRIED TO EXPLOIT GLASNOST' AND THE DEMOCRATIC PROCESS FOR SELFISH, ANTI-SOCIAL AND SLANDEROUS ENDS. ''GLASNOST', CRITICISM AND SELF CRITICISM ARE SIMPLY ESSENTIAL FOR US...AND IF ANYONE SUGGESTS THAT WE NEED THEM ONLY IN ORDER TO CRITICISE DEFECTS OF THE PAST, THEY ARE PROFOUNDLY WRONG. THE MAIN THING IS THAT GLASNOST', CRITICISM AND SELF CRITICISM AND DEMOCRACY ARE NECESSARY FOR OUR PROGRESS IN ORDER TO SOLVE ENORMOUS TASKS....IF ANYONE THINKS THAT IT IS DIFFICULT TO WORK IN SUCH CONDITIONS THEN THEY SHOULD BE REMINDED THAT SIX MONTHS AGO I ADVISED THEM TO START LEARNING TO LIVE IN CONDITIONS OF GREATER DEMOCRACY. LET US ALL LEARN''.

H) THE PRESS SHOULD SUPPORT GLASNOST' AND INFORM THE PEOPLE BUT IT SHOULD DO SO RESPONSIBLY AND NOT GIVE WAY TO SENSATIONALISM.

I) GORBACHEV SAID THAT CENTRAL COMMITTEE MEMBERS HAD EXPRESSED SUPPORT FOR THE IDEA OF A PARTY CONFERENCE, WHICH THE POLITBURO HAD SUBMITTED AT THE PLENUM. HE ASSUMED THAT THOSE WHO DID NOT TAKE PART IN THE DEBATE ALSO SUPPORTED THE IDEA. AT A FORTHCOMING PLENUM A PROPOSAL WOULD BE PUT FORWARD ABOUT THE TIMING AND ARRANGEMENTS FOR ORGANISING THE CONFERENCE.

2. COMMENT

THIS UNEXPECTED POSTSCRIPT DOES NOT AFFECT THE CONCLUSIONS OF MY TELNO 116. A NOTABLE FEATURE OF GORBACHEV'S FINAL SPEECH WAS HIS REMARKABLY STRONG PLUG FOR DEMOCRATISATION AND GLASNOST'. ALTHOUGH HE REFERRED TO THE ''FULL SUPPORT'' OF THE PLENUM FOR THIS POLICY HE APPEARED TO BE RESPONDING TO APPREHENSIONS IN THE PARTY, WHICH MAY OR MAY NOT HAVE BEEN VOICED AT THE MEETING, WHEN HE INSISTED THAT THE PARTY COULD COPE WITH DEMAGOGUES AND EMPHASISED THE NEED FOR THE PRESS TO BE RESPONSIBLE AND TO AVOID SENSATIONALISM. ANOTHER SIGNIFICANT THEME OF THE SPEECH WAS HIS APPEAL, IMPLICITLY ALMOST OVER THE HEADS OF THE PARTY, FOR THE SUPPORT AND PARTICIPATION OF THE PEOPLE IN THE PROCESS OF RESTRUCTURING. (IT IS WORTH NOTING THAT AMONG THE DOCUMENTS CIGCULATED FOR PRIOR STUDY BY THE CENTRAL COMMITTEE MEMBERS WAS A ''REVIEW OF LETTERS FROM WORKERS ABOUT RESTRUCTURING AND CADRE POLICY''). THE TONE OF GORBACHEV'S CONCLUDING REMARKS WAS AGAIN VERY CONFIDENT. NATURALLY ENOUGH, THIS SHORT CONCLUDING SPEECH CARRIED A MUCH MORE

/PERSONAL

PERSONAL IMPRINT THAN HIS FORMAL REPORT TO THE PLENUM: AND IT GAVE NOT HINT THAT HIS AUTHORITY HAS BEEN IN ANY WAY WEAKENED.

CARTLEDGE

YYYY

MXHPAN 7581

FCO | WHITEHALL (PALACE)
SOVIET DEPT

FILE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 January 1987

Dear Lyn,

Thank you for your letter about the visit of a delegation from the Foreign Affairs Commission of the Supreme Soviet. I agree it would not be appropriate for the Prime Minister to see Zagladin, but I am sure she would be interested to hear the outcome of his talks with the Foreign Secretary and others.

Yours ever,

Charles

(Charles Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

D10

CC PS

Foreign and Commonwealth Office

London SW1A 2AH

30 January 1987

Dear Charles,

A delegation from the Foreign Affairs Commission of the Supreme Soviet of the USSR is to visit the UK from 1-7 February at the invitation of the Foreign Affairs Committee of the House of Commons, in return for the visit of the FAC to the Soviet Union in 1985. It will be led by V V Zagladin, the Secretary of the Foreign Affairs Commission of the Council of the Union of the Supreme Soviet. Zagladin is also First Deputy Head of the International Department of the Central Committee of the Soviet Communist Party and, as such, a senior figure in the foreign policy making apparatus. He is Dobrynin's deputy.

When this visit was under discussion last year, there was a possibility that the delegation would be led by Ligachev, Gorbachev's number two, or Dobrynin. On that basis, the Prime Minister agreed in principle to receive the leader of the delegation (your letter of 29 September 1986).

Since neither Ligachev nor Dobrynin is now involved there is no need for the Prime Minister to be. The Soviet Embassy have not asked for a call on the Prime Minister.

Zagladin himself is sufficiently senior however to be a worthwhile interlocutor, and may have interesting things to say about the recent Central Committee Plenum. The Foreign Secretary will therefore see him and Mr Eggar will offer appropriate hospitality. The delegation's programme includes a day and a half of meetings with the Foreign Affairs Committee, calls on Mr Jopling, Mr Rifkind, Mr Clark and Mr Buchanan-Smith; and a two day visit to Scotland.

Yours ever,

Hugh Parker

(L Parker)
Private Secretary

C D Powell Esq
10 Downing STreet

GRS 650

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FM MOSCOW
TO DESKBY 291430Z FCO
TELNO 116
OF 291300Z JANUARY 87
INFO PRIORITY WASHINGTON, PARIS, BONN, UKDEL NATO, MOD
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MY TELNO 101: CENTRAL COMMITTEE PLENUM

1. THE PLENUM DID NOT FULLY LIVE UP TO THE EXPECTATIONS WHICH HAD BEEN AROUSED BY THE LONG DELAY IN HOLDING IT AND THE BURGEONING RUMOURS OF RADICAL NEW POLICIES AND MAJOR LEADERSHIP CHANGES IN PROSPECT.

2. THE QUESTION IS WHETHER THOSE EXPECTATIONS AND RUMOURS HAD NO SOUND BASIS FROM THE START OR WHETHER IN THE END GORBACHEV HAD TO COMPROMISE. ALTHOUGH THE RUMOURS WERE NO DOUBT EXAGGERATED AND IN SOME CASES WRONG, I AM INCLINED TO BELIEVE THAT GORBACHEV HAD BEEN AIMING FOR RATHER MORE BOTH IN TERMS OF POLICY AND POLITBURO CHANGES THAN HE WAS IN THE EVENT ABLE TO ACHIEVE.

3. AS I POINTED OUT IN MY TELNO 109 THERE WAS SOME ROBUST AND RADICAL RHETORIC IN GORBACHEV'S MARATHON SPEECH AND HE PUT DOWN MARKERS FOR FURTHER REFORM. THE RESOLUTION ADOPTED BY THE PLENUM STATED THAT HAVING HEARD AND DISCUSSED GORBACHEV'S REPORT THE CENTRAL COMMITTEE ''FULLY APPROVED THE POLITICAL AND PRACTICAL CONCLUSIONS WHICH THE POLITBURO HAD FORMED...'', BUT IT READS LIKE A RATHER BOWDLERISED SUMMARY OF GORBACHEV'S REPORT. THE MAIN PRINCIPLES OF HIS POLICIES ARE ENDORSED IN GENERAL TERMS BUT THE MORE RADICAL IDEAS AND LANGUAGE ARE NOT FULLY REFLECTED, EG ON GLASNOST' AND THE ROLE OF THE MEDIA SEMICOLON AND SOME SPECIFIC PROPOSALS ARE NOT MENTIONED, EG SECRET BALLOTTING FOR PARTY SECRETARIES, AND THE CONVENING OF A PARTY CONFERENCE.

4. AS I REPORTED IN MY TELNO 112 THE THREE OFFICIALS PROMOTED AT THE PLENUM CAN ALL BE REGARDS AS, IN VARYING MEASURE, PROTEGES OF GORBACHEV SEMICOLON AND KUNAEV'S PREORDAINED DEMISE IS ANOTHER PLUS FOR HIM. BUT IT IS SURPRISING THAT THERE WERE NO PROMOTIONS TO FULL MEMBERSHIP OF THE POLITBURO. THE PROMOTION OF ELTSIN AND PERHAPS ONE OR TWO OTHER LIKE-MINDED YOUNGER LEADERS SEEMS OVERDUE AND WOULD BE TO GORBACHEV'S ADVANTAGE. IT IS NOTICEABLE THAT 4 OF THE 5 CHANGES ANNOUNCED AT THE PLENUM AFFECTED THE SECRETARIAT, WHICH GORBACHEV APPEARS ABLE TO MOULD TO HIS LIKING. OF THE 11 MEMBERS OF THE SECRETARIAT ONLY ONE, DOLGIKH, HAS NOT

BEEN

BEEN EITHER APPOINTED OR PROMOTED SINCE GORBACHEV BECAME PARTY LEADER. ON THE OTHER HAND 5 OF THE OTHER 10 MEMBERS OF THE POLITBURO WERE IN SITU WHEN HE CAME TO POWER, AND HIS ABILITY TO MAKE SUBSTANTIAL CHANGES IN ITS COMPOSITION APPEARS TO BE LIMITED. (IN HIS REPORT GORBACHEV REFERRED WITH APPROVAL TO CONSIDERABLE TURNOVER WHICH HAD BEEN ACHIEVED SINCE APRIL 1985 IN THE SECRETARIAT, AMONG HEADS OF CENTRAL COMMITTEE DEPARTMENTS AND IN THE PRESIDIUM OF THE COUNCIL OF MINISTERS SEMICOLON BUT HE MADE NO MENTION OF THE POLITBURO).

5. I WOULD NOT HOWEVER REGARD THE FACT THAT THE UKRAINIAN PARTY LEADER SHCHERBITSKY, (WHO SPOKE AT THE PLENUM), IS STILL IN THE POLITBURO AS PARTICULARLY SURPRISING NOR AS A SIGN OF WEAKNESS. GORBACHEV IS CLEARLY GUNNING FOR SHCHERBITSKY SEMICOLON THE LATEST EVIDENCE IS THE SHARP CRITICISM OF THE UKRAINIAN CENTRAL COMMITTEE FOR ITS POOR AGRICULTURAL PERFORMANCE WHICH LIGACHEV DELIVERED AT CENTRAL COMMITTEE CONFERENCE LAST WEEK, ON THE EVE OF THE PLENUM. BUT THE PARTY LEADER OF THE UKRAINE IS NOT EASY TO DISLODGE AT THE BEST OF TIMES SEMICOLON AND PRECEDENT AND LOGIC SUGGEST THAT HE WOULD HAVE TO BE OUSTED FROM HIS FIEFDOM IN KIEV BEFORE HE CAN BE DROPPED FROM THE POLITBURO.

6. THE EVIDENCE OF THIS PLENUM IS CERTAINLY NOT THAT THERE IS ANY IMMEDIATE THREAT TO GORBACHEV'S POSITION BUT RATHER THAT THERE IS SERIOUS RESISTANCE TO HIS POLICIES AT THE TOP AS WELL AS IN THE MIDDLE RANKS OF THE PARTY AND THAT HIS POWER TO MAKE CHANGES IN THE LEADERSHIP AS QUICKLY AS HE WOULD LIKE IS LIMITED. BUT THE TONE OF HIS SPEECH WAS CONFIDENT AND DETERMINED. TIME IS ON HIS SIDE BUT THE GOING IS EVIDENTLY TOUGH.

CARTLEDGE

YYYY

MXHPAN 7554

FCO/WHITEHALL
SOVIET DEPT.

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~930 3422 ext~~ 270 0011

2G/3157 29 January 1987

Mr C D Powell
10 Downing Street
London SW1

Mr Powell

Ken Davies, who is now on leave, asked me to send you the attached for your information.

C N G VINEY
Telecommunications Secretariat

CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-~~233~~ 270 0402

2G/3157

28 January 1987

M J Llewellyn Smith Esq
Soviet Department
Foreign and Commonwealth Office
London
SW1A 2AH

LONDON-MOSCOW "HOT LINE" IMPROVEMENT

1. Please refer to your letter dated 27 January 1987.

2. There are two main points to consider with regard to the present system: first reliability and second whether the service provided is adequate for its purpose.

3. We presently use 3 circuits which take different routes: one uses radio, the other two land lines and these are diversely routed - at least in the UK.

4. The present method of communication uses teleprinters and messages need to be typed. A message takes about 5 minutes per page for an operator to type and about 4 minutes to transmit over the circuit.

5. We do not know what upgrade the Russians are proposing. However, when they upgraded the American system they used facsimile operating at a speed of 4.8 k/bits over 3 additional circuits.

6. This would increase the reliability but the system is already reliable.

7. Facsimile messages do not necessarily need to be typed. An average A4 page takes 2 to 3 minutes to transmit. The system can also be used to transmit pictures and plans.

8. The present "hot line" was installed in 1967. Since that time it has been used only twice to pass live messages. The use of facsimile as opposed to telegraph would have provided no advantage to date.

9. There are two questions we need to ask the Soviets:

i. What do they propose?

ii. What improvements do they expect this to achieve?

10. I think we need to be certain that the proposal and the benefits arising from it are significant and are not, as reported in the record of your discussion with Mr Uspensky of 16 January "agreements signed during her (the Prime Minister's) visit simply in order to have a result to show. The criterion would be the content and practical benefit."

11. I have discussed this with Mr Mallaby. He agrees broadly with my comments. We do not think that we should invite the Russians to come to London at this time to discuss their proposal, this might lead them to think that we were accepting the proposal in principle. We would prefer that the two questions posed in paragraph 9 above were put to the Soviets by the Embassy in Moscow.

pp

C K DAVIES
Telecommunications Secretariat

cc Mr Mallaby, Cabinet Office

Foreign and Commonwealth Office

London SW1A 2AH

27 January 1987

C K Davies Esq
Telecommunications Secretariat
Cabinet Office
LONDON SW1A 2AS

Dear Davies,

LONDON-MOSCOW "HOT LINE" IMPROVEMENT

1. You wrote to Ken Neill on 9 January giving background on this communications link and your initial reaction to a Soviet suggestion for an upgrading of the technology used in it.

2. I raised the question in Moscow on 16 January with Uspensky, Head of the MFA's Second European Department, pointing out the difficulty of responding to the Soviet approach without details of their thinking. Uspensky merely repeated the Soviet wish for the link to be improved in the context of the Prime Minister's visit.

3. As to the substance, I take your point about tight purse strings and low utilization. But I suggest the key question is whether we are satisfied that the hotline technology is adequate to serve its purpose should that become necessary (as you put it, if there was a requirement to use the link in earnest). The Soviet proposal suggests they are in doubt about this. We ought at least to explore their case further.

4. This is one of a number of proposals the Russians have made for documents to be signed during the Prime Minister's visit. We do not know how she will respond to them, beyond that she will not wish to sign a raft of pieces of paper simply for the sake of signing. This brings us back to the substance of the technical case for upgrading, which I expect the Prime Minister will want to look at.

5. We shall not be able to take this further without either discussions between experts or a rather detailed brief on the basis of which our Embassy in Moscow could speak to the Soviet experts. The sensible approach seems to be for our Embassy to ask to see whoever is responsible

.../at the

at the Soviet end in order to get a clearer picture of what the Russians would like to happen. They could at the same time say that if the Russians wish to send someone to London to explain their thinking in more detail to you, you would be willing to see them. If you agree please let us have urgently a list of questions you would like us to put in Moscow, and dates which would suit you here. In the meantime, I am copying to your Embassy your letter of 9 January and attachment.

6. We would of course need to say firmly to the Russians that further exploration of their idea was without any commitment to upgrading or to recasting the agreement.

7. I should be grateful for a very early reply.

Yours sincerely,

Michael Llewellyn Smith

M J Llewellyn Smith
SOVIET DEPARTMENT

cc: Mr Mallaby, Cabinet Office
Mr Ratford
Mr Hemans, Moscow (with attachments)

Copy to Hall

DRAFT RECORD OF DISCUSSION BETWEEN DR LLEWELLYN SMITH AND MR USPENSKY HEAD OF SECOND EUROPEAN DEPARTMENT, MFA ON 16 JANUARY 1987

PRESENT

Mr Llewellyn Smith
Mr Whitting

Mr N N Uspensky, Head of 2nd European Department MFA
Mr V Krasnov, Counsellor Soviet Embassy, London
Mr G Karasin, 2nd European Department MFA

PRIME MINISTER'S VISIT

1. Mr Llewellyn Smith rehearsed the points made by Mr Renton to Mr Dobrynin on the Prime Minister's approach to her forthcoming visit, stressing that the Prime Minister had greatly valued the informal atmosphere of her discussions at Chequers with Mr Gorbachev. She hoped to have a broad philosophical discussion with him in an informal restricted atmosphere. While arms control was a priority, regional issues and causes of tension, human rights, and humanitarian issues would also be on her agenda. She looked forward to meeting Mr Ryzhkov, with whom discussion would presumably concentrate on economic and commercial topics. The Prime Minister hoped to see something of life in the Soviet Union and was keen on a walkabout in Moscow with, say, Mr Yeltsin, during which she would visit a typical street, shop and apartment.

2. On the Soviet proposals for possible inter-governmental agreements to be signed during the Prime Minister's visit Mr Llewellyn Smith said that the Prime Minister would not wish to have agreements signed during her visit simply in order to have a 'result' to show. The criterion would be the content and practical benefit.

(i) Space Cooperation: Mr Uspensky cited the Soviet draft as an extremely useful piece of paper which would provide an umbrella for future cooperation in this area.

(ii) Hotline Improvement: Mr Llewellyn Smith said that the British side needed a better idea of the Soviet proposals before it could comment in detail. Mr Uspensky repeated the Soviet wish for an upgrading of the technology used in the hotline.

(iii) Road Transport and Rail Agreements: Mr LLewellyn Smith said that the British side were still studying the Soviet proposals but were sceptical; there was insufficient substance in either of the agreements to merit signature during the Prime Minster's visit. Mr Uspensky

said that both these agreements added to the framework of economic relations and were specific and substantial in content, both qualities which Mr Renton had said would appeal to the Prime Minister. Mr Llewellyn Smith said that the Prime Minister would need to look at the whole complex of proposals before decisions were made.

(iv) Political Document and/or Joint Communique: Mr Llewellyn Smith said that the Prime Minister was sceptical about the need for a Political Document or a joint communique: such documents tended to divert time and energy from talks. (He agreed with Mr Uspensky's comment that HMG had now moved to a crisper Camp David formula. In this context Mr Uspensky mentioned the possibility of such a /chemical formula on bilateral/weapons business).

(v) Cultural Agreement: Mr Uspensky said that both sides had agreed that the 1987-89 agreement should be initialled at the end of the current session of talks to be signed in the margins of the Prime Minster's visit. Mr Llewellyn Smith said that although the initialling had been agreed there was no commitment on the British side to signature by the Prime Minister. Before considering whether the agreement should be signed during her visit, she would want to see more substance in cultural and information relations. The most striking action by the Soviet government in this area would be to cease the jamming of the BBC Russian service. If achieved before the Prime Minister's vist this would clearly make the signature of a document on cultural relations easier.
Better access to film shows at the British Embassy would also help. Mr Llewellyn Smith referred also to a possible exchange of young members of the public service; and more exchanges of television programmes, as areas to look at. Mr Uspensky made no comment.

BILATERAL TALKS

3. (i) Chemical Weapons: Mr Llewellyn Smith said that the British side would soon propose dates for a meeting between experts in Geneva.

(ii) Non Proliferation: Mr Llewellyn Smith proposed a session of talks on Non Proliferation in Moscow during the week of 23 February. The British side would be led by the Head of Nuclear Energy Department accompanied probably by another member of NED and a representative from the Department of Energy. The British preference would be for talks on either 23-24 or 26-27 February. Mr Uspensky promised to transmit these details to the relevant department.

(iii) Asia: Mr Llewellyn Smith said that Mr Gillmore would be able to visit Moscow during the week beginning 18 May or 1 June for talks with Mesrs Rogachev and Kapitsa.

Mr Uspensky took note.

(iv) Africa: Mr Llewellyn Smith said that Mr Reeve, who would be travelling in Africa in February and March, could visit Moscow in April. Would Mr Vasev suggest dates?

(v) Terrorism: Mr Llewellyn Smith offered 2 February and Mr Uspensky undertook to consult.

(vi) Bilateral Talks on the Implementation fo the Berne Agreement: Mr Uspensky hoped that the British side would soon be able to put forward its ideas on a possible agreement to incorporate the provisions of the Berne Agreement in the conduct of our bilateral relations. Mr Llewellyn Smith said they would consider the Soviet proposal carefully and reply.

OTHER

Vist of Delegation from Supreme Soviet Foreign Relations Commission.

4. Mr Llewellyn Smith stressed the urgency of the need for details of the leader of the Soviet delegation. This was important not only for logistic reasons but also since the Prime Minister's involvement with this visit had always been contingent on the participation of either Mr Dobrynin or Mr Ligachev. Mr Uspensky said that he understood the importance of this point.

Ditchley

5. Mr Llewellyn Smith said that the British side still remained attached to Soviet participation in proposed Ditchley Conference. Mr Uspensky promised to inform the British side when Mr Marchuk's successor was known.

Wilton Park

6. Mr Llewellyn Smith handed over information on the Wilton Park Conference to be held in September 1987, whose subject was "Change and Reform in the Soviet Union", and invited Soviet participation. Mr Uspensky requested further details of other participants, and was not drawn on whether the Soviet Union would be represented. Mr Llewellyn Smith undertook to pass on the request.

Exchange of Weeks

7. Recalling the recent visit of Mr Roberts, Mr Llewellyn Smith stressed the need for a written protocol signed between the GB/USSR Association and Friendship House, before the Prime Minister's visit. Mr Uspensky said he would pass this on to Mr Masko who he knew was working on this project.

Visas

8. Mr Llewellyn Smith mentioned Mr Glover James (ITN). He needed a visa sufficiently in advance of the Prime Minister's visit to enable him to establish an office in Moscow. Mr Uspensky undertook to check and said he was not aware of any problem.

Helen Womack

9. Mr Llewellyn Smith raised the case of the journalist Helen Womack's fiance, Mr Gagarin. He urged that Ms Womack's marriage should not be prevented, and referred to the potential problems posed by his military service. It would be unfortunate if this turned into another 'personal case'. Mr Uspensky noted the name and address of Miss Womack 's fiance, Mr Gagarin, but did not offer any helpful advice.

Uspensky's Visit to Britain

10. Mr Llewellyn Smith renewed his invitation to Mr Uspensky to visit Britain. Mr Uspensky said he would look for suitable dates.

Embassy Sites

11. Mr Uspensky expressed disappointment at the British attitude to the Soviet Embassy's request for Ambassador's residence accommodation. He hoped this problem could be resolved to the satisfaction of both parties, adding that the Warwick Road site had never been particularly suitable. Mr Llewellyn Smith commented that presumably the Soviet side, like the British had had high level political authority to initial the Sites' Exchange Agreement. the present impasse was not caused by the British side. Nevertheless, while the Soviet side considered the Sites Exchange Agreement (which we wanted to sign soon) Sir Curtis Keeble was ready to receive a Soviet delegation to continue talks on the subsequent buildings and lease agreements.

Distribution

Mr Llewellyn Smith
Soviet Dept (cc to float; Mr Butt; Mr Brinkley)
Chancery Moscow
OED (para 11)
CSCE Unit

MAED
ACDD
News Dept
Mr C K Davies, Telecomms, Cabinet Office

U50AAD

FILE NOTE 2G/3157

MOSCOW - WASHINGTON HOT LINE

1. Further to my note dated 20 January, I have now received a letter from the Embassy at Washington with some additional information.

TERMINAL EQUIPMENTS

2. There are four sets of terminal equipments both in Moscow and in Washington. Each set of terminal equipment comprises a Panafax PX100 facsimile, an IBM PC (Personal Computer), an EPSON printer and a CODEX modem. All are standard commercial items with the exception of the PC which acts as a controller and encryption device using special circuitry developed at NSA. The "one time" crypto key is inserted on a floppy disc. The special circuitry adds the crypto key to the transmitted/received data. Once a disc has been used, it cannot be re-used. One disc will encrypt/decrypt two pages of facsimile transmission.

3. A secure order wire facility (for engineering and operator use) is achieved by use of the PC key boards. Messages received on the PC can be printed using the EPSON printer.

COMMUNICATIONS CHANNELS

4. There are three routes, all of which are continually active. When they are not in use for traffic, a plain language test pattern consisting of repeated patterns of alpha/numeric characters, is transmitted and monitored on the PC screens. The routes all operate at 4.8 k/bits per second and provide duplex links:

i. via Intelsat;

ii. via Statsionar (a Russian satellite);

iii. via transatlantic cable.

Routes (i) and (iii) were operational in January 1985, route (ii) was only recently activated in 1986. A drawing of the circuit arrangement is attached.

COSTS

5. The Americans pay for the Intelsat route, the Russians for the Statsionar route and the cost of the cable route is split between the two.

6. The Russians paid for all the equipment installed in Moscow. They also paid the Americans to train Russian technicians on the equipments in Moscow.

7. The UK cost of a circuit to Moscow using either satellite or cable is about £13,500. The Soviet charge (on 1 January 1985) was US $78,000 for either route. If this cost has not changed it will be about £55,000 at current exchange rates. UK circuit installation charges are about £1,000 for each. An equipment set costs about £10,000 including installation. Total UK estimated costs are:

CAPITAL		
4 x Equipments	£40,000	
Circuit Installation	2,000	
		£42,000
ANNUAL COSTS		
2 x Lines (assuming we are faced only with the UK charges)	£27,000	
Maintenance Charges	4,000	
Spares and Consumables	4,000	
Recurrent Annual Costs		£35,000
1ST YEAR (VAT INCL)		£77,000

In addition it would be necessary for GCHQ to develop the PC as a crypto system and to arrange to manufacture and provide encryption discs.

C K DAVIES
28 January 1987

Enc: Drawing

29. II.
PM 8 7

CCPC

Foreign and Commonwealth Office

London SW1A 2AH

28 January 1987

Better not to add any more CDN attached 29/1

Dear Charles,

Seminar on the Soviet Union

You asked in your letter of 22 January whether we had an alternative candidate to Professor Nove with similar expertise on the Soviet economy.

There is no-one with Professor Nove's depth of historical experience and knowledge. But Professor Amman of Birmingham, who we understand has accepted your invitation, is also very good on the Soviet domestic economy, Gorbachev's plans for economic restructuring etc.

The best substitute for Nove would be Philip Hanson, also of the Centre for Russian and East European Studies of Birmingham University. But he also is in America and is therefore presumably ruled out on the same grounds.

Michael Kaser of St Antony's College is a possible alternative. But as you know he is more expert on Soviet foreign trade and CMEA questions than on the internal economy.

If you decide that Amman is sufficient to cover the economy, thus leaving a vacant slot, we would still see value in issuing a further invitation. Our two suggested candidates, from whom you might like to choose, are :

Dr Alex Pravda

Dr Alex Pravda

The Royal Institute of International Affairs
Chatham House
10 St James's Square
London SW1Y 4LE Tel. 01-930 2233

Dr Pravda is Director of Chatham House's new 5 year programme of Soviet and East European Studies. He gave a good address there on 27 January on Soviet foreign policy priorities to inaugurate the programme.

Dr Edwina Moreton

The Economist
25 St James's Street
London SW1A 1HG

Dr Moreton would make a good contribution, particularly to the discussion of Soviet external policies. She is a particular expert on Soviet-East European relations. Before joining the editorial staff of The Economist in 1980, she was herself an academic, who worked in the US (MIT) as well as being Lecturer in Political Sciences at Aberystwyth.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
No 10 Downing St

SOVIET UNION: Relation pt 6

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MY TELNO 101: CENTRAL COMMITTEE PLENUM: COMMENT ON GORBACHEV'S SPEECH

SUMMARY

1. GORBACHEV'S MARATHON AND WIDE RANGING REPORT WHICH TAKES UP 4 1/2 PAGES OF TODAY'S PRAVDA (28 JANUARY) SEEMED ALMOST MORE APPROPRIATE FOR A CONGRESS THAN A CENTRAL COMMITTEE PLENUM. HE WAS FRANK AND HARD-HITTING IN EXPOSING PAST FAILURES AND ABUSES BUT OFFERED NO SPECIFIC NEW SOLUTIONS. HE MAY BE PREPARING THE GROUND FOR MORE RADICAL POLICIES IN THE FUTURE, WHICH COULD SURFACE AT THE NEXT PLENUM WHICH IS TO DEAL WITH ECONOMIC REFORM, AND AT A PARTY CONFERENCE PROPOSED FOR NEXT YEAR WHICH WILL CONSIDER, (NEXT TWO WORDS UNDERLINED) INTER ALIA, ''DEMOCRATISATION'' OF THE PARTY.

DETAIL

2. GORBACHEV PAINTED A STARKER PICTURE THAN EVER BEFORE OF THE ECONOMIC, SOCIAL AND POLITICAL PROBLEMS WHICH HAD ACCUMULATED FROM THE BREZHNEV PERIOD AND EARLIER: AND BLUNTLY ADMITTED THAT THE RESPONSIBILITY LAY WITH THE PARTY LEADERSHIP AND SHORT-COMINGS WITHIN THE PARTY ITSELF. IN PART THE PURPOSE OF SUCH FRANKNESS, AS HE ACKNOWLEDGED HIMSELF, IS TO EXPLAIN AND JUSTIFY THE RADICAL CHANGES NECESSARY TO EXTRICATE THE COUNTRY FROM STAGNATION GIVEN THE INERTIA AND RESISTANCE TO WHICH HE REPEATEDLY ALLUDED IN HIS SPEECH. ONCE AGAIN HE STRESSED THE NEED FOR A ''RADICAL TURN'' AND ''REVOLUTIONARY TRANSFORMATIONS'' SINCE THERE WAS NO ALTERNATIVE AND ''NOWHERE TO RETREAT TO''.

PERSONNEL POLICY AND DEMOCRATISATION

3. CADRES POLICY, BILLED AS THE MAIN SUBJECT OF THE PLENUM, RECIEVED A LOT OF ATTENTION IN GORBACHEV'S REPORT BUT HE HAD LITTLE IN THE WAY OF ORGANISATIONAL CHANGE TO PROPOSE. HE WENT SO FAR AS TO ADMIT THAT STAGNATION OF CADRES IN LEADING ORGANS HAD WEAKENED THE PERFORMANCE OF THE POLITBURO AND GOVERNMENT AND THAT INCOMPETENT SENIOR OFFICIALS HAD REMAINED IN THEIR JOBS FOR DECADES. HE DECLARED THIS MUST NOT BE ALLOWED TO HAPPEN AGAIN BUT PROPOSED NO

MECHANISM TO PREVENT IT, SUCH AS COMPULSORY RETIREMENT AGE OR LIMITATION ON TENURE WHICH HAD BEEN WIDELY RUMOURED IN ADVANCE OF THE PLENUM. THE ONLY SIGNIFICANT STRUCTURAL CHANGE PROPOSED IS SECRET BALLOTTING FOR SECRETARIES OF PARTY COMMITTEES FROM DISTRICT TO REPUBLIC LEVEL, WITH THE POSSIBILITY OF SEVERAL CANDIDATES. THIS IS UNLIKELY TO HAVE MUCH EFFECT IN PRACTICE. GORBACHEV ALSO SAID IT WOULD BE ''LOGICAL'' TO DEMOCRATISE LEADING PARTY ORGANS BUT DID NOT EXPLAIN HOW. PROBABLY HE WAS UNABLE TO GO AS FAR AS HE WOULD HAVE LIKED IN THIS PART OF HIS REPORT. HE MAY ATTEMPT TO PUT FORWARD MORE RADICAL PROPOSALS AT THE PARTY CONFERENCE, WHICH HE SUGGESTED SHOULD BE HELD IN 1988.

4. OTHER SUGGESTIONS FOR DEMOCRATISING SOVIET SOCIETY DISCUSSED IN GORBACHEV'S REPORT INCLUDED MINOR CHANGES IN THE PROCEDURE FOR ELECTING DEPUTIES TO SOVIETS, WHICH WOULD PERMIT SEVERAL NOMINATIONS TO BE CONSIDERED AT PRE-ELECTION MEETINGS, AND ENLARGED ELECTORAL CONSTITUENCIES WITH SEVERAL CANDIDATES TO BE ELECTED FROM EACH.

NATIONALITIES

5. GORBACHEV DEVOTED A LENGTHY SECTION OF HIS REPORT TO NATIONALITIES POLICY, OBVIOUSLY PROMPTED BY THE RIOTS IN ALMA ATA LAST MONTH TO WHICH HE SPECIFICALLY REFERRED, ADMITTING THAT SIMILAR INCIDENTS HAD OCCURRED BEFORE. THIS WAS PERHAPS THE FRANKEST ACKNOWLEDGEMENT OF THE GAP BETWEEN REALITY AND THE PROPAGANDA OF MULTI-NATIONAL HARMONY SINCE THE 1920S, BUT GORBACHEV HAD ONLY FAMILIAR RECIPES TO OFFER: MORE INTERNATIONALIST EDUCATION, FAIR REPRESENTATION OF ALL NATIONALITIES AND ETHNIC GROUPS IN PARTY AND STATE BODIES ETC.

GLASNOST' AND LEGALITY

6. FIRM COMMITMENT TO GLASNOST' WAS A CONSISTENT THEME OF GORBACHEV'S REPORT AND HE EXPLICITLY BACKED THE FRANKNESS AND CRITICAL ATTITUDE OF THE MEDIA AND CREATIVE INTELLIGENTSIA. THERE WAS NO INDICATION OF ANY RETRENCHMENT IN THE POLICY OF GLASNOST', DESPITE GROWING NERVOUSNESS RECENTLY ON THIS ACCOUNT AMONG SOVIET INTELLECTUALS. GORBACHEV EVEN SUGGESTED THAT LAWS SHOULD BE WORKED OUT WHICH WOULD GUARANTEE GLASNOST'.

THE ECONOMY

7. THE SPEECH CONTAINED LITTLE NEW ON THE QUESTION OF ECONOMIC REFORM: IT WAS LARGELY A REHASHING OF THE ECONOMIC PROGRAMME OF THE 27TH PARTY CONGRESS: SELF-FINANCING, ECONOMIC ACCOUNTABILITY, ADMINISTRATIVE STRUCTURAL REORGANISATION, LESS INTERFERENCE FROM ABOVE, INCREASED EMPHASIS ON QUALITY AND PAYMENT BY FINAL RESULTS. GORBACHEV GAVE VAGUE ENDORSEMENTS OF THE ROLE OF THE PRIVATE PLOTS AND INDIVIDUAL LABOUR ACTIVITY AND CALLED FOR GREATER DEVELOPMENT OF COOPERATIVES.

8. THE REVIEW OF THE ECONOMIC ACHIEVEMENTS OF 1986 WAS CAUTIOUS: IT WAS GENERALLY SUCCESSFUL BUT SERIOUS PROBLEMS REMAIN UNSOLVED AND THERE IS NO ROOM FOR COMPLACENCY. BUREAUCRATIC INERTIA AND OBSOLETE ECONOMIC THINKING LEFT OVER FROM THE 30S AND 40S MUST BE OVERCOME.

9. THE WAY AHEAD WAS PLOTTED ONLY SKETCHILY: THERE IS TO BE A NEW LAW ON THE SOCIALIST ENTERPRISE, A CONGRESS TO REFORM THE STATUS AND ORGANISATION OF COLLECTIVE FARMS, FURTHER IMPROVEMENTS IN THE WORK OF THE CENTRAL ECONOMIC BODIES AND A PROPOSAL TO FORM LARGE PRODUCTION UNITS THAT COULD BE VARIATIONS ON THE THEME OF THE GDR'S (NEXT WORD UNDERLINED) KOMBINATS. FURTHER MAJOR REFORMS WILL PROBABLY WAIT UNTIL THE NEXT PLENUM: THIS IS TO BE A PERIOD OF CONSOLIDATION. THE PARTY HAS SHOWN THE WAY: IT IS NOW UP TO THE CADRES TO MAKE IT WORK THROUGH GREATER COMMITMENT AND DISCIPLINE: GORBACHEV'S ''HUMAN FACTOR''.

CONCLUSION

10. THE BROAD RANGE OF ISSUES COVERED IN THIS UNUSUALLY COMPREHENSIVE AND PROGRAMMATIC REPORT COULD BE ENOUGH TO EXPLAIN WHY THE PLENUM WAS DELAYED FROM LAST YEAR. BUT I SUSPECT, IN THE LIGHT OF SOME VERY CIRCUMSTANTIAL RUMOURS ABOUT PROPOSALS FOR INTERNAL PARTY REFORMS THAT SOME CONTROVERSIAL ELEMENTS IN GORBACHEV'S ORIGINAL DRAFT WERE THE SUBJECT OF PROLONGED DEBATE AND DID NOT SURVIVE. THERE IS SOME OBVIOUS HEDGING, E.G. ''I THINK .....THAT IN PRINCIPLE STABILITY OF CADRES IS NECESSARY. BUT THIS MUST NOT BE CARRIED TO EXTREMES OR, ONE COULD SAY, TO THE POINT OF ABSURDITY''. IT IS NEVERTHELESS CLEAR FROM THE ROBUST TONE OF GORBACHEV'S SPEECH THAT HE IS DETERMINED TO PUSH AHEAD ON SEVERAL FRONTS. HE INDICATED AGAIN, AS HE DID IN HIS SPEECH IN KHABAROVSK LAST JULY, THAT THE MORE HE EXAMINES THE SITUATION THE MORE SERIOUS THE PROBLEMS APPEAR AND THE MORE RADICAL THE SOLUTIONS NEEDED TO DEAL WITH THEM. BUT SO FAR HE REMAINS STRONGER ON RHETORIC THAN RECIPES.

11. FURTHER COMMENT WILL FOLLOW WHEN THE PLENUM IS OVER.

CARTLEDGE

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Foreign and Commonwealth Office

London SW1A 2AH

28 January 1987

Fascinating - but more with that author

Prime Minister

Dear Charles, An interesting account. CDP 29/1

I enclose a report prepared by Rodric Braithwaite after his talks in Moscow on 7/8 January about problems of reform of the Soviet political economy. The Foreign Secretary found this report compact and illuminating. He thought that you and the Prime Minister might find it useful in relation to the forthcoming visit.

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

REFORMING THE SOVIET POLITICAL ECONOMY

"In capitalist society variety, quality and volume of production are controlled by the market. Can we not use this instrument in our Socialist economy?"
Letter to Pravda, 23 August 1964

1. I went to Moscow in the second week of January to talk with the Ministry of Foreign Affairs and to people in the economic institutes about problems of the world economy. I expected the usual polemical exchanges with the Foreign Ministry officials about COCOM, the North-South dialogue, and other contentious matters. But I hoped that the Russians would nevertheless be willing to have the odd word about the debate on economic reform initiated by Gorbachev.

2. The event far exceeded my expectations. Even the Foreign Ministry officials were willing to speak - in front of oneanother - with a frankness that I have not previously experienced in dealing with Russians. Apart from one minor incident there was no attempt to score propaganda points. They were barely interested in the world economy; but they were bubbling over with anxiety to tell me about their internal debates. They willingly fielded questions not only on the technicalities of reform, but on far more sensitive matters, such as the role of the Party and Russian attitudes to work. One could have had such discussions in Poland after 1956. But in the Soviet Union they would, I was told in the Embassy, have been impossible even six months ago.

3. My interlocutors were Obminsky, the new head of the Foreign Ministry's International Economic Affairs Department; Academician Bogomolov, the head of the Institute of the World Economic Socialist System; Abalkin, head of the Institute of Economics; and Korolev, the new head of the Institute for the World Economy and International Relations (IMEMO). They did not differ much in their analysis of what is wrong with the Soviet economic system. I do not however think that this was because they were speaking to a line centrally laid down. Their analysis was similar to that put forward by the more sophisticated Soviet economists during the great debate under Khrushchev. And it is pretty much the same as the analysis which is made in the West.

4. For all that I came away most sceptical that all the talk of reform will in fact lead to fundamental change in the Soviet system.

5. The essence of what I was told was:

a) The Soviet economy is stagnating: it risks falling behind the West, perhaps irreversibly.

b) The economic structure must therefore be fundamentally restructured. This includes recognising its interdependence with the reswt of the world economy. But this restructuring (perestroika) must not be allowed to undermine the essence of Socialism.

c) The restructuring of the economy cannot succeed without a parallel restructuring of the political system - greater openness, industrial democracy, and the withdrawal of the Party from economic management.

d) Nor would it work without a transformation of traditional Russian attitudes to work.

e) All these changes would take place slowly and deliberately: the new laws that were being passed would be supplemented by futher measures in the light of experience.

THE NATURE OF THE PROBLEM

6. The weaknesses of the Soviet economy are well known: the reliance on management by administrative fiat; the emphasis on quantative rather than qualitative planning indicators; the arbitrary pricing system; the absence of any system of genuine financial responsibility. In Khrushchev's day the relationship between enterprises, their suppliers of raw materials, and their intermediate or final customers, was governed by the directives of the planners and not by the pressures of supply and demand. Factory managers maximised production whatever the quality of their goods and whether or not there was a use for them. Financial incentives to work harder had little effect because of the shortage of consumer goods worth buying. The system did work after a fashion - not least because of the existence of a network of complex and often corrupt devices for bypassing the planners' intentions.

7. Various suggestions were made for correcting these weaknesses: from shooting corrupt factory managers through the setting up of small-scale private and cooperative enterprises to introducing some kind of more rational "Socialist market" (the ideas associated in the West with Liberman). Throughout the Khrushchev era the Soviet Union was in a state of perpetual administrative reorganisation.* But the pressures for reform fizzled out under Brezhnev, and twenty five years later the analysis is the same.

8. My Russian interlocutors insisted that things could not continue this way. The Soviet Union was falling behind the West, perhaps fatally. Radical measures were inescapable: what Gorbachev had called the "second revolution". They would be adopted, and they would work, because everything else had been tried and had failed.

PROPOSALS FOR REFORM

9. The following are some of the highlights of our discussion (details are in Mr Chrimes' notes).

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* In Tvardovsky's satirical "Terkin in the underworld", published in 1963, there is a "Committee for Perpetual Perestroika": another example of how little things change.

Foreign Trade

10. My interlocutors made no bones of the fact that they now regard the Soviet Union as an integral part of the world economy. The Russians therefore no longer have an interest in "the final collapse of capitalism" (a major ideological concession). The Soviets wanted to join the GATT for two main reasons: a dislike of being excluded from a major international institution; and a need to expose the Soviet economy to the disciplines of the international market. I said that we were reluctant to see the Russians in GATT, among other reasons, because it was quite unclear how tariffs operated in the Soviet economy. Western negotiators could not be sure that any concessions they made would be matched by real economic concessions on the other side. I did not see how this could change unless the workings of the Soviet economy became much more transparent, and until the Soviet price system reflected economic rather than administrative considerations.

11. The Russians did not deny this. But they claimed that the proposed reforms would indeed make the whole process more transparent and provide the clarity that Western negotiators and Western businessmen needed. For their part the Russians needed the exposure to Western economic realities that would come with the opening up of the Soviet economic system to foreign trade. Soviet factory managers would develop a real interest in exporting, and would have to improve their products accordingly. This would have a beneficial effect on standards in the Soviet economy as a whole.

Joint Ventures

12. Obminsky and Bogomolov said that the Soviets had studied the experience of other Socialist countries. The Soviet partner in a joint venture would have a majority of the shares (this could be less than 51% if there were more than one foreign partner). The Soviet interest would be to acquire management expertise and technological know-how, and hard currency from the sale abroad of the product.

13. I pointed out that foreign partners would only be attracted if they could make and remit profits, and if they could open up a market inside the Soviet Union which would otherwise be closed to them. Joint ventures in other Socialist countries had not always worked well. There was a risk that the interests of the partners would not converge. I wondered how a joint venture, which would be operating outside the planned economy, could be sure of getting its raw materials. Would not the planners be tempted to give preference to enterprises inside the planned sector? How would the joint venture be able to recruit skilled Soviet workers away from established enterprises? How would the economics of the venture be calculated, given the artificiality of Soviet prices and the non-convertibility of the rouble?

14. The Russians said that many of the practical difficulties would have to be sorted out in negotiations

between the potential partners. About 200 joint ventures might eventually be set up. They would be only a small part of the Soviet economy as a whole. It would be perfectly feasible to give them priority over raw materials. Since Soviet citizens in a joint enterprise would find themselves having to work two or three times as hard as in a Soviet enterprise, it would be reasonable to pay them accordingly. That would take care of the recruitment problem. There were precedents: workers in the defence industries were already paid more than those in the civilian economy (an unusual admission). Access to the internal market and the remittance of profits earned there might be more of a problem: perhaps the solution was to allow the foreign partner to convert rouble profits into hard currency if the goods produced would otherwise have to be imported.

Prices and the new enterprise law

15. Underlying the discussion about the Soviet Union and its foreign trade partners was the issue of the way prices are formed in the Soviet system, and the signals that these prices send to Soviet factory managers. The intention of the new law on the enterprise, which is to be published shortly, is to increase the financial independence and responsibility of the factory manager. His planned targets are to be set in qualitative and financial, not quantitative terms, and he will be judged in future by whether his product finds a buyer. If he fails to make ends meet financially, there will be a number of possible consequences. The factory may be given new tasks; it may be closed down temporarily for re-equipment; or it may be closed down permanently and the workforce dispersed. Bogomolov cheerfully described this last as "bankruptcy", though Abalkin said that they still didn't much like using such words in the Soviet Union.

16. Obviously the way prices are formed will be crucial under the new system. The answers I was given were almost entirely unconvincing. All agreed that it would be unreasonable to force an enterprise into bankruptcy because the prices at which it bought its inputs and sold its product had been arbitrarily but wrongly set by the planners. Obminsky and Bogomolov thought that under the new arrangements there would be more intense negotiation over price between Soviet and foreign firms and between Soviet enterprises themselves. As result of this process prices would eventually come in some mysterious way to reflect economic rather than administrative realities. They did not at all explain how this would happen, except that it would come about "step by step". I did not find this impressive, though I may be being unfair since I have not followed the technical debate in the Soviet press..

POLITICAL OBSTACLES AND POPULAR ATTITUDES

17. Everyone I talked to, even in the Foreign Ministry, said that the economic reforms could not succeed unless they were matched by political reforms. Both Bogomolov and Abalkin spoke of the need for "democratisation". I asked what that meant. They were vague, and mumbled something about the workers electing enterprise managers. That, I remarked, had

not worked in Yugoslavia. I added that the 1964 reform had run into the sand because Party officials had seen it as a threat to their power: why should they be more cooperative this time? Abalkin said that the Soviet Union was a uniquely vast and diverse country: it was not easy to hold together and the Party had fulfilled that role both politically and in the economy. Party officials had naturally wanted to hold on to their power. But it was not an appropriate role for them and other means would have to be devised. Probably the local authorities would have to be given greater responsibility for economic management.

18. Both Bogomolov and Abalkin said that wage differentials would have to be increased to get people to work harder: for a while at least the differentials might need to be a good deal wider than they were in the West. The trouble, said Bogomolov, was that the Russian people did not like work, nor did they like to see others prosper. This was a very old tradition: it reflected the egalitarian sentiments of the pre-Revolutionary village commune. I commented that the only time in Russian economic history when this had begun to change had been under Stolypin before the First World War. By "backing the strong" (stavka na krepkikh) he had encouraged the more enterprising peasants to enrich themselves, if necessary at the expense of the incompetent. The new policies seemed to be pointing in the same direction. I wondered if they would be any more manageable politically today than under the Tsar.*

19. Abalkin said that people used to think that it was the bureaucracy which had stifled the Soviet economy. If that had been so, the solution would be simple: just get rid of the bureaucrats. But the opposition to change came from the bottom as well. The workers had been keen enough when people had talked of giving them new rights. But now they had gathered that the new rights would be accompanied by new obligations, and they were distinctly less enthusiastic.

20. Bogomolov asked if we in the West had similar problems over popular attitudes to enterprise and success. I said that we did indeed have such problems in Europe, though not in America. In England we called it "the politics of envy": the attitudes involved were rooted in the very beginning of our industrial revolution. The miners' strike showed how hard it was to change such attitudes.

CONCLUSION

21. The current analysis of the Soviet Union's economic ills is not new. Neither are most of the remedies proposed. What

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* Stolypin's policies were opposed both by the Social Revolutionaries and by the reactionaries around the Tsar, and he was assassinated before they could bear fruit. I understand that the Stolypin reforms are nevertheless the subject of renewed interest in the Soviet press.

does seem to be new is the public discussion of the need to change fundamental attitudes. The apparent recognition in some Soviet press and TV comment that the experiment could fail is also unusual. Past Soviet "campaigns", like Queen Victoria, have usually not entertained the possibility of defeat. Either the leadership really do want to encourage genuine discussion; or those who oppose the reformers are influential enough to get their ideas into the press.

22. Gorbachev is almost certainly right to think that a genuine reform of the Soviet economy requires the most far-reaching transformation of fundamental attitudes. He clearly sees this as the key in other areas as well, and is prepared to take considerable risks accordingly - witness Alma Ata, the release of Sakharov, and even Reykyavik.

23. But the risk is indeed great. Russia's rulers have traditionally feared that by relaxing discipline they will unleash the "elemental forces" in Russian society. Their fears have been justified over the centuries by rebellions and revolts of which Alma Ata is only the latest. His irresponsible attitude to the "elemental forces" was one of the main counts against Khrushchev after he fell. Bogomolov, Abalkin, and the others are almost certainly correct in their analysis. But they are not responsible for running the country. The Party officials and economic managers who are may be less articulate. But they are bound to be more cautious, and not only because they want to keep their jobs. The political risk of change - especially failed change - is obvious; and so far the economists have not even come up with convincing answers to the practical problems which change will entail.

24. Moreover it is wrong to say, as the reformers do, that there is no alternative to the changes they propose. The Soviet Union is making economic progress, however slow. Despite its inadequacies, the system has succeeded in enabling the Soviet Union to match the military might of the United States. Moscow and its people are considerably more prosperous than they were twenty years ago (so of course they ought to be). It is not unreasonable for the conservatives to argue that the risks involved in trying to change attitudes through open debate and "democratisation" are not worth the candle; and that it is both preferable and practicable to proceed as before, tinkering with the system, maintaining internal discipline, building up the armed forces, and giving whatever crumbs remain to the patient Soviet consumer.

25. The people apparently share this scepticism. The Moscow taxi drivers are said to think that Gorbachev is a "decent" man (despite his success in rising to the top of the Soviet political system); but that his reforms will succeed, if at all, only under his successor. The jury on the economic reforms is likely to remain out for a long time. I suspect that, when it returns, its answer to the anxious Pravda reader of 1964 will still be: "No".

18 January 1987

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PM 8 7

FILE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 January 1987

I enclose a copy of a letter from the Director of the Imperial War Museum in which he suggests that the agreement which his Museum has reached with the Soviet Central Armed Forces Museum in Moscow to exchange historic tanks should be implemented during the Prime Minister's visit to Moscow. I should be grateful for advice on whether you think this is worth pursuing. As you will see, special arrangements would have to be made for the transport of the tanks which would in effect have to be by a Soviet aircraft.

I am copying this letter and enclosure to John Howe (Ministry of Defence).

(Charles Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

JR

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 January 1987

Thank you for putting on paper so promptly your interesting suggestion that the exchange of tanks with the Soviet Central Armed Forces Museum should be carried out during the Prime Minister's visit to Moscow. I will reflect on this and discuss it with one or two others and let you know what we conclude as soon as possible.

(Charles Powell)

Dr. Alan Borg, F.S.A.

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CCPR

Imperial War Museum
Lambeth Road
London SE1 6HZ
Telephone 01-735 8922

From the Director
Dr Alan Borg FSA

ACNB/LSP/IX/196

28 January 1987

Dear Mr Powell

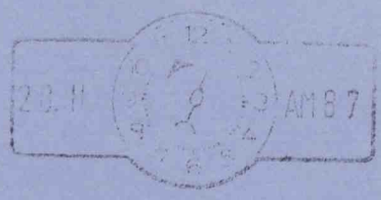
I refer to our telephone conversation of today. This Museum has come to an unique and unusual agreement with the Soviet Central Armed Forces Museum, Moscow to exchange historic tanks. The Russians are giving us an I-S 2 Heavy Tank (the main Soviet tank of the Second World War) and we in exchange are sending them a Conqueror tank. Our vehicle and I suspect theirs will be in running order.

It occurred to me that it might be highly appropriate for this exchange to be made during the Prime Minister's forthcoming visit to Moscow. However, to organise this would require some fairly rapid arrangements for our Conqueror to get to the Soviet Union. Transport would normally be by ship to Leningrad and rail to Moscow, but I am advised that the tank could be flown in a C5A aircraft. Finally, any such arrangement for a hand over in the presence of the Prime Minister would require to be pushed at the diplomatic level since it normally takes at least six months for me to get any reply out of my opposite number, the Director of the Soviet Central Armed Forces Museum.

Yours sincerely

Alan Borg

Mr Charles Powell
10 Downing Street
London SW1



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RAND/UCLA
Center for the Study of
Soviet International Behavior

January 23, 1987

Mr. Charles Powell
10 Downing Street
London SW1A 2AA

Dear Mr. Powell:

Thank you for your letter of January 6 and the kind invitation to the discussion at Chequers on February 27. Unfortunately, as you can see, I am at the moment in California, and I will not get back until early May. Please tender my apologies to the Prime Minister.

Sincerely yours,

Alec Nove

Alec Nove

AN:lq

1700 Main Street, P.O. Box 2138, Santa Monica, CA 90406-2138 ● (213) 393-0411

SOVIET UNION Relations PT6

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 January 1987

SEMINAR ON THE SOVIET UNION

I understand that Professor Alex Nove will be in California until April and unable to attend the Prime Minister's seminar on the Soviet Union at Chequers. I should be grateful to know if you have an alternative candidate to suggest with similar expertise on the Soviet economy.

Charles Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

MR. POWELL

Seminar at Chequers
Friday, 27 February

The University of Glasgow tell me that Professor Nove will be in California until April.

Sue

22 January 1987

CC PC

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

CDP
20/1

CONFIDENTIAL

Charles D Powell Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
SW1A 2AA

20 January 1987

Dear Charles,

ENERGY COLLABORATION WITH SOVIET UNION

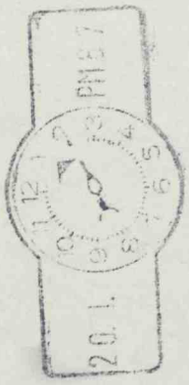
Thank you for your letter of 15 January. We will, as you suggest, take this forward with the FCO. My Secretary of State believes it would be a great pity if any of the momentum which has been built up with the Soviets should be lost given the important opportunities for collaboration that so clearly exist in the energy field with a country which is as energy rich as the Soviet Union. It would, in particular, be a great pity to pass up any opportunity which offered the prospect of orders for the hard pressed offshore supplies industry, which is as you know, largely situated in the North and Scotland.

I am copying this letter to Lyn Parker (Foreign & Commonwealth Office), Tim Walker (Department of Trade & Industry) and Trevor Woolley (Cabinet Office).

Yours,
Geoff

G S DART
Principal Private Secretary

CONFIDENTIAL



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MR RENTON'S VISIT TO MOSCOW, 13-16 JANUARY:

SUMMARY

1. A VALUABLE VISIT IN ITS OWN RIGHT, WHICH ALSO CARRIED EXCHANGES ON THE PRIME MINISTER'S FORTHCOMING VISIT A USEFUL STAGE FURTHER. FIRM STATEMENTS OF UK POSITIONS ON ARMS CONTROL AND HUMAN RIGHTS: LITTLE NOVELTY BUT GREATER CLARITY IN SOVIET PRESENTATIONS, APART FROM FAR EAST AND SOUTH EAST ASIA, NO DISCUSSION OF REGIONAL ISSUES.

DETAIL

ARMS CONTROL

2. MY TELNO 55 SUMMARISED MR RENTON'S LONG AND SUBSTANTIAL DISCUSSION OF ARMS CONTROL MATTERS WITH SHEVARDNADZE ON 15 JANUARY AND THE LATTER'S REPEATED EMPHASIS ON THE NECESSITY FOR GREATER UK/SOVIET DIALOGUE ON THESE ISSUES. ALTHOUGH THE BILATERAL ORIENTATION WAS UNIQUE TO SHEVARDNADZE'S EXPOSITION, HIS STATEMENT OF THE SOVIET CASE WAS VIRTUALLY IDENTICAL IN CONTENT, IF NOT IN STYLE, WITH THOSE GIVEN TO MR RENTON BY DOBRYNIN (PARTY SECRETARY AND HEAD OF THE INTERNATIONAL DEPARTMENT OF THE CENTRAL COMMITTEE) AND KARPOV (JUST RELIEVED AS CHIEF SOVIET NEGOTIATOR AT GENEVA, NOW HEAD OF THE MFA'S DISARMAMENT DEPARTMENT). DOBRYNIN'S ACCOUNT OF THE SOVIET APPROACH TO THE NEW GENEVA ROUND FOLLOWED FAIRLY CLOSELY THE LINES OF GORBACHEV'S COMMENTS TO ME ON 15 DECEMBER, FOR WHICH HE HAD DOUBTLESS WRITTEN THE BRIEF. THE SOVIET ''PACKAGE'' WAS A CAREFUL BALANCE OF INTERESTS AND CONCESSIONS, REFLECTING GORBACHEV'S BELIEF THAT NEITHER SIDE COULD HAVE SECURITY IF THE OTHER DID NOT: IT FOLLOWED THAT ELEMENTS OF THE PACKAGE COULD NOT BE CHOSEN A LA CARTE. EUROPEAN INFLUENCE ON PRESIDENT REAGAN HAD BEEN UNHELPFUL: BUT THE QUESTION OF WHETHER REAGAN REALLY WANTED AGREEMENT REMAINED OPEN. SOVIET PROPOSALS FOR OPEN-ENDED DISCUSSIONS, WITHOUT PRECONDITIONS, ON BOTH NUCLEAR TESTS AND ON ABM TREATY INTERPRETATION HAD MET WITH A NEGATIVE US RESPONSE. OF THE EIGHT U S ADMINISTRATIONS WITH WHICH HE HAD DEALT, DOBRYNIN SAID THAT THE PRESENT ONE WAS THE MOST DIFFICULT AND LEAST READY TO COMPROMISE: IT WAS IMPOSSIBLE TO KNOW WHOM TO TALK TO WITHIN IT. LIKE SHEVARDNADZE, DOBRYNIN SPELT OUT THE WAY IN WHICH REAGAN HIMSELF HAD PROPOSED, AT REYKJAVIK, THE COMPLETE ELIMINATION OF ALL NUCLEAR WEAPONS WITHIN 10 YEARS BUT HAD THEN REFUSED FLATLY TO DISCUSS THE SDI. SIMILARLY, SCHULTZ HAD REFUSED TO DISCUSS THE ABM TREATY WITH SHEVARDNADZE IN VIENNA. DOBRYNIN CLAIMED THAT A SEPARATE DEAL ON INF, APART FROM THE SOVIET

/PACKAGE

PACKAGE, WOULD BE UNFAIR TO THE SOVIET UNION SINCE IT WOULD LEAVE THE UK AND FRANCE FREE TO INCREASE THEIR NUCLEAR FORCES AS THEY WISHED: EQUALLY, THE SOVIET UNION COULD NOT BE EXPECTED TO REDUCE ITS MOST EFFECTIVE STRATEGIC NUCLEAR WEAPONS WHILE ACCEPTING UNRESTRAINED SDI RESEARCH BY THE US - IN 10 YEARS, THE AMERICANS WOULD HAVE SDI WHILE THE SOVIET UNION HAD 50% LESS STRATEGIC MISSILES WITH WHICH TO SWAMP IT.

3. KARPOV SPOKE IN VERY SIMILAR TERMS. THE SOVIET UNION HAD MADE A MAJOR CONCESSION AT REYKJAVIK IN RECOGNISING A CERTAIN LEVEL OF PERMISSIBLE SDI RESEARCH: BUT IT WAS ESSENTIAL TO ENSURE THAT THE PROGRAMME DID NOT TRANSGRESS CERTAIN LIMITS IF IT WERE NOT TO UPSET STABILITY AND INCREASE THE RISK OF NUCLEAR WAR BY ACCIDENT. HENCE THE SOVIET EMPHASIS ON SATISFACTORY DEFINITIONS OF ''LABORATORIES'', ON WHICH THERE HAD BEEN A CLEAR UNDERSTANDING WHEN THE ABM TREATY HAD BEEN RATIFIED, AND ''ELEMENTS'', A TERM WHICH WAS DESIGNED TO GET ROUND THE PROBLEM OF WHETHER EG, LASERS (WHICH HAD OTHER APPLICATIONS) WERE ''COMPONENTS'' OF A SYSTEM ''BASED ON OTHER PHYSICAL PRINCIPLES'' OR NOT. SOVIET LINKAGE BETWEEN AGREEMENT ON THE SDI AND STRATEGIC NUCLEAR REDUCTIONS WAS NOT NEGOTIABLE: HOW COULD THE SOVIET UNION BE EXPECTED TO REDUCE THESE WEAPONS WHEN, IF SDI WERE TO BE SUCCESSFULLY TESTED AND THEN DEPLOYED, THE SOVIET REQUIREMENT MIGHT BE TO INCREASE ITS STRATEGIC ARSENAL ?

4. IN BOTH DISCUSSIONS, MR RENTON STRESSED THE ILLOGICALITY OF LINKING AN INF AGREEMENT TO AGREEMENT ON THE SDI AND THE IMPORTANCE OF CONCENTRATING ON THOSE AREAS IN WHICH PROGRESS WAS POSSIBLE - INF, 50% STRATEGIC REDUCTIONS AND A CW BAN. THERE COULD HAVE BEEN AGREEMENT AT REYKJAVIK IF GORBACHEV HAD NOT INSISTED ON RESTRICTING WHAT WAS CURRENTLY PERMISSIBLE UNDER THE ABM TREATY. THE UK'S OWN MINIMAL STRATEGIC DETERRENT SHOULD BE LEFT TO ONE SIDE WHILE PROGRESS WAS SOUGHT IN THOSE AREAS IN WHICH IT WAS FEASIBLE. THE CAMP DAVID APPROACH WAS PRACTICAL AND ACHIEVABLE.

HUMAN RIGHTS

5. IN HIS DISCUSSIONS BOTH WITH FIRST DEPUTY FOREIGN MINISTER KOVALEV AND WITH AMBASSADOR KASHLEV (DIRECTOR OF HUMANITARIAN AND CULTURAL AFFAIRS IN THE MFA AND LEADER OF THE SOVIET CSCE DELEGATION AT VIENNA, MR RENTON SPELT OUT CLEARLY AND FIRMLY THE IMPORTANCE WHICH THE BRITISH GOVERNMENT ATTACH TO FAMILY RE-UNIFICATION AND HUMANITARIAN ISSUES. HE DREW KOVALEV'S ATTENTION TO OUTSTANDING FAMILY RE-UNIFICATION CASES IN WHICH THE UK HAS A DIRECT INTEREST AND STRESSED THE DESIRABILITY OF RESOLVING THEM IN ADVANCE OF THE PRIME MINISTER'S VISIT: HE ALSO EMPHASISED THE CONCERN TO WHICH CASES SUCH AS THAT OF OGORODNIKOV GIVE RISE IN THE UK AND THE STRENGTH OF BRITISH FEELING ABOU THE PATHETICALLY LOW LEVEL OF JEWISH EMIGRATION FROM THE SOVIET UNION. WITH KASHLEV, MR RENTON RAISED IN ADDITION A NUMBER OF SPECIFIC ''REFUSENIK'' CASES WHICH HAD BEEN RAISED WITH HIM IN LONDON. BOTH KOVALEV AND KASHLEV RESPONDED BY ATTACKING THE CONDUCT OF THE UK DELEGATION AT THE CSCE MEETING IN VIENNA, ACCUSING THE DELEGATION OF VIOLATING THE NORMS OF DIPLOMATIC PROCEDURE AND OF ''OUTRAGEOUS'' BEHAVIOUR. WHEN MR RENTON, STRESSING THAT CANDOUR

CONFIDENTIAL

/SHOULD

SHOULD NOT BE INTERPRETED AS DISCOURTESY, DEFENDED THE UK DELEGATION AND POINTED OUT THAT VERY FEW OF THE 80 QUESTIONS WHICH IT HAD PUT TO THEIR SOVIET COLLEAGUES HAD RECEIVED ANSWERS. KASHLEV CLAIMED THAT THE UK DELEGATION HAD ITSELF BEEN RETICENT ON THE UK HUMAN RIGHTS RECORD (250,000 HOMELESS, 12,000 PEACENIKS ARRESTED, 40 DEATHS IN POLICE CUSTODY ETC. ETC.) MR RENTON UNDERTOOK THAT ANY FACTUAL INFORMATION REQUIRED BY THE SOVIET SIDE WOULD READILY BE MADE AVAILABLE.

6. MR RENTON CALLED, ON 16 JANUARY, ON THE DEAN OF THE JEWISH REFUSENIK COMMUNITY, PROFESSOR LERNER, AT HIS FLAT: SIX OTHER REFUSENIKS WERE PRESENT. THE REFUSENIKS WERE ABLE TO VOICE THEIR CONCERNS ABOUT THE NEW SOVIET LEGISLATION ON EXIT VISAS AND THE VISIT WAS WITHOUT DOUBT A USEFUL MORALE-RAISER.

REGIONAL ISSUES

7. AS SHEVARDNADZE'S CONCENTRATION ON ARMS CONTROL LEFT NO TIME FOR A REPLY TO MR RENTON'S QUESTIONS ABOUT AFGHANISTAN AND AS THE DEPUTY FOREIGN MINISTER COVERING AFRICAN AFFAIRS WAS SICK, THE ONLY DISCUSSION OF REGIONAL ISSUES WAS WITH ROGACHEV, DEPUTY MINISTER OF FOREIGN AFFAIRS RESPONSIBLE FOR THE FAR EAST AND SOUTH EAST ASIA. ROGACHEV'S PRESENTATION WAS DISAPPOINTINGLY ORTHODOX AND UNINFORMATIVE, BUT HE WAS RELATIVELY UP-BEAT ABOUT THE DEVELOPMENT OF SOVIET RELATIONS WITH CHINA. MIDDLE EAST ISSUES DID NOT ARISE DURING ANY OF MR RENTON'S DISCUSSIONS.

BILATERAL

8. PRIME MINISTER'S VISIT.
MR RENTON WAS ABLE TO DISCUSS BOTH WITH KOVALEV AND DOBRYNIN THE AGENDA AND PROGRAMME FOR THE PRIME MINISTER'S FORTHCOMING VISIT TO THE SOVIET UNION. HE TOLD KOVALEV THAT THE PRIME MINISTER WOULD LIKE TO HAVE A BROAD PHILOSOPHICAL DISCUSSION WITH GORBACHEV AS WELL AS EXCHANGES ON MORE SPECIFIC ISSUES SUCH AS INTERNATIONAL SECURITY AND ARMS CONTROL, THE MANAGEMENT OF ECONOMIC CHANGE, REGIONAL QUESTIONS AND HUMAN RIGHTS: SOVIET PROPOSALS FOR DOCUMENTS WHICH MIGHT BE SIGNED FURING THE VISIT, EG ON COOPERATION IN SPACE, WERE BEING CAREFULLY STUDIED IN LONDON. TO DOBRYNIN, MR RENTON MENTIONED THE EXTENT TO WHICH THE PRIME MINISTER'S DISCUSSIONS WITH GORBACHEV IN DECEMBER 1984 HAD BENEFITTED FROM THEIR INFORMAL SETTING AT CHEQUERS (DOBRYNIN TOOK THE POINT AND INDICATED THAT IT SHOULD BE POSSIBLE TO ARRANGE SOMETHING SIMILAR). MR RENTON FLOATED THE IDEA OF A WALKABOUT IN A MOSCOW SUBURB, ESCORTED PERHAPS BY ELTSIN: DOBRYNIN SAW NO PROBLEM AND UNDERTOOK TO MENTION THIS SUGGESTION TO GORBACHEV.

9. UK/SOVIET TRADE.
MR RENTON HAD A CORDIAL THOUGH UNREMARKABLE DISCUSSION WITH DEPUTY MINISTER FOR FOREIGN TRADE IVANOV: BUT IVANOV FAILED TO PRODUCE THE PROMISED LETTER FROM HIS MINISTER WHICH WILL CONSTITUTE SOVIET SIGNATURE OF THE CREDIT PROTOCOL INITIALLED ON 9 JANUARY.

/10

10. SUPREME SOVIET VISIT.
DURING MR RENTON'S CALL ON DOBRYNIN, HE WAS TOLD THAT THE SUPREME SOVIET COULD ACCEPT OUR INVITATION TO SEND A DELEGATION TO THE UK IN FEBRUARY ALTHOUGH NOT, PERHAPS, AS EARLY AS OUR PROPOSED DATE OF 2 FEBRUARY. SUBSEQUENTLY, WE WERE TOLD THAT THE DATES OF 2-7 FEBRUARY WERE AFTER ALL ACCEPTABLE ALTHOUGH THE IDENTITY OF THE DELEGATION'S LEADER WAS STILL UNCERTAIN.

COMMENT

11. THE RUSSIANS CLEARLY WENT OUT OF THEIR WAY TO MAKE THIS VISIT SERIOUS AND WORTHWHILE. IT WAS SIGNIFICANT, NOT LEAST IN THE CONTEXT OF THE PRIME MINISTER'S FORTHCOMING VISIT, THAT THE TWO MOST IMPORTANT DISCUSSIONS, WITH SHEVARDNADZE AND DOBRYNIN, WERE DEVOTED ALMOST EXCLUSIVELY TO ARMS CONTROL. SOVIET PRESS COVERAGE OF MR RENTON'S UNUSUALLY LONG DISCUSSION WITH SHEVARDNADZE (MY TELNO 54) REFLECTED THE IMPORTANCE WHICH THE SOVIET LEADERSHIP ATTACHED TO IT. WITH THE EXCEPTION OF THOSE ON HUMAN RIGHTS, THE TONE OF THE TALKS WAS SERIOUS AND UNPOLEMICAL. MR RENTON LEFT HIS SOVIET HOSTS IN NO DOUBT EITHER OF HMG'S REFUSAL TO BE SWEPT ALONG BY UTOPIAN VISTIONS OF NUCLEAR DISARMAMENT OR OF THE STRENGTH OF BRITISH FEELING ON HUMANITARIAN ISSUES. HE MADE IT CLEAR THROUGHOUT THAT HE HAD NOT COME TO MOSCOW AS ''JOHN THE BAPTIST'' FOR THE PRIME MINISTER (WHO DID NOT NEED ONE): HIS EXCHANGES ON THE SUBJECT OF HER VISIT NEVERTHELESS ESTABLISHED A USEFUL BASIS FOR FURTHER DISCUSSION AT WORKING LEVEL. AS A RESULT OF HIS DISCUSSIONS, BOTH SIDES WILL NOW HAVE A MUCH CLEARER VIEW OF THE POSITIONS OF THE OTHER ON WHICH TO BASE THEIR INTELLECTUAL PREPARATIONS FOR THE RESUMED DIALOGUE AT THE TOP LEVEL.

12. FULL RECORDS FOLLOW BY BAG.

CARTLEDGE

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EAST WEST & US/SOVIET RELATIONS
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ESSD

PS
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PS/MR RENTON
PS/MR EGGAR
PS/PUS
MR DEREK THOMAS
CHIEF CLERK
SIR D GOODALL
MR FERGUSSON
MR GILLMORE
MR RATFORD
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cc PC

10 DOWNING STREET

LONDON SW1A 2AA

15 January 1987

From the Private Secretary

ENERGY COLLABORATION WITH THE SOVIET UNION

Thank you for your letter of 14 January reporting your Secretary of State's conversation with the Soviet Ambassador about possible discussion of energy collaboration with the Soviet Union during the Prime Minister's visit to Moscow, with reference in the final communique to what is being done in this field.

The Prime Minister is sceptical of the wisdom of agreeing to a joint communique at the end of her visit (although has not ruled it out). There is a possibility that a number of agreements may be signed, but it does not sound, from your letter, as though we shall have any new agreements in the energy field. It may not be possible, therefore, to realise this idea in practice. But you will wish to discuss it further with the FCO.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office), Tim Walker (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

Charles Powell

GA

Geoff Dart Esq
Department of Energy.

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CC: PC ①

Prime Minister
Content?
CDP
14/1

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Charles Powell Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
SW1

14 January 1987

Dear Charles,

ENERGY COLLABORATION WITH THE SOVIET UNION

The Soviet Ambassador spoke to my Secretary of State on Monday. Mr Zamyatin said that the UK and Soviet sides were both working hard on preparations for the Prime Minister's visit to Moscow, and had made useful progress on various political and cultural areas. The Soviets believed that it would be helpful if the communique to be issued at the end of the visit also covered collaboration between the UK and Soviet Union on nuclear safety matters, following on from Mr Walker's discussions in the Soviet Union in December. They had in mind that reference could be made to the bilateral development of the multi-lateral agreements reached at the special session of the IAEA in Vienna last year.

Mr Walker sees no objection to this idea in principle although obviously care would need to be taken on the detailed drafting given that some differences remain between us and the Soviets, for example on the question of compensation following a nuclear accident. He believes that there could well be advantage in setting out not only what the two countries were doing together on nuclear power, but also on energy more generally. You will know that, following Mr Walker's visit to the Soviet Union in April 1986, and the signing of a Memorandum of Understanding on energy collaboration, good progress has been made in the areas of coal, offshore oil, gas, electricity generation and energy efficiency. My Secretary of State believes that it would be well worth pointing to the scope for potential collaboration in these areas in the communique. If the Prime Minister is content, officials might be asked to pursue this at working level.

I am copying this to Lyn Parker (Sir Geoffrey Howe's office), Timothy Walker (Paul Channon's office) and Trevor Woolley (Sir Robert Armstrong's office).

Yours,

G S DART
Principal Private Secretary

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CCPC

Foreign and Commonwealth Office

London SW1A 2AH

9 January 1987

Pl. file with Soviet transformation papers. CDP 9/1

Peter Frank Esq
1 Victoria Road
COLCHESTER
Essex
CO3 3NT

Dear Peter,

I spoke to you this morning about the Prime Minister's decision to have a discussion on 27 February of the Soviet system under Gorbachev and the ways in which it is likely to develop. I enclose a copy of the letter which Charles Powell, her Private Secretary, has sent to you and some other academics.

I also enclose, and would be grateful if you would treat it as for your personal information, a draft agenda which I put to Number 10. I hope this may help to give you an idea of the sort of questions which the Prime Minister will want to clarify in her own mind.

We discussed your writing a short preparatory paper by 13 February. I think Charles Powell will be inviting one other academic to do the same. What you described over the telephone sounded very much on the right lines, and I would be grateful if you would go ahead on this basis, sending the completed paper direct to Powell with a copy to me.

Yours ever,
Michael Llewellyn Smith

M J Llewellyn Smith
Soviet Department

cc; C D Powell Esq
Number 10

Soviet: relations.

ST. ANTONY'S COLLEGE,
OXFORD
OX2 6JF
TEL. 59651

PRIVATE & CONFIDENTIAL

8 January 1987

Charles Powell, Esq.
10 Downing Street
LONDON SW1A 2AA

Bialer has now shifted his seminar e will come. So will Archie Brown
Fib CDP
21/1

Dear Mr. Powell,

Many thanks for your letter of 6 January. I should have been very happy indeed to have taken part in the small group discussion with the Prime Minister at Chequers on Friday 27 February, but unfortunately I return from a short visit to the United States only the following day. I accepted some time ago an invitation to speak to a small group which is being convened by Professor Seweryn Bialer on "Change in the Soviet Union and its implications for American foreign policy".

In the unlikely event that there will be several of the people you want already committed for that day, perhaps I should mention that the previous Friday or Saturday, or either of the following two Fridays or Saturdays would be perfectly possible for me. Unless I hear from you further, though, I shall asume that you are going ahead on 27 February, and I can only apologise again for my inability to attend.

Yours sincerely,

Archie Brown

Archie Brown

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

6 January 1987

Dear Colin,

SEMINAR ON THE SOVIET UNION

Thank you for your letter of 5 January about the Seminar on the Soviet Union.

I have had some further discussion with the Prime Minister and she has agreed that the following should be invited.

Academic	Official
Dr Amman	Prime Minister
Mr Brown	Foreign Secretary
Mr Donnelly	Sir P Cradock
Professor Nove	Sir B Cartledge
Professor Howard	Mr Ratford
Mr Frank	Dr Nicholson
Mr Bialer	Mr Powell
Mr Conquest	
Lord Thomas	

I will write to invite those on the academic list, but it would be helpful if the Embassy in Washington could contact Mr Bialer and Mr Conquest. I enclose a specimen of the letter of invitation which they could draw upon. In the case of these two, they can offer a club class return fare and up to three days subsistence (which will be met from Cabinet Office funds). I understand that we should offer to send the tickets from here.

I should be grateful if the department could speak to Mr Frank about producing a paper. To be useful, we need to have it by 13 February. It should not be too long.

Thank you for the revised agenda which is helpful.

Yours ever,

Charles Powell

GH

Colin Budd Esq
Foreign and Commonwealth Office.

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cc PC
Sue Goodchild.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

6 January 1987

I have been asked by the Prime Minister to enquire whether you would be willing to join a small group at Chequers on Friday 27 February to discuss with her the Soviet system under Mr Gorbachev and the ways in which it is likely to develop. A fuller agenda would be sent nearer the time to those who are able to come. The Prime Minister sees the discussion as an important part of her preparation for the visit which she will pay to the Soviet Union in the late spring.

We propose that the group should assemble at Chequers at 1000 hours on 27 February, and hold its discussions throughout the morning and over lunch, finishing at about 1430. Since Chequers is not altogether easy to reach by public transport we shall arrange overnight accommodation at a nearby hotel for the night of 26/27 February for those participants who so wish. All accommodation and travel expenses will, of course, be reimbursed. Further details about the meeting will follow in early February.

The Prime Minister would much appreciate it if you were able to take part. It would be helpful to know fairly soon whether you can do so. If you prefer to reply by telephone the number to ring is (01) 930 4433. Please ask for Mrs Goodchild.

This letter is marked "PRIVATE AND CONFIDENTIAL" because we would prefer knowledge of the meeting to be confined to the participants themselves.

Charles Powell

Addressees - SEE LIST BELOW

PRIVATE AND CONFIDENTIAL

List of Addressees

Dr. Ronald Amman,
Centre of Russian and East European
Studies,
Birmingham University,
PO Box 363,
Edgbaston,

Archie Brown, Esq.,
Fellow of St Antony's College,
62 Woodstock Road,
Oxford,
OX2 6JF.

C. N. Donnelly, Esq.
Department of Soviet Studies,
Royal Military Academy,
Sandhurst,
Camberley,
Surrey,
GU15 4PQ,

Professor Alec Nove,
Institute of Soviet and East
European Studies,
University of Glasgow ,
29 Bute Gardens,
Glasgow,
G12 8RF.

Professor Sir Michael Howard, CBE, MC,
Regius Professor of Modern History
and Fellow of Oriel College,
OXFORD,
OX1 4EW.

Peter Frank, Esq.,
University of Essex,
Wivanhoe Park,
Colchester,
CO4 3SQ.

Lord Thomas of Swynnerton,
29 Ladbroke Grove,
LONDON W11.

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SRWAOX

PRIME MINISTER

SEMINAR ON THE SOVIET UNION

I have had some further exchanges with the FCO on participation in this seminar, and am now about to issue invitations. The list looks as follows (those who attended last time are marked with an asterisk):

Academics

* Dr. Ronald Amman (Soviet internal: industry technology)
* Mr. Archie Brown (Soviet internal: leadership structure)
* Mr. C.N. Donnelly (Soviet military and defence)
* Professor Alec Nove (Soviet economy)
  Professor Michael Howard
* Mr. Michael Kaser (East European economics)
  Mr. Peter Frank (Soviet internal)
  Mr. Seweryn Bialer (main US expert)
  Mr. Robert Conquest

Government/official

Prime Minister
Foreign Secretary
Sir Percy Cradock
Sir Bryan Cartledge
Mr. Ratford (Under-Secretary FCO and former Minister in Moscow)
Dr. Nicholson (Head of Soviet Section of FCO Research Department)
Mr. Powell

This makes a total of 16.

The FCO lament the dropping of both journalists (Mark Frankland of the Observer and Edwina Moreton of the Economist) whom they believe have at least as much to offer as academics. Miss Moreton would be the better (and safer)

choice, if you were disposed to reinstate one. There is also the question whether to add Hugh Thomas, either as an addition or as a reserve.

I am bound to say that I do not think Michael Kaser is essential to this particular seminar. I believe that he would perfectly understand if he were not invited. If you were at least to relegate him to the reserves, we could add Miss Moreton and Hugh Thomas. Agree? No journalists

The FCO have also revised the agenda to take account of our comments. The new version is attached. Content?

CDP

(C. D. POWELL)
6 January 1987

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Foreign and Commonwealth Office

London SW1A 2AH

5 January 1987

Dear Charles,

Seminar on the Soviet Union

Thank you for your letter of 22 December.

We think that your selection of academics is a good one and well balanced. We also agree that Seweryn Bialer would be a good choice. He works at Colombia University, New York, but is sometimes difficult to track down. We suggest that this could best be done through our Embassy in Washington (Peter Ricketts). The Embassy might also be asked to contact Robert Conquest, who is currently at the Hoover Institute in Stanford.

It would clearly be right to pay Bialer's fare and expenses, and Robert Conquest's if he comes. Can we assume that you will meet those expenses from Cabinet Office funds?

We admit to some regret that the two journalists, Mark Frankland and Edwina Moreton, have had to be dropped. Both are very good. In the field of Soviet studies the best journalists have a contribution to make which is often as valuable as that of academics. We hope therefore that they can be viewed as reserves if any academics fall out.

/As

CONFIDENTIAL

As you know from my letter of 18 December, the Foreign Secretary had hoped that at least two senior officials from the FCO could attend; but on the assumption that only one official will be invited, and that he should be an expert in Soviet affairs, we suggest that David Ratford, the Assistant Under Secretary responsible for the Soviet Union and Eastern Europe, should be included. As you know, his last post was as Minister at our Embassy in Moscow.

/ I enclose a revised version of the agenda, taking account of your comments.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing St

DRAFT AGENDA ANNEX

THE SOVIET SYSTEM UNDER GORBACHEV

TERMINAL CASE, OR RIPE FOR REVIVAL ?

1. General

- What are Soviet objectives internally and externally ?

2. Political

- How much does it matter to the elite that the main elements of the present system (political, military, intellectual/doctrinal) should survive unchanged ? Do they believe in it ? Could it survive loss of faith ? Is its survival a Soviet or Russian requirement ?

- Alternatively, how much change; openness; "democratisation"; economic liberalisation can the system allow ? Room for human rights ? Market forces ?

- Is proselytising and triumph of Communism worldwide still important ? Has its importance increased or decreased ?

- How far can the Russians be satisfied with improved security alone ?

3. Economic

- Will Gorbachev secure major improvement in economic performance ? Does he need to ? Does he really want to ? What are the obstacles - technical, political, intellectual, bureaucratic ?

- Why have the Russians not so far been able to work out and implement appropriate policies for themselves ? Are they likely to look to other systems for models (PRC; Hungary; GDR; Yugoslavia; the West) ?

4. The External Factor

- What has been the impact on Soviet policies of the US (Reagan) and Western Europe ? How do they view Reagan and post-Reagan ? How do they plan to influence political developments in Western Europe ?

5. The Gorbachev Factor

- How far have Soviet objectives changed under Gorbachev ? How feasible are they ? How far can he go without endangering his personal position ?

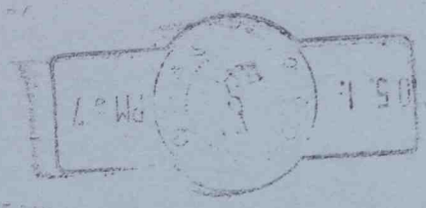
6. UK Role

- What policies should the UK adopt towards the Soviet Union ? What role for the Prime Minister, and the EC/Twelve, in the next five years ? What effect can we expect to have ?

- Can we, or should we, do anything to promote the success of the process of economic improvement ? If so how ?

- How can we influence Gorbachev/the elite/the Soviet people ? Does influencing the people matter when they have no voice ?

SOVIET UNION: Relations. P(E)



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10 DOWNING STREET

Prime Minister

This is the full record of Bryan Cartledge's meeting with Mr. Gorbachev.

It is essential — but not urgent — reading.

CDP

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Worth close look.

(1) cc. with record of talks to
- Private Secretary
PS/Mr Renton
PS/PUS
Mr Derek Thomas
Mr Ratford
Mr Fall

BRITISH EMBASSY
MOSCOW

17 December 1986

Dr M J Llewellyn-Smith
Soviet Department
FCO

Mr Pakenham
Mr Lever
Mr Beel

(2) Mr Longrigg
Mr Brinkley
Mr Butt

MJLS
19/XII

Dear Michael,

CALL ON GORBACHEV, 15 DECEMBER 1986

1. I enclose a copy of Simon Hemans' record of my call on Gorbachev, in his office in the Kremlin, on 15 December. It is deliberately full - almost verbatim, in fact. This was only the third substantial 'one to one' discussion which we have had with Gorbachev (the first two being the Prime Minister's meetings with him in December, 1984, and March 1985) and I thought it important to convey the style as well as the content.

2. The Prime Minister may have found it easier than I did to maintain a structured and coherent dialogue with Gorbachev; for one thing, he would obviously be much more attentive to her words than he was to mine. I find his habit of frequent interruption disconcerting; it was often difficult or impossible to complete a line of argument, short of shouting him down. He has a rich and sometimes esoteric vocabulary, remarkably free from the familiar political jargon even when he is expounding familiar propaganda themes. This, combined with a rather indistinct delivery and a curiously jerky, throw-away style makes his Russian hard to follow. He has an odd trick of smiling amiably while making sharp and serious observations; but, equally, of making a comment with a serious or even minatory facial expression and tone of voice and then immediately adding - 'but of course, that's a joke'. Despite all these awkwardnesses, I nevertheless found the discussion stimulating and enjoyable. The question which remained in Simon Hemans' and my minds when it was over - as, according to my US colleague, it did in Gary Hart's - was that of the extent to which Gorbachev believes in what he says as opposed to putting on a skilful and convincing act.

3. I shall attempt to come to a tentative conclusion on this and other questions arising from the call when I telegraph further comments which will, as I explained in my telegram No 1508, have to be delayed until 19 December.

Yours ever,

Bryan.

Bryan Cartledge

CONFIDENTIAL

RECORD OF CONVERSATION BETWEEN THE BRITISH AMBASSADOR SIR BRYAN CARTLEDGE AND THE GENERAL SECRETARY OF THE CENTRAL COMMITTEE OF THE COMMUNIST PARTY OF THE SOVIET UNION MR M S GORBACHEV, 15 DECEMBER 1986 AT 3.00PM

PRESENT:

HE Sir Bryan Cartledge
Mr S N P Hemans

Mr M S Gorbachev
Mr A S Chernyayev (Assistant to Gorbachev)
Mr N N Uspensky (Interpreter)

1. Mr Gorbachev welcomed the Ambassador. In the morning he had received Senator Hart. It was clearly his day for receiving NATO representatives. He welcomed the opportunity to move forward arrangements for Mrs Thatcher's visit. Relations with Britain had always been very important both bilaterally and in a wider sphere, despite all their ups and downs. Not everything went as he would like but that applied to other relationships too; but at least there was mutual understanding that the relationship should be developed. When bilateral relations were tense, neither side nor the world in general benefitted. He understood the word 'conservative' to mean not a reactionary government but one which adhered to tradition. His experience of talking to Mrs Thatcher was not great but he had found her an interesting interlocutor and was interested in continuing his talks during her visit. The state of international relations was such as to make a more active dialogue imperative. He needed to find out whether Mrs Thatcher faced the future with a rifle in her hand or with her hand held out to shake his. He thought the latter was true. If this was so, then the motives for British Government statements and actions on the outcome of the Reykjavik summit were not clear.

/2. ...

2. Mr Gorbachev said that at Chequers he had produced a map marked in squares representing the yield of all nuclear weapons world wide. One square alone was enough to destroy or irreparably damage the other three, namely the whole world. At Reykjavik a real possibility had at last emerged of eliminating nuclear weapons, leaving British and French weapons aside at the first stage just as Britain and France had wanted. But since Reykjavik a London/Paris axis had developed, expressing concern about how the world could live without nuclear weapons. This might not be an entirely accurate description of the situation but there was an element of this in the British and French reaction to Reykjavik. The Soviet proposals of 15 January had demonstrated the connecting links between the elements of disarmament including strategic weapons, INF, SRINF, conventional weapons and chemical weapons. The Soviet Union had laid out the stages in which disarmament could be achieved. Both sides had their views on what these stages might be. This allowed both sides to know where they stood. In this case he could not understand why certain British statements had been made. He had never thought of Mrs Thatcher as a lightweight politician. Because of this he could not understand her actions. It seemed that what the British Government had said earlier about its desire for nuclear disarmament was merely public relations to prevent public opinion from being aroused by the installation of new missiles. The Government spoke of nuclear disarmament as its goal but reacted in panic when a real prospect of such disarmament appeared. Here was Conservative adherence to tradition: inability to accept the fact of socialism, and distrust of it even when its leaders offered sound ideas

/in the ...

in the interests both of Britain and the Soviet Union, suggested that Conservatives too should learn 'new thinking'. The world was changing. The Conservatives apparently were not.
Was the Soviet Union really so frightening that Britain could not accept its proposals? The situation was paradoxical. Those who were accused of 'exporting revolution' had accepted the right of others to their own systems of government and ideology. Those who shouted about human rights refused to accept that the Soviet Union had a right to its own choice and to develop as it wished. This development was not easy, and there were difficulties. But progress was being made and a lot had been done to benefit the Soviet Union and, he hoped, the world. Some politicians did not wish to admit the fact of socialism and wanted to put it in the dustbin of history. This was prehistoric thinking and gave off the stagnant damp smell of the prehistoric cave. The Soviet Union would not wish anyone to view it or its policies in such a light.
They had tried to promote cooperation and relations but there had been no serious move forward. Here in outline were the subjects for Mrs Thatcher's visit. Perhaps the dialogue so far had not been sufficient.

3. The Ambassador said that Mrs Thatcher's message contained replies to many of the points Mr Gorbachev had raised. On those points which were not covered he wished to comment after carrying out his instruction to deliver the message. He said that Mrs Thatcher would appreciate the fact that the General Secretary had received him, since this confirmed that he attached the same importance to the exchanges between them as she did herself (Mr Gorbachev nodded).

/4. ...

4. The Ambassador read out Mrs Thatcher's message.

5. When the Ambassador came to the paragraph about conventional and chemical weapons Mr Gorbachev interrupted to ask whether this was a part of some package proposed by Mrs Thatcher. Palmerston had been right. The British had their own interests and were not concerned with what the Americans or Russians thought.

Funny: Jaruzelski quoted him, too!

6. The Ambassador continued reading the message. Mr Gorbachev shook his head vigorously during the reading of the paragraph about human rights.

7. At the end of the message, the Ambassador said that Mrs Thatcher had composed her message before NATO member governments had approved and issued the North Atlantic Council's Declaration on conventional arms control which was issued on 11 December. This Declaration confirmed the importance which Britain and her allies attached to effective and verifiable measures of conventional disarmament, to eliminate disparities and establish a stable balance at lower levels. This would become more important if, as we hoped, nuclear reductions went ahead. Mr Gorbachev interrupted to say that expressing a hope for nuclear reductions seemed out of keeping with the tone of the message. The Ambassador continued that the NATO countries would have concrete proposals to make in Vienna arising from the Declaration. The Ambassador then said that Mrs Thatcher had asked him to reaffirm the importance which she attached to her visit to the Soviet Union. She recalled with great pleasure her discussions with Mr Gorbachev in the informal setting of Chequers.

/As she ...

As she had said in her message, dates were under discussion. She hoped very much that the dates she had proposed, namely 30 March - 1 April, would be acceptable. Mr Gorbachev remarked that it was easy to reach agreement with the Soviet Union, since it was not Conservative.

8. The Ambassador commented on Mr Gorbachev's opening remarks. The British Government's position on arms control and nuclear weapons could best be summed up by saying that we should not allow the best to become the enemy of the good. The British Government, like other Western Governments, favoured a reduction in nuclear weapons (Mr Gorbachev laughed sarcastically and said 'yes indeed'). Britain welcomed progress made at Reykjavik towards reductions, notably a 50% reduction of strategic weapons in five years and the elimination of INF from Europe. It was simply not the case that Reykjavik had caused 'panic' in London or Paris. Mr Gorbachev interrupted to say that in his view Mrs Thatcher's message confirmed what he had said about panic. The Ambassador said that as he knew from personal experience, Mrs Thatcher was not given to panic; and there was no whiff of it in her message. Mr Gorbachev apologised for interrupting but said that if both he and the Ambassador had simply read prepared interventions it would not have been a conversation and not worthwhile.

9. The Ambassador continued that the British Government believed in reductions in arms levels but stressed the importance of all concerned being certain at all stages that their security was enhanced or at least not diminished. This was why Britain preferred a step by step approach.

/Mr Gorbachev ...

Mr Gorbachev commented that it was very hard to take the first step. So far, no single step had been taken. Even when, at last, the first outlines of agreement were apparent it was still so difficult to take the first step. The Ambassador replied that a first step could be taken very quickly indeed if the Soviet Government would remove the linkage between an INF agreement and the SDI research programme. Mr Gorbachev said that he would happily go back to the previous situation, in which the Soviet Union had made INF agreement conditional on the freezing and non-modernisation of British and French weapons. Did Britain agree? The Ambassador said we did not. Mr Gorbachev said that going back to previous positions would also leave out the question of weapons in Asia and missiles in the GDR and Czechoslovakia, which were a response to Pershing. It would mean going back to a well known situation.

10. The Ambassador said that two illogical positions did not add up to one logical one. Mr Gorbachev retorted that plays on words were acceptable in diplomatic life but not in reality. Britain had learned that there would be no concessions on the Soviet side without parallel Western concessions.
Mrs Thatcher spoke of equal security. He recalled that at Chequers he had asked her whether it was true that she had written a letter to the American Chief of General Staff about the modernising of the British nuclear submarine fleet, saying that when modernised, the British deterrent would be sizeable and the Warsaw Pact would have to reckon with it. Mrs Thatcher had told him that she had written such a letter. So now the Soviet Union was doing what she had forecast and reckoning with the British deterrent. She should not complain.

/11. ...

11. The Ambassador replied that on 26 October General Gashkov had said on Soviet television that even if Soviet and American strategic nuclear arsenals were reduced by 50%, third country systems would still be no threat to the security of the US or Soviet peoples. Why was the Soviet Union, therefore, so concerned about British and French weapons? Mr Gorbachev asked whether Britain was saying that the Soviet Union should talk to the United States, but leave out third country systems as being irrelevant? The Ambassador said that Britain had welcomed progress towards an INF agreement and what Mr Gorbachev had said at his Reykjavik press conference about the maintenance and even increase of British and French weapons not being an obstacle. Mr Gorbachev replied that the British position was illogical. The Russians and Americans were not supposed to discuss British and French weapons but Britain could press its views on Soviet and American weapons. Britain still thought that all the world was in its power. The world had changed. Britain was trying to lay down the law in 'permitting' the Russians and Americans to agree on 50% strategic cuts and the elimination of INF in Europe but on nothing else. The Ambassador said that there was a difference between discussion and negotiation. All that Britain was doing was expressing a view on which areas appeared to offer most hope.

12. The Ambassador added that Mr Gorbachev's view of what Britain thought of socialism and the Soviet Union was too pessimistic. Britain had no ambition to change or to persuade the Soviet Union to change its political and social system (Mr Gorbachev nodded). There were features of the system which were not to our liking, just as there were doubtless

/features ...

features of the British system which were not to Soviet liking. Mr Gorbachev said that he had had a heated exchange on this with Mrs Thatcher at Chequers. He had told her that Britain should adopt whatever system or ideology it wanted and the Soviet Union should be granted the same right. On that basis dialogue could continue. She would not make a Conservative of him nor he a Communist of her. On that basis they had a good discussion. It puzzled him however why Britain could cooperate with South Africa and with all kinds of dictators but not with the Soviet Union, which had no evil intentions against the UK either now or in the future. It was up to Britain to decide who to talk to, but why were relations worse with the Soviet Union than with others.

13. The Ambassador said that British and Soviet views on apartheid were identical: Britain had a more active dialogue with the Soviet Union than with South Africa. UK-Soviet relations were not as bad as he had implied. Mrs Thatcher wanted dialogue to continue. Our differing views, including on arms control, were no reason for breaking off dialogue, nor was there any reason to suppose that the dialogue could not lead anywhere. Mr Gorbachev said that the worse the relationship, the more often he should meet Mrs Thatcher.

14. The Ambassador enquired whether Mr Gorbachev would agree to the British Embassy establishing greater contact with the organs of the Central Committee, particularly the International Department. This would add a new dimension to British understanding of the Soviet Union. Mr Gorbachev

/said that ...

said that if we knocked at the door it would be opened.

15. Mr Gorbachev speaking more formally, then summarised his reactions to the Prime Minister's message. The message would have to be considered more deeply: but it seemed to him that Mrs Thatcher had given him and President Reagan a verbal whipping for getting too carried away and losing their heads like small boys on nuclear weapons in Reykjavik. He had also had the impression that cirlces close to Mrs Thatcher had regarded his proposals of 15 January as an illusion. He did not intend to give lessons to the world on new thinking but he could and would appeal to the world to change its attitude. This was objective and timely. The Soviet Union did not deal in illusions. No-one should get himself into a state of mind where he thought that he possessed absolute truth. What was needed was a common effort to solve the key issues, of which the main one was nuclear weapons. The Ambassador agreed with the last point. Mr Gorbachev continued that he had been thinking what else he could say about Mrs Thatcher's message which would not put her visit in jeopardy (he added immediately that this was a joke). Britain should be interested in a non-nuclear world. The British people seemed to want to launch the process of eliminating nuclear weapons. The British Government should reflect this. How could one explain their emotional reaction to Reykjavik? The Soviet Union attached importance to the British Government's views and to exchanging views, even on delicate issues like this. But that did not mean that the Soviet Union should be treated in this way. The Soviet Union had gone to Reykjavik with a package of proposals involving equal security, and both sides at Reykjavik had gone further than the initial Soviet proposals. He did not agree with

/Mrs Thatcher ...

Mrs Thatcher if she did not regard this as an achievement. Nor did he agree with her that nuclear weapons were a basis of security for the future. It might be that some feared that if nuclear weapons were eliminated the roles of some states might change but he saw no such threat. As to the package, it arose from a new approach to nuclear disarmament and was inseparably linked to the enormous concessions made by the Soviet Union. It should not be criticised from the position of the day before yesterday. It was as if Britain had missed the train and was now shouting after it from the empty platform. It would be better to make use of what had been achieved. The Geneva negotiations had been in deadlock. After Mrs Thatcher's visit to the United States she had said that her talks there had been a major achievement. But in fact Kampelmann had come back with his team to Geneva only to repeat pre-Reykjavik positions. This was not an achievement: it was a great loss and showed what Conservatism involved. Perhaps Mrs Thatcher had <u>wanted</u> an impasse in Geneva. She would not admit it, but the Soviet Union nevertheless had to work out what the UK really wanted. Britain was putting spokes in the nuclear disarmament wheel. Mrs Thatcher's own package had everything in it, from strategic weapons to verification and human rights: the impression she created with her message was that Britain did everything right and that everyone else was wrong. No single soldier in a squad could be the only one in step. Mrs Thatcher's great potential and that of the UK should find a better use than this. The Soviet Union had never shown her or Britain any disrespect. He could not understand why she needed to read him a sermon. He concluded that more than ever a meeting between himself and Mrs Thatcher was needed. A reply on dates would be given in a few days.

/The Ambassador ...

The Ambassador said that it appeared that the General Secretary's misunderstanding of Mrs Thatcher's message and position was so deep that only she herself could put her views to him in a way which could remove this misunderstanding.

16. The meeting ended with Mr Gorbachev asking the Ambassador to convey his warm personal greetings to Mrs Thatcher.

17. The meeting lasted one and a half hours and ended at 4.30pm.

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Ref. A086/3566

MR POWELL

Mr Budd sent Mr Woolley a copy of his letter of 18 December about the Prime Minister's forthcoming Seminar on the Soviet Union.

2. This Seminar will obviously be of great interest and importance, and I very much hope that you will agree that the Cabinet Office can be represented at the discussion during the afternoon. If it were possible, both Christopher Mallaby and I would very much like to come; but, if you had to rule that there could only be one of us present, I think the choice should fall on Mr Mallaby.

RA

ROBERT ARMSTRONG

22 December 1986

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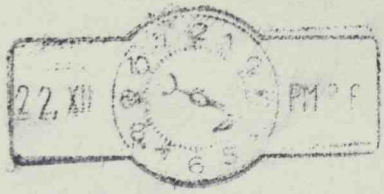
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From the Private Secretary

22 December 1986

SEMINAR ON THE SOVIET UNION

Thank you for your letter of 18 December about the seminar on the nature of the Soviet system under Mr. Gorbachev. I have discussed this with the Prime Minister.

The Prime Minister agrees to follow the usual form of a morning session extending over lunch with academics present, followed by an afternoon session for Ministers and officials only. She does, however, wish to keep numbers very small. This will inevitably lead to some disappointment. I am working initially on a total of 16 altogether. This means that we shall have to leave out any businessmen or journalists.

The academics whom the Prime Minister intends to invite are:

Professor Amman
Mr. Brown
Mr. Donnelly,
Professor Nove
Professor Howard
Dr Kaser
Mr. Frank

I should be grateful if you would let me know whether you regard this as a reasonably balanced selection.

The Prime Minister also thinks it would be helpful to have at least one American academic present. I suggest that the best choice would be Seweryn Bialer. We would presumably have to pay his fare and expenses. If you agree that he would be a good choice, I should be grateful if you could let me know how and where he can be contacted. The Prime Minister would also like to invite Robert Conquest.

That means that on the Government side we can only have the Foreign Secretary, Sir Percy Cradock, Sir Bryan Cartledge, Mr. Nicholson, one other official and myself. I realise that this is very restricted but the Prime Minister is adamant that she wishes the seminar to be small.

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JB.

You enclosed a draft agenda for the seminar. I think that it is on the right lines. What we want to ask is what are Soviet objectives internally and externally, how far these have changed under Gorbachev and how feasible they are. As regards the United Kingdom's role, the questions should be what policies we should adopt towards the Soviet Union and would effect we expect them to have. Perhaps you could amend the draft to reflect these points.

The Prime Minister agrees that it would be a good idea to invite Mr. Frank to produce a paper. I will propose this when I write to invite him.

If you could let me have your comments by 5 January, I will issue invitations.

CHARLES POWELL

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

JD3ATZ

PRIME MINISTER

SEMINAR ON THE SOVIET SYSTEM

You had a number of points on the attached note.

We can certainly try to shrink the numbers further (though prepare for howls from your colleagues), and will eliminate the journalists. We might also drop the businessmen if we are really pressed.

You ask who we had before. I enclose the list. As you will see, it is much the same. I do not think Michael Kaser, good as he is, is the right person for this seminar. He is basically an expert on East European economies, not that of the Soviet Union. Alec Nove is the great authority on the Soviet economy. I don't think Michael Bourdeaux is necessarily right for this seminar. And Malcolm Macintosh has retired.

You ask what Americans I have in mind. I was thinking particularly of Severin Bialer. You may remember a remarkable article which he wrote in Foreign Affairs earlier this year on the Genesis of Gorbachev's Russia. He has also just produced a book which I have not yet read. The doyen is Marshall Shulman, although he is getting a little elderly. We could invite Henry Kissinger (although he might try to talk too much). We would have to offer to pay the fares and expenses of any American participants. Would you like me to try Bialer? And one other? I am keen to get this launched tomorrow if possible. Robert Conquest?

I think we shall have to have Michael Kaser - he would be so upset if we didn't.

CDP

CDP

21 December, 1986.

SEMINAR ON EAST/WEST RELATIONS

MEETING WITH ACADEMIC EXPERTS

The Prime Minister

Mr. Michael Kaser

Mr. A.H. Brown

Professor A. Nove

The Reverend Michael Bourdeaux

Dr. Alex Pravda

Mr. C.N. Donnelly

Mr. G. Schopflin

Dr. Ronald Amman

Lord Thomas of Swynnerton

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Michael Heseltine, MP

Mr. Malcolm Rifkind, MP

Sir Antony Acland

Sir Julian Bullard

Mr. J.M. Mackintosh

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

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INFO PRIORITY WASHINGTON, PARIS, BONN, UKDEL NATO

MY TELNO 1508: MY CALL ON GORBACHEV

1. I UNDERTOOK TO SEND SOME FURTHER REFLECTIONS ON MY MEETING WITH GORBACHEV.

2. THE SOVIET PRESS HAS NOT USED THE FACT OF MY CALL OR THE REVELATION OF THE PRIME MINISTER'S FORTHCOMING VISIT AS A PEG FOR CRITICAL COMMENT ON UK POLICIES OR ON THE WESTERN EUROPEAN ROLE POST-REYKJAVIK. THE PUBLIC CRITICISM REMAINS FOCUSSED ON THE AMERICANS. PRAVDA OF 13 DECEMBER, FOR EXAMPLE, CARRIED A LONG REPORT CRITICAL OF THE US ATTITUDE AT THE INTER-SESSIONAL MEETING IN GENEVA, REFERRING TO THE EUROPEANS ONLY IN PASSING. IT MAY BE THAT THE RUSSIANS ARE STILL WORKING SOMETHING UP BUT IT SEEMS MORE LIKELY THAT THE MOMENT FOR GOING PUBLIC HAS PASSED. IT FOLLOWS THAT THE CONTENT OF THE CALL CAN BE TAKEN AT FACE VALUE, IN THE SENSE THAT GORBACHEV'S PURPOSE IN RECEIVING ME WAS TO CONVEY TO THE PRIME MINISTER AS DIRECTLY AS POSSIBLE HIS VIEWS AND - AS A SOVIET INTERMEDIARY COULD NOT DO - HIS (FOLLOWING WORD UNDERLINED) FEELINGS ABOUT CURRENT UK POSITIONS.

3. ALTHOUGH GORBACHEV LISTENED ATTENTIVELY (WHEN HE WAS NOT INTERRUPTING) TO THE PRIME MINISTER'S MESSAGE AND TOOK NOTES, VIGOROUSLY UNDERLINING MANY, HE OBVIOUSLY HAD A GOOD IDEA IN ADVANCE OF WHAT IT CONTAINED. THE FACT THAT HE LED OFF WITH A HALF-HOUR LECTURE BEFORE ALLOWING ME TO READ THE MESSAGE WAS FURTHER CONFIRMATION THAT HE SAW THE CALL PRIMARILY AS AN OCCASION FOR GETTING HIS OWN VIEWS ACROSS.

4. AS YOU KNOW (MY TELS NOS 1195 AND 1209) I BELIEVE THAT GORBACHEV WENT TO REYKJAVIK WITH A FAINT HOPE THAT HE MIGHT BE ABLE TO BOUNCE REAGAN INTO THE KIND OF PACKAGE OF ARMS CONTROL AGREEMENTS (INCLUDING CONSTRAINTS ON BUT NOT NECESSARILY THE EXTINCTION OF THE SDI) WHICH WOULD ENSURE THAT A WASHINGTON SUMMIT WOULD BE A SUCCESS IN SOVIET TERMS. THE MORE PROBABLE OUTCOME, HE KNEW, WAS DEADLOCK AND, CONSEQUENTLY, CONFIRMATION THAT HE COULD NOT YET RISK A SUMMIT ON AMERICAN SOIL. BUT IN THAT CASE HE COULD BLAME US OBSESSION WITH SDI AS THE SOLE, OR MAIN, OBSTACLE TO ARMS CONTROL AGREEMENTS: HE COULD SEEK TO MOBILISE WESTERN EUROPEAN SUPPORT FOR THIS VIEW AND COULD EXPECT TO DIVIDE THE ALLIANCE OR, AT LEAST, BRING PRESSURE TO BEAR ON WASHINGTON VIA EUROPEAN OPINION. IN THE EVENT, NOT ONLY WAS EUROPEAN OPINION RELATIVELY UNMOVED BY THE REYKJAVIK BREAKDOWN AND AT LEAST AS INCLINED TO BLAME SOVIET-IMPOSED LINKAGE AS TO ATTAK THE SDI: BUT SUCH AUTHORITATIVE REPROACHES AS WERE ADDRESSED TO WASHINGTON CONCERNED APPARENTLY INADEQUATE US APPRECIATION OF THE SECURITY INTERESTS OF EUROPE AS A WHOLE AND OF THE TWO EUROPEAN NUCLEAR POWERS IN PARTICULAR.

5. GORBACHEV WILL HAVE CONCLUDED FROM THIS THAT THE AMERICANS WILL, IN FURTHER NEGOTIATIONS IN GENEVA AND VIENNA, HAVE EUROPEAN INTERESTS MORE CLEARLY IN MIND, TO THE SOVIET DISADVANTAGE: AND THAT THIS UNWELCOME OUTCOME IS VERY LARGELY DUE TO THE PRIME-MINISTER'S INFLUENCE AND ADVOCACY. HIS EXASPERATION WITH THIS UNEXPECTED TURN OF EVENTS FOUND EXPRESSION IN EMOTIONAL AND IRRITABLE RHETORIC ABOUT THE INNATE ANTI-SOVIETISM OF BRITISH CONSERVATIVES AND BRITISH DELUSIONS OF GRANDEUR: HOW DARE THE UK TELL THE TWO SUPERPOWERS WHAT THEY OUGHT TO DO ? THIS DISPLAY OF TEMPER WAS PROBABLY EXAGGERATED, AT LEAST IN PART, IN ORDER TO CAMOUFLAGE REAL DISCOMFITURE AT A DEEPER LEVEL. FOR BENEATH THE RHETORIC LAY RELUCTANT ACKNOWLEDGEMENT THAT IF HE IS TO MAKE ANY HEADWAY WITH PRESIDENT REAGAN, HE CANNOT IGNORE THE UK OR ITS PRIME MINISTER. BY OVERREACTING TO CHANCELLOR KOHL'S CLUMSY NEWSWEEK INTERVIEW, GORBACHEV HAS TEMPORARILY DEPRIVED HIMSELF OF LEVERAGE ON WASHINGTON VIA BONN. THE PROBLEMS OF ''COHABITATION'' HAVE MADE THE FRENCH, FOR THE TIME BEING, UNPREDICTABLE INTERLOCUTORS. IRANGATE HAS PUT THE DIRECT DIALOGUE WITH WASHINGTON INTO LONGER SUSPENSE THAN THE REYKJAVIK BREAKDOWN WOULD IN ITSELF JUSTIFY. AGAINST THIS BACKGROUND, IT IS NOT SURPRISING THAT IN GORBACHEV'S EYES HIS DIALOGUE WITH THE PRIME MINISTER HAS ACQUIRED ADDED SIGNIFICANCE AND THAT HER FORTHCOMING VISIT IS ''NEEDED MORE THAN EVER''.

6. FOR THE REASONS SUMMARIZED IN MY TELNO 1334, I BELIEVE THAT GORBACHEV NEEDS AND WANTS ARMS CONTROL AGREEMENTS. HE IS NOW MORE PESSIMISTIC ABOUT THE CHANCES OF CONCLUDING THEM WITH PRESIDENT REAGAN, WHOM HE REGARDS AS INTELLECTUALLY INADEQUATE AND CONSEQUENTLY DEPENDENT ON ADVISERS WHO ARE (THE THINKS) MOSTLY HARD-LINERS. BUT HE HAS NOT YET GIVEN UP ON THE PRESENT US ADMINISTRATION. GARY HART HAD URGED HIM, A FEW HOURS BEFORE MY CALL, NOT TO DO SO, POINTING OUT THAT, IF HE DID, THIS WOULD EFFECTIVELY POSTPONE THE CONCLUSION OF AGREEMENTS FOR THREE YEARS (ALLOWING FOR A NEW PRESIDENT'S SETTLING-IN YEAR) AND POSSIBLY LONGER. I DOUBT WHETHER GORBACHEV COULD CONTEMPLATE A DELAY OF THIS ORDER WITH EQUANIMITY. HE SO FAR HAS VIRTUALLY NOTHING TO SHOW FOR THE IMMENSE AMOUNT OF TIME AND EFFORT WHICH HE HAS INVESTED IN FOREIGN POLICY DURING THE LAST TWENTY MONTHS: ALTHOUGH HIS AUTHORITY IS NOT, SO FAR AS WE KNOW, UNDER CHALLENGE IT WOULD BE SURPRISING IF THE POLITBURO WERE UNANIMOUS ABOUT THE PACE AND EXTENT OF ECONOMIC REFORM OR ABOUT THAT OF CADRE CHANGES. THE ALMA ATA RIOTS WILL HAVE HAD A SOBERING EFFECT AND IT IS SIGNIFICANT THAT IT WAS THOUGHT NECESSARY FOR PRAVDA TO MARK THE BOTH ANNIVERSARY OF BREZHNEV'S BIRTH (19 DECEMBER) WITH A SWINGEING ATTACK ON THE BREZHNEV ERA AND HENCE, BY IMPLICATION, ON THOSE MOST CLOSELY ASSOCIATED WITH IT AND CLINGING TO OFFICE. ALTHOUGH HE IS NOT UNDER PRESSURE (IF HE IS, HE CONCEALS IT REMARKABLY WELL), GORBACHEV CANNOT AFFORD TO GIVE HIS CRITICS EASY TRICKS.

CONFIDENTIAL

/4.

7. ALL THIS, AND FURTHER REFLECTION ON MY CONVERSATION WITH HIM, LEADS ME TO CONCLUDE THAT GORBACHEV'S MIND IS BY NO MEANS CLOSED TO RATIONAL ARGUMENT, DESPITE HIS HANG-UPS (''MILITARY-INDUSTRIAL COMPLEX'' ETC) AND HIS TOUCHY RUSSIAN (NEXT TWO WORDS UNDERLINED) AMOUR PROPRE: AND THAT HE WILL LISTEN VERY CAREFULLY TO WHAT THE PRIME MINISTER HAS TO SAY TO HIM WHEN SHE COMES TO MOSCOW, ESPECIALLY IF SHE IS CLEARLY SPEAKING FOR BRITAIN RATHER THAN BEARING MESSAGES FROM THE UNITED STATES (WHICH GORBACHEV WOULD INSTINCTIVELY REGARD AS A POISONED CHALICE). IF THE INTERNATIONAL CIRCUMSTANCES AND THE TIMING ARE RIGHT, THE VISIT COULD BE A SEMINAL MOMENT IN PROGRESS TOWARDS EAST-WEST AGREEMENTS AND I RECOMMEND THAT IT SHOULD BE PREPARED WITH THIS IN MIND.

CARTLEDGE

YYYY

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Foreign and Commonwealth Office

London SW1A 2AH

18 December 1986

Dear Charles,

Forthcoming Seminar on the Soviet Union

You wrote on 24 and 26 November about the Prime Minister's wish to hold a seminar on the nature of the Soviet system under Mr Gorbachev and the way it is likely to develop.

You asked for some names from which the Prime Minister could choose ten. I enclose a list of fifteen names covering various relevant disciplines, with brief notes on some of them. Two are journalists: both well capable of holding their own with academics, and usually providing fresh insights. Two are businessmen with long experience of the Soviet Union.

Sir Geoffrey Howe has given thought to the scope of the discussion and the best way to structure it, bearing in mind that the Prime Minister wants a paper or papers prepared. I set out at Annex a possible definition of the subject which could be circulated to participants.

The subject divides into two parts, analysis of the system (1-4), and prescription (5 - the role for the UK). To a large extent the latter flows from and should be based on the former, and is what Ministers and officials will be concerned with during the afternoon. You may wish to consider whether to include 5 in the morning's agenda or to leave that as analysis pure and simple. In any case, I am sure the academics will have useful insights to contribute on what the UK role should be.

The subject is a big one and its various parts are interdependent. We think it would be unproductive to commission a number of separate papers on the separate subthemes. Arguably better to get one good attempt on the whole, for participants to get their teeth into. Our candidate to write this would be Peter Frank of Essex University. He has done very good work on the Soviet internal scene, including a stimulating address to Chatham House on the 27th Party Congress.

If the Prime Minister accepts this approach, we suggest that Frank be invited to write a paper for circulation in advance. He could introduce it very briefly. We suggest that two participants be invited to "respond", again briefly (maximum 10 minutes): Professor Amman on the internal aspects and Edwina Moreton on the external. Both are good, thoughtful speakers, and would be likely to stimulate debate. Others who could do this equaly well for the internal aspects, the main theme of the Seminar, are Archie Brown and Mary McCauley.

We well understand why the Prime Minister will want not more than 20 people, but this will obviously pose difficult choices. The Foreign Secretary will want to attend and thinks that at least two senior officials from the FCO should do so too.

He also strongly believes that Sir Bryan Cartledge should attend. Martin Nicholson, our Research Department expert on Soviet internal affairs, who will by the time of the seminar hve taken over from Malcolm Mackintosh, is another strong candidate. The Ministry of Defence and Cabinet Office will of course also have a strong interest.

One solution might be, as in the case of the last major East/West seminar, for a small number of officials for whom room cannot be found in the morning to join the afternoon discussion.

I should be grateful to know whether you would like us to take further action, for example approaching those whom the Prime Minister selects to write papers.

I am copying this letter to Trevor Woolley (Cabinet Office) and John Howe (Ministry of Defence).

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

Professor Ronald Amman

Director
Centre of Russian & East
European Studies
Birmingham University
Birmingham

Soviet internal:
industry, technology etc

Mr Archie Brown

Fellow of St Antony's College
62 Woodstock Road
Oxford OX2 6JF

Soviet internal:
strong on leadership

Mr Chris Donnelly (Sandhurst)

Department of Soviet Studies
Royal Military Academy Sandhurst
Camberley
Surrey GU15 4PQ

Soviet military and
defence
0276 63344 X 346
(info 337)

Mr Peter Frank

Snr Lecturer in Soviet Government
& Politics
University of Essex
Wivanhoe Park
Colchester CO4 3SQ

Soviet internal

Professor Lawrence Freedman

Professor of War Studies
Kings College
London

Professor Geoffrey Hosking

School of Slavonic & East European
Studies (SSEES)
University of London
Senate House
Malet Street
London WC1E 7HU

Strong on Culture and
Society: author of good
recent History of the
Soviet Union

Professor Michael Howard CBE

Regius Professor of Modern
History and Fellow of Oriel College
Oxford OX1 4EW

Mr Michael Kaser

Fellow of
St Antony's College
62 Woodstock Road
Oxford OX2 6JF

CMEA economics

Dr Martin McCauley

School of Slavonic & East
European Studies (SSEES)
University of London
Senate House
Malet Street
London WC1E 7HU

Soviet politics &
military doctrine

Mrs Mary McAuley

Fellow of
St Hilda's College
Oxford

Soviet labour affairs
and internal politics

Professor Alec Nove

Senior Research Fellow
Institute of Soviet and East
European Studies
University of Glasgow
29 Bute Gardens
Glasgow G12 8RF

Soviet economy: very
stimulating 'grand old
man', of Russian origin

JOURNALISTS

Mr Mark Frankland
The Observer

Long-standing observer
of Soviet scene:
expelled from Moscow
September 1985

Dr Edwina Moreton
The Economist

Soviet Union, Eastern
Europe and China
correspodnent;
previously academic
specialising in Soviet
relations with Eastern
Europe

BUSINESSMEN

Mr Ralph Land OBE General Manager (Eastern Export Operations) Rank Xerox	Long experience in market, member of E European Trade Council (EETC)
Dr Norman Wooding CBE Deputy Chairman Courtaulds	Deputy Chairman, EETC, some 30 years experience of trading with Soviet Union.

U43AAQ

DRAFT AGENDA

THE SOVIET SYSTEM UNDER GORBACHEV: TERMINAL CASE, OR RIPE FOR REVIVAL?

1. Political

- How much does it matter to the elite that the main elements of the present system (political, military, intellectual/doctrinal) should survive unchanged? Do they believe in it? Could it survive loss of faith? Is its survival a Soviet or Russian requirement?

- Alternatively, how much change; openness; "democratisation"; economic liberalisation can the system allow? Room for human rights? Market forces?

- Is proselytising and triumph of Communism worldwide still important? Has its importance increased or decreased?

- How far can the Russians be satisfied with improved security alone?

2. Economic

- Will Gorbachev secure major improvement in economic performance? Does he need to? Does he really want to? What are the obstacles - technical, political, intellectual, bureaucratic?

- Why have the Russians not so far been able to work out and implement appropriate policies for themselves? Are they likely to look to other systems for models (PRC; Hungary; GDR; Yugoslavia; the West)?

3. The Gorbachev Factor

- What is his impact on all this?

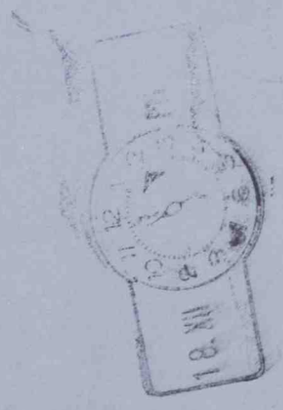
4. The External Factor

- What has been the impact on Soviet policies of the US (Reagan) and Western Europe? How do they view Reagan and post-Reagan? How do they plan to influence political developments in Western Europe?

5. UK Role

- What role for the UK, and the Prime Minister, and the EC/Twelve, in the next 5 years?
- Can we, or should we, do anything to promote the success of the process of economic improvement? If so how?
- How can we influence Gorbachev/the elite/the Soviet people? Does influencing the people matter when they have no voice?

SOVIET
UNION
RELATIONS



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CDP
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With the Compliments of

Nicholas Bethell

73 Sussex Square
London W.2
Tel 402-6877

FROM

NICHOLAS BETHELL

TELEPHONE 01-402-6877

73 SUSSEX SQUARE
LONDON W2 2SS

Rt Hon Sir Geoffrey Howe, QC, MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1A 2AL

16th December 1986

Dear Geoffrey,

I am pleased to tell you that I have been granted a Soviet visa. It is for a seven-day visit to Moscow and Leningrad beginning on December 27th. It will be my first visit to the Soviet Union since 1971, during which period I have six times applied for a visa unsuccessfully.

In early 1982 I was granted a visa, but it was cancelled a day or two before my departure. I trust that the same will not happen on this occasion.

It seems very likely that the visa was issued because you mentioned the problem to Foreign Minister Shevardnadze during his visit to London in the summer. I would like once again to thank you for intervening on my behalf.

The main purpose of my visit, as I explained to Michael Llewellyn Smith, is to show my two sons a taste of the Soviet Union as a necessary part of their education. They are 19 and 17 years old. Their friend Simon Wolfson, David Wolfson's elder son, will also be coming with us.

We will only be in Moscow for five days, but I would if possible like to meet Sir Bryan Cartledge and I would be very glad if your office could let him know that I will contact him on my arrival. If he were able to arrange for me to meet a Soviet minister or senior official to discuss the effect of some of the Soviet Union's internal policies on East-West relations, including disarmament, this might be very useful. I know that the Government, with our allies, is considering how to react to the proposed conference on human rights in Moscow and I would like to discuss this with a suitable Soviet representative.

Please forgive my not signing this letter. I am dictating it on the telephone from Brussels. Thank you again very much for helping with my visa and I send you all good wishes for Christmas.

Yours ever,

H M C Watson

pp Lord Bethell

cc Michael Llewellyn Smith Esq
Charles Powell Esq

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RESTRICTED

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 December 1986

SIR BRYAN CARTLEDGE'S CALL ON MR. GORBACHEV

The Prime Minister has read with great interest (and some merriment) Moscow tel. no. 1504 recording Sir Bryan Cartledge's talk with Mr. Gorbachev. I should be grateful if you would convey to Sir Bryan her congratulations for the firm and skilful manner in which he dealt with Mr. Gorbachev and her thanks for the excellent report. She is most grateful to him.

(Charles Powell)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

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TELNO 1504
OF 151930Z DECEMBER 86
AND TO DESKBY 152130Z WASHINGTON
INFO IMMEDIATE BONN, PARIS, UKDEL NATO

YOUR TELS NOS 994 AND 995: PRIME MINISTER'S MESSAGE: CALL ON GORBACHEV

SUMMARY

1. CALL ON GORBACHEV ON 15 DECEMBER TO CONVEY PRIME MINISTER'S MESSAGE. STRONG AND AT TIMES ANGRY CRITICISM FROM GORBACHEV OF BRITISH POSITIONS POST-REYKJAVIK. NO CHANGE OR EVIDENCE OF GIVE IN SOVIET SUBSTANTIVE POSITIONS ON ARMS CONTROL. NO RESPONSE ON AFGHANISTAN OR HUMAN RIGHTS EXCEPT GENERAL REFERENCE TO NON-INTERFERENCE. STRONG WISH TO CONTINUE DIALOGUE WITH MRS THATCHER. HER VISIT NEXT YEAR ESPECIALLY TIMELY. THE CALL TO BE COVERED BY THE SOVIET PRESS. GORBACHEV'S MAIN AIM APPEARS TO BE PUBLIC EXPRESSION OF DISPLEASURE WITH EUROPE. DESPITE STAGE-MANAGED ANGER, DISCUSSION RELATIVELY AMIABLE.

DETAIL

2. I CALLED ON GORBACHEV ON THE AFTERNOON OF 15 DECEMBER. HE OPENED BY SAYING THAT HE HAD RECEIVED GARY HART IN THE MORNING AND THAT THIS WAS THEREFORE FOR HIM ''NATO DAY''. THE MEETING LASTED ONE AND A HALF HOURS. HE WAS ACCOMPANIED ONLY BY HIS ASSISTANT CHERNYAEV AND BY HEAD OF SECOND EUROPEAN DEPARTMENT, MFA USPENSKY, AS INTERPRETER. FULL RECORD FOLLOWS BY BAG. PHOTOGRAPHERS RECORDED THE START OF THE MEETING WHICH, I WAS TOLD AFTERWARDS WOULD BE REPORTED IN THE SOVIET PRESS. TONIGHT'S TV NEWS CARRIED A BRIEF ANNOUNCEMENT OF THE CALL. THE ATMOSPHERE WAS REASONABLY RELAXED BUT AT TIMES GORBACHEV WAS ANIMATED, EVEN HEATED: HE INTERRUPTED FREQUENTLY.

3. I HAD EXPECTED TO BE INVITED TO OPEN THE MEETING BY CONVEYING THE PRIME MINISTER'S MESSAGE. INSTEAD GORBACHEV OPENED WITH A LONG DISSERTATION ON THE IMPORTANCE OF DIALOGUE, HIS HIGH REGARD FOR THE PRIME MINISTER AS AN ''INTERESTING'' INTERLOCUTOR, AND THE TIMELINESS OF HER FORTHCOMING VISIT. HE WANTED, HE SAID, TO FIND OUT WHETHER SHE LOOKED TO THE FUTURE WITH A RIFLE IN HER HAND

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OR, AS HE BELIEVED, READY TO REACH OUT WITH A HANDSHAKE. IF SO, BRITISH MOTIVES IN REACTING AS WE HAD DONE TO REYKJAVIK WERE NOT CLEAR. AT REYKJAVIK, A PACKAGE HAD BEEN PROPOSED WHICH LEFT BRITISH AND FRENCH WEAPONS ASIDE AT STAGE 1, AS WE HAD INSISTED. NOW AN ANGLO/FRENCH AXIS WAS DEVELOPING WHICH INSISTED ON THE MAINTENANCE OF NUCLEAR WEAPONS. AS SOON AS A REAL POSSIBILITY OF ELIMINATING NUCLEAR WEAPONS HAD APPEARED, THERE WAS ''PANIC'' IN LONDON AND PARIS. BRITISH HOSTILITY TO SOCIALISM WAS SUCH THAT WE COULD NOT ACCEPT SOVIET IDEAS EVEN WHEN THEY WERE IN OUR INTEREST. THE WORLD WAS CHANGING. THE BRITISH CONSERVATIVES, HOWEVER, WERE NOT. THEY WISHED TO CONSIGN SOCIALISM ''TO THE ASH-CAN OF HISTORY''. THOSE ACCUSED OF ''EXPORTING REVOLUTION'' ACCEPTED THE RIGHT OF OTHERS TO THEIR OWN POLITICAL SYSTEM. THOSE WHO SHOUTED ABOUT HUMAN RIGHTS DID NOT. THIS ATTITUDE HAD THE 'DAMP STAGNANT SMELL OF THE PREHISTORIC CAVE'.

4. ONLY AFTER THIS PROLOGUE WAS I ABLE TO READ OUT THE PRIME MINISTER'S MESSAGE, NOTING THAT MRS THATCHER WOULD APPRECIATE MR GORBACHEV HAVING RECEIVED ME AS CONFIRMING THAT HE ATTACHED AS MUCH IMPORTANCE TO THE DIALOGUE AS MRS THATCHER DID. HE AGREED. HAVING READ THE MESSAGE I ADDED THAT IT HAD BEEN WRITTEN BEFORE THE NORTH ATLANTIC COUNCIL DECLARATION ISSUED IN BRUSSELS ON 11 DECEMBER WHICH CONFIRMED NATO MEMBERS' ATTACHMENT TO VERIFIABLE CONVENTIONAL DISARMAMENT AND A STABLE BALANCE AT LOWER LEVELS. THIS WOULD BECOME EVEN MORE SIGNIFICANT IF THE NUCLEAR REDUCTIONS WHICH WE DESIRED WENT AHEAD. NEW PROPOSALS WOULD BE PUT FORWARD AT VIENNA. GORBACHEV INTERRUPTED TO EXPRESS SURPRISE THAT WE SHOULD TALK OF FAVOURING NUCLEAR REDUCTIONS AND YET CONVEY SUCH A MESSAGE FROM THE PRIME MINISTER.

5. I ALSO SAID THAT MRS THATCHER RECALLED WITH PLEASURE HER TALKS WITH GORBACHEV AT CHEQUERS AND HER HOPE THAT DATES FOR HER VISIT WOULD SOON BE AGREED. GORBACHEV PROMISED A REPLY WITHIN DAYS.

6. COMMENTING ON WHAT GORBACHEV HAD SAID AT THE BEGINNING OF THE MEETING, I SAID THAT THE BEST SUMMARY WHICH I COULD GIVE OF THE BRITISH GOVERNMENT'S POSITION WAS THAT THE BEST SHOULD NOT BE ALLOWED TO BECOME THE ENEMY OF THE GOOD. WE FAVOURED A STEP BY STEP APPROACH SO THAT AT EACH STAGE THE PARTIES CONCERNED COULD BE ASSURED THAT THEIR SECURITY WAS UNIMPAIRED. WE WELCOMED SOME OF THE KEY ACHIEVEMENTS AT REYKJAVIK. OUR PRIME MINISTER WAS NOT, AS I KNEW FROM PERSONAL EXPERIENCE, PRONE TO ''PANIC'' AND THERE WAS NOTHING IN HER MESSAGE WHICH CARRIED A WHIFF OF IT. THE FIRST STEP TOWARDS AGREEMENTS COULD QUICKLY BE TAKEN IF THE SOVIET UNION WOULD REVERSE ITS DECISION TO RELINK INF WITH THE SDI

/RESEARCH

RESEARCH PROGRAMME. GORBACHEV SAID THAT, IF WE WISHED, WE COULD GO BACK TO THE PREVIOUS POSITION OF NO INF LINKAGE TO STRATEGIC WEAPONS OR SDI, BUT INSISTENCE ON A FREEZE AND NO MODERNISATION OF BRITISH AND FRENCH SYSTEMS. ASIA WOULD BE LEFT OUT OF THE EQUATION, AS WOULD SOVIET MISSILES IN THE GDR AND CZECHOSLOVAKIA WHICH WERE A RESPONSE TO PERSHING. MRS THATCHER HAD SAID THAT THE WARSAW PACT WOULD HAVE TO RECKON WITH A MODERNISED BRITISH DETERRENT. SHE COULD NOT OBJECT WHEN HE DID TAKE ACCOUNT OF IT. I REPLIED BY QUOTING GENERAL GASHKOV ON SOVIET TV ON 26 OCTOBER, AS SAYING THAT, EVEN IF THE TWO SUPER-POWERS REDUCED THEIR NUCLEAR ARSENALS BY 50%, THE NUCLEAR WEAPONS OF THIRD COUNTRIES WOULD STILL POSE NO THREAT TO THE SECURITY OF THE US OR SOVIET PEOPLES. WITH CONSIDERABLE HEAT, GORBACHEV ATTACKED THE UK FOR TRYING TO DICTATE TO THE WORLD, AS SHE HAD DONE UNDER PALMERSTON. THE BRITISH THOUGHT THAT ONLY THEY WERE IN STEP, WHEREAS THE REVERSE WAS TRUE.

7. GORBACHEV DID NOT RESPOND ON AFGHANISTAN, AND ON HUMAN RIGHTS HE ONLY RECALLED THAT HE HAD TOLD MRS THATCHER AT CHEQUERS THAT HE DID NOT TRY TO DICTATE HOW BRITAIN SHOULD BE GOVERNED AND WOULD NOT ACCEPT INTERFERENCE IN THE SOVIET UNION'S INTERNAL AFFAIRS. BRITAIN COOPERATED WITH SOUTH AFRICA. WHY COULD WE NOT HAVE BETTER RELATIONS WITH THE SOVIET UNION, WHICH HAD NO ULTERIOR DESIGNS ON US? I REPLIED THAT WE WERE NOT TRYING TO DICTATE TO ANYONE BUT RATHER TO EXPRESS OUR VIEWS ON THE MOST HOPEFUL WAY AHEAD ON DISARMAMENT. HE WAS BEING TOO PESSIMISTIC ABOUT THE STATE OF OUR RELATIONS. HE ANSWERED WITH A SMILE THAT THE WORSE THE SITUATION, THE MORE NECESSARY IT WAS TO RENEW HIS DIALOGUE WITH MRS THATCHER.

8. IN CONCLUSION GORBACHEV SAID THAT MRS THATCHER HAD GIVEN HIM AND PRESIDENT REAGAN AN 'ORAL WHIPPING' FOR GETTING CARRIED AWAY, ''LIKE SMALL BOYS'', IN REYKJAVIK.
BUT THE SOVIET UNION WAS NOT DEALING IN ILLUSIONS. NO-ONE POSSESSED A MONOPOLY OF TRUTH. JOINT EFFORTS WERE REQUIRED. THE BRITISH GOVERNMENT SHOULD REFLECT THE WISH OF THE BRITISH PEOPLE FOR A NON-NUCLEAR WORLD. THE DIALOGUE SHOULD GO ON BUT THIS DID NOT MEAN THAT THE SOVIET UNION ''SHOULD BE TREATED LIKE THIS''. THE REYKJAVIK PACKAGE, AS SUCH, DERIVED FROM THE NEW APPROACH TAKEN BY THE SOVIET UNION AND BY THE SIZEABLE CONCESSIONS IT WAS PREPARED TO MAKE. THE RENEWED LINKAGE BETWEEN THE SDI AND AND INF AGREEMENT WAS A NATURAL COROLLARY OF THE SOVIET CONCESSIONS IN SETTING TO ONE SIDE, IN THIS CONTEXT, THE MAINTAINENCE AND INCREASE OF UK AND FRENCH SYSTEMS.
I SAID THAT TWO ILLOGICAL POSITIONS DID NOT MAKE ONE LOGICAL POSITION. GORBACHEV DISMISSED THIS ANGRILY AS A PLAY ON WORDS: WE SHOULD NOT CRITICISE SOVIET POSITIONS FROM ''YESTERDAY'S STANDPOINT''. THE BRITISH PRIME MINISTER WAS

/REPRESENTING

REPRESENTING HER VISIT TO WASHINGTON AS A GREAT ACHIEVEMENT: BUT AS A RESULT KAMPELMANN HAD RETURNED TO GENEVA WITH ''PRE-REYKJAVIK'' INSTRUCTIONS. MAYBE MRS THATCHER HAD ACTUALLY WANTED THE CURRENT IMPASSE AT GENEVA. HER GREAT POTENTIAL INFLUENCE SHOULD BE USED TO BETTER EFFECT THAN TO READ A SERMON TO THE SOVIET UNION.

COMMENT

9. GORBACHEV'S ANIMATED BUT FREQUENTLY REPITITIOUS EXPOSITION BOILED DOWN TO TWO THEMES:

I) THE PRIME MINISTER, FOR WHOM HE HAD AND HAS GREAT RESPECT, HAD, FOR REASONS WHICH WERE UNCLEAR BUT WHICH HAD MUCH TO DO WITH CONSERVATIVE GENES, HAD BEEN TRYING TO UNPICK WHAT HAD NEARLY BEEN ACHIEVED AT REYKJAVIK: AND

II) WHILE CRITICISING THE SOVIET ''PACKAGE'', THE PRIME MINISTER WAS SUBSTITUTING AND EVEN BIGGER PACKAGE OF HER OWN, LINKING NOT ONLY CONVENTIONAL ARMS REDUCTIONS BUT ALSO THE ALLEGED NEED FOR CHANGE IN THE SOVIET POLITICAL SYSTEM WITH THE PROSPECTS FOR NUCLEAR ARMS REDUCTIONS.

DESPITE THE OCCASIONALLY HARSH TONE OF MUCH OF HIS CONTRIBUTION GORBACHEV SPOKE SEVERAL TIMES OF HIS HIGH REGARD FOR THE PRIME MINISTER AND OF HIS WISH TO RESUME THE DIALOGUE WITH HER. IT WAS NOT A STILTED MEETING, AND HE WAS NOT UNFRIENDLY. HE READILY AGREED, FOR EXAMPLE, TO MY REQUEST THAT WE SHOULD NOW ESTABLISH REGULAR CONTACT WITH THE INTERNATIONAL DEPARTMENT OF THE CENTRAL COMMITTEE. I HAD ALREADY REPORTED MY VIEW (MY TELNO 1481) THAT IF GORBACHEV RECEIVED ME ONE OF HIS MAIN PURPOSES COULD BE TO EXPRESS HIS DISAPPOINTMENT WITH THE BRITISH ROLE IN POST-REYKJAVIK ARMS CONTROL DISCUSSIONS AND SUBSEQUENTLY TO PUBLICISE THIS. THAT HAS BEEN BORNE OUT, AT LEAST IN PRIVATE: IT REMAINS TO BE SEEN HOW HARD A LINE THE SOVIET PRESS WILL TAKE. GORBACHEV' CONSTANT INTERRUPTIONS, EFFECTIVELY PREVENTING ME FROM GETTING BRITISH POSITIONS ACROSS TO HIM AND HIS (AT LEAST PARTIALLY) CONTRIVED ANGER, GAVE ME A CLEAR IMPRESSION THAT THE MEETING WAS INTENDED TO CONVEY SOVIET DISPLEASURE TO (SOME) WESTERN EUROPEAN LEADERS BUT IN A MANNER MODERATED SUFFICIENTLY SO AS NOT TO PUT THE PRIME MINISTER'S VISIT AT RISK, AND INDEED TO ASCRIBE GREATER IMPORTANCE TO IT. SIGNIFICANTLY GORBACHEV'S LAST WORDS WERE OF WARM PERSONAL GREETINGS TO MRS THATCHER.

10. IN ADDITION TO GIVING MY AMERICAN, FRENCH AND GERMAN COLLEAGUES THE MAIN POINTS OF THE PRIME MINISTER'S MESSAGE I PROPOSE TO GIVE THEM THE GIST OF WHAT GORBACHEV SAID AND MY OWN CONCLUSIONS FROM THE MEETING, ADDING THAT THESE ARE PERSONAL.

11. WITH LOCAL BRITISH CORRESPONDENTS, WE ARE SPEAKING AS INSTRUCTED BUT ADDING THAT WHILST GORBACHEV EXPRESSED SOME DISAPPOINTMENT WITH BRITISH ATTITUDES IN THE AFTERMATH OF REYKJAVIK (THIS WILL BECOME APPARENT FROM SOVIET PRESS HANDLING OF THE CALL) HE STRESSED THE IMPORTANCE HE ATTACHED TO CONTINUING THE DIALOGUE WITH MRS THATCHER, AND THE FACT THAT HE IS LOOKING FORWARD TO HER VISIT NEXT YEAR.

CARTLEDGE

YYYY

MXHPAN 6916

Limited
Soviet Dept
ACDD
Defence Dept
CSCE Unit
SAD
NENAD
SCD
News Dept
Planning Staff
PS
PS / Lady Young
PS / Mr Renton
PS / Mr Eggar
PS / PUS
Mr Thomas
Mr Goodall
Mr Fall
Mr Ratford
Mr Gillmore
Mr Wilson
Mr Slater

OUT TELEGRAM

12.

	Classification	Caveat	Precedence
	SECRET	DEDIP BURNING BUSH	PRIORITY

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TO PRIORITY WASHINGTON
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OF 101100Z DECEMBER 86

INFO PRIORITY PARIS, BONN

MIPT: QUADRIPARTITE MINISTERIAL MEETING: CHEVENING: 9 DECEMBER: SOVIET UNION/EASTERN EUROPE

SUMMARY

1. Exchange on visa policy towards KGB/GRU personnel: French and Americans have problems similar to ours. General agreement on the need for guarded openness towards the Soviet Union. Also on the need to cultivate the East European countries individually, while refraining from treating them as a monolithic bloc.

DETAIL

2. The Secretary of State said that we were encountering problems over our efforts to control Soviet diplomatic establishments. We were now operating a global ceiling on Soviet establishments in London. Our knowledge of the Soviet intelligence agencies was now even greater than it used to be: we were operating a principle of refusing visas not only to Russian intelligence officers who had been identified by allied services in agent running, but also to those whom our defector sources

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MAIN
ADDITIONAL
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Catchword: Knew

File number	Dept PRIVATE OFFICE	Drafted by (Block capitals) A C GALSWORTHY	Telephone no

Authorised for despatch by: Initials CRBudd Date/time 1230 10/12

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OUT TELEGRAM (CONT)

Classification	Caveat	Precedence
SECRET	DEDIP BURNING BUSH	PRIORITY

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knew as members of the KGB, and even those whom they did not know, but were able to identify on the basis of their general background. Recently the Soviet Union had begun refusing visas to our own staff more or less indiscriminately on a one for one basis. We were beginning to find severe disadvantages in relation to our staffing in Moscow. He wondered how other governmentss were fairing.

2. Shultz said that the Americans refused visas to intelligence officers who had been identified in hostile intelligence operations by allied services. They did not necessarily refuse visas to those who had not been so identified but were thought to be KGB or GRU. Our security authorities had recently been needling the FBI on the basis that their practice was less rigorous than ours. The FBI did not particularly care what happened to the American Embassy in Moscow. But the policy we were operating would create some absurdities for the Americans: their Ambassador to the UN was a former Deputy Director of the CIA. He was worried that our attitude might push the counter intelligence agencies in the United States towards an even tougher policy. The Americans were beginning to face real problems in Moscow: it would be too easy to move towards a de facctor severance of diplomatic relations. He did not think we could really afford this.

3. Genscher ssaid that the German situation was somewhat different. The Soviet Union and DDR did not really need to carry out intelligence operations in Germany through Embassies: there were so many East German visitors to West Germany that they could do anything they needed through this channel.

4. Raimond said that the Quai had similar problems with the DST, /// who frequently wished to block the entry of Soviet diplomats on // the grounds that they were quote well known KGB officers unquote. / France also refused entry to those who had been expelled from other countries. But they could have real difficulties in

For distribution order see Page

Catchword: staffing

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OUT TELEGRAM (CONT)

Classification	Caveat	Precedence
SECRET	DEDIP BURNING BUSH	PRIORITY

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staffing Moscow before too long, and were under threat of losing their local staff. They were lucky in that their expulsion of the 47 Soviet diplomats from Paris had preceded the start of Gorbachev's one for one policy.

5. The Secretary of State said that we were going to have to think whether our policy in its present form was sustainable: it would be useful to keep in touch.

7. Turning to the general question of relations with the Soviet Union and Eastern Europe, Shultz said that he was convinced the Soviets wanted a more constructive relationship with the West, and were prepared to work for some form of arms control agreement. This was therefore worth fighting for. There were some encouraging developments in the bilateral field. On the human rights side he thought persistent Western insistence on an improved behaviour as a price for a general improvement of relations was beginning to get through to the Russians. But progress was still confined to the cases of those who happened to be on Western lists: something broader was needed. Gorbachev's actual behaviour might even be harsher in some respects than under Brezhnev, but it was more sophisticated vis a vis the West. It was true that Gorbachev was trying to turn the tables on us by insisting on other types of human rights, such as the right to employment, but at least it brought the general subject of human rights into the area of legitimacy. This should be exploited.

8. The US had now had two rounds of discussion on regional issues with the Russians. Armacost was about to have a further one. There was some progress in the tone and factual content of these discussions, but no ability yet to try and work forward towards a positive outcome. They remained essentially damage control sessions.

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9. In arms control CDE constituted progress, and demontrated that NATO's basic stance of willingness to negotiate from a position of strength was right.

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For distribution order see Page	Catchword: 10.

XY 48A (REV)

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OUT TELEGRAM (CONT)

	Classification	Caveat	Precedence
	SECRET	DEDIP BURNING BUDH	PRIORITY

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10. On Eastern Europe, we should stop thinking of all the countries as a single bloc: there were important differences. Whitehead was now engaged on a project to identify the differing strands in various Eastern European countries. The Americans had had good discussions with the Poles. In general opportunities for improvement of relations were there, but we needed to avoid the trap of giving trade favours and credit without an adequate return. The trade possibilities were not vitally interesting to the West, and should be seen as a vehicle.

11. Genscher agreed. It was quite wrong to think of an Eastern quote bloc unquote any more.

12. On the Soviet Union, Germany had her own problems, and there was little prospect of improvements between Bonn and Moscow in the forseeable future. They would continue to project willingness for improvement, but would not run after the Russians. An important factor was that the quality of Bonn's relationss with Moscow determined the freedom of manoeuvre for the GDR. Relations with the GDR were not bad. Thre was an upward trend on visits, and authorisations to leave were running at a high level.

13. On Czechoslovakia there was a serious problem following a shooting incident on the border. Germany saw opportunities in relation to Hungary, and had stated at the European Council that the Community should seek to expedite its agreement with Hungary. There was also some positive development in relation to Bulgaria, which the Germans considered significant given the poor state of their relations with the Soviet Union.

14. Raimond agreed that Eastern Europe should not be seen as a quote bloc unquote, but we should nevertheless not be too optimistic. The Polish amnesty was only possible because Jaruszelski had largely dismantled the opposition. Raimond had now accepted an invitation to visit Poland in 1987.

15. On the Soviet Union we must be careful to detect any

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For distribution order see Page

Catchword: favourable

XY 48A (REV)

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OUT TELEGRAM (CONT)

Classification	Caveat	Precedence
SECRET	PEDIP BURNING BUSH	PRIORITY

favourable move even if it was very minor, and at the same time to be vigilant and vigorouly alert to our own interests. We should seize any opportunity for an agreement which would be credible in Western eyes, such as the Stockholm conference. France had made little progress with the Russians in discussion of regional problems.

16. The Secretary of State said that it was paradoxical that our relations with Eastern Europe should be dominated by a whole series of rather trivial incidents, such as that involving the jazz section in Czechoslovakia and problems of local staff in Bucharest. But these were symptomatic of the whole problem. In Poland we thought there had been sufficient moves away from oppression to make it posible to offer some encouragement by way of relaxation of economic restrictions. We had to recognise that the Poles have some very serious economic and social problems to cope with: it was in fact quite encouraging that in spite of this they had managed to free their political prisoners. As far as the Russians were concenred, there was now a disposition to allow more exposure of ordinary Russians to Western leaders: we should exploit this to the full with such things as President Reagan's appearance on Soviet television. The Prime Minister might have an opportunity to do this next year.

17. The Secretary of State referred briefly to the serious economic problems of Yugoslavia. The Yugoslavs were running a crazy and unworkable system. Raimond said that it did at least give the Russians a lot of problems. The Secretary of State outlined the discussion among European Foreign Ministers on Yugoslavia during the European Council. Yugoslavia was falling more and more into a pattern of dependence on the COMECON countries precisely because it could not produce anything the West would buy. It was an example of socialism finally nose-diving into the ground. Genscher said that nevertheless the Yugoslavs managed to run a positive balance of payments, largely

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OUT TELEGRAM (CONT)

Classification	Caveat	Precedence
SECRET	DEDIP BURNING BUSH	PRIORITY

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because of remittances of workers in Germany and developing tourism etc.

HOWE

YYYY
MAIN
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MR THOMAS
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cc SG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 November 1986

FRIDAY 27 FEBRUARY 1987

BF

The Prime Minister intends to have an all-day seminar at Chequers on Friday 27 February to discuss the Soviet Union. I do not know when the seminar will start or how many people would be invited, but I thought I would give you as much warning as possible.

CAROLINE RYDER

Chief Petty Officer Dorothy Haynes, B.E.M.

(1)

PRIME MINISTER

SEMINAR ON THE SOVIET UNION

You said that you would like to carry out a fundamental re-assessment of the Soviet Union under Gorbachev before your visit to Moscow, and would want to hold a seminar as part of this.

I assume that:

	Yes	No
- you would like the seminar to be at Chequers?	☑	☐
- to be at a weekend? on Friday	☐	☐
- to take the usual form of a morning session with academics, leaving the afternoon for Ministers and officials to draw the policy conclusions?	☑	☐
- to comprise a maximum of 20 participants, divided 10/10?	☑	☐
- to have a paper prepared as a basis for discussion?	☑	☐

I have spoken to Caroline and identified two possible Saturdays early next year: 28 February and 14 March. The former would leave more time before the likely date of your visit.

Agree to 28 February?	☐	☐

CDP

C D POWELL
25 November 1986
SL3ATN

CONFIDENTIAL

I fill FL3 BOC
cc PE

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 November 1986

Dear Tony,

PRIME MINISTER'S VISIT TO MOSCOW

The Prime Minister wants us to carry out a fundamental assessment of the nature of the Soviet system under Mr. Gorbachev and the way which it is likely to develop, before her visit to Moscow next year. As part of this, she wishes to hold a seminar bringing in a number of academic experts on the Soviet Union. My provisional plan is to find a whole day for such a seminar, probably at Chequers, with academics taking part in the morning session leaving Ministers and officials to consider the policy implications in the afternoon.

I am not yet in a position to suggest a date, although I think it is likely to be between mid-February and mid-March. You will wish to start consideration, however, of the papers which will be required for such a seminar and who should prepare them. It would also be helpful to have by mid-December names of suggested participants from the academic, and possibly the business community. If you were able to let me have say 15 or 16 names, the Prime Minister could choose 10. I enclose lists of those who attended a discussion session before Mr. Gorbachev visited London in December 1984 together with a list of participants in the last major seminar on East/West relations.

I shall let you have more details when I have had a chance to discuss the proposal further with the Prime Minister. But this gives you something to start on.

I am copying this letter to John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office).

yours ever,

Charles Powell

CHARLES POWELL

A.C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

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LIST OF THOSE WHO ATTENDED DISCUSSION SESSION - DECEMBER 1984

Archie Brown	- internal workings of the Kremlin, structure of power
Malcolm Mackintosh	- historical; general Soviet strategy
Michael Kaser	- Soviet economy and five-year plan
Alec Nove	- Soviet agriculture
Lawrence Freeman	- defence
Norman Wooding	- trade

SEMINAR ON EAST/WEST RELATIONS

MEETING WITH ACADEMIC EXPERTS

The Prime Minister

Mr. Michael Kaser

Mr. A.H. Brown

Professor A. Nove

The Reverend Michael Bourdeaux

Dr. Alex Pravda

Mr. C.N. Donnelly

Mr. G. Schopflin

Dr. Ronald Amman

Lord Thomas of Swynnerton

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Michael Heseltine, MP

Mr. Malcolm Rifkind, MP

Sir Antony Acland

Sir Julian Bullard

Mr. J.M. Mackintosh

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

SEMINAR ON EAST/WEST RELATIONS

MEETING OF MINISTERS AND OFFICIALS

Prime Minister

Rt. Hon. Sir Geoffrey Howe, MP

Mr. Malcolm Rifkind, MP

Sir Antony Acland

Sir Julian Bullard

Mr. Bryan Cartledge

Rt. Hon. Michael Heseltine, MP

Sir Clive Whitmore

Field Marshal Sir Edwim Bramall

Mr. John Blelloch

Sir Robert Armstrong

Mr. David Goodall

Mr. J.M. Mackintosh

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

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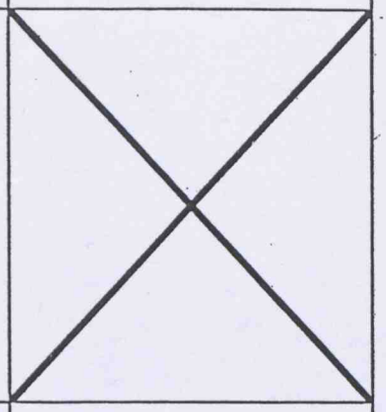
Extract details: Letter from Galsworthy to Powell dated 12 November 1986	
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MR DEREK THOMAS
MR GOODALL
MR RATFORD
MR ~~WESTBURY~~
MR FEARN

HD/DEFENCE D
HD/ACDD
HD/SOVIET D

RESIDENT CLERK

HD/NAD

~~MR POWELL~~, NO 10 DOWNING ST

MR D NICHOLLS, DUS(P) } MOD
~~D~~. NPS(~~R~~)
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FRG/SOVIET RELATIONS

SUMMARY

1. SOME EXCITEMENT OVER A NEWSWEEK INTERVIEW WITH CHANCELLOR KOHL TEN DAYS AGO, WHICH QUOTED HIM AS IMPLICITLY COMPARING GORBACHEV WITH GOEBBELS. SOME VISITS TO MOSCOW CANCELLED BY THE RUSSIANS, BUT THE GERMANS HOPE THE LONG TERM EFFECT WILL BE MINIMAL.

DETAIL

2. THE OFFENDING QUOTATION OCCURRED DURING A WIDE RANGING FOREIGN POLICY INTERVIEW IN WASHINGTON, WHEN KOHL REFERRED TO GORBACHEV'S SKILL IN PUBLIC RELATIONS AND WENT ON TO MENTION GOEBBELS. MEYER-LANDRUT (PUS-EQUIVALENT, AUSWAERTIGES AMT), TO WHOM I SPOKE THIS MORNING, ACKNOWLEDGED THIS WAS A ''BLUNDER'' ON KOHL'S PART. STABREIT (FEDERAL CHANCELLERY) TOLD HEAD OF CHANCERY THAT THE

STABREIT (FEDERAL CHANCELLERY) TOLD HEAD OF CHANCERY THAT THE INTERVIEW HAD NOT BEEN BASED ON PREVIOUSLY SUBMITTED QUESTIONS OR ANY OTHER AGREED FORMAT, AND KOHL HAD BEEN SPEAKING IN A RELAXED W AND OFF THE CUFF. UNFORTUNATELY, ALTHOUGH NEWSWEEK SUBMITTED THE TEXT FOR APPROVAL BEFORE PUBLICATION, BAD STAFF WORK MEANT THAT IT WAS NOT CHECKED BY THE FOREIGN POLICY EXPERTS EITHER IN THE FEDERAL CHANCELLERY OR IN THE FEDERAL PRESS OFFICE.

3. ON 24 OCTOBER, PARLIAMENTARY OPPOSITION LEADER VOGEL, CLOSELY FOLLOWED BY SOVIET AMBASSADOR KVITSINSKI, DEMANDED AN EXPLANATION. THE MATTER WAS SUBSEQUENTLY RAISED WITH THE NEW POLITICAL DIRECTOR, VON RICHTHOFEN, IN MOSCOW ON 30 OCTOBER. THE RUSSIANS HAVE NOW CANCELLED FORTHCOMING VISITS TO MOSCOW BY RIESENHUBER, FEDERAL MINISTER OF RESEARCH AND TECHNOLOGY, AND BY THE TOP AUSWAERTIGES AMT OFFICIAL DEALING WITH CULTURAL AFFAIRS.

4. THE FEDERAL CHANCELLERY HAVE PUBLICLY TAKEN THE LINE THAT KOHL WAS EFFECTIVELY MISQUOTED BY NEWSWEEK (THOUGH STABREIT CLEARLY IMPLIED THAT THIS WAS NOT THE CASE) AND THAT IN ANY CASE THERE WAS NO INTENTION TO INSULT GORBACHEV. KOHL WILL BE MAKING A GOVERNMENT DECLARATION IN THE BUNDESTAG ON 6 NOVEMBER ON EAST/WEST RELATIONS. AGAIN ACCORDING TO STABREIT, THIS WILL BE BASED STRICTLY ON HIS SEPARATE INTERVIEW ON EAST/WEST RELATIONS AND CSCE PUBLISHED IN DIE WELT TODAY (MIPT - NOT TO ALL), IN WHICH KOHL DENIED THAT HE HAD INTENDED TO COMPARE GORBACHEV AND GOEBBELS AND SAID THAT HE HAD NO INTENTION OF OFFENDING GORBACHEV, AND THAT HE HAD NO DOUBT ABOUT THE SINCERITY OF HIS EFFORTS FOR BETTER EAST-WEST RELATIONS. THERE WOULD BE NO FURTHER RETRACTION OF OR APOLOGY FOR THE QUOTATION IN NEWSWEEK.

5. ASKED ABOUT RUSSIAN MOTIVES, STABREIT TOLD HEAD OF CHANCERY THAT HE THOUGHT THEY WERE TEN PER CENT PIQUE AND NINETY PER CENT COLD CALCULATION. BOTH HE AND MEYER-LANDRUT WERE INCLINED TO DISCOUNT THE LIKELIHOOD OF ANY LONG-LASTING CHILL IN FRG/SOVIET RELATIONS OR OF ANY SIGNIFICANT EFFECT ON THE FEDERAL ELECTIONS IN JANUARY.

COMMENT

6. KOHL IS PRONE TO GAFFES, AS WE KNOW. I DOUBT IF THIS ONE WILL DO SERIOUS HARM EITHER TO HIS CHANCES IN THE COMING ELECTIONS OR TO FRG-SOVIET RELATIONS, ALTHOUGH MOSCOW MAY WANT HIM TO SWEAT FOR A BIT.

BULLARD

YYYY

FCO PLEASE PASS TO SAVING ADDRESSEES

PO10

CCPC

Foreign and Commonwealth Office

London SW1A 2AH

29 October 1986

CDP
29/X.

Dear Charles,

Soviet National Day Reception

This year's reception to mark the 69th anniversary of the October Revolution will be held at the Soviet Embassy on 7 November. Some Ministers will already have received invitations from the Soviet Ambassador.

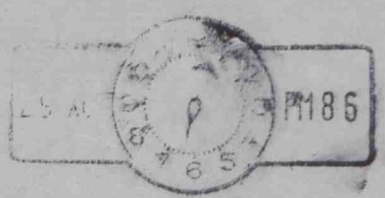
In 1984 the Foreign Secretary, in a break with past practice, accepted Mr Popov's invitation. He will do so again this year. In deciding on the level of Ministerial representation on this occasion, we need to bear in mind the continued presence of Soviet troops in Afghanistan, and the fact that very few senior Russians attend the Queen's Birthday Reception in Moscow. But we also now have an active programme of high level contacts with the Soviet Union, and our aim is of course to conduct a realistic, business-like bilateral dialogue. He would therefore not wish to dissuade any colleague from attending, provided they have recently done, or see an early prospect of doing, genuine business with the Soviet Union.

I am copying this to Private Secretaries of all Ministers in charge of Departments with a request that they circulate it as necessary.

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street



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MR DEREK THOMAS
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MR RATFORD
MR ~~[redacted]~~ DAUNT
MR FEARN

MR POWELL, NO 10 DOWNING ST

MR D NICHOLLS, DUS(P) } MOD
PS. NPS(A) }
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CDI }

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HD/ACDD
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MIPT: DANISH PRIME MINISTER'S MEETING WITH GORBACHEV

SUMMARY

1. USEFUL DANISH COMMUNITY BRIEFING PUTS FLESH ON BONES OF PRAVDA REPORT OF SCHLUTER/GORBACHEV MEETING ON 21 OCTOBER AND PROVIDES INTERESTING INSIGHTS INTO GORBACHEV'S MOOD AND ATTITUDES POST-REYKJAVIK. MORE EMPHASIS ON US FAILINGS, AS REVEALED AT REYKJAVIK, THAN ON DESIRE FOR OR POSSIBILITY OF FURTHER PROGRESS IN SUPER-POWER DIALOGUE.

DETAIL

2. THE DIRECTOR GENERAL OF THE DANISH FOREIGN MINISTRY, AMBASSADOR MOELLER, GAVE A VERY FULL COMMUNITY BRIEFING IN THIS EMBASSY ON 22 OCTOBER ON PRIME MINISTER SCHLUTER'S MEETING WITH GORBACHEV ON THE PREVIOUS DAY. MOELLER TOOK US THROUGH HIS NOTE OF THE MEETING (AT WHICH HE WAS PRESENT) IN CONSIDERABLE DETAIL AND, SINCE IT PROVIDES THE FIRST DIRECT INSIGHT WHICH WE HAVE HAD INTO GORBACHEV'S FRAME OF MIND AFTER THE REYKJAVIK MEETING, HIS ACCOUNT DESERVES THE FULL SUMMARY WHICH FOLLOWS.

3. MOELLER DESCRIBED GORBACHEV AS ENERGETIC, VIVID, ALERT, PERSUASIVE AND ABOVE ALL SELF-CONFIDENT: HE HAD EVIDENTLY BEEN ON TOP FORM AND ATTACHED CONSIDERABLE IMPORTANCE (AS THE UNUSUAL FULLNESS OF PRAVDA'S ACCOUNT OF THE MEETING CONFIRMS) TO IMPRESSING HIS FIRST WESTERN INTERLOCUTOR SINCE REYKJAVIK. THE TWO-HOUR DISCUSSION COVERED ARMS CONTROL AND, MUCH MORE BRIEFLY, REGIONAL PROBLEMS AND HUMAN RIGHTS.

US/SOVIET RELATIONS AND ARMS CONTROL

4. GORBACHEV GAVE SCHLUTER A BLOW-BY-BLOW ACCOUNT OF THE REYKJAVIK TALKS, INCLUDING THE FOLLOWING POINTS:

I) ONLY THE SOVIET SIDE HAD PRODUCED NEW IDEAS AT REYKJAVIK: THE AMERICANS HAD NOT ONLY COME EMPTY-HANDED BUT, AT LEAST INITIALLY, HAS RESPONDED TO SOVIET PROPOSALS ONLY WITH STALE POSITIONS ON WHICH THE GENEVA TALKS HAD BOGGED DOWN. REAGAN "WAS BECOMING MORE AND MORE DIFFICULT TO DEAL WITH" (MOELLER HAD THE CLEAR IMPRESSION THAT THIS COMMENT WAS DIRECTED AT THE PRESIDENT'S DIMINISHED CAPACITY FOR SUSTAINED DISCUSSION RATHER THAN AT ANY INCREASE IN OBDURACY).

II) THE NEW SOVIET PROPOSALS WERE INTER-RELATED AND FORMED AN ENTITY. THE US WANTED TO PICK OUT FROM THEM PARTICULAR POINTS TO THE ADVANTAGE OF THE WEST IN ORDER TO RETAIN STRATEGIC SUPERIORITY: THIS WAS UNACCEPTABLE. THE INTER-RELATIONSHIP BETWEEN THE SOVIET PROPOSALS STEMMED FROM THE LOGIC OF THEIR SUBSTANCE, IE IF STRATEGIC ARSENALS WERE TO BE CUT, IT FOLLOWED THAT THE ABM TREATY SHOULD BE STRENGTHENED. THE WESTERN PRESS HAD ACCUSED HIM (GORBACHEV) OF SETTING A TRAP FOR REAGAN BY INTRODUCING SOVIET OBJECTIONS TO THE SDI ONLY TOWARDS THE END OF THE TALKS, AFTER A GOOD MEASURE OF AGREEMENT HAD BEEN REACHED ON OTHER ISSUES. THIS WAS A LIE. REAGAN HAD INTRODUCED THE SDI ISSUE AT AN EARLY STAGE OF THE DISCUSSIONS AND GORBACHEV HAD IMMEDIATELY MADE THE SOVIET POSITION CLEAR, EMPHASISING THE LINKAGE BETWEEN THE ISSUES OF THE ABMT, THE SDI AND NUCLEAR TESTING.

III) REAGAN HAD BEEN "SHOCKED" BY GORBACHEV'S PROPOSAL FOR A 50% REDUCTION IN ALL STRATEGIC WEAPONS AND HAD CALLED IN SHULTZ TO HELP OUT. AGREEMENT HAD BEEN REACHED ON SUCH REDUCTIONS IN THE FIRST FIVE YEARS OF THE 10-YEAR REDUCTION PERIOD BUT FOR THE SECOND FIVE YEARS THE US HAD TRIED TO CONCENTRATE ON LAND-BASED WEAPONS AND TO RETAIN THEIR RIGHT TO DEVELOP THE SDI AND TO CARRY OUT NUCLEAR TESTS.

IV) THE REYKJAVIK MEETING HAD NEVERTHELESS BEEN FAR FROM USELESS. BEFORE IT, DISCUSSION WAS ONLY OF REDUCTIONS IN NUCLEAR ARSENALS: THE TWO SIDES WERE NOW TALKING ABOUT THEIR ELIMINATION. AT REYKJAVIK, THE US HAD CHANGED IT POSITION FUNDAMENTALLY - "THROUGH 180 DEGREES" - ON EVERY ISSUE EXCEPT THE SDI.

V) US INTRANSIGENCE ON THE SDI ISSUE WAS DUE TO THE ASCENDENCY OF THE "MILITARY/INDUSTRIAL COMPLEX" AND TO ITS FIRM INTENTION OF EXHAUSTING THE SOVIET ECONOMY. WHEN SCHLUTER CHALLENGED THE LATTER POINT, GORBACHEV RETORTED THAT HE HAD IN HIS POSSESSION A RESUME OF A MEETING OF THE NSC WHICH PROVED THAT HE WAS RIGHT. GORBACHEV SAID THAT THE US ADMINISTRATION WAS COMPOSED OF PEOPLE WHO WERE "ONLY TEMPORARILY IN WASHINGTON AND WHOSE ATTENTION WAS FOCUSSED ON THE NEXT ELECTION". THE SOVIET UNION WOULD

FOCUSSED ON THE NEXT ELECTION''. THE SOVIET UNION WOULD NEVERTHELESS MAINTAIN ITS PRINCIPLES, CONTINUE THE SEARCH FOR PROGRESS AND PRESENT ITS ARGUMENTS AS WIDELY AND FORCEFULLY AS POSSIBLE.

VI) GORBACHEV AGREED WITH SCHLUTER THAT THE EAST/WEST DIALOGUE SHOULD NOT BE A MONOPOLY OF THE TWO SUPER-POWERS. THE COUNTRIES OF WESTERN EUROPE WERE INVOLVED IN IT IN SEVERAL MULTILATERAL CONTEXTS BUT AS SOON AS ''THE DEBATE BECAME SHARP'', THEY DREW BACK AND LEFT MATTERS TO ''THE BIG TWO''. IT WOULD BE BENEFICIAL IF THE WEST RESPONDED POSITIVELY TO THE SOVIET PROPOSAL FOR CONTACTS BETWEEN THE NATO TASK FORCE ON CONVENTIONAL ARMS REDUCTIONS AND THE CORRESPONDING WARSAW PACT GROUP.

VII) THE US AND THE SOVIET UNION SHOULD SEEK TO MAKE FURTHER PROGRESS ON THE BASIS OF WHAT HAD BEEN AGREED AT REYKJAVIK: THE SOVIET PROPOSALS REMAINED ON THE TABLE BUT THEY WERE INTER-LINKED.

REGIONAL ISSUES

5. GORBACHEV REFERRED TO REGIONAL CONFLICTS AT THE OUTSET OF THE DISCUSSION AND RIDICULED US MISTRUST OF DEVELOPMENTS IN NICARAGUA, WHERE THE NICARAGUAN PEOPLE HAD OF ITS OWN FREE WILL DECIDED TO CARRY THROUGH A SOCIAL REVOLUTION. THE SOVIET UNION HAD NO INTENTION OF ESTABLISHING MILITARY BASES IN NICARAGUA. THE US, BY CONTRAST, WAS EMBARKING ON A ''NEW WAVE OF IMPERIALISM''. IN A VERY BRIEF DISCUSSION OF AFGHANISTAN, GORBACHEV SIMPLY REITERATED THAT SOVIET TROOPS WOULD BE WITHDRAWN WHEN OUTSIDE INTERFERENCE, BY THE US AND PAKISTAN, CEASED.

HUMAN RIGHTS

6. GORBACHEV SAID THAT THE US CONCENTRATED EXCLUSIVELY ON THE SOCIALIST COUNTRIES WHEN RAISING HUMAN RIGHTS ISSUES. THE SOVIET UNION WOULD SOON BEGIN A COUNTER-OFFENSIVE EXPOSING, E.G. LIVING CONDITIONS IN THE US AND OTHER EVILS OF THE CAPITALIST SYSTEM. REAGAN AND OTHER WESTERN LEADERS ADOPTED A ''CAPITALISTIC'' APPROACH TO THE REST OF THE WORLD BUT PARTICULARLY TO THE DEVELOPING COUNTRIES. THE SOVIET UNION, FOR ITS PART, FAVOURED A NEW ECONOMIC WORLD ORDER. GORBACHEV LAUNCHED INTO A PASSIONATE DEFENCE OF THE SOVIET SYSTEM: REJECTING WESTERN CONCEPTS OF PLURALISM, HE ARGUED THAT THE SOVIET UNION HAD ITS OWN PLURALISM IN ITS FEDERAL STRUCTURE AND DIVERSITY OF NATIONAL IDENTITIES. HISTORY WOULD PROVE THE SUPERIORITY OF THE SOVIET SYSTEM: IT HAD ENABLED THE SOVIET PEOPLES TO PROGRESS AND IT WOULD NEVER BE ABANDONED.

COMMENT

7. ALTHOUGH GORBACHEV REAFFIRMED HIS VIEW THAT THE NEXT STEP SHOULD BE TO BUILD ON THE PROGRESS MADE AT REYKJAVIK, THE STRENGTH OF

BE TO BUILD ON THE PROGRESS MADE AT REYKJAVIK, THE STRENGTH OF HIS CONDEMNATION OF US POLICIES (AND HIS REVEALING REMARK ABOUT THE DIFFICULTY OF DEALING WITH PRESIDENT REAGAN) MARKS SOME RETREAT FROM THE UP-BEAT OPTIMISM IN HIS AND OTHER SOVIET PRONOUNCEMENTS IN THE DAYS IMMEDIATELY FOLLOWING REYKJAVIK. THE PPAVDA REPORT SUMMARISED IN MIPT CONVEYS A SIMILAR IMPRESSION. THE SOVIET LEADERSHIP IS EVIDENTLY CONCERNED TO INCREASE PROPAGANDA PRESSURE ON THE US (AND ON WESTERN EUROPE) IN ORDER TO CREATE A POLITICAL ENVIRONMENT FAVOURABLE TO SOVIET INTERESTS AS THE GENEVA NEGOTIATIONS ENTER THEIR POST-REYKJAVIK PHASE. GORBACHEV'S REFERENCE TO THE US ADMINISTRATION'S TRANSITORY NATURE AND PRE-OCCUPATION WITH ELECTIONS CARRIES THE FIRST HINT THAT HE MAY NOW, IN THE LIGHT OF HIS EXPERIENCE AT REYKJAVIK, BE LOOKING BEYOND REAGAN. THE DISCUSSION ALSO REVEALED, DEPRESSINGLY, THAT GORBACHEV IS STILL THE PRISONER OF THE IDIES FIXES ABOUT THE ''MILITARY-INDUSTRIAL COMPLEX'', AND US IMPERIALISM OF WHICH YAKOVLEV IS AN ASSIDUOUS PROPONENT.

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SOVIET NINE MONTHS ECONOMIC RESULTS

SUMMARY

1. PRAVDA OF 18 OCTOBER PUBLISHED THE SOVIET ECONOMIC RESULTS FOR THE FIRST THREE QUARTERS OF 1986, AND IN MUCH GREATER DETAIL THAN USUAL. ALTHOUGH THE MAIN ECONOMIC INDICATORS CONTINUE TO SHOW RESPECTABLE INCREASES OVER 1985 ALMOST ALL OF THEM HAVE SLIPPED FROM THEIR JUNE 1986 LEVELS. SOVIET ECONOMIC GROWTH HAS GENERALLY CONTINUED TO FLATTEN OUT, BUT BY LESS THAN WAS TO HAVE BEEN EXPECTED. AGRICULTURE SHOWS SIGNS OF PROMISE, WITH HIGH LEVELS OF FOOD PRODUCTION AND SALES, INCREASED LIVESTOCK INVENTORIES AND HINTS OF INCREASED STATE GRAIN PROCUREMENTS. PREDICTABLY, IN THE LIGHT OF THE FALL IN OIL PRICES, THE VOLUME OF SOVIET FOREIGN TRADE DIPPED SHARPLY. CAPITAL CONSTRUCTION AND INVESTMENT, A PERENNIAL SOURCE OF CONCERN AND THE SUBJECT OF RECENT ADMINISTRATIVE STRUCTURAL TINKERING, CONTINUE TO LAG BADLY BEHIND PLAN. THE HIGH GROWTH RATE IN RETAIL TRADE TURNOVER HAS SAGGED SINCE JUNE, BUT THE VOLUME OF CONSUMER SERVICES SHOWS A STEEP RISE.

GLASNOST'

2. THE STATISTICS COVER MUCH MORE GROUND THAN IS USUAL FOR QUARTERLY RESULTS. THEY INCLUDE SOME FIGURES NORMALLY GIVEN ONLY ANNUALLY, AS WELL AS A BREAK-DOWN OF PLAN FULFILMENT BY PRODUCT CATEGORY (NOT PREVIOUSLY PUBLISHED). AS PART OF THE SAME POLICY OF GLASNOST' (OPENNESS), THE TEXT OF THE ACCOMPANYING COMMENTARY IS MUCH MORE CRITICAL THAN BEFORE. AT THE SAME TIME SOME KEY INDICATORS HAVE EVIDENTLY BEEN SWITCHED TO SHOW THE RESULTS IN THE MOST FAVOURABLE LIGHT: NATIONAL INCOME PRODUCED (4.3%) IS SUBSTITUTED FOR THE USUAL INDICATOR OF NATIONAL INCOME USED FOR CONSUMPTION AND ACCUMULATIONS (3.7%) AS IS FREIGHT SHIPMENTS CONSIGNED (5.6%) FOR FREIGHT TURNOVER (5.3%).

3. THE FOLLOWING ARE SOME OF THE CHIEF INDICATORS:

% GROWTH	1986 PLAN	1986 9 MONTHS	1986 6 MONTHS
NATIONAL INCOME PRODUCED		4.3	-

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NATIONAL

(NATIONAL INCOME USED)	3.8	3.7	3.7
INDUSTRIAL PRODUCTION	4.3	5.2	5.6
LABOUR PRODUCTIVITY			
IN INDUSTRY	4.1	4.8	5.2
IN CONSTRUCTION	-	4.5	4.9
IN RAILWAY TRANSPORT	-	8.2	8.9
COMMISSIONING OF FIXED ASSETS (FROM STATE CAPITAL INVESTMENT)	-	12.0	6.1
STATE CAPITAL INVESTMENT	8.2	9.0	10.0
FREIGHT SHIPMENTS (CONSIGNMENTS)	-	5.6	6.1
FREIGHT TURNOVER	3.5	5.3	6.9
RETAIL TRADE TURNOVER	3.6	6.6	7.8
VOLUME OF SALES OF CONSUMER SERVICES	-	17.0	7.1
TOTAL AREA OF HOUSING COMMISSIONED	-	11.0	6.0
FOREIGN TRADE TURNOVER	4.9	-9.0	-4.0

ENERGY

4. OVERALL PLAN FULFILMENT FOR THE SECTOR WAS 102%, WITH GAS AND COAL (RESPECTIVELY 11 BILLION CU MTRS AND 13 MILLION TONNES ABOVE PLAN) MAKING UP FOR THE CONTINUING BUT DECREASING OIL SHORTFALL (CURRENTLY ABOUT 2.75 MILLION TONNES).

AGRICULTURE

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5. THE AGRICULTURAL RESULTS SHOWED PROMISE: PRODUCTION AND SALES OF EGGS, MEAT AND MILK INCREASED. POULTRY INVENTORIES FELL SLIGHTLY, BUT THOSE FOR OTHER LIVESTOCK ROSE. FODDER RESERVES ARE HIGHER THAN FOR LAST WINTER.

INDUSTRY

6. ALL INDUSTRIAL MINISTRIES EXCEPT THAT OF THE RADIO INDUSTRY ACHIEVED PLAN TARGETS, THOUGH PRODUCTION SHORTFALLS WERE REGISTERED FOR TURBINES, ELECTRIC MOTORS, FORGE AND PRESS MACHINES, CHEMICAL EQUIPMENT, CAUSTIC SODA, MINERAL FERTILISER, SNYTHETIC RESINS AND PLASTICS, CHINA AND EARTHENWARE, GLASSWARE AND TELEVISIONS SETS. THE COMMENTARY CRITICISES THE CONTINUING PRACTICE OF LAST MINUTE 'STORMING' TO MEET DEADLINES, AND COMPLAINS OF THE POOR QUALITY, UNRELIABILITY AND LOW TECHNOLOGICAL LEVEL OF SOVIET GOODS. CAPITAL INVESTMENT IN THE HIGH-PRIORITY ENGINEERING SECTOR ROSE BY 17% FROM 1985 LEVELS, WITH CORRESPONDINGLY HIGH OUTPUT OF HIGH TECHNOLOGY GOODS: COMPUTERS, NUMERICALLY-CONTROLLED MACHINES TOOLS AND INDUSTRIAL ROBOTS. HEAVY INDUSTRY DID LESS WELL.

CONSTRUCTION

7. CAPITAL CONSTRUCTION STILL LAGS BADLY BEHIND. ONLY 49% OF PLANNED FIXED ASSETS WERE COMMISSIONED (AND ONLY 83% OF PRIORITY STATE INVESTMENTS). THE SECTORAL BREAK DOWN OF INVESTMENT USE SHOWS THE AGRO-INDUSTRIAL SECTOR MAKING RELATIVELY GOOD USE OF RESOURCES, BUT THE POWER AND ELECTRIFICATION MINISTRY FALLING WELL BEHIND. THE COMMENTARY'S LIST OF SHORTCOMINGS AND FAILURES TESTIFIES TO THE SERIOUS INADEQUACY OF THE CONSTRUCTION SECTOR.

LIVING STANDARDS AND CONSUMBER GOODS

8. WORKERS' SAVINGS GREW BY MORE THAN 11 BILLION ROUBLES, IN LARGE PART BECAUSE OF THE LACK OF GOODS TO BUY. ALCHOHOL SALES FELL BY 38% BUT FRUIT JUICE SALES ROSE BY 48%. FEWER CARS, CAMERAS, RADIOS AND WATCHES WERE AVAILABLE THAN IN 1985 BUT SALES OF SOME OTHER PRODUCTS INCREASED. HARSH CRITICISMS WERE LEVIED AT POOR QUALITY AND DESIGN.

GENERAL

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9. SEPTEMBER WAS NOT A PARTICULARLY SUCCESSFUL MONTH. INDUSTRIAL MARKETING TARGETS WERE NOT MET, BUT AGRICULTURE'S RELATIVELY STRONG PERFORMANCE HAS BUOYED UP THE FIGURES AND HELPED TO HALT THE 6 MONTH LONG DOWNWARD SLIDE. THE NEW INFORMATION POLICY OF PROVIDING MORE DETAIL AND OPEN CRITICISM MAKES THE COMMENTARY LOOK WORSE THAN THE FIGURES. THE WEAK CONSTRUCTION SECTOR AND INDUSTRIAL BAD HABITS CONTINUE TO CAUSE CONCERN, BUT THE PLAN NOW LOOKS EASIER TO ACHIEVE THAN IT DID LAST MONTH.

CARTLEDGE

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OVATION: RECORD OF MEETING WITH THE PRIME MINISTER OF NEW ZEALAND

1. On 27 August, OVATION had a two hour meeting with the Prime Minister of New Zealand, Mr David LANGE. The Director of the New Zealand Security and Intelligence Service and one of our friends' officers were also present.

2. Mr LANGE opened the discussion by expressing contempt for statements made by the Soviet Deputy Foreign Minister, KAPITSA, during a press conference at the end of his visit to New Zealand. Mr LANGE had been so irritated by what he referred to as KAPITSA's offer of possible military cooperation with New Zealand that he had immediately issued a press statement announcing that "the best cooperation we can have from the Soviet Union is to have their vessels as far away from New Zealand as ours are from Russia". As a propaganda exercise, KAPITSA's visit had been counter-productive - another example of Soviet inability to understand the general attitude and temperament of the New Zealand people. If the Russians did have a strategy towards New Zealand, Mr LANGE had yet to see any evidence of its effectiveness. The Soviet Embassy seemed to spend most of its time cultivating the most ineffectual and discredited political and trade union figures. Though often the noisiest, few of them had any real influence. Mr LANGE had a firm belief in the resilience of democracy in New Zealand and in the good sense of its people. One of his early memories was of the public rejoicing when STALIN died. If the Soviet Union wanted New Zealand they would have to take it by force of arms. It was inconceivable that a majority of the people would willingly hand the country over to Soviet domination.

3. OVATION gave an account of the Soviet state, emphasizing its totally anti-democratic nature, the leadership's pursuit of power for its own sake, the expansionist nature of Soviet foreign policy and the ability to work consistently for long-term objectives. Moscow had no illusions that New Zealand would become a client state in the foreseeable future. Its current aim was to use all possible means to limit the US military presence in the Pacific. New Zealand's rejection of the

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ANZUS agreement and its support for a nuclear free zone in the South Pacific were in line with the Soviet aim of damaging the Western alliance. With its preponderance of land-based, strategic missiles, the Soviet Union's main purpose in promoting nuclear-free zones was to limit the military effectiveness of the US, which had greater dependence on sea-based missiles.

4. Mr Lange again referred to the Soviet lack of success in making capital of this situation. In giving expression to Soviet policy in the Pacific during the Vladivostok speech, GORBACHOV had been photographed against a background of ships which were visibly capable of carrying nuclear weapons. This was hardly the way to capture the hearts and minds of the New Zealand people. OVATION acknowledged that the Soviet leaders had little knowledge of or exposure to the democratic process but in his experience, Soviet propaganda campaigns, however derided by Western commentators, always managed to make some converts. The same methods would be deployed against the New Zealand Labour Party. By beginning with the easiest elements on the extreme left, the aim would be to work inwards to try to establish influence over the leading members of the Labour Party caucus. The process might take 10 or 20 years but the Soviet Union would not be discouraged by lack of short term success. The invitations to visit the Soviet Union, which had recently been accepted by the President of the Party, Margaret Wilson, and the General Secretary, Tony Timms, were indications that this process was now under way. OVATION referred to his own surprise that in researching the major KGB successes of the 1930s to 1960s, he had discovered that the best and brightest agents had often been recruited by dull officers, lacking in cultural and linguistic distinction.

5. In discussion of the overall Soviet strategy towards New

/Zealand....

Zealand, OVATION said that on the basis of his talks with the NZSIS, he thought that for the immediate future there was unlikely to be a serious threat from the KGB legal Residency in New Zealand. Tight ceiling restrictions had kept numbers so low that the KGB would find it difficult to function effectively. Such was the competition for available slots that there was apparently no GRU presence in New Zealand: hence the strenuous efforts of the Russians to establish an Aeroflot office. This was very unusual for a country of growing strategic importance to the Soviet Union. The risk came from the targeting and possible recruitment of New Zealand diplomats and officials working overseas, particularly in Moscow where the Second Chief Directorate could call on unlimited resources. He thought it unlikely that illegals would be used in New Zealand to gather political information - an area in which they were traditionally weak - but would probably be used to run any New Zealand officials recruited abroad, who were unable to travel extensively after their return home.

6. In the short term, the main thrust of Soviet strategy towards New Zealand was likely to be standard and predictable. OVATION confirmed that the recent spate of Soviet cultural, scientific, academic and sporting visits to New Zealand had nothing to do with GORBACHOV's supposed new style diplomacy but was entirely the result of the Soviet wish to take full advantage of current New Zealand policies. The complement to this was the increasing number of invitations to Labour Party members and officials to visit the USSR, Cuba and Nicaragua.

7. OVATION referred to KGB instructions, following Mr LANGE's election to office, urgently requesting Residencies to find contacts and agents who would be willing to go to New Zealand and other countries of the South Pacific region to promote non-nuclear, peace policies. It came as no surprise to him that some of the most vocal advocates of such policies had been neither New Zealanders nor Russians but Americans and Canadians. OVATION spoke of Soviet involvement with the US Director of Information, Admiral LAROQUE, which to his knowledge went back to the mid 1970s (LAROQUE has links with the British based group, Generals for Peace).

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8. Mr LANGE said that the Soviet move which had caused him the greatest difficulty with his party, was the moratorium on the testing of nuclear weapons. He was under increasing pressure to issue statements supporting the move and was finding it difficult to put up counter arguments.

9. With regard to overall Soviet strategy in the region, Mr LANGE was more immediately concerned about Soviet influence in the South Pacific Islands than in New Zealand. The Soviet Union was consolidating its diplomatic and commercial position and a number of senior officials in newly created states and administrations would almost certainly be regarded as soft targets. He thought that it would be prudent for the New Zealand government to pay more attention to developments in the Islands, to counter communist-inspired activities.

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CONTROVERSY OVER GORBACHEV'S INTERNAL POLICIES

SUMMARY

1. A CENTRAL COMMITTEE DECREE HAS GENERALLY ENDORSED THE LINE GORBACHEV TOOK ON HIS RECENT TOUR BUT A PRAVDA EDITORIAL APPEARED TO TAKE ISSUE WITH IT IN SOME RESPECTS. GORBACHEV RE-STATES HIS CONCERNS AT A PUBLIC MEETING IN MOSCOW. SIGNS THAT SOME MEMBERS OF THE LEADERSHIP SHARE THE DOUBTS IN THE MIDDLE LEVEL OF THE PARTY ABOUT THE IMPLICATIONS OF ''GLASNOST''' AND DEMOCRATISATION.

DETAIL

2. A CENTRAL COMMITTEE DECREEE ''ON THE RESULTS OF COMRADE GORBACHEV'S VISIT TO KRASNODAR AND STAVROPOL'' WAS PUBLISHED IN THE CENTRAL PRESS ON 1 OCTOBER, THE FIRST TIME ONE OF GORBACHEV'S DOMESTIC TOURS HAS BEEN MARKED IN THIS WAY. THE DECREE ENDORSES IN GENERAL TERMS THE LINE GORBACHEV TOOK DURING HIS VISIT AND MAKES THE FOLLOWING MAIN POINTS:

A) GORBACHEV'S STATEMENTS DEVELOP THE LINE OF THE PARTY CONGRESS ON THE ''REVOLUTIONARY AND COMPREHENSIVE NATURE OF RESTRUCTURING'' AND EXPLAIN HOW IT SHOULD BE APPLIED IN PRACTICE TO VARIOUS SPHERES OF SOCIAL LIFE.

B) THE COURSE OF RENEWAL WAS NOT BEING IMPLEMENTED WITH SUFFICIENT DYNAMISM. 'ALTHOUGH SOCIETY AS A WHOLE WAS FAVOURABLY DISPOSED TO CHANGES RECONSTRUCTION WAS PROCEEDING IN A ''COMPLEX DIFFICULT, CONTRADICTORY, AND UNEVEN WAY'' RUNNING INTO ''VARIOUS SOCIAL-PSYCHOLOGICAL AND ORGANISATIONAL BARRIERS'' AND ENCOUNTERING RESISTANCE FROM PEOPLE WHO ''FOR EGOTISTICAL REASONS WERE TRYING TO PRESERVE OUT-DATED METHODS AND PRIVILEGES''. THE DECREE REFERS TO BUREAUCRATIC DISTORTIONS IN THE WORK OF THE APPARAT, INDISCIPLINE AND IRRESPONSIBILITY WHICH WERE ACTING AS A BRAKE ON RESTRUCTURING.

C) THE DECREE CALLS FOR THE BROADENING OF ''GLASNOST''' AND ''ALL FORMS OF DEMOCRATISATION'' AND THE AIRING AT MEETINGS AND IN THE PRESS OF ''BURNING QUESTIONS'' WHICH TROUBLE COMMUNISTS AND WORKERS ETC.

D) CALLING FOR RESTRUCTURING ''FROM BELOW AND ABOVE'' THE DECREEE NOTES THAT IMPORTANT POLITICAL DECISIONS BY THE CENTRAL COMMITTEE AND GOVERNMENT RAN UP AGAINST THE INERTIA OF MINISTRIES RELUCTANT TO SHED OLD HABITS SEMICOLON AND REFERS TO THE OLD SHAMEFUL PRACTICE WHEREBY THE IMPLEMENTATION OF DECISIONS OF CENTRAL ORGANS IS SURREPTITIOUSLY DELAYED AT THE LOCAL LEVEL.

3. GORBACHEV TOOK THE OPPORTUNITY OF OPENING AN ALL-UNION MEETING OF THE HEADS OF SOCIAL SCIENCES FACULTIES IN THE PRESENCE OF SIX OTHER MEMBERS OF THE POLITBURO, THREE CANDIDATE MEMBERS AND ALL THE PARTY SECRETARIES TO MAKE A SPEECH REHEARSING, ON NOW FAMILIAR LINES, HIS CONCERN ABOUT THE RESISTENCE TO CHANGE. HIS ADDRESS OCCUPIED MOST OF THE FRONT PAGE OF PRAVDA ON 2 OCTOBER.

4. THE PRAVDA EDITORIAL PRINTED ALONGSIDE THE REPORT OF THIS SPEECH ALTHOUGH IT QUOTES A KEY PASSAGE FROM THE DECREE (PARA 2B ABOVE) ADOPTS IN GENERAL A VERY DIFFERENT EMPHASIS SEMICOLON AND IT COULD ALMOST BE SEEN AS A CORRECTIVE TO THE LINE GORBACHEV TOOK IN KRASNODAR.

5. DISCUSSING ''GLASNOST''' AND DEMOCRACY, PRAVDA STATES THAT CRITICISM HAS A HEALTHY EFFECT AND THE LEVEL OF CRITICISM SHOULD NOT BE LOWERED. ''BUT DEMOCRACY IS NOT JUST A MATTER OF THE RIGHT TO CRITICISE BUT ALSO OF OBLIGATIONS. IT IS ALSO A QUESTION OF DISCIPLINE. DEMOCRACY IS NOT PERMISSIVENESS''. THE EDITORIAL GOES ON TO COMPLAIN THAT ''UNDER THE PRETEXT OF BROADENING DEMOCRACY SOME PEOPLE ARE SPREADING RIDICULOUS RUMOURS, GOSSIPING, SLANDERING HONEST PEOPLE, USING ANONYMOUS LETTERS.''

6. ADDRESSING THE NEED FOR OFFICIALS TO GET AWAY FROM PAPER WORK AND MEET THE PEOPLE PRAVDA ADDS THE SURPRISING COMMENT:

''UNFORTUNATELY IN SOME PLACES ''GOING TO THE PEOPLE'' IS BEING REPRESENTED AS THE MAIN FEATURE OF RESTRUCTURING AND THE BROADENING OF DEMOCRACY, ALTHOUGH THESE VISITS SOMETIMES LEAVE NO PRACTICAL TRACES''.

7. THIS LAST PASSAGE, IN AN EDITORIAL PEGGED TO GORBACHEV'S MUCH PUBLICISED TOUR, LOOKS LIKE EITHER VERY CARELESS DRAFTING OR A DELIBERATE PUT-DOWN. THE LATTER SEEMS MORE PROBABLE. THERE HAVE BEEN OTHER INDICATIONS RECENTLY THAT SOME IN THE LEADERSHIP WERE NOT VERY HAPPY WITH GORBACHEV'S TOUR, EG:

A) THE FAILURE TO PUBLISH THE SPEECH HE MADE IN STAVROPOL (MY TELNO 1119).

B) THE FACT THAT THE POLITBURO DID NOT FORMALLY APPROVE THE VISIT AS IT DID GORBACHEV'S PREVIOUS TOUR OF THE SOVIET FAR EAST. (HOWEVER THE EARLIER DOMESTIC TOURS WERE NOT FORMALLY APPROVED EITHER.)

C) IN HIS SPEECH TO THE CONFERENCE OF SOCIAL SCIENTISTS, PUBLISHED IN PRAVDA OF 2 OCTOBER LIGACHEV, WHILE ENDORSING ''GLASNOST''' AND CRITICISM STRESSED THE DANGER OF DEMAGOGUERY WHICH GORBACHEV HAD CONFIDENTLY DISMISSED IN KRASNODAR.

8. ALTHOUGH THE EVIDENCE IS SO FAR INCONCLUSIVE, THERE ARE SIGNS THAT ANXIETIES IN THE BUREAUCRACY THAT GORBACHEV'S CAMPAIGN FOR ''GLASNOST''' AND DEMOCRATISATION MIGHT RISK UNDERMINING THE PARTY'S AUTHORITY ARE SHARED AT A HIGH LEVEL SEMICOLON AND THAT ON HIS RETURN FROM LEAVE GORBACHEV HAS COME UNDER FIRE FROM WITHIN THE LEADERSHIP. IF SO, THIS COULD HAVE IMPLICATIONS FOR HIS APPROACH TO THE REYKJAVIK MEETING AND A FUTURE SUMMIT (SEE MY TELNO 1152).

CARTLEDGE

YYYY

MXHPAN 5513

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EAST WEST & US/SOVIET RELATIONS

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MR LAFFORD
MR DAUNT

NO 10

YOUR TELNOS 680 - 682 : PRIME MINISTER'S REPLY TO GORBACHEV'S LETTER OF 10 JULY

SUMMARY

1. ACTION TAKEN WITH FIRST DEPUTY FOREIGN MINISTER KOVALEV ON 26 AUGUST (SHEVARDNADZE IS ON HOLIDAY). HE LISTENED WITHOUT REACTION TO COMMENTS DRAWING ON YOUR TELNO 682 AND THEN LAUNCHED INTO CRITICISM OF THE UNENTHUSIASTIC BRITISH REACTION TO THE SOVIET EXTENSION OF THE MORATORIUM ON NUCLEAR TESTING: AND OF THE BRITISH APPROACH TO THE CDE END-GAME. MY RESPONSE ON THE MORATORIUM LED TO FURTHER EXCHANGE FOLLOWING STANDARD THEMES IN WHICH THERE WAS, UNSURPRISINGLY, NO MEETING OF MINDS.

DETAIL

2. IN SHEVARDNADZE'S ABSENCE ON HOLIDAY I WAS RECEIVED BY KOVALEV, FIRST DEPUTY FOREIGN MINISTER AT 1200 ON 26 AUGUST. GUSAREV, ACTING HEAD OF SECOND EUROPEAN DEPARTMENT WAS ALSO PRESENT. THE MEETING LASTED FOR NEARLY AN HOUR. HAVING HANDED OVER THE TEXT OF THE PRIME MINISTER'S LETTER, TOGETHER WITH AN UNOFFICIAL TRANSLATION PREPARED HERE, I SPOKE TO THE POINTS IN YOUR TELNO 682, OMITTING (I) (CHERNOBYL) WHICH I HAD RECENTLY DISCUSSED IN THE MFA: AND ADDING THAT WE WERE ALSO, IN THE NON-GOVERNMENTAL FIELD, LOOKING FORWARD TO A FAVOURABLE SOVIET REACTION TO THE INVITATION TO ATTEND A DITCHLY PARK CONFERENCE.

3. KOVALEV UNDERTOOK TO PASS THE TEXT IMMEDIATELY TO GORBACHEV. HE THEN PICKED UP THE ABSENCE OF ANY MENTION IN WHAT I HAD SAID OF THE EXTENSION OF THE SOVIET MORATORIUM ON NUCLEAR TESTING. HE SAID HE HAD NOTED THAT THE "MASS MEDIA" IN THE UNITED KINGDOM HAD PLAYED DOWN THE SOVIET MOVE, ON THE IMPORTANCE OF WHICH HE THEN ENLARGED FOR SEVERAL MINUTES IN LINE WITH CURRENT SOVIET PROPAGANDA THEMES. HE REQUESTED THAT I DRAW YOUR ATTENTION TO THE SERIOUSNESS OF THE SOVIET GESTURE.

4. IN THE EXCHANGE WHICH FOLLOWED I SPOKE ON STANDARD LINES, DRAWING ON FCO GUIDANCE TELNO 119 OF 23 AUGUST 1985. I ALSO COMMENTED, I WAS STRUCK BY THE REITERATED IMPLICATION IN CURRENT PROPAGANDA THAT IN EXTENDING ITS MORATORIUM ON NUCLEAR TESTING THE SOVIET GOVERNMENT ALONE WAS AGAINST A NUCLEAR HOLOCAUST AND IN FAVOUR OF PEACE AND DISARMAMENT. THIS WAS NOT THE CASE. PENDING AGREEMENT ON MEASURES OF ARMS CONTROL IT WAS TO BE EXPECTED THAT STATES WOULD MAINTAIN THEIR ARMOURIES. IN THIS CONNECTION I HAD NOTED THE TASS ANNOUNCEMENT OVER THE WEEK-END THAT THE SOVIET GOVERNMENT WAS DECLARING A MARITIME DANGER ZONE IN PART OF THE PACIFIC OCEAN IN ORDER TO CARRY OUT TESTS OF ROCKET LAUNCHERS.

5. KOVALEV HAD THE LAST WORD IN THE SENSE THAT THE MFA PRESS ANNOUNCEMENT OF MY CALL, CARRIED ON LAST NIGHT'S TV NEWS AND IN TODAY'S PRAVDA, STATES THAT WE DISCUSSED CERTAIN CURRENT QUESTIONS

5. KOVALEV HAD THE LAST WORD IN THE SENSE THAT THE MFA PRESS ANNOUNCEMENT OF MY CALL, CARRIED ON LAST NIGHT'S TV NEWS AND IN TODAY'S PRAVDA, STATES THAT WE DISCUSSED CERTAIN CURRENT QUESTIONS "IN PARTICULAR CONNECTED WITH THE SOVIET UNION'S UNILATERAL MORATORIUM ON NUCLEAR EXPLOSIONS".

6. KOVALEV ALSO EXPRESSED CONCERN OVER CURRENT WESTERN ATTITUDES IN STOCKHOLM. IT APPEARED THAT THE SOVIET PROPOSALS WERE BEING USED BY THE WEST AS A PRETEXT FOR COMPLICATING THE ISSUE AND "PUTTING RODS IN THE WHEELS". THE SOVIET UNION WAS STILL KEEN THAT THE MEETING SHOULD ACHIEVE POSITIVE RESULTS BEFORE ITS CONCLUSION BUT WAS CONCERNED THAT IT WOULD END LIKE THE RECENT CSCE BERNE MEETING.

7. I SAID THAT, AS HAD BEEN MADE CLEAR BOTH DURING SHEVARDNADZE'S MEETING WITH YOU AND WHEN MR GRINYEVSKY WAS IN LONDON RECENTLY HMG LOOKED FORWARD TO A SUCCESSFUL CONCLUSION OF THE CDE. WE HAD WELCOMED THE MOST RECENT SOVIET PROPOSALS. ALTHOUGH I WAS NOT AWARE OF THE DAY-TO-DAY COURSE OF EVENTS IN STOCKHOLM I COULD IMAGINE THAT THESE PROPOSALS WOULD NOT BE SIMPLY ACCEPTED WITHOUT FURTHER NEGOTIATION. BUT I COULD ASSURE HIM THAT THE BRITISH SIDE WOULD CONTINUE TO APPROACH CDE CONSTRUCTIVELY AND IN THE HOPE OF A SUCCESSFUL CONCLUSION. (I HAD NOT AT THE TIME, PERHAPS FORTUNATELY, RECEIVED STOCKHOLM TELEGRAM NUMBER 198).

COMMENT

8. THE ATMOSPHERE DURING THE CALL WAS SOLEMN BUT NOT DISAGREEABLE. NO IMMEDIATE RESPONSE TO THE POINTS BASED ON YOUR TELNO 682 WAS TO BE EXPECTED. IT IS SUFFICIENT THAT THEY WILL HAVE GONE INTO THE RECORD AND CAN BE FOLLOWED UP AS AND WHEN APPROPRIATE. KOVALEV'S PITCH ON THE MORATORIUM WAS PREDICTABLE. FOR THE PAST EIGHT DAYS THE SOVIET PROPAGANDA MACHINE HAS BEEN TREATING IT AS THE MAJOR EVENT OF THE HOUR, IN WHICH THE SOVIET UNION IS OFFERING A "HISTORIC CHANCE" TO MANKIND TO ESCAPE FROM THE THREAT OF NUCLEAR ANNIHILATION. (SEE HEMANS'S LETTER OF 20 AUGUST TO ROBINSON). WE SHALL BE REPORTING FURTHER ON THIS PHENOMENON AND THE CALCULATIONS WHICH MAY LIE BEHIND IT.

MARSHALL

YYYY

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HELSINKI TELEGRAM NO. 90

ISRAEL/SOVIET UNION

1. ON 20 AUGUST I ASKED NOVIK (POLITICAL ADVISER TO THE PRIME MINISTER) WHAT THE ISRAELIS THOUGHT LAY BEHIND THE RUSSIANS INITIATIVE IN SETTING UP DIRECT CONTACTS. HE SAID THIS WAS TO BE SEEN IN THE CONTEXT OF THE BUILD-UP TO THE NEXT SOVIET/US SUMMIT. IN THE MONTHS BEFORE THE FIRST SUMMIT MEETING THE RUSSIANS HAD MADE IT CLEAR THAT THEY ''WANTED TO KEEP THE JEWS QUIET'' AND HAD PROMISED THE ISRAELIS A SUBSTANTIAL PRIZE IF THEY DID NOT STIR THINGS UP. THIS HAD TURNED OUT TO BE THE RELEASE OF SHCHARANSKY WHICH AS NOVIK COMMENTED WAS ''NICE FOR US'' AND A GOOD PROPAGANDA MOVE BY THE RUSSIANS, BUT NOTHING LIKE THE RELEASE OF SUBSTANTIAL NUMBERS OF JEWS WHICH THE ISRAELIS HAD HOPED FOR. THIS TIME AROUND THE RUSSIANS HAD STARTED BY PROPOSING A MEETING BETWEEN CONSULAR OFFICIALS IN TEL AVIV IN OCTOBER AND HAD CLEARLY HOPED THAT THIS IN ITSELF WOULD KEEP THE ISRAELIS QUIET. BUT ISRAEL WAS NOT GOING TO BE CAUGHT AGAIN AND HAD DEMANDED THE EARLIER EXPLORATORY MEETING IN HELSINKI TO SEE WHAT WAS ON OFFER.

2. NOVIK SAID THAT THE RUSSIANS BEHAVED IMPECCABLY AT THE MEETING ITSELF. THEY HAD LISTED THEIR DETAILED REQUIREMENTS FOR ADMINISTRATIVE ARRANGEMENTS ON THE VISIT TO TEL AVIV. WHEN THE ISRAELI TEAM HAD SET OUT THEIR DEMANDS ON SOVIET JEWRY THE RUSSIANS HAD TAKEN DETAILED NOTES AND HAD PROMISED, IN CIVIL TONES, TO REPORT BACK TO THEIR MASTERS.

3. NOVIK THOUGHT THAT THE SUBSEQUENT SHARP STATEMENT BY SOVIET FOREIGN MINISTRY SPOKESMAN, GERASIMOV, IN WHICH HE ACCUSED THE ISRAELIS OF UNJUSTIFIABLE INTERFERENCE OVER THE ISSUE OF SOVIET JEWRY WAS A RESULT OF THE WAY THAT THE ISRAELI MEDIA HAD OVER-PLAYED THE IMPORTANCE OF THE HELSINKI MEETING IN THE DAYS LEADING UP TO IT. NOVIK COMMENTED THAT IF THE ISRAELI MINISTRY OF FOREIGN AFFAIRS HAD NOT CONTRIVED TO LEAK THE ANNOUNCEMENT OF THE MEETING SEVERAL DAYS TOO EARLY THERE WOULD NOT HAVE BEEN TIME FOR THE PRESSURE TO BUILD-UP IN THE PRESS FOR THE ISRAELIS TO SET PRE-CONDITIONS ON THE SOVIET JEWRY ISSUE. HE THOUGHT THAT ONCE THE NOISE HAD ABATED THE RUSSIANS WOULD WISH TO RESUME CONTACTS AS PREVIOUSLY PLANNED.

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3. ON THE RELATED ISSUE OF ISRAELI POLISH RELATIONS OUR DUTCH COLLEAGUES HERE NOW CONFIRM THAT A POLISH DIPLOMAT WILL BE INSTALLED IN THE BANK OF POLAND IN TEL AVIV SOMETIME IN SEPTEMBER AND THAT AN ISRAELI OFFICIAL WILL JOIN THE INTERESTS SECTION IN THE DUCH EMBASSY IN WARSAW AT THE SAME TIME (OUR TELNO 201 REFERS).

FULLER

YYYY

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EAST WEST & US/SOVIET RELATIONS

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MR BRAITHWAITE
MR BARRINGTON
MR WINCHESTER

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file VC

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. T154/86

cc: FCO

10 DOWNING STREET
LONDON SW1A 2AA

subject CC: master

THE PRIME MINISTER OPS.

20 August 1986

Dear Mr. Gorbachev,

I was very pleased to welcome Mr. Shevardnadze to Britain and to receive from him your letter of 10 July, together with your invitation to visit the Soviet Union. I accept with pleasure and hope that my visit might take place in the first half of next year.

I read the comments in your letter about relations between the United States and Soviet Union with great care. I have since been in touch with President Reagan. He has confirmed that, like you, he is very keen to have a second summit and that he wants it to yield results. It is hard to imagine that any successor could be as well-placed as he is to persuade Congress to ratify the arms control agreements which I hope a Summit would reach.

I dealt with many of the arms control issues mentioned in your letter in my discussions with Mr. Shevardnadze. Without repeating what I said to him, I thought I should let you know how I believe progress can be made in the months ahead.

President Reagan has told me of the response he has now sent you on the latest Soviet proposals at the Geneva talks. The response was made after close consultation with me and the proposals have my full support. They should serve as the basis for rapid progress towards the agreements at Geneva. It seems to me that the United States and the Soviet Union should continue to work towards the objective of 50 per cent

RSG

Prime Minister (2)

Sir Gordon Reece

Apartment 86,
55 Park Lane,
W1.

MBT

19th August 1986

My dear Charles

I thought you would like to see a copy of the letter nominally addressed to the Russian Ambassador in London, but designated for and delivered to Mr Gorbachov.

The letter was composed jointly by Dr Hammer and Ambassador Zanyatin and followed immediately on Dr Hammer's visit to The Prime Minister in June. It may not be too much to hope that the Shevardnadze meeting followed directly upon it. Upon all events, I thought you would be interested to see it.

Yours ever

Gordon

Charles Powell, Esq.

cuts in strategic weapons which you and President Reagan identified at your meeting last November, although I accept that more modest cuts as a first step towards this should not be ruled out. The complete elimination of longer range INF missiles remains a worthwhile goal we should aim at. But I would also support an interim agreement, which you and President Reagan endorsed at Geneva. Such an agreement must of course address the problem on a global basis, and must provide for appropriate constraints on shorter range missiles.

I welcome your affirmation that Britain's national defence forces are not a subject of the Geneva negotiations. As I emphasised to Mr. Shevardnadze, the United Kingdom intends to maintain its independent deterrent, and to modernise it as necessary so that it remains fully effective.

You well know the importance which the United Kingdom attaches to the abolition of chemical weapons. I hope that the Soviet Union will respond positively to our recent initiative on challenge inspection. We now have an opportunity to rid the world of these terrible weapons for good. We should seize it.

I agree with you on the importance of conventional arms control and the need to achieve balance at lower levels of armed forces. There is not much time left at Stockholm. But I hope that we can get a significant result, and also make progress in the long-running negotiations on MBFR in Vienna.

I very much welcome the practice of regular exchanges between us following your visit to this country two years ago. I look forward to renewing contact in person in Moscow, and to continuing our discussion on these vital issues.

Yours sincerely

Margaret Thatcher

Mr. Mikhail Sergeevich Gorbachev

2

33905

DR. ARMAND HAMMER
10889 WILSHIRE BOULEVARD, SUITE 1500
LOS ANGELES, CALIFORNIA 90024

BY HAND

14th June 1986

Mr Leonid Zanyatin
The Ambassador
Soviet Embassy
13 Kensington Palace Gardens
LONDON W8

Dear Mr Zanyatin,

Thank you for seeing me at 2.30 pm yesterday at such short notice.

I hope that Prime Minister Margaret Thatcher's efforts, following my earlier meeting with her, will lead to the President clarifying the current confused picture of his SALT II intentions.

I hope too that General Secretary Gorbachev will agree to Mr Shevardnadze meeting with Mr Shultz in the near future and that a date will be fixed for such a meeting in London where you would be present and where we can have access to Mrs Thatcher in case it is necessary to use her help with Mr Reagan.

At this meeting they can agree on an Agenda and crystallize something constructive based on the talks in Vienna and Geneva. The Summit, which would occur based on the decisions made by Mr Shultz and Mr Shevardnadze, would be most appropriate in mid-November. American Thanksgiving Day would be ideal. I have since returned to Los Angeles and I notice in the Los Angeles Times of Saturday June 14th (today) on page 14 that the following statement was made on Friday by Secretary Shultz. "Secretary of State George P. Shultz took exception Friday with newspaper headlines that said the Agreement (SALT II) is dead". "What the President is seeking is a regime of mutual restraint that looks at what they do and places what we do alongside of it" said Shultz. "We are definitely not talking about an escalation, an arms race; quite to the contrary". Shultz also said that recent Soviet arms control proposals have substance and the fact they were made privately is a good sign.

This Shultz statement may have been the result of a telephone call to Mr Reagan by Mrs Thatcher that he clarify the contradiction between his previous statement and the statement of Mr Speakes that SALT II is dead. This is what I urged Mrs Thatcher to do at our meeting on Friday when she expressed surprise at the contradictory statements and the confusion which they created in the minds of people all over the world. I had the feeling that she would telephone Mr Reagan and because of the Time Difference between London and New York, this could have accounted for Mr Shultz's clarifying statement. Warmest regards.

ARMAND HAMMER

Not signed but Dictated to my Aide in London over the telephone.

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PS/PUS

MR ~~DEREK THOMAS~~ RATFORD

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ISRAEL/SOVIET UNION MEETING IN HELSINKI

1. AT A PRESS CONFERENCE ON 19 AUGUST, MFA PRESS SPOKESMAN GERASIMOV STAMPED VERY HARD ON SUGGESTIONS THAT SOVIET/ISRAELI CONTACTS HAD DEALT WITH ANYTHING OTHER THAN CONSULAR AFFAIRS. IN A PREPARED STATEMENT HE SAID THAT THE SIDES HAD DISCUSSED THE QUESTIONS OF RUSSIAN ORTHODOX CHURCH PROPERTY IN ISRAEL AND CONSULAR ASSISTANCE TO SOVIET CITIZENS IN ISRAEL. THE ISRAELIS HAD RAISED THE QUESTION OF THE JEWISH POPULATION IN THE SOVIET UNION. THIS WAS GROSS INTERFERENCE IN THE INTERNAL AFFAIRS OF THE SOVIET UNION. IN ANSWER TO QUESTIONS, GERASIMOV SAID THAT THE MEETING HAD BEEN A ''FRUITLESS EXCHANGE''. THERE WAS NO QUESTION OF SOVIET OFFICIALS VISITING TEL AVIV OR ANY PLANS FOR A FURTHER MEETING.

2. APPARENTLY GERASIMOV WAS PRESSED HARD BY THE ARAB MEDIA WITH SOME FAIRLY POINTED QUESTIONS BUT GAVE NOTHING FURTHER AWAY.

MARSHALL

YYYY

MXHPAN 4655

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CCPC

Foreign and Commonwealth Office

London SW1A 2AH

6 August 1986

Dear Charles,

Prime Minister's Reply to Mr Gorbachev

In her letter of 15 July to Mr Shevardnadze, the Prime Minister undertook to reply to Mr Gorbachev's message of 10 July, (enclosed with your letter of 14 July). I enclose a draft reply, which has been agreed with the Ministry of Defence.

On dates for the Prime Minister's visit to Moscow, we recognise that it is not possible to be too specific at this stage though we think it wise to put down a marker indicating that a visit in the first half of next year would be welcome. It would of course be helpful to know whether the Prime Minister has any more definite ideas. We are assuming that she would not wish the visit to take place too close to the US/Soviet Summit which we expect will take place in November or December - though it might slip into early next year. We have been warned by our Embassy in Moscow that dates at the end of February and end of April should be avoided because of the risk of coinciding with major trade union and Komsomol congresses.

The timing of a visit by the Prime Minister will also have implications for that of a proposed visit to this country, at the invitation of the Foreign Affairs Committee, of a delegation of the Supreme Soviet, probably led by Gorbachev's deputy, Ligachev. No firm dates for this were agreed during Shevardnadze's visit but we understand that both the Russians and the FAC are thinking in terms of early 1987. (The latter would probably prefer the Easter recess.)

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It would clearly be advisable to space high level visits so that one by Ligachev was not too close to an outward visit by the PM. For the time being we are holding the line with the "some time during the next parliamentary session" formula. If, however, the Prime Minister were able to express a preference at this stage for a specific month or months during the first half of the year this would make it easier for us to steer Sir Anthony Kershaw and the Russians in the right direction. The Foreign Secretary is working on the assumption that his own visit to Moscow should come at a later stage. (He will in any case be seeing Shevardnadze at the UNGA in September and Mr Renton hopes to accept an invitation to visit Moscow either later this year or early in 1987 to discuss bilateral and arms control matters.)

I am copying this letter to John Howe and Michael Stark.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

(1)

PRIME MINISTER

EAST/WEST RELATIONS

When Mr. Shevardnadze came here he handed over a message from Mr. Gorbachev. You said that you would reply in due course.

I attach a reply which has been prepared by the Foreign Office though I have amended it to make it rather tauter. It does not say anything new. Indeed I do not think we have anything new to say just at the moment except possibly to put down a marker to the effect that you would like your visit to the Soviet Union to take place in the first half of next year. My own advice would be to hold up a reply to Mr. Gorbachev until the autumn when we are closer to a US/Soviet summit and may have important new points to make which would help bring the two sides closer. You will want to bear in mind, for instance, that you will probably be seeing President Reagan in mid-November.

Agree to defer a reply until the autumn? Or ☐ Yes

Agree to sign the attached holding reply? ☑ Yes

C.D.P.

Can't yet see properly.

MT.

(CHARLES POWELL)

6 August 1986

VC3AMZ

Draft Letter from Prime Minister to Mr M S Gorbachev

I was very pleased to welcome Mr Shevardnadze to Britain and to receive from him your letter of 10 July, together with your invitation to visit the Soviet Union. I accept with pleasure and hope that my visit might take place in the first half of next year.

Sir Geoffrey Howe and I found our talks with Mr Shevardnadze useful and businesslike. I hope that we can now put such exchanges between our two governments on a more regular footing. We are ready for a deeper and broader dialogue so that relations between Eastern and Western countries can be more stable and constructive.

I read your comments about relations between the United States and Soviet Union with great care. Sir Geoffrey Howe raised this subject with Mr Shultz in Washington shortly after your Foreign Minister's visit. I have since been in touch with President Reagan. I know that, like you, he is very keen to have a second summit and that he wants it to yield results. I am glad to see there have been promising developments in that direction. I earnestly hope that you will be able to do business with President Reagan. It is hard to imagine that any successor could be as well-placed as he is to persuade Congress to ratify arms control agreements.

I dealt with many of the arms control issues mentioned in your letter in my discussions with Mr Shevardnadze. Without repeating what I said to him, I thought I should let you know how I believe progress can be made in the months ahead.

President Reagan has told me of the response he has now sent you on the latest Soviet proposals at the Geneva talks. I was kept in the closest touch with his thinking while this response was being prepared, which enabled me to say at the time, and I repeat to you now, that I regard the President's new proposals as a major contribution to the search for agreements reducing nuclear weapons. They have my full support. The clear commitment of the United States Administration to reaching a mutually acceptable agreement, and the indication of areas where convergence is possible, should serve as the basis for rapid progress towards the agreements at Geneva which we all want to see.

It seems to me that the United States and the Soviet Union should continue to work towards the objective of 50% cuts in strategic weapons which you and President Reagan identified at your meeting last November, although I accept that more modest cuts as a first step towards this should not be ruled out. The complete elimination of longer range INF missiles remains a goal we should aim at. But I would also support an interim agreement, which you and President Reagan endorsed at

Geneva. Such an agreement must of course address the problem on a global basis, and must provide for ~~suitable~~ appropriate constraints on shorter range missiles.

I welcome your affirmation that Britain's national defence forces are not a subject of the Geneva negotiations. As I emphasised to Mr Shevardnadze, the United Kingdom intends to maintain its independent deterrent, and to modernise it as necessary so that it remains fully effective.

You well know the importance which the United Kingdom attaches to the abolition of chemical weapons. I hope that the Soviet Union will respond positively to our recent initiative on challenge inspection. We now have an opportunity to rid the world of these terrible weapons for good. We should seize it.

I agree with you on the importance of conventional arms control and the need to achieve balance at lower levels of armed forces. There is not much time left at Stockholm. But I hope that we can get a significant result, ~~Another similarly important step would be the early conclusion of an agreement at the long-running~~ and also make progress in negotiations on MBFR in Vienna.

~~May I say in conclusion how very much I welcome the dialogue we have established between us following your~~ I welcome the practice of regular exchanges between visit to this country two years ago. I look forward to renewing contact in person in Moscow, and to continuing

our ~~dialogue~~ discussion on these vital issues.

SOVIET UNION Relations PTB

CONFIDENTIAL

(2)

Prime Minister

The substance is not of interest - the message simply repeats Soviet positions - it's the technique which is so different. The personal touch, drawing in different Ministers, flattering etc.

CDP 23/7.

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

22 July 1986

Dear Charles

Somewhat to our surprise, the Soviet Ambassador asked to see the Lord President today to deliver what he called a personal oral message from Mr Gorbachev. The Lord President promised he would pass on the message, the text of which I enclose, to the Prime Minister and the Foreign Secretary.

Mr Zamyatin, who was accompanied by Mr Kursov from the Soviet Embassy, said that Mr Gorbachev had wanted to send a message to the Lord President and HM Government following the discussions they had had when the Lord President was in Moscow. Mr Gorbachev was, Mr Zamyatin said, keen to continue and develop the dialogue with HMG and other European Governments in the light of the discussions which had recently taken place in a variety of capitals including Washington. The message was a purely private one and Mr Zamyatin said that he did not intend to publicise it.

Mr Zamyatin also reported that the Politburo had considered the report of Mr Shevardnadze's visit. Their consideration, which lasted one and a half hours, had covered the substance of the talks Mr Shevardnadze had had with the Prime Minister and the Foreign Secretary. The general opinion of the Politburo was that the whole range of talks Mr Shevardnaze had, and the various Anglo-Soviet agreements signed, during the visit were very satisfactory and represented a major step forward in our bilateral relations.

The Lord President confirmed that HMG too thought Mr Shevardnaze's visit had been very successful. He thanked Mr Zamyatin for delivering the message from Mr Gorbachev and asked him to convey his thanks and good wishes to him.

I am sending a copy of this letter to Tony Galsworthy.

Yours sincerely
Nicholas Gibbons

JOAN MACNAUGHTON
Private Secretary

C Powell Esq
Private Secretary
10 Downing Street

CONFIDENTIAL

Unofficial translation

I would like to share with you some considerations on a number of urgent issues of the present world politics. The decision to make this direct approach is prompted by realising the responsibility for the passing moment, for the urgent need to bring about a radical turn for the better in the world events, to start a genuine movement towards a secure and stable peace. We proceed from the conviction, that words and declarations alone in favour of this are no longer sufficient. Time has come for concrete actions, determined efforts by all states in order to halt material preparations for nuclear war, to start forming a universal system of international security, first of all through the disarmament. This is precisely the essence of our Statement of 15 January, of the mandate given to the Soviet foreign policy by the XXVII Congress of the CPSU.

We are not naive people and never expected that the realisation of such radical tasks would go smoothly. But we are determined to translate the energy accumulated in the ideas into the language of practical actions both in nuclear and "conventional" spheres.

First of all we have decided to clear the path towards attaining mutually acceptable agreements at the negotiations with the USA in Geneva on nuclear and space weapons. As you know, contrary to the desire jointly expressed by President Reagan and myself to accelerate these negotiations, they never the less have not moved forward, which is in no way acceptable to us. Therefore recently we have put forward interim compromise proposals, that go to a major extent towards the USA position. Their essence is not to break out of the ABM treaty of 1972 at least for 15 years, by drawing the line of permited activity in the field of ABM at the level of laboratory research. In these conditions we propose to make a major interim step towards putting into effect a proposal for the 50 per cent reduction of the nuclear armaments of the sides: to reduce substantially on a nutual basis the levels of strategic offensive armaments (ICBM, SLBM, and heavy bombers), without insisting at the same time on the inclusion into the account of medium range nuclear means, capable of reaching the

territory of the other side. If there is a genuine willingness in Washington to reach an accord, these proposals should present no difficulties for the American side, can lead to a speedy progress at the negotiations, which is so much needed not only for the USSR and the USA, but also for the nations of Europe, and the whole world.

Now about the conventional weapons.

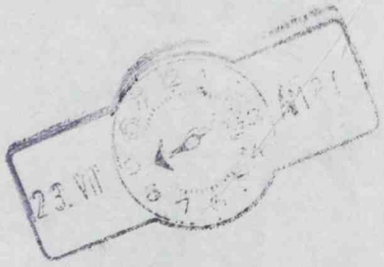
As other Europeans we are worried by their ever increasing might. Together with our allies in the Warsaw Treaty we have submitted a realistic and concrete way of releaving this shared anxiety - a detailed plan of reductions of military forces and conventional armaments on the all-european scale. Being a substantial supplement to our programme of stage by stage nuclear disarmament, this plan is at the same time of independent character. Its realisation would have significantly reduced military threat on the continent.

Another question ripe for solution, to which Europeans have traditionally expressed interest - the ban on chemical weapons. We have submitted a whole complex of new proposals, that create all the necessary prerequisits for the conclusion in the very nearest future of an international convention on the complete liquidation of this barbaric weapon of mass destruction as well as of the industrial base of its production.

I would like to stress particularly that all measures that we propose can be reliably and effectively verified. We stand for using all possible forms of control - both national technical means and international procedures up to on-site inspections. Our detailed proposals to this effect completely remove the problem of control, naturally, if one is genuinly interested in the preparation of the relevant agreements.

This is particularly evident in the case of the question of cessation of nuclear tests. Now no one can be in doubt, that the matter is not in the so-called difficulties of verification, as was claimed for years. Now is the moment of truth, when it is necessary to choose - either further development of nuclear weapons, including for the "star wars", or curbing the nuclear race. We have made our choice. Testimony to this is yet another prolongation of our moratorium, which, however, as you understand,

cannot indefinitely remain unilateral. We would wish to hope that the voice of reason in favour of halting and banning nuclear tests, that has come from West European capitals not on one occasion, will be raised ever more loudly and that it will be heard at last in Washington.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FOREIGN MINISTER GENSCHER'S VISIT TO MOSCOW: COMMUNITY BRIEFING BY GERMAN POLITICAL DIRECTOR ON TALK WITH GORBACHEV AND FIRST SESSION WITH SHEVARDNADZE

SUMMARY

1. IN THREE-HOUR MEETING ON 21 JULY GORBACHEV MADE AN OPENING PITCH VERY CRITICAL OF GERMAN POLICY AND THEN, IN CHANGED TONE, STRESSED THE NEED FOR COOPERATION AMONG THE INHABITANTS OF THE ''EUROPEAN HOUSE''. RE-STATEMENT OF SOVIET POSITIONS IN FOUR-HOUR EXCHANGE WITH SHEVARDNADZE DEVOTED TO EAST/WEST MATTERS AND ARMS CONTROL. NO SURPRISES. AGREEMENT ON TECHNICAL COOPERATION AND PROTOCOL ON OPENING OF CONSULATES IN KIEV AND MUNICH SIGNED.

MEETING WITH GORBACHEV

2. GENSCHER DELIVERED AN ORAL MESSAGE FROM CHANCELLOR KOHL RE-STATING FRG POSITIONS ON EAST/WEST AND DISARMAMENT MATTERS. GORBACHEV MADE A STATEMENT VERY CRITICAL OF THE FRG ESPECIALLY OVER PERSHING MISSILES, SDI, THE INTERPRETATION OF THE EASTERN TREATIES, GENERAL SUPPORT FOR THE UNITED STATES AND COCOM. HE THEN SWITCHED TO A MORE POSITIVE TONE AND STRESSED THE NEED FOR COOPERATION AND FOR EUROPEAN COUNTRIES TO LIVE TOGETHER IN THE ''EUROPEAN HOUSE''. ALTHOUGH THE DIFFICULTIES OF THE PAST COULD NOT BE FORGOTTEN IT WAS TIME TO OPEN A NEW CHAPTER.

3. ON SOVIET/US RELATIONS GORBACHEV EXPRESSED SOVIET CONCERN OVER THE INCREASED MILITANCY OF US POLICIES, ALTHOUGH HE ACKNOWLEDGED PRESIDENT REAGAN'S DIFFICULTIES IN THE FACE OF PRESSURES FROM CONFLICTING FACTIONS IN WASHINGTON. THE RUSSIANS WERE AWAITING A REPLY TO THEIR PROPOSALS OF 11 JUNE. THE DELAY WOULD BE JUSTIFIED ONLY IF THE ANSWER WAS POSITIVE. GORBACHEV COMPLAINED OF THE LACK OF WIDER WESTERN INTEREST IN PROGRESS ON RELATIONS WITH THE EAST. THE WEST WOULD WAIT IN VAIN FOR SOVIET CONCESSIONS BUT IF IT SOUGHT A COMPROMISE THIS WOULD BE MET BY COOPERATION ON THE SOVIET SIDE.

4. GORBACHEV SAID HE WANTED A SUMMIT MEETING BUT NOT ONE FOR THE

/BENEFIT.

BENEFIT OF THE TELEVISION CAMERAS. SUCH A SUMMIT WOULD NOT BE UNDERSTOOD EITHER BY THE SOVIET POPULATION OR BY THEIR ALLIES. IT HAD TO BE CLEAR IN ADVANCE THAT THERE WOULD BE POSITIVE RESULTS. IMPROVEMENT IN EAST/WEST RELATIONS WAS URGENT. IN TWO OR THREE YEARS TIME NEW SCIENTIFIC DEVELOPMENTS WOULD HAVE MADE AGREEMENTS MORE DIFFICULT.

5. IN RESPONSE GENSCHER EXPLAINED GERMAN POLICY AND ALLIANCE AND EUROPEAN POSITIONS. HE RAISED HUMAN RIGHTS AND SPECIFICALLY URGED THE RUSSIANS TO MAKE ACTION TO EAST THE PROBLEM CAUSED BY THOSE SEEKING ASYLUM IN WEST BERLIN. THERE WAS NO DISCUSSION OF DETAILS ON ARMS CONTROL MATTERS.

MEETING WITH SHEVARDNADZE

6. SHEVARDNADZE SAID, AS HE HAD DONE IN LONDON, THAT THE CSCE MEETING IN VIENNA SHOULD BE MORE DYNAMIC AND SHORTER THAN IN MADRID AND THAT THE ATMOSPHERE SHOULD BE IMPROVED. HE COMPLAINED THAT THE SOVIET IMAGE IN THE WESTERN PRESS WAS UNREASONABLY BAD. SHEVARDNADZE CALLED FOR COOPERATION IN THE PEACEFUL USES OF NUCLEAR ENERGY, BOTH BILATERALLY AND WITHIN THE IAEA, AND FOR COOPERATION ON NUCLEAR FUSION.

7. SHEVARDNADZE DESCRIBED THE RECENT BRITISH CW PROPOSALS AS DESERVING ATTENTION AND SAID THEY WOULD BE CAREFULLY STUDIED. HE THOUGHT IT COULD BE POSSIBLE TO AGREE A BAN BY CHRISTMAS OR EARLY 1987. HE EXPRESSED CONCERN AT A POSSIBLE ATTEMPT FROM THE WESTERN SIDE TO EXCLUDE BINARY WEAPONS.

8. ON CONVENTIONAL ARMS CONTROL GENSCHER SAID THAT PROGRESS AT MBFR AND A SUBSTANTIAL CONCLUSION TO THE CDE COULD BE THE BASIS FOR FURTHER PROGRESS. SHEVARDNADZE WAS PESSIMISTIC ABOUT MBFR: FRANCE WAS NOT REPRESENTED: PROBLEMS AROSE FROM THE PROPOSED EXTENSION OF THE VERIFICATION MEASURES TO THE SOVIET UNION: THE CENTRAL AREA WAS TOO SMALL. IT WOULD BE PREFERABLE TO ACHIEVE A ''SYMBOLIC'' AGREEMENT IN MBFR AND TO CONTINUE NEGOTIATIONS ON CONVENTIONAL ARMAMENTS IN A EUROPE-WIDE FORUM. HE (ON WHICH REHEARSED THE WARSAW PACT'S BUDAPEST PROPOSALS) SHEVARDNADZE STRESSED THE IMPORTANCE OF CDE AND PROMISED SOVIET FLEXIBILITY. HE ADVOCATED THE NATO/WARSAW PACT CONTACT GROUP, ALSO PROPOSED IN THE BUDAPEST APPEAL, ON WHICH GENSCHER EXPRESSED SCEPTICISM.

9. ON A NUCLEAR TEST BAN SHEVARDNADZE SAID THAT SINCE THE RUSSIANS HAD MOVED ON VERIFICATION THEY BELIEVED THEY NOW HAD INCREASING SUPPORT WORLD-WIDE. HE SAID DIRECTLY THAT THEY WOULD CONTINUE TO APPEAL TO WORLD OPINION ON THIS SUBJECT.

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10. QUESTIONED BY COLLEAGUES VON BRAUN-MUHL DENIED THAT THE GERMANS HAD BRIEFED THE PRESS TO THE EFFECT THAT THE MEETING WITH GORBACHEV HAD BEEN AS SHARP AS REPORTED, FOR EXAMPLE, IN THE BBC WORLD SERVICE. BUT IT WAS TRUE THAT GORBACHEV'S OPENING STATEMENT HAD DWELT ON POINTS OF DISSENT IN A VERY FRANK WAY.

11. ASKED WHETHER THE RUSSIANS HAD RAISED "REVANCHISM" VON BRAUN-MUHL SAID THAT, WITHOUT USING THAT WORD, THE RUSSIANS HAD COMPLAINED ABOUT PEOPLE IN WEST GERMANY WHO SOUGHT TO INTERPRET THE EASTERN TREATIES IN THEIR OWN WAY: AND ABOUT SOME MEETINGS HELD BY THEM WITH OFFICIAL PARTICIPATION.

12. VON BRAUN-MUHL SAID THAT THERE HAD BEEN NO DISCUSSION OF THE POSSIBILITY OF A VISIT BY GORBACHEV TO BONN.

BILATERAL AGREEMENTS

13. GORBACHEV AND GENSCHER SIGNED A FRAMEWORK AGREEMENT ON SCIENTIFIC AND TECHNICAL COOPERATION AND INITIALLED THREE SPECIFIC PROGRAMMES ON AGRICULTURE, HEALTH AND PEACEFUL USES OF NUCLEAR ENERGY. NEGOTIATIONS FOR THE AGREEMENT HAD BEEN IN PROGRESS SINCE 1973 PENDING A FORMULA RESOLVING THE PROBLEM OF APPLICATION TO BERLIN, WHICH HAD NOW BEEN AGREED. THEY ALSO SIGNED A PROTOCOL FOR THE OPENING OF CONSULATES IN KIEV AND IN MUNICH.

MARSHALL

EAST WEST & US/SOVIET RELATIONS
LIMITED

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SOVIET D
DEFENCE D
R D
PLANNING STAFF
EED
NAD
WED
ACDD
CRD
NEWS DEPT.
INFO DEPT.
FED
NED
PUSD
PROTOCOL DEPT.

PS
PS/LADY YOUNG
PS/MR RENTON
PS/MR EGGAR
PS/PUS
MR DEREK THOMAS
MR GOODALL
MR FERGUSSON
SIR W HARDING
MR RATFORD
MR DAUNT
MR DAVID THOMAS
MR LONG

CHIEF CLERK
MR BRAITHWAITE
MR BARRINGTON
MR WINCHESTER

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SUBJECT cc MASTER OPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T129A/86

Original of Mr. Gorbachev's message to the Prime Minister, handed over by Mr. Shevardnadze on 14 July CDP 15/7

Уважаемая госпожа Тэтчер,

В наших беседах и переписке Вы, как я хорошо помню, отмечали, что Министр иностранных дел СССР уже давно не посещал Великобританию и это создало определенную паузу в контактах двух наших стран. Я рад тому, что сейчас начался визит в вашу страну Э.А.Шеварднадзе, и хочу в доверительном порядке подкрепить развивающийся между нами политический диалог соображениями о том, как нам в Москве видятся решения приоритетных проблем уменьшения ядерной угрозы и укрепления международной безопасности.

Руководители многих стран мира приветствовали положительные возможности, открытые советско-американской встречей на высшем уровне в ноябре 1985 года. Советская Сторона активно взялась за реализацию этих возможностей в интересах оздоровления климата в мире, обуздания гонки ядерных вооружений, утверждения всеобъемлющей системы международной безопасности. Но буду откровенен. Перелома или даже сдвига в положительную сторону в международной обстановке пока не ощущается. Скорее наоборот - положение стало еще сложнее. Мы можем расходиться в оценках, почему это происходит, но сам этот факт, видимо, сомнений не вызывает.

Мне запало в память то, что Вы говорили о важности советско-американской встречи на высшем уровне. Со своей стороны мы честно и открыто говорим Президенту Р.Рейгану, что считаем новую встречу с Президентом США возможной, выступаем за диалог с Вашингтоном, не захлопываем для него двери. Для этого, понятно, необходима такая атмосфера, которая открывала бы перспективу достижения реальных соглашений. По нашему мнению, Великобритания могла бы содействовать обеспечению того, чтобы новая советско-американская встреча была конструктивной, не вызвала разочарования ни у американцев, ни в Европе, ни у нас. Мы приветствовали бы шаги, которые Вы сочтете возможным предпринять в этом направлении. Думаю, что британское руководство с учетом характера англо-американских отношений располагает аргументами, которые оно могло бы положить на чашу весов в важном для нас всех вопросе.

Госпоже Маргарет Тэтчер,
Премьер-Министру Соединенного Королевства
Великобритании и Северной Ирландии

г.Лондон

Мы уверены, что СССР и Великобритания, учитывая их вес и роль в Европе, могли бы и в двустороннем плане вносить динамизм в поиск путей ограничения гонки вооружений. Это, как я понимаю из нашей переписки, не расходится и с намерениями Британской Стороны.

Британская Сторона информирована о внесенных нами предложениях на советско-американских переговорах в Женеве, которые содержат развязки проблем ядерных средств средней дальности в Европе. Национальные вооружения Англии предметом этих переговоров, разумеется, не являются. Мы не посягаем на статус Англии как ядерной державы, речь идет о количественных параметрах, о том, чтобы в условиях сокращения соответствующих советских и американских вооружений не возрастала ядерная угроза для нас со стороны союзников США. Уверен, что британское руководство могло бы придать практический и весомый импульс решению проблемы РСД в Европе. Мы готовы к прямому отдельному разговору с Британской Стороной по этой тематике. Можно было бы, если есть интерес с Вашей стороны, подумать и о последующем взаимном поэтапном и эквивалентном сокращении ядерных потенциалов СССР и Великобритании под надежным контролем.

Я помню из бесед с Вами и Вашими коллегами о внимании Английской Стороны к вопросам обычных вооружений в Европе. Мы понимаем такое внимание как заботу о национальной безопасности в условиях тесной взаимосвязи исторических судеб всех стран континента. Существо предложений, выдвинутых в Обращении государств - участников Варшавского Договора к государствам - членам НАТО, Вам известно. Отмечу лишь, что, на наш взгляд, Англия располагает возможностью сказать свое веское слово по этому кругу проблем на венских переговорах, а главным образом - в Стокгольме. Эти и другие вопросы мы могли бы сделать предметом конкретного обмена мнениями.

Думаю, что в свете решений июньского Пленума ЦК КПСС все больше людей на Западе - на Темзе, на Потомаке и в других столицах - убеждается в том, что мы твердо будем идти по пути, определенному XXУП съездом КПСС, - обеспечить крутой перелом во внутренних делах, добиваться радикального поворота к лучшему в мировых проблемах, снятия копившихся десятилетиями подозрений и опасений, укрепления взаимопонимания и доверия.

В согласовании практических шагов по обеспечению такого поворота в мире мы видим главную цель нашего обмена мнениями с британским руководством. Уверен, что в таком духе пройдут и Ваши беседы с Э.А.Шеварднадзе.

Мы приветствуем выраженную Вами заинтересованность в продолжении прямого диалога. Я с удовлетворением передаю Вам приглашение от имени советского руководства посетить СССР с официальным визитом. Встречи в Москве, несомненно, позволят нам и дальше активно искать и реализовывать возможности взаимодействия СССР и Великобритании по укреплению международной безопасности.

С уважением

М.ГОРБАЧЕВ

10 июля 1986 года

PRIME MINISTER

THE RT.HON.MARGARET THATCHER, M.P.

Unofficial translation

Dear Mrs.Thatcher,

As I recall clearly, in our meetings and in the exchange of letters between us you have made the point that it has been a long time since the Minister for Foreign Affairs of the USSR visited Britain and that there has thus been a pause in the contacts between our two countries. I am pleased that E.A.Shevardnadze's visit to your country is now under way, and should like in a confidential manner to reinforce the political dialogue developing between us with remarks on what we in Moscow see as the ways of solving the priority problems of reducing the nuclear threat and enhancing international security.

Leaders of many countries in the world have welcomed the positive opportunities opened up by the Soviet-American Summit meeting in November 1985. The Soviet side has actively got down to work for the realization of those opportunities in the interests of creating a healthier international environment, curbing the nuclear arms race and establishing an all-embracing system of international security. Let me say frankly, however, that no breakthrough, or even a change for the better in the international situation, is yet apparent. It is rather the opposite--the situation has become even more complicated. We can differ in our assessments as to why this is happening, but

Mrs.Margaret THATCHER,
Prime Minister of the
United Kingdom of
Great Britain and
Northern Ireland
L o n d o n

the fact itself does not seem to be in doubt.

I recall vividly what you have said about the importance of a Soviet-American summit meeting. For our part, we have been telling President Reagan honestly and openly that we regard a new meeting with the US President as possible, that we favour dialogue with Washington and are not shutting the door for it. Of course, what is required for this is an atmosphere that would open up prospects for reaching real agreements. As we see it, Great Britain could help to ensure that a new Soviet-American meeting is a constructive one and does not become a disappointment for the Americans, for Europe, or for ourselves. We would welcome steps that you would find it appropriate to take in this regard. I believe that, given the nature of British-American relations, the British leadership have arguments they could put on the scales in this matter, which is important to all of us.

We firmly believe that the USSR and Great Britain, given their influence and role in Europe, could also work bilaterally to inject dynamism in the search for ways to curtail the arms race. As I understand from the exchange of letters between us, this is not inconsistent with the intentions of the British side.

The British side is aware of the proposals we have submitted at the Soviet-American talks in Geneva, which suggest ways to disentangle the problems regarding medium-range nuclear systems in Europe. Naturally, Britain's national armaments are not the subject of those negotiations. We do not infringe on Britain's status as a nuclear power, addressing only the quantitative parametres, so that,in the context of reductions in appropriate

Soviet and US weapons, there should be no increase in the nuclear threat to us from US allies. I am convinced that the British leadership could give a practical and substantial impetus to solving the problem of medium-range missiles in Europe. We are ready for direct one-to-one discussions with the British side on matters involved here. One could also consider, if there is interest on your part, the possibility of subsequent reciprocal stage-by-stage and equivalent reductions of the Soviet Union's and Britain's nuclear arsenals under reliable control.

From discussions I have had with you and your colleagues I recall the British side's attention to the questions of conventional arms in Europe. We understand such attention as concern for national security in a situation when the historical destinies of all countries in this continent are closely interlinked. You are aware of the substance of the proposals put forward in the Appeal addressed by the states parties to the Warsaw Treaty to the member states of NATO. Let me just mention that, in our view, Britain has an opportunity of making its own substantial contribution in this area at the Vienna talks and, primarily, at Stockholm. These and other questions could be made the subject of a specific exchange of views between us.

I think that, in light of the decisions adopted by the June Plenary Meeting of the Central Committee of the Communist Party of the Soviet Union, increasing numbers of people in the West--on the Thames, on the Potomac, and in other capitals--are becoming convinced that we intend firmly to follow the course set by

the 27th CPSU Congress--to attain a real breakthrough in domestic affairs, to strive for a radical turn for the better in world affairs, for removing the suspicions and apprehensions that have been piling up for decades and for strengthening mutual understanding and trust.

Agreeing on practical steps to ensure such a turn in world affairs is seen by us as the principal goal of our exchange of views with the British leadership.

I am confident that your discussions with E.A.Shevardnadze will be held in precisely such a spirit.

We welcome the interest you have expressed in continuing direct dialogue. I am pleased to convey to you, on behalf of the Soviet leadership, an invitation to pay an official visit to the USSR. Meetings in Moscow will undoubtedly enable us to continue to actively search for and realize the possibilities of interaction between the USSR and Great Britain to strengthen international security.

Respectfully yours,

M.GORBACHEV

July 10, 1986

ADVANCE COPIES 18

~~US/SOVIET ARMS CONTROL TALKS~~

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PS/MR RENTON
PS/PUS
MR DEREK THOMAS
MR GOODALL
~~MR RATFORD~~
MR ~~WESTON~~ DAUNT
MR DAVID THOMAS

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SOVIET FOREIGN POLICY: DR OWEN'S CALL ON DOBRYNIN

1. AT HIS INVITATION, I ACCOMPANIED DR DAVID OWEN ON HIS CALL ON DOBRYNIN (SECRETARY OF THE CENTRAL COMMITTEE IN CHARGE OF INTERNATIONAL RELATIONS) ON 10 JULY, FOR WHICH I HAD EARLIER PUT IN A REQUEST ON HIS BEHALF.

(DR OWEN HAS JUST COMPLETED A SHORT VISIT TO MOSCOW FOR A PREPARATORY MEETING OF THE PALME COMMISSION). THE FOLLOWING SUMMARY OF THE MAIN POINTS WHICH AROSE DURING A DISCUSSION LASTING FOR ONE AND THREE QUARTER HOURS MAY BE OF INTEREST IN THE CONTEXT OF SHEVARDNADZE'S FORTHCOMING VISIT TO LONDON.

ARMS CONTROL

2. AFTER A SHORT INTRODUCTORY EXCHANGE ON PALME COMMISSION BUSINESS (FROM WHICH, INCIDENTALLY, IT EMERGED THAT THE COMMISSION HAS IT IN MIND TO LAUNCH IN OCTOBER PROPOSALS ON CONVENTIONAL FORCE REDUCTIONS WHICH BEAR A STRIKING RESEMBLANCE TO THOSE DISCUSSED AT THE HEADS OF MISSION ARMS CONTROL CONFERENCE IN THE FCO ON 7 JULY) THERE WAS A LONG AND DETAILED EXCHANGE ON ARMS CONTROL ISSUES:

(I) UK/FRENCH SYSTEMS.

DOBRYNIN SAID THAT IF, AS THE SOVIET UNION HOPED, AGREEMENT COULD BE REACHED WITH THE US ON 50% REDUCTIONS IN STRATEGIC NUCLEAR WEAPONS, UK AND FRENCH NUCLEAR FORCES SHOULD BE COUNTED IN AT THAT STAGE, FROM THE SOVIET POINT OF VIEW THERE WAS NO POINT IN SIGNING A

FORCES SHOULD BE COUNTED IN AT THAT STAGE. FROM THE SOVIET POINT OF VIEW THERE WAS NO POINT IN SIGNING A REDUCTIONS AGREEMENT WITH THE US IF THE AMERICANS STILL RETAINED THE OPTION OF TRANSFERRING IMMEDIATELY TO THEIR CLOSEST ALLY ADVANCED STRATEGIC SYSTEMS (WHETHER TRIDENT OR ANYTHING ELSE) WHICH WOULD RETAIN SUPERIORITY FOR NATO. THE SOVIET UNION WAS NOT GUNNING SPECIFICALLY FOR TRIDENT, BUT FOR AN OPTION WHICH WOULD ENABLE TH E US TO CIRCUMVENT SALT 2 AND ANY FUTURE REDUCTIONS AGREEMENT. HOWEVER, IF IT WERE POSSIBLE TO AGREE TO A ZERO SOLUTION ON INF IN EUROPE, UK AND FRENCH SYSTEMS COULD REMAIN IN PLACE, THOUGH WITHOUT FURTHER ENHANCEMENT.

(II) LATEST SOVIET PROPOSALS. DOBRYNIN SUMMARISED THESE AS FOLLOWS:

(A) THE TWO SIDES SHOULD COMMIT THEMSELVES NOT TO BREAK OUT OF THE ABM TREATY FOR 15 YEARS ''OR FOR SOME LESSER PERIOD''. THIS WOULD NOT REQUIRE RE-NEGOTIATION OF THE WHOLE TREATY BUT COULD BE AGREED BY MEANS OF A NEW PROTOCOL.

(B) AGREEMENT ON A BAN ON ASATS.

(C) AGREEMENT ON THE FRONTIERS OF THE RESEARCH PERMITTED UNDER THE ABM TREATY. THE US HAD TWO INTERPRETATIONS OF THE TREATY AND WERE CURRENTLY ESPOUSING THE MORE RESTRICTIVE OF THOSE: IT WAS NECESSARY TO DO AWAY WITH AMBIGUITY AND REACH AN INTERPRETATION AGREED BY BOTH SIDES.

(D) THE SOVIET UNION HAD OFFERED AN ALTERNATIVE: EITHER A 50% REDUCTION OR REDUCTIONS TO 6,000 WARHEADS AND 1,600 DELIVERY VEHICLES, LEAVING FBS UNTOUCHED.

DOBRYNIN SAID THAT THE SOVIET UNION HAD SO FAR RECEIVED NO RESPONSE FROM THE US TO ANY OF THESE IDEAS: THE SOVIET SIDE REMAINED OPEN TO ANY COUNTER SUGGESTIONS.

NON-COMPLIANCE

3. DOBYRNIN MAINTAINED THAT CURRENT SOVIET PRACTICE WITH REGARD TO ENCRYPTION WAS ENTIRELY CONSISTENT WITH THE AGREEMENT REACHED BETWEEN KISSINGER AND GROMYKO IN WHICH, SPECIFICALLY AT US REQUEST, A DEGREE OF VAGUENESS HAD DELIBERATELY BEEN INCORPORATED.

NUCLEAR TESTING

4. IN ANSWER TO A QUESTION, DOBRYNIN CONFIRMED THAT US RATIFICATION OF THE THRESHHOLD AND PNE TREATIES WOULD BE OF SIGNIFICANT HELP IN THE CONTEXT OF SUMMIT PROSPECTS. SINCE THE TREATIES HAD BEEN CONCLUDED, SEISMIC INSTRUMENTATION HAD IMPROVED TO AN EXTENT AT WHICH THEY WERE NOW MORE THAN ADEQUATE TO VERIFY TESTS OF THE RELEVANT MAGNITUDE. IN ANY CASE, BOTH TREATIES CONTAINED A PROVISION THAT THEIR EFFECTIVENESS COULD BE REVIEWED AFTER ONE YEAR POST-RATIFICATION. UNLIKE THE US, THE SOVIET UNION SAW NO NEED TO RE-NEGOTIATE THE TREATIES.

5. MBFR.

DOBRYNIN ARGUED THAT THE MASSIVE VERIFICATION APPARTUS PUT FORWARD BY THE WEST IN DECEMBER WAS QUITE INAPPROPRIATE

DOBRYNIN ARGUED THAT THE MASSIVE VERIFICATION APPARTUS PUT FORWARD BY THE WEST IN DECEMBER WAS QUITE INAPPROPRIATE TO THE MINUTE SCALE OF REDUCTIONS PROPOSED: THE SOVIET UNION WOULD BE PREPARED TO DISCUSS SIGNIFICANT VERIFICATION IN THE CONTEXT OF LARGER REDUCTIONS AND OF THE LARGER ATLANTIC/URALS REDUCTIONS ZONE. DOBRYNIN RULED OUT EVEN A PARTIAL MBFR AGREEMENT AS POTENTIAL SUMMIT MATERIAL.

CDE

6. ON CDE, DOBRYNIN SAID THAT THE SOVIET UNION WAS READY TO DO A DEAL IN STOCKHOLM IN THE INTERESTS OF PRODUCING AN AGREED OUTCOME BEFORE 19 SEPTEMBER. (THIS SQUARE WITH WHAT HE AND SHEVARDNADZE EARLIER TOLD THE FRENCH FOREIGN MINISTER, WHOSE DEBRIEFING I AM REPORTING SEPARATELY). THE SOVIET DELEGATE IN STOCKHOLM WOULD SHORTLY BE TABLING NEW PROPOSALS WHICH WOULD DEMONSTRATE THE SOVIET WILL TO REACH AGREEMENT.

SUMMIT PROSPECTS

7. DOBRYNIN SAID THAT HE STILL THOUGHT IT POSSIBLE THAT A SUMMIT COULD BE HELD IN DECEMBER THIS YEAR AND THE MOSCOW SUMMIT IN 1987: THE FIRST MIGHT PRODUCE A RELATIVELY MODEST RESULT AND THE SECOND A MORE SUBSTANTIAL AGREEMENT. IT WAS UP TO THE AMERICANS TO AGREE TO CONCENTRATE NOW ON ONE OR TWO AREAS OF POSSIBLE AGREEMENT, ON WHICH INTENSIVE WORK COULD BE CARRIED ON DURING THE NEXT FOUR MONTHS IN ORDER TO HAVE AN AGREEMENT 85% READY IN ADVANCE OF A DECEMBER SUMMIT MEETING. IT MIGHT BE NECESSARY TO DEVISE SOME KIND OF ''BACK CHANNEL'' FOR THIS PURPOSE. AT THE MOMENT, HOWEVER, THERE WAS SIMPLY NOTHING TO DISCUSS VIA A BACK CHANNEL: THE AMERICANS WERE INSISTING THAT THE SOVIET SIDE SHOULD PROPOSE A SUMMIT DATE BEFORE SUBSTANTIAL DISCUSSIONS COULD BEGIN, WHEREAS THE SOVIET LEADERSHIP FOR ITS PART WAS INSISTING THAT AGREEMENT ON A POSSIBLE AGENDA MUST PRECEDE AGREEMENT ON DATES. GORBACHEV COULD NOT TRAVEL TO WASHINGTON WITHOUT THE ASSURANCE OF A SUBSTANTIVE OUTCOME.

MIDDLE EAST

8. DOBRYNIN CONFIRMED, IN RESPONSE TO A QUESTION FROM DR OWEN BASED ON BBC REPORTS, THAT THE SOVIET SIDE HAD PROPOSED TO MITTERRAND THAT THERE SHOULD BE A PREPARATORY MEETING OF THE FIVE PERMANENT MEMBERS OF THE SECURITY COUNCIL, AT THE EARLIES MUTUALLY ACCEPTABLE DATE, TO PAVE THE WAY FOR AN INTERNATIONAL CONFERENCE ON THE MIDDLE EAST. (RAIMOND, IN HIS DEBRIEFING OF THE 12, HAD REFERRED TO ''INDICATIONS OF A POSSIBLE SOVIET INITIATIVE FOR A MIDDLE EAST CONFERENCE'').
DOBRYNIN STRESSED THAT THE INTERNATIONAL CONFERENCE SHOULD BE A PROCESS RATHER THAN AN OCCASION: AN INTITIAL SESSION COULD PREPARE THE WAY FOR A MULTIPLICITY OF DISCUSSIONS AND NEGOTIATIONS IN A VARIETY OF FORA, WHICH COULD THEN BE DRAWN TOGETHER IN A FINAL PLENARY SESSION. THE SOVIET GOVERNMENT HAD AS YET GIVEN NO THOUGHT TO A POSSIBLE ROLE FOR THE UN SECRETARY GENERAL, NOR HAD ANY RECENT APPROACH BEEN MADE TO THE UNITED STATES. DOBRYNIN DID NOT REFER TO A US/SOVIET CO-CHAIRMANSHIP OF THE INTERNATIONAL CONFERENCE.

9. ON SOVIET/ISRAELI RELATIONS, DOBRYNIN SAID THAT THERE

Soviet Relations PTG

CONFERENCE.

9. ON SOVIET/ISRAELI RELATIONS, DOBRYNIN SAID THAT THERE WAS NOT MUCH MOVEMENT AT PRESENT. GIVEN SOME CHANGE IN ISRAELI POLICIES TOWARDS THE WEST BANK, IT WAS POSSIBLE TO ENVISAGE THE EVENTUAL OPENING UP OF SOVIET/ISRAELI RELATIONS, PERHAPS BEGINNING WITH THE APPOINTMENT OF A CHARGE D'AFFAIRES IN EACH CAPITAL.

AFGHANISTAN

10. ON AFGHANISTAN, DOBRYNIN SAID THAT THE MAJOR OBSTACLE TO A PEACEFUL SETTLEMENT WAS STILL PAKISTANI RELUCTANCE TO GIVE A GUARANTEE OF NON-INTERFERENCE FOLLOWING THE SIGNATURE OF AN AGREEMENT. PAKISTANI INSISTENCE ON A RIGID TIMETABLE FOR AND VERIFICATION OF TROOP WITHDRAWALS ALSO CREATED DIFFICULTIES.

HUMAN RIGHTS

11. DR OWEN RAISED THE CASE OF IRINA RATUSHINSKAYA, OF WHOM DOBRYNIN PROFESSED COMPLETE IGNORANCE. DR OWEN SAID THAT CONCERN FOR RATUSHINSKAYA WAS BUILDING UP IN THE UK AND THAT SHEVARDNADZE MIGHT WELL BE AWARE OF IT (I.E. BY DEMONSTRATIONS DURING HIS FORTHCOMING VISIT TO LONDON). DOBRYNIN COUNTERED WITH THE ALLEGATION THAT MRS BONNER'S JOURNEYS TO THE WEST WERE MADE FOR POLITICAL RATHER THAN MEDICAL REASONS SINCE SHE HAD BEEN GIVEN NO TREATMENT IN THE WEST WHICH SHE COULD NOT HAVE RECEIVED EQUALLY WELL IN THE SOVIET UNION.

COMMENT

12. THE CALL PROVIDED A USEFUL READ-OUT ON CURRENT SOVIET POSITIONS ON THE EVE OF SHEVARDNADZE'S VISIT. DOBRYNIN SHOWED NO INCLINATION TO CONFUSE, MISCHIEVOUSLY OR OTHERWISE, THE VIEWS OF THE SDP WITH THOSE OF HMG. I WAS ABLE AT VARIOUS POINTS TO SPEAK ON HMG'S BEHALF, E.G. ON THE DESIRABILITY OF AN AD HOC COMMITTEE OF THE CD, WITH A NON-NEGOTIATING MANDATE, TO THRASH OUT NUCLEAR TEST ISSUES SEMICOLON AND ON THE CAMP DAVID ''FOUR POINTS''.

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MIPT: CENTRAL COMMITTEE PLENUM: GORBACHEV'S SPEECH:

FOREIGN POLICY

SUMMARY

1. A TOUGH, IDEOLOGICAL INTRODUCTION STRONGLY CRITICAL OF THE US (REMINISCENT OF HIS CONGRESS SPEECH). GORBACHEV REVEALED SOME DETAILS OF THE LATEST SOVIET PROPOSALS AT GENEVA. THESE INCLUDED EXTENSION OF ABM TREATY OBSERVANCE TO A MINIMUM OF 15 YEARS, LIMITING SDI TO LABORATORY RESEARCH, AND EQUAL LIMITS ON STRATEGIC OFFENSIVE SYSTEMS (ICBMS, SLBMS AND HEAVY BOMBERS BUT NOT SLCMS) SEPARATED FROM LRINF. EUROPEAN ZERO OPTION ON INF EXCLUDING BRITISH AND FRENCH SYSTEMS. REAFFIRMATION OF SOVIET DESIRE FOR A SUMMIT AND FOR DIALOGUE WITH WASHINGTON.

DETAIL

2. IN HIS OPENING PASSAGE GORBACHEV MADE THE FOLLOWING POINTS:

I) ''THE SITUATION REMAINS COMPLEX AND SO FAR THERE ARE NO GROUNDS FOR SPEAKING OF A RELAXATION OF TENSION''.

II) BRIEF REITERATION OF THE EARLIER MAIN SOVIET ARMS CONTROL PROPOSALS.

III) SERIES OF US ''REJECTIONS'' ON NUCLEAR TESTING, SALT, WEAPON-FREE SPACE AND ''UNWILLINGNESS'' TO CONDUCT HONEST NEGOTIATIONS IN GENEVA AND VIENNA'', AND DISREGARD FOR THE INTERESTS OF EUROPE AND OTHERS THROUGH THE FRUSTRATION OF AGREEMENTS AT BERNE.

IV) US LEADERS' COUNTING ON ''NAKED FORCE, THE NUCLEAR FIST, TERRORIST BANDITRY CLOSELY LINKED TO IDEOLOGICAL INTOLERANCE AND HATRED'' EXPLICABLE ONLY THROUGH THEIR ''ABSOLUTE NON-ACCEPTANCE OF CONTEMPORARY REALITIES''. /THEY

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THEY CONTINUED TO ASSESS THE WORLD SITUATION IN TERMS OF ''STAR WARS'', NUCLEAR WARHEADS, THE ARMS RACE AND MILITARISTIC BLACKMAIL''. THE TRUE THREAT TO US SECURITY CAME FROM THEIR OWN MILITARY-POLITICAL ELITE.

V) REITERATION OF PEACEFUL OBJECTIVES SET OUT AT 27TH CONGRESS ''THE CHIEF AIM OF OUR FOREIGN POLICY MUST BE THE FRUSTRATION OF THESE (US) DANGEROUS PLANS.....THE DESTINY OF PEACE MUST NOT BE PUT INTO THE HANDS OF IMPERIALISM, AND IMPERIALIST REACTION MUST NOT BE ALLOWED TO IMPOSE ON MAN A DEEPENING OF MILITARY-POLITICAL CONFRONTATION''.

3. HAVING SET THE IDEOLOGICAL SCENE GORBACHEV WENT INTO DETAIL ON ARMS CONTROL AND US/SOVIET RELATIONS:

GENEVA TALKS

4. GORBACHEV SAID THAT THE SITUATION AT GENEVA HAD BEEN DISCUSSED WITH SOVIET ALLIES. THE QUESTION NOW WAS WHETHER TO CONTINUE STANDING STILL IN GENEVA, AS FULLY SUITED THE US, OR FIND NEW APPROACHES TOWARDS NUCLEAR REDUCTIONS. IN ITS SEARCH FOR THE LATTER THE SOVIET UNION HAD PROPOSED THE FOLLOWING ''INTERMEDIATE VARIANT'':

A) ''AGREEMENT IS REACHED ON NON-WITHDRAWAL FROM THE ABMT FOR AT LEAST A PERIOD OF 15 YEARS AND WORK ON SDI IS LIMITED TO THE LEVEL OF LABORATORY RESEARCH, THAT IS, TO THE THRESHOLD WHICH THE US HAVE IN FACT ALREADY APPROACHED''.

B) ''STRATEGIC OFFENSIVE WEAPONS (ICBMS, SLBMS AND HEAVY BOMBERS) ARE LIMITED BY EQUAL CEILINGS. (THE TASS SUMMARY OF THE SPEECH ON 16 JUNE, BUT NOT THE TEXT IN PRAVDA ON 17 JUNE, MENTIONED THE FIGURES OF 1600 LAUNCHERS AND 8000 WARHEADS FOR EACH SIDE. THE QUESTION OF MEDIUM-RANGE WEAPONS CAPABLE OF REACHING THE TERRITORY OF THE OTHER SIDE, INCLUDING LAND-BASED LRINF IS, IN THIS CASE, DECIDED SEPARATELY.'' ''OF COURSE WE WOULD HAVE PREFERRED TO AGREE DIRECTLY ON A RADICAL 50 PER CENT REDUCTION OF STRATEGIC WEAPONS CAPABLE OF REACHING EACH OTHER'S TERRITORY.''

5. GORBACHEV REPEATED THE PROPOSAL FOR A EUROPEAN ZERO OPTION ON INF, TO EXCLUDE BRITISH AND FRENCH SYSTEMS ''AT THE SAME QUANTITY AS NOW'', AND THAT THE SOVIET UNION WOULD NOT INCREASE THE NUMBER OF ITS ASIAN INF. THE SOVIET UNION HAD THUS TAKEN NEW STEPS TO FACILITATE MUTUALLY ACCEPTABLE AGREEMENTS AT GENEVA: ''IF THE US SIDE IGNORE THEM AGAIN THIS TIME IT WILL BE OBVIOUS THAT THE PRESENT ADMINISTRATION IS CONDUCTING AN UNWORTHY GAME IN WHAT IS A MOST SERIOUS MATTER ON WHICH THE FUTURE OF MANKIND DEPENDS''

US/SOVIET SUMMIT

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6. ''WE ARE IN FAVOUR OF DIALOGUE WITH WASHINGTON. WE ARE NOT SLAMMING THE DOORS: A NEW MEETING WITH THE US PRESIDENT IS POSSIBLE. BUT CLEARLY AN ATMOSPHERE IS NECESSARY WHICH WOULD OPEN THE PROSPECT OF ACHIEVING REAL AGREEMENTS.....THIS POSITION MEETS WITH THE UNDERSTANDING OF OUR FRIENDS.....THE US ADMINISTRATION IS SABOTAGING THE DISARMAMENT TALKS AND HAS STATED ITS INTENTION NOT TO OBSERVE SALT II, SAYING THAT IT IS DEAD. THEY ARE UNDERTAKING ACTION THROUGHOUT THE WORLD WHICH STILL FURTHER SHARPENS THE INTERNATIONAL SITUATION. DOES WASHINGTON WANT A NEW MEETING OR IS TALK ABOUT IT ONLY AN ATTEMPT TO DECEIVE WORLD PUBLIC OPINION?''

BUDAPEST PCC MEETING

7. ''SIGNIFICANTLY THE WEST HAS NOT BEEN ABLE TO REJECT OUTRIGHT THE PROPOSAL FOR CONVENTIONAL REDUCTIONS''. IN REVIEWING THE MEETING GORBACHEV LAID STRESS ON ITS ''CONSTRUCTIVE ATMOSPHERE, UNITY AND CREATIVE COOPERATION''.

COMMENT

8. THERE WAS NO NEED FOR GORBACHEV TO REVEAL TO THE PLENUM THE LATEST SOVIET PROPOSALS AT GENEVA. BUT IF, AS APPEARS TO HAVE BEEN THE CASE HE THOUGHT IT POLITIC TO OUTLINE THEM TO THE WP ALLIES AT BUDAPEST, HE COULD HARDLY HAVE REMAINED MUTE BEFORE HIS OWN CENTRAL COMMITTEE. DESPITE THE BREACH OF GENEVA CONFIDENTIALITY. BUT THERE ARE SIGNIFICANT DIFFERENCES BETWEEN THE PRESENTATION OF SOVIET PROPOSALS ON THIS OCCASION AND THAT, SAY, OF 15 JANUARY:

A) A FULL FIVE DAYS PASSED BETWEEN THE TABLING OF THE FINAL ELEMENT OF THE NEW PROPOSALS (AND ALMOST THREE WEEKS SINCE THE START OF THE TABLING PROCESS) AND PUBLIC DISCLOSURE.

B) ONLY THE SURFACE OF THE PROPOSALS HAS BEEN REVEALED.

C) SUFFICIENT DETAIL HAS BEEN WITHELD TO PROTECT THE ACTUAL NEGOTIATORS FROM BECOMING HOOKED ON PUBLIC POSITIONS.

9. QUITE APART FROM THE SUBSTANCE OF THE PROPOSALS THEMSELVES, THESE POINTS SUGGEST THAT ON THIS OCCASION PROPAGANDA MAY NOT BE GORBACHEV'S CHIEF MOTIVE.

10. THE FACT THAT GORBACHEV MADE NO MENTION OF THE 3 JUNE QUALIFICATIONS OF THE 29 MAY PROPOSAL, (A BAN ON ASATS AND ON OFFENSIVE USES OF DEFENSIVE SYSTEMS (WASHINGTON TELNO 1516, NOT TO ALL)), NOR ALL THE CONDITIONS AND DEFINITIONS REQUIRED FOR [illegible](WASHINGTON TELNO 1580
NOR OF POSSIBLE LABORATORY VERIFICATION REQUIREMENTS, SHOWS THAT EVEN IF PROPAGANDA IS NOT HIS MAIN AIM, HE WANTS TO STRESS THE MOST ATTRACTIVE ELEMENTS AND AT THE SAME TIME MAKE IT HARD FOR /THE

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THE U.S. TO ATTACK THE PROPOSALS WITHOUT THEMSELVES REVEALING THE HIDDEN ELEMENTS. BUT THE MOST IMPORTANT ELEMENT HAS NOT BEEN CONCEALED: SOVIET PREPAREDNESS TO ALLOW (NEXT WORD UNDERLINED) SPECIFICALLY SDI RESEARCH. THIS WAS ALREADY HINTED AT IMPLICITLY IN GORBACHEV'S TIMEINTERVIEW (THOUGH HE REFERRED ONLY TO ''FUNDAMENTAL SCIENTIFIC RESEARCH'') BUT IT HAS NOT BEEN EXPLICITLY AND OPENLY TABLED BEFORE. GORBACHEV AVOIDS ANY APPEARANCE OF SOFTNESS OR APPEASEMENT BY RESTATING HIS PREFERENCE FOR 50 PER-CENT CUTS, WHICH, BY IMPLICATION, ARE STILL ONLY POSSIBLE GIVEN A TOTAL BAN ON SPACE STRIKE ARMS. THE SAME WISH NOT TO BE THOUGHT TO BE RUNNING AFTER THE US MAY WELL BE THE REASON FOR THE HARSH, EVEN CONFRONTATIONAL PASSAGE THAT PRECEDES THE MEAT ON ARMS CONTROL. THE CONTRAST BETWEEN IT AND THE MORE BALANCED TONE THAT FOLLOWS IS STRIKING AND THERE IS A SUGGESTION IN THE TEXT THAT GORBACHEV NEEDS TO JUSTIFY HIS DETERMINATION TO LOOK FOR A WAY OUT OF THE IMPASSE BOTH AT GENEVA AND IN US/SOVIET RELATIONS. THIS IS DONE PARTLY BY REFERENCE TO THE ''UNDERSTANDING'' SHARED BY THE WP ALLIES (WHICH ADMITTEDLY IS UNLIKELY TO IMPRESS THE MORE CONSERVATIVE ON THE CENTRAL COMMITTEE) AND ALSO BY THE ARGUMENT THAT THE SOVIET UNION CANNOT LEAVE THE FIELD TO THE WEST'S MILITARY-INDUSTRIAL COMPLEX AND THE WRECKERS OF DETENTE. THE QUESTION REMAINS OF HOW FAR GORBACHEV CAN PURSUE THIS ARGUMENT AND A LONG SERIES OF REJECTED INITIATIVES9

11. HIS CONDITIONS FOR A SUMMIT SEEM IF ANYTHING LESS FIRM THAN THE LINE TAKEN AT THE 15 MAY MEETING WITH HAMMER AND GALE (MY TELNO 593 NOT TO ALL) BUT THE MENTION NOW OF THE NEED FOR AN ATMOSPHERE CONDUCIVE TO REACHING ''REAL AGREEMENTS'' (WHICH BY IMPLICATION COULD BE SIGNED) AS DISTINCT FROM A ''CONCRETE RESULT'' CARRIES A POSSIBLE HINT THAT GORBACHEV SEES THESE LATEST PROPOSALS AND HIS HANDLING OF THEM AS OFFERING A REAL CHANCE OF SOME BREAKTHROUGH THIS YEAR.

CARTLEDGE

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FROM PARIS SAVING TELNO 38 OF 10 JUNE 1986
TO FCO
REPEATED FOR INFORMATION TO MOSCOW, WASHINGTON, BONN, UKDEL NATO

OUR TELNO 550 : MITTERRAND'S VISIT TO MOSCOW

1. It has now been officially announced by the Elysée that Mitterrand will visit the Soviet Union 7 - 10 July at the invitation of the Praesidium of the Supreme Soviet.

FRETWELL

EAST WEST & US/SOVIET RELATIONS

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GORBACHEV'S BILATERAL VISIT TO HUNGARY : 8 - 9 JUNE

SUMMARY

1. APPARENTLY NO NASTY SURPRISES FOR THE HUNGARIANS. RELAXED ATMOSPHERE WITH CLOSE RAPPORT BETWEEN THE LEADERS. CAUTIOUS SOVIET ENDORSEMENT OF KADAR'S ECONOMIC REFORM POLICIES BALANCED BY REPEATED EMPHASIS ON THE NEED FOR GREATER CMEA INTEGRATION. SPECULATION THAT GORBACHEV TOOK THE OPPORTUNITY TO REVIEW CONTENDERS FOR THE HUNGARIAN LEADERSHIP.

DETAIL

2. GORBACHEV ARRIVED AT LUNCHTIME ON 8 JUNE, TWO DAYS IN ADVANCE OF THE WARSAW PACT SUMMIT. HE HELD FOUR AND A HALF HOURS OF TALKS WITH KADAR THAT AFTERNOON, AFTER WHICH A COMMUNIQUE WAS ISSUED (COPIES BY BAG). INFORMAL DISCUSSIONS CONTINUED IN THE EVENING. ON 9 JUNE HE LAID WREATHS AT HUNGARIAN AND SOVIET WAR MEMORIALS, VISITED THE CSEPEL MACHINE TOOL FACTORY WHERE HE AND KADAR ADDRESSED A WORKERS RALLY (MAIN POINTS IN MY TELNOS 118, 119 AND 120) AND WENT ON A WALKABOUT IN THE DOWNTOWN PEDESTRIAN ZONE WHERE THE RESPONSE OF PASSERS-BY WAS PRETTY LUKE-WARM .
THIS WAS FOLLOWED BY A VISIT TO THE ROZMARING AGRICULTURAL COOPERATIVE AND PLANT RESEARCH INSTITUTE. LATER HE MET POLITBURO AND PARTY SECRETARIES IN THE CENTRAL COMMITTEE BUILDING AND ATTENDED A GALA DINNER IN PARLIAMENT. HIS WIFE ACCOMPANIED HIM FOR MOST OF THIS PROGRAMME.

3. BOTH THE SOVIETS AND HUNGARIANS CLAIM TO BE WELL SATISFIED WITH THE VISIT. ON THE SURFACE, A SMILING GORBACHEV AND A RELAXED KADAR APPEARED TO GET ON WELL TOGETHER. GORBACHEV TOLD A JOURNALIST THAT THERE WERE NO PROBLEMS TO TROUBLE THE BROAD AND DEEP BILATERAL RELATIONSHIP. THE COMMUNIQUE SPEAKS OF A '' FULL IDENTITY OF VIEWS '' ON EVERY FUNDAMENTAL ISSUE. GORBACHEV'S REMARK AT CSEPEL THAT THE CPSU FOLLOWS WITH ATTENTION AND RESPECT THE EFFORTS OF HUNGARY AND OTHER SOCIALIST COUNTRIES TO SOLVE THEIR BY NO MEANS SIMPLE PROBLEMS (MY TELNO 120) IS BEING TAKEN AS A CAUTIOUS ENDORSEMENT OF CURRENT REFORM POLICIES.

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4. ON FOREIGN POLICY, THE COMMUNIQUE PREDICTABLY REFLECTS CURRENT SOVIET PREOCCUPATIONS, CRITICISING EXTREMIST CIRCLES OF THE UNITED STATES AND ITS ALLIES, WHO FREQUENTLY USE IMPERIALIST INTERVENTION, VIOLENCE AND ECONOMIC DISCRIMINATION AGAINST SOVEREIGN STATES. FAVOURABLE OPPORTUNITIES POST-GENEVA REMAIN UNUTILISED. IF THE UNITED STATES SHOWED GENUINE READINESS FOR AGREEMENT, IT WOULD BE POSSIBLE TO IMPROVE RELATIONS. BUT IT ALSO INCLUDES A USEFUL SOVIET PLUG FOR HUNGARY'S CSCE INITIATIVES.

5. NO DOUBT AT SOVIET INSISTENCE, THERE IS CONSIDERABLE EMPHASIS ON THE NEED FOR GREATER ECONOMIC COOPERATION AND INTEGRATION, A DOMINANT THEME OF THE COMMUNIQUE AND GORBACHEV'S CSEPEL ADDRESS AND REFLECTED IN THE CHOICE OF VISITS TO TWO HIGH-TECHNOLOGY CONCERNS WORKING IN COLLABORATION WITH SOVIET PARTNERS. THE COMMUNIQUE STRESSES THE NEED TO ACCELERATE SPECIALISATION AND COOPERATION AND TO ESTABLISH A NEW MECHANISM OF ECONOMIC INTEGRATION WITHIN THE CMEA, A THEME WHICH GORBACHEV UNDERLINED IN HIS CSEPEL ADDRESS (MY TELNO 120). KADAR'S SPEECH AT THE SAME OCCASION SOUNDED MORE EQUIVOCAL. REPEATING THE WORD '' REALISTIC '' THREE TIMES IN AS MANY MINUTES, HE REFERRED TO DEVELOPING MULTILATERAL RELATIONS WITH CMEA BUT ALSO TO '' MAKING BETTER USE OF THE POSSIBILITIES LATENT IN THE INTERNATIONAL DIVISION OF LABOUR '' (AN ALLUSION TO COMMERCIAL LINKS WITH THE WEST) HE WAS LESS THAN BULLISH ABOUT THE DOMESTIC ECONOMY, LAMENTING THE UNSATISFACTORY IMPLEMENTATION OF THE SEVENTH FIVE YEAR PLAN SO FAR THIS YEAR. THE PARTY SUPPORTED LEADERS WHO DEMAND HIGHLY ORGANISED AND DISCIPLINED WORK, BUT ADDED '' . . . AND THOSE WHO WORK WELL ''. IMPROVING OUTPUT MUST TAKE PRIORITY OVER QUESTIONS OF INCOME DISTRIBUTION.

6. SOME COMMENTATORS ARE SPECULATING THAT, TO KADAR'S ANNOYANCE, GORBACHEV USED HIS CALL AT THE CENTRAL COMMITTEE AS A KIND OF FINAL SELECTION BOARD FOR KADAR'S EVENTUAL SUCCESSOR. THIS IS COUPLED WITH RENEWED RUMOURS THAT KADAR WILL ACCEPT AN HONORIFIC PARTY POST NEXT YEAR, MID-WAY BETWEEN CONGRESSES. PREDICTABLY, HUNGARIAN PARTY OFFICIALS DISMISS ANY SUGGESTION THAT GORBACHEV WAS CONDUCTING JOB INTERVIEWS. THE TRUTH IS PROBABLY SOMEWHERE IN-BETWEEN.

COMMENT

7. THE CAREFULLY NURTURED IMPRESSION OF SWEETNESS AND LIGHT IN SOVIET/HUNGARIAN RELATIONS WAS OF COURSE TO BE EXPECTED. IF THERE WERE DIFFERENCES, FUNDAMENTAL OR OTHERWISE, THEY WERE SKILFULLY AND EFFECTIVELY HIDDEN. IN PUBLIC RELATIONS TERMS AT LEAST, THE VISIT WENT WELL AND THE HUNGARIANS HAVE GOOD REASON TO BE PLEASED.

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8. THE TRUTH WILL TAKE TIME TO EMERGE. IT MAY BE THAT NEITHER SIDE SAW THIS AS THE OCCASION TO PRESS THEIR DIFFERENCES. BUT I WOULD BE SURPRISED IF THIS WERE THE CASE. WHEN HE SAW THE SPANISH PRIME MINISTER RECENTLY IN MOSCOW, GORBACHEV WAS CRITICAL OF FOREIGN ECONOMIC DEPENDENCE WHICH WAS A POLITICAL LEVER, CITING POLAND AND HUNGARY IN THAT CONTEXT (PARA 5 OF FCO TELNO 111 TO UKDEL NATO). GORBACHEV'S EMPHASIS ON THE NEED FOR GREATER CMEA INTEGRATION NO DOUBT REFLECTS THIS CONCERN. WHEN PETER UNWIN SAW DR VARKONYI JUST BEFORE HIS DEPARTURE FROM HUNGARY, THE FOREIGN MINISTER WAS STRANGELY THROWN WHEN ASKED ABOUT THE LIKELY IMPACT OF GORBACHEV'S VISIT. HE SAID THAT THE VISIT WOULD BE WELCOME BUT WOULD NOT MAKE FUNDAMENTAL CHANGES (SEMI-COLON) AND HIS LAST WORDS TO THE AMBASSADOR WERE '' HUNGARIAN POLICY WILL CONTINUE TO BE MADE IN BUDAPEST AND NOWHERE ELSE ''. METHINKS HE DID PROTEST TOO MUCH.

9. EC AMBASSADORS WILL DISCUSS GORBACHEV'S BILATERAL VISIT AND WARSAW PACT SUMMIT ON 13 JUNE. I WILL REPORT FURTHER IF ANYTHING INTERESTING EMERGES.

COLVIN

FCO PASS SAVING VIENNA, ATHENS, BRUSSELS, UKREP BRUSSELS, COPENHAGEN DUBLIN, THE HAGUE, LUXEMBOURG, ROME, MADRID AND LISBON

EAST WEST & US/SOVIET RELATIONS
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PUSD
PROTOCOL DEPT.

PS
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PS/MR RENTON
PS/MR EGGAR
PS/PUS
MR DEREK THOMAS
MR GOODALL
MR FERGUSSON
SIR W HARDING
MR RATFORD
MR DAUNT
MR DAVID THOMAS
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DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2538 (one piece/item number)	Date and sign
Extract details: Letter from Wilkinson to Powell dated 4 June 1986	X
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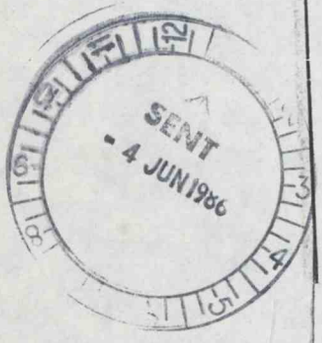

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MIPT: VISIT ON A BRITISH IPU DELEGATION TO THE SOVIET UNION, 23 MAY - 2 JUNE.

COMMENT

1. FROM THE PARLIAMENTARY VIEW POINT THE VISIT WENT WELL. THE DELEGATION, REPRESENTING A WIDE RANGE OF POLITICAL VIEWS, PROVED TO BE A COHESIVE AND EFFECTIVE DEMONSTRATION IN MICROCOSM OF THE BRITISH PARLIAMENTARY SYSTEM. THEIR SOVIET HOSTS CANNOT BUT HAVE BEEN IMPRESSED BY THE COMBINATION OF WIDELY DIVERGENT VIEWPOINTS WITH EXCELLENT PERSONAL RELATIONS. THE SUPREME SOVIET WENT TO GREAT TROUBLE TO PROVIDE A FULL AND VARIED PROGRAMME BOTH IN MOSCOW AND IN THE PROVINCES, OF WHICH THE DELEGATION WAS GENUINELY APPRECIATIVE.

2. LORD WHITELAW WAS THE IDEAL DELEGATION LEADER, INSPIRING AND MAINTAINING THE BASIC UNITY OF DELEGATION WHILE KEEPING A TACTFULLY LOW PROFILE IN DISCUSSION SESSIONS.

3. ON HUMAN RIGHTS, THE DELEGATION DECIDED AT MY BRIEFING SESSION TO DRAFT A COMPREHENSIVE LETTER ON BOTH FAMILY REUNIFICATION AND HUMAN RIGHTS CASES WHICH WAS HENDED TO VOSS, WHO PROMISED AN EARLY AND SPECIFIC REPLY. THIS METHOD OF HANDLING THE ISSUE AVOIDED ARGUMENTS ACROSS THE TABLE OVER SPECIFIC CASES.

4. PARTICULARLY FOR THOSE MEMBERS OF THE DELEGATION WHO WERE SEEING THE SOVIET UNION FOR THE FIRST TIME, THE VISIT WAS INSTRUCTIVE. THANKS TO TEREBILOV, (CHAIRMAN OF THE SUPREME COURT AND FORMER MINISTER OF JUSTICE, THE SENIOR RUSSIAN TRAVELLING WITH THE PARTY) THE DELEGATION WITNESSED

SUPREME COURT AND FORMER MINISTER OF JUSTICE, THE SENIOR RUSSIAN TRAVELLING WITH THE PARTY) THE DELEGATION WITNESSED (PARTICULARLY IN GEORGIA) THE DISCORD WHICH CAN ARISE BETWEEN REGIONAL ADMINISTRATIONS AND THEIR MOSCOW MASTERS. ON SEVERAL OCCASIONS HE INTERVENED TO LAY DOWN THE MOSCOW LINE WHERE IT DIFFERED FROM A REGIONAL VIEW POINT. THE COMBINATION OF LOW MATERIAL STANDARDS WITH ELITISM ALSO MADE A SALUTORY IMPRESSION ON THE NEW-COMERS.

5. FROM THE GOVERNMENT'S POINT OF VIEW THERE WERE SOME DISAPPOINTMENTS, PARTICULARLY AT THE MEETING WITH GROMYKO WHERE THE DELEGATION - PERHAPS THROUGH FATIGUE AFTER TEN GRUELLING DAYS - WERE LESS WELL FOCUSSED ON CURRENT ISSUES THAN THEY HAD BEEN FOR THE CALL ON GORBACHEV ON 26 MAY. PERHAPS INEVITABLY, CONSIDERATIONS OF AVOIDING OPEN RIFTS IN THE DELEGATION AND OF COURTESY TOWARDS THEIR HOSTS TENDED TO PREVAIL OVER THE DESIRABILITY OF ROBUST CRITICISM OF SOVIET AND DEFENCE OF UK POSITIONS. BUT THE VISIT AS A WHOLE AND THE DELEGATION'S FRIENDLY BUT DIGNIFIED STYLE HAS GENERATED SIGNIFICANT GOODWILL AND MADE A HEALTHY CONTRIBUTION TO THE ATMOSPHERE OF OUR BILATERAL RELATIONSHIP. I AM GRATEFUL TO THE DELEGATION, AND PARTICULARLY TO LORD WHITELAW, FOR ACHIEVING THIS RESULT AND FOR COMPLETING AN ARDUOUS COURSE IN SUCH GOOD ORDER.

CARTLEDGE

YYYY

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DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2538 (one piece/item number)	Date and sign
Extract details: letter to Prime Minister dated 2 June 1986	X
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PART Five ends:-

Gordievsky to PM 21 30.5.86

~~CDP to FCO (MEETING RECORD) 28/5/86~~

PART Six begins:-

'C' to PM 1 2/6/86

Grey Scale #13
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A 1 2 3 4 5 6 M 8 9 10 11 12 13 14 15 B 17 18 19