

PART THREE **SECRET**
TOP SECRET

1029-1
CONFIDENTIAL FILING

Prime Minister's visit to the Soviet Union
28 March - 1 April 1989. - Policies

SOVIET UNION

Future visits to the Soviet Union by
the Prime Minister.

PT1: January 1987

[IN ATTACHED FOLDER: MOSCOW EMBASSY BRIEFING.]

PT3: April 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
19.4.89							
24.4.89	TPM						
18.5.89							
25.5.89							
13.9.89							
15.9.89							
27.9.89							
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PART 3 ends:-

CDP to Health 31.5.90

PART 4 begins:-

CDP to PM 1.6.90



cc FCO

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

31 May 1990

Dear Timothy,

PRIME MINISTER'S VISIT TO THE SOVIET UNION:
HEALTH CARE TRADE WITH THE USSR

Thank you for your letter of 30 May about the possibility that the scheme to develop special access to Soviet hospitals for British health care equipment and pharmaceutical products will be put to the Prime Minister during her visit to the Soviet Union. The Prime Minister has noted that we are awaiting detailed proposals from the Soviet side, but has asked why we cannot make proposals for them to consider, instead of just waiting. She sees a risk that, if we just hang around, we shall lose the opportunity.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office).

Yours sincerely,

CHARLES POWELL

Timothy Sands, Esq.,
Department of Health.

W

Need for change 10(a-e)^a

PRIME MINISTER

VISIT TO THE SOVIET UNION

You are to discuss your visit to the Soviet Union with Percy Cradock and me tomorrow morning.

Background

The background to the visit is unusually fraught. Gorbachev is beseiged by problems: the economy, where the proposed reforms are already under fire as inadequate and are being modified (but it is not clear in what direction): the nationalities, with the Baltics continuing to hold out for recognition of their independence as the starting-point for negotiations with Moscow, with fresh violence in Armenia and with Yeltsin wishing to strengthen the Russian Republic's independence: the military evidently unhappy with the speed and scale of the force reductions envisaged by Gorbachev: Yeltsin, representing a major political challenge and a Party Congress just a few weeks away, which may well see an attempted backlash against Gorbachev's reforms.

To add to that there is some confusion on the external front, at least until we know the outcome of the US/Soviet Summit (and it may be Monday before we get a full briefing). The prospects for agreement on START and on chemical weapons look quite bright. But the real Soviet position on Germany's place in NATO is still hard to discern, as is the position on Conventional Force Reductions. There is talk of postponing the difficult issues to a second round: and of modifying the current western negotiating position to accommodate Soviet security concerns. For now, we are helpless observers to what may come out of Washington. We shall have to make some rapid judgements early next week. (On an operational point, I wonder whether it would not be advisable to leave London for Scotland on Thursday an hour earlier than planned, and have a debriefing from Jim Baker).

The Message

In short you will be entering quite a maelstrom in Moscow, and we need to give careful thought to the message which we want to emerge from the visit. The salient points are:

- your attitude to Gorbachev. The media will be trying to discern whether you continue to support his reforms or are beginning to distance yourself from him. I think you can only play this straight. It's not for us to get involved in the politics of the Soviet Union, but you support reforms intended to increase democracy and lead the Soviet Union towards a market economy. At the same time, we don't want to lose the advantage of your perceived special relationship with Gorbachev: this will in any case emerge if, as planned, he accompanies you to Kiev. We need to consider how to respond if Yeltsin asks to see you. I think you would be bound to take Gorbachev's advice as your host.
- The West's general approach. Your message here might be that we have no wish to exploit the Soviet Union's internal difficulties. Our interest lies in creating a stable situation in Europe, as a background for the Soviet reform process to proceed peacefully.
- Germany and NATO. Subject to what emerges in Washington, your message should be that a united Germany will be a member of NATO, but there are a multitude of safeguards on offer for the Soviet Union (transitional period for Soviet forces, no advance in NATO's front line, conventional force reductions, reconsideration of forward defence, prospect of negotiations on SNF, strengthening of CSCE) which means that they have nothing to fear.
- Attitude to Baltic States' Independence. You have a well-established line on this. The goal of independence is not in question, only how to get there.

You believe that an understanding on freezing/suspending Lithuania's declaration of independence should open the way to discussions.

- The Soviet military. Your meeting with them is the novel and unusual feature of the programme. We want it to come out as an occasion for some straight talking, in which you engage the Soviet high command in single-handed combat (so to speak), to explain first how their military activities look to us: and second why they have nothing to fear from NATO.

The Programme

The main talking is concentrated on the first day. You have talks with Gorbachev from about 1030-1445, including a working lunch. You will be next to him at dinner that night. There may be further opportunities the following day if, as planned, he travels with you to Kiev. You also have an hour with Ryzhkov, which will presumably be devoted to economic reform and to bilateral economic relations. And an hour or so with the military top brass.

The second and third days are in essence an extended photo-opportunity and a chance to promote Britain in the Soviet Union. We shall be aiming to bring you into contact with as many people as possible, both in the Ukraine and in Armenia.

The Agenda

The relative weight to be given to individual issues will depend in good part on what emerges from the Washington Summit. But the issues you will want to cover include:

- Germany and NATO. I have suggested above how you should approach this. It is in everyone's interest to have Germany firmly locked in an alliance: but we acknowledge that the Soviet Union has security concerns which have to be met.

- CFE. We can only decide the line you take in the light of what emerges from Washington. But you will want to press for a substantial agreement as the key to unlock a CSCE Summit this year. You will need detailed briefing on the sticking points in the present negotiations, and on the various ideas being canvassed (principally by the Germans) for further concessions to the Russians in the Central Zone.

- Nuclear arms negotiations. There will probably be little to discuss on START, except perhaps the non-circumvention clause. He may suggest that we forego our fourth Trident boat. You will want to go over the ground on SNF: readiness to negotiate post-CFE but determination to retain some nuclear weapons.

- Chemical and Biological warfare. You will want to welcome the US/Soviet agreement on CW. You will need to challenge him on our suspicions on BW.

- Soviet Internal. This is traditionally a major part of your talks with Gorbachev, and he will probably want to give you a full account of current problems. The subject of UK or wider western help may arise. There are some relatively small ways in which we can help - advice on small business, management training, energy efficiency. But we don't see much scope for massive financial help, especially when the Russians are experiencing growing difficulties in meeting their international payments' obligations.

- Baltic States. I have suggested above the general approach you might take.

- Human rights issues. You will want to commend progress, but there are still bottlenecks. You will need to raise the specific case of Mrs. Gordievsky (if we are to keep up his morale).

- Regional Issues. I doubt there will be much time for these. But in rough order of priority they would be Middle East (including emigration of Soviet Jews), China, Southern Africa, Cambodia, Central America. You will want to note the very considerable progress in resolving regional disputes since you and he first started discussing them in 1984.

- Bilateral economic issues. These will be mostly for discussion with Ryzhkov. There will be a full note from the DTI.

e.d.r.

C. D. POWELL

31 May 1990

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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Minister for Health

ce/pk (2)

Tim Minister
CBB
30/5

CONFIDENTIAL

Charles Powell Esq
10 Downing Street
London SW1

30 May 1990

MS

Dear Charles

PRIME MINISTER'S VISIT TO THE SOVIET UNION: 7-10 JUNE
HEALTH CARE TRADE WITH THE USSR

Department of Health officials have just returned from a meeting of the Anglo-Soviet Healthcare Group in Moscow. Their Russian counterparts approached them with a scheme to develop special access to hospitals for British healthcare equipment and pharmaceutical products.

The purpose of these arrangements is to give companies a head start in the market by getting their products preferentially evaluated in Soviet hospitals and by the appropriate regulatory institutes. Apparently the United States, Italy and West Germany have already negotiated similar arrangements for the Moscow, Kiev and Minsk areas and the suggestion is that the British presence might concentrate on both Moscow and Leningrad.

Officials welcomed the offer but are awaiting the arrival of detailed proposals, which may not be received until after the Prime Minister's visit is over. This is however a clear opportunity to enable British firms to compete in a potentially large market. Officials expect that the Soviets will repeat this offer to the Prime Minister during her visit. They suggest that the Prime Minister could indicate that she was aware of the offer and welcomed it in principle and looked forward to firm proposals being received by us.

Can't we make proposals for them
a system instead
if just - waiting
until we have the
opportunity

Yours

Tim

TIMOTHY SANDS
Private Secretary

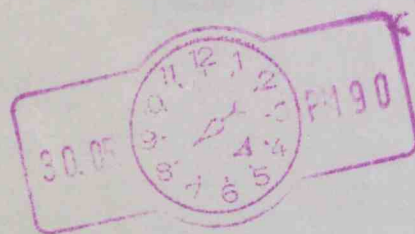
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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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Telephone 01-219 7000

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W
A: SOVIET

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 May 1990

PRIME MINISTER'S VISIT TO THE SOVIET UNION

Both the briefing for the Prime Minister's visit to Moscow and her speeches there (and to the NATO Foreign Ministers en route) will need to take account of the results of the US/Soviet Summit. We are unlikely to have these, I imagine, much before 4 June. On the other hand, the exigencies of the Prime Minister's programme are such that she has virtually no time next week to work on preparations for Moscow. The bulk of the material will have to be with her next weekend, indeed preferably for Friday.

With this in mind, it would be helpful:

- BY - to have as much written material as possible by the early morning of Friday 1 June.
- BY - to have a second wave of material, dealing basically with the US/Soviet Summit, by 1600 on Tuesday 5 June.
- the Foreign Secretary's bilateral on 6 June should extend for one hour, to allow ample time to discuss the Moscow visit.

C. D. POWELL

J.S. Wall, Esq., L.V.O.,
Foreign and Commonwealth Office.

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MS

c:British

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 February 1990

BRITISH MONTH IN KIEV:
MESSAGE OF WELCOME FROM THE PRIME MINISTER

Thank you for your letter of 27 February, enclosing a draft message of welcome from the Prime Minister, to form part of the introduction for the main FCO exhibition in Kiev. The Prime Minister has signed this and I enclosed it with this letter.

Charles Powell

J.S. Wall, Esq.,
Foreign and Commonwealth Office

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10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

Welcome to Britain Today - a portrayal of life in our country as seen through the eyes of a typical British family.

We hope our exhibition will help you to understand Britain a little more, and that many of you will be encouraged to visit our country and experience our way of life for yourselves. With the old barriers between us now crumbling, our peoples should work together to build a new world. Our exhibition will show you how ready we in Britain are to be your partners in this historic task.

Margaret Thatcher

February 1990

CC PC



Foreign and Commonwealth Office

London SW1A 2AH

27 February 1990

re by CAP

GRS-NT
CF?

Dear Claude,

British month in Kiev: Message of welcome
from the Prime Minister

In your letter of 29 October, ^{MAP} you said that the Prime Minister was happy to send a message of welcome which would form part of the introduction to the main FCO exhibition in Kiev. I enclose a draft.

Jaws,
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

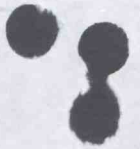
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Welcome to Britain Today - a portrayal of life in our country as seen through the eyes of a typical British family.

We hope our exhibition will help you to understand Britain a little more, and that many of you will be encouraged to visit our country and experience our way of life for yourselves. With the old barriers between us now crumbling, our peoples should work together to build a new world. Our exhibition will show you how ready we in Britain are to be your partners in this historic task.

CA

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PM'swick Pt 3



11/10/19

*Soviet Union
PM's visit*



*me
Lm
c/c
CCAP*

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 October 1989

Dear L. Mend.

"BRITAIN IN KIEV" AND THE PRIME MINISTER'S VISIT
TO THE SOVIET UNION

Thank you for your letter of 26 October about plans for the Prime Minister's visit to the Soviet Union next year. The Prime Minister is content with the plans for the exhibition in Kiev and agrees that there should be messages of welcome from her and Mr. Gorbachev in the entrance to the exhibition. However, she feels that she will not be able to spare as much time as assumed in your letter for her visit. We should plan on her travelling to Moscow on the evening of 7 June for talks and other engagements on 8 June, spending 9 June in Kiev and 10 June in Armenia before returning to the United Kingdom that evening.

I am copying this letter Neil Thornton (Department of Trade and Industry), Stephen Crowne (Department of Education and Science) and Trevor Woolley (Cabinet Office).

*Yours sincerely,
C. D. Powell*

C. D. POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

PM

Prime Minister



This seems to be very much on the right lines.

Foreign and Commonwealth Office

London SW1A 2AH

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Agree with you & Mr. Galsbender
should send messages to the
Exhibition?

26 October 1989

Dear Charter,

COP

Yes

'Britain in Kiev' and the Prime Minister's Visit to the USSR

In my letter of 25 May, I undertook to keep you in touch with preparations for 'Britain in Kiev' in connexion with the Prime Minister's planned visit to the Soviet Union next June.

This will be by far the biggest British event ever staged in the Soviet Union. Its centrepiece will be an exhibition showing life in contemporary Britain. This has been designed - after an open competition - by Heritage Projects of York. Our objective is to display the quality of life enjoyed in an open democratic society and to bring out the reasons why such societies prosper: a free market economy, the democratic process, the responsibilities of the individual citizen. The display will be of a high quality, making extensive use of audio-visual techniques and demonstrating practical applications of British high technology. We have taken particular care to present a picture of Britain that will be credible to the Soviet visitor and to avoid suspicions that, like so many Soviet exhibitions, it portrays an ideal inaccessible to ordinary people.

Design work for the exhibition is nearing completion. The linking theme is the life of a typical British family: a skilled technician in his early 40s, a wife working part time, a 19 year old daughter and 16 year old son. A series of displays will show how they live, work and study. Others will build on this theme to illustrate the application of high technology to everyday life, the workings of a Parliamentary democracy, the opportunities for the active citizen to involve himself in public life, and the welfare and other services provided by the state.

To appeal to a wide range of visitors, the exhibition will work on three levels: the immediate impact of the displays themselves; succinct explanatory texts (headlines in Ukrainian and Russian, text in Russian); and a brochure providing greater detail for those wishing to know more. The displays will contain some statistical material (eg the

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average income, how it is earned and spent) which is of great interest to many Soviet citizens. But the principal aim is to make them attractive, original and entertaining. There will be British guides at strategic points in the exhibition.

We aim to secure the support of business and industry through the loan of equipment and services for many of the displays. Those in the section of the exhibition covering the British economy will complement the displays in the DTI sponsored trade exhibition (see below).

The design assumes up to 16,000 visitors a day (a figure based on previous major foreign exhibitions in the Soviet Union) - comparable with Madame Tussauds in the peak summer season.

One suggestion on which we would welcome the Prime Minister's views is that there should be messages of welcome from her and possibly Mr Gorbachev in the entrance to the Exhibition. We are attracted by the idea and believe that putting this proposal to Mr Gorbachev would be a good way to interest him in visiting the exhibition himself.

In addition to the main exhibition, there will be a Trade Exhibition sponsored by the DTI and held in two nearby halls. This will focus on areas of particular relevance to the Ukraine (agriculture, food-processing, medical and pharmaceuticals, scientific instruments, and hotels and tourism). It will also provide an opportunity for British companies to establish contacts in the Ukraine at a time when individual republics are acquiring increasing economic autonomy.

These exhibitions will be backed up by an extensive cultural programme including:

- English National Opera (performing Xerxes and The Turn of the Screw)
- English Shakespeare Company
- London Contemporary Dance
- British Film Festival
- Exhibition of 20th century British Art
- Displays by the Red Arrows and a Military Band
- Pop concerts sponsored by Capital Radio
- Fashion Exhibition sponsored by Marks & Spencer.

There will also be a range of smaller exhibitions, performances by street artists and a range of activities designed to make Kiev British for the month of June.

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We should now like to make firmer plans for the Prime Minister's own visit. We suggest that the following programme might be suitable:

<i>Wednesday</i>	6 June	Fly to Moscow
<i>Thursday/Friday</i>	7/8 June	Talks with Mr Gorbachev and other engagements in Moscow
<i>Saturday</i>	9 June	Fly to Kiev with Mr Gorbachev. Joint visit to the main British exhibition and joint attendance at the English National Opera production of Handel's Xerxes
<i>Sunday</i>	10 June	Prime Minister flies on to Armenia to open the British School there
	10 June (evening)	Return to UK

This may be too long. Leave after questions on Thursday for talks in Moscow on Friday & Sat/Armenia on Saturday/Sunday.

Yes not

If the Prime Minister is happy with this we could put the dates to Mr Gorbachev's office and try to get them pencilled into his diary at an early stage: this is particularly important as a US/Soviet summit is currently scheduled for next May/June and obviously we wish to avoid a clash.

I am copying this letter to Neil Thornton (DTI), Stephen Crowne (DES) and Trevor Woolley (Cabinet Office).

Yours ever
R H T Gozney
 (R H T Gozney)
 Private Secretary

C D Powell Esq
10 Downing Street



BRITAIN IN KIEV: MAIN EXHIBITION

The layout of the exhibition is shown on the attached plan.

The areas are:

1. Entrance: we hope to display a message from the Prime Minister (and possibly Mr Gorbachev) welcoming visitors.
2. Introduction of the Family: life-like full size figures with biographical details.
3. Images of Britain: audio visual display.
4. High street: full scale replica of modern British shopping street: Marks and Spencer, Tie Rack, newsagents etc.
5. The home: commissioned back lit colour photographs of a range of British housing.
6. Full scale reconstruction of the family's house: (1970s semi-detached).
7. Introduction to Britain at Work: audio visual display containing compilation of best of British corporate television commercials plus commissioned back lit photographs and explanatory panels on the British private sector; small businesses; the industrial, service and distribution sectors.
8. The family at Work: three dimensional displays showing the wife at work in Rowntree automated distribution centre; the husband, a senior RAC patrolman using radio communications networks; the daughter, a designer in high street print shop.



9. The family income and expenditure: illuminated pie chart and animated graphic material.

10. Social provisions: the active citizens: display showing a patient delivered by ambulance to health centre. Chart showing public expenditure on health, social security etc. Illustrations of voluntary activity in Britain. Display showing son in school laboratory with hi-tech equipment.

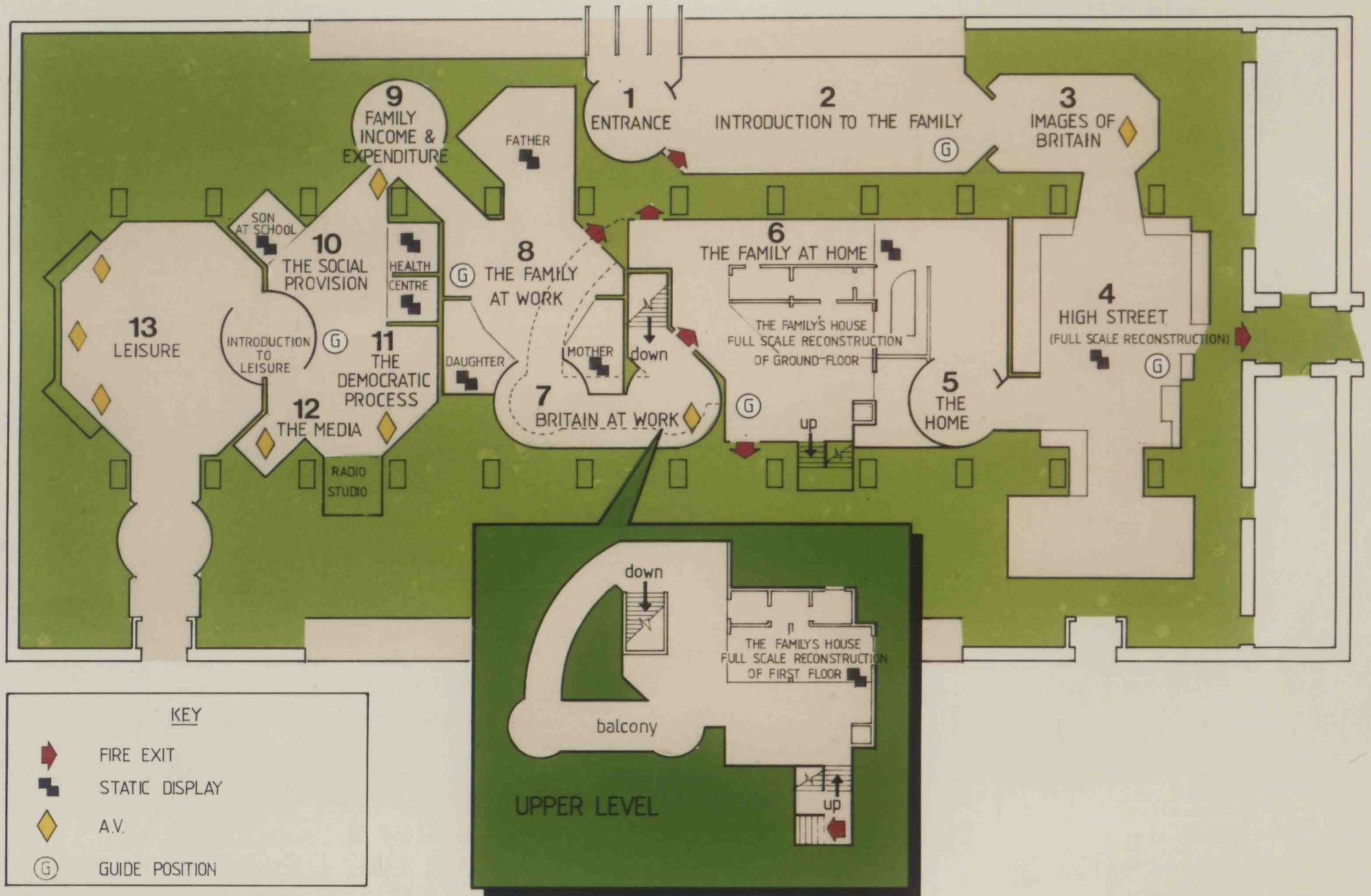
11. The democratic process: panels and audio visual display illustrating Parliament and elections.

12. The media: display illustrating diversity of British press, radio and television. This section may incorporate a small radio studio for use eg by BBC Russian Service.

13. Leisure: vivid audio visual display showing leisure activities in Britain during June.

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SOVIET UNION: Pm's visit to
Soviet Union 193

Soviet Ambassador
Professor R.W.W. Pollock

CP
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C.D. Powell, Esq.,
Private Secretary,
10 Downing Street,
London SW1A 2AA.

Personal

12 October 1989.

Dear Charles

Thank you very much for your letter of 9 October.

I recall the Bard also saying - 'Rumour is a pipe blown by surmises...'. I am so glad to know you have no thoughts of moving - but that doesn't invalidate the sentiments of my letter!

Kind regards,

Yours ever

Richard

Richard Pollock

Temp. retained at 30/11/16

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10 DOWNING STREET

LONDON SW1A 2AA

9 October 1989

From the Private Secretary

PRIME MINISTER'S MEETING WITH MR. GORBACHEV

I enclose some notes which Professor Richard Pollock has sent me about the Prime Minister's meeting with President Gorbachev. They are a useful supplement to my record. Where there are differences or additions, you will want to recall that I am taking down Uspensky's translation, while Richard is jotting his own translation of Gorbachev's comments.

CHARLES POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 October 1989

Thank you for your letter of 5 October and for the notes on the talks on 23 September. It was very helpful to have these.

Thank you also for your kind good wishes: but unless you know something I don't, I wasn't actually planning on moving on! You shouldn't believe everything you read in the newspapers.

CHARLES POWELL

Professor R. W. W. Pollock.

ls

Professor R.W.W. Pollock

C.D. Powell, Esq.,
Private Secretary,
10 Downing Street,
London SW1A 2AA.

PERSONAL

5 October 1989.

Dear Charles ~

Further to my letter of 28 September, I write to enclose the promised notes on the private talks of 23 September. Once again, since confidentiality enjoined that I type them myself, there are inevitable blemishes in the typing - and, with the academic year just commencing, an unavoidable delay has supervened - for which I apologise. I do hope no inconvenience is caused thereby.

As the feeling was that observations might usefully supplement the verbatim record, I have confined myself to the former. I trust that is acceptable to you, and that no problems arise.

I am sad to think that you will be moving out of this context. But 'there is a tide in the affairs of men...' - and, once again, I can only thank you for your kindness in initiating and supporting me in the role I have so much enjoyed. It has been a privilege and delight to work with you. Janette, my wife, joins me in wishing you and Carla every happiness and success in whatever awaits you.

Please give my regards to the Prime Minister and Denis Thatcher.
Many thanks once again, and every good wish,

Richard Pollock
Richard

Richard Pollock

Enclosure

Temp retained. A 30/11/16

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MEETING IN MOSCOW 23/9/89 - SOME IMPRESSIONS AND OBSERVATIONS
 (to be taken in conjunction with full report by CDP)

- Note of cordiality struck from outset: G opens with compliment - "not just for compliments' sake" - to PM on her clear wish to maintain and develop the dialogue/cooperation. The concomitant 'rider' ("though sometimes the commitment seems to waver", paraphrased) was said somewhat 'sotto voce' and expressed in a brief, unbarbed way. That was the nearest approximation to any reference to 'tit for tat' throughout the day from G himself. No evidence that he wished to resurrect the matter with the PM. When - in closing minutes of Kremlin talks - PM chose to touch on the subject, she did so only allusively ("we acted only when/because there was absolutely no alternative") - and G, who clearly took the allusion, seemed entirely content just to nod agreement. He was similarly content to accept without discussion the PM's suggestion that certain bilateral problems should be left to the Foreign Ministers and officials to resolve - on a "reasonable/reciprocal/enduring basis". The specific concepts of 'expulsions'/'espionage'/'ceilings' were not articulated in the discussion.
- Worth noting that the phrase "occasional flashes of passion", figuring in media reports of the Kremlin talks, was without foundation. If a graph of overall mood/atmosphere were to be drawn for the PM's talks with G since April 1987, the curve would/should reflect the September 1989 meeting as virtually devoid of emotional antipathies, notable for the maintenance and increase of a perceptible warmth in mutual attitudes, and with significantly fewer - and milder - jibes by G. His use of words and intonation in Russian seemed deliberately lighter in effect throughout this meeting, and this seemed in keeping with a genuine wish to build the personal relationship/bilateral stability - rather than the all-too-familiar Soviet style of blandishments. Neither interlocutor became heated or had to raise the voice. On a couple of occasions G broke in before his interpreter had finished translating. But - unlike some previous occasions - this reflected further enthusiastic thoughts, rather than cumulative 'niggles', on a particular theme. Such jibes as G allowed himself - eg "we shall (after building down to mutual minimum deterrence levels)...leave Mrs Thatcher to devote her life to justifying nuclear weapons", and "but if we can revise our military philosophy, surely you can - after all, you've sorted out your political system!" - were said in the tone and formulation of good-natured teasing, with a smile and a not infrequent wink.
- G was remarkably relaxed, both as compared to previous meetings (though of course for the most part he has always seemed relaxed in the past), and as contrasted with his moods (often angry/impatient) in the televised sessions of the Party Plenum earlier in the week. During his talks with the PM there were moments when he strummed with his fingers on the table, in clearly light-hearted mood, during interpretation into English - even when describing internal political/economic problems. He has not done this at previous meetings with the PM - though it is worth noting that this was the first time they were seated on opposite sides of a long table for their talks. But G was not observed finger-strumming at other 'long-table' talks with earlier UK visitors (eg Lord Whitelaw in May, 1986, or Sir Geoffrey Howe in February 1988) by the present writer... A new mannerism, for whatever reason. It was also noticeable that G did not use his glasses, despite the fact that his file - which he opened only after about an hour of the conversation (1100-1330), when the PM broached arms control - contained close-set, light-coloured typing (with much yellow 'highlighting'). He did not seem seriously interested in his typed briefing matter - which he opened at random, not at the beginning of a section, and closed again not long after. This was a measure of the

natural flow and the content of ideas within the exchanges, which maintained a steadily spontaneous character throughout the meeting.

- The only time G seemed interested in his brief, or show any negative emotion, was when he opened a further document that had been folded from an earlier section of his file - at about the time when the PM was quoting excerpts from the Washington telegram on Bush's receipt of G's letter and other thoughts from Bush to G. It is not clear what the document was, but his interpreter tried to look at it too - and was sharply discouraged from doing so:- "No, no - nothing to do with what we're discussing...". (Obviously not interpreted!). For a moment G looked mildly annoyed, but clearly not in the context of his discussion across the table.
- These were the first talks between G and the PM at which a considerable amount of the discussion - at G's request - took place totally 'off the record', with no notes to be taken. The tone and the mood of the discussion during that period reflected a remarkably relaxed mutual attitude and an apparently genuine readiness to confide/trust.
- The PM was able to control the topics of conversation to a much greater extent than at previous meetings. G seemed aware from the start of the desirability of covering a good number of themes. He was also less prolix/garrulous - certainly than in the two 1987 meetings. Indeed, he made a point of saying to the PM - after an hour on Soviet internal problems - "we shall talk about what you want to talk about" (he was palpably delighted when she suggested the next topic be arms control, and readily laughed when she said she could see that was what his notes were all about). At the end of the Kremlin talks this time - as in 1987 - G promptly agreed to the PM's summing up of what ground they had covered (for notifying the press). He deflected the PM's comment at the end that no doubt he had things to attend to before lunch, by saying - "My only concern is to entertain you to lunch in half-an-hour's time".
- Among noticeable, sometimes 'new', topics broached by G were:- his apprehension that internally conservatives and left-wingers might gang up with discontented elements in the population at large (v. his efforts); the importance of Slav solidarity within the USSR (Abalkin was later, at lunch, to say that what was important was the individual-to-individual relationship, not the nation-to-nation one, for the future); draft legislation on emigration is with the Deputies, among at least 50 other proposed Sup.Sov.bills - "but we've lived without it for 70 years, so we can wait a bit longer"; it might well prove necessary, as a means of helping the economy recover, to combine some old 'command-administrative' methods with the new initiative-oriented (etc) policies already launched - "I don't preclude that"; clear willingness to discuss aircraft and listen to our perception of problem of their definition, in the CFE context; fairly confident and spontaneous prognosis by G of two arms agreements in 1990 (see verbatim report); this time, internal opposition preoccupies G more than external lack of cooperation (as cf. London April '89 talks) - but still alleges Bush indecisive/also that G hears more about/from Bush than Bush means him to (thus phrased); G has his own 'Greens' to reckon with.
- A number of expected themes did not come up, because of time-constraints rather than evasiveness: eg regional conflicts, leading role of the Party (though nervousness within the Party at present was discussed), etc. But see verbatim notes.
- No especially noteworthy points on his use of language this time, though 'chaos', 'painful', 'wild money', 'thrown into a panic' had a place, and a familiar ring, in what he said. He has a penchant for the dictum of Heraclitus: in these talks, as at his Reykjavik press-conference, he quotes "the Greek philosopher who reminds us that everything is flowing, everything is changing", when saying NATO should be prepared (like the SU) to rethink its military policy. Throughout, however, G's language was in keeping with a patent wish to create a relaxed, friendly atmosphere.

Professor R.W.W. Pollock

C.D. Powell, Esq.,
Private Secretary,
10 Downing Street,
London SW1A 2AA.

Personal

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28 September 1989

Dear Charles

I enclose a personal letter of thanks to the Prime Minister in reply to her kind letter to me of 24 September. I should be most grateful if you would kindly pass it to her.

It was good to see you and work with you again last week. I am firmly of the opinion - quite apart from all media 'assessments' - that a further qualitative advance in the personal relationship took place at last Saturday's Moscow meetings. I mention two brief points evidencing this (for the linguist) in my letter to the Prime Minister. I shall write to you in the next few days with more detailed observations - and in that form, if I may, rather than duplicate your own verbatim report already existing.

I hope it does not inconvenience you if I proceed thus: I had to be away earlier this week. In anticipation, I would just say that the contrast between Gorbachev at the televised Plenum prior to the PM's visit and the relaxed, at times lascivious, Gorbachev during exchanges with her on 23 September was remarkable. To watch his performances is very informative.

It only remains to thank you for making me feel welcome and for the many ways I am helped by your presence on these occasions.

*Kindest regards,
Yours sincerely
Richard.*

Professor Richard Pollock

Enc.

me from 9
a: GORBACHEV

SECRET



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 September 1989

**PRIME MINISTER'S MEETING WITH PRESIDENT
GORBACHEV: MESSAGE TO PRESIDENT BUSH**

I enclose a message which the Prime Minister has signed to President Bush about her talks in Moscow with President Gorbachev. I propose to send it this morning on the hot line to the White House, subject to any comments you may have (by 11.30 am, please). I should be grateful if you could arrange for the signed original to be delivered to our Embassy in due course.

C. D. POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

SECRET

National Federation of Far Eastern Prisoner of War Clubs & Associations

(N.F.F.C.A.)

President: HAROLD L. PAYNE, Esq., O.B.E.
Long View
18 Whybourne Crest
Tunbridge Wells
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Hon. Secretary: A. L. HUMPHREYS, Esq.
Hon. Treasurer: R. J. COITE, Esq., M.B.E.
Welfare Adviser: P. S. CAIRNS, Esq., M.B.E.

The Right Honourable Margaret Thatcher PC, MP. *Ri Norris*
Prime Minister
10 Downing St
London S.W.1. *R2919* *CPD*
29/9
27th September 1989

Dear Prime Minister,

May I on behalf of our member Associations
express our appreciation to you for visiting and
laying a wreath at the Commonwealth War Graves
Commission Cemetery at Yokohama.

We realise that you had a very busy
schedule to undertake, but the gesture you made
meant a great deal to us, who suffered the indignity
of being captured by the Japanese.

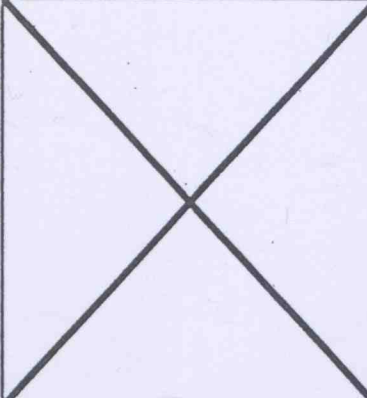
It is right that those who did not return
home should never be forgotten and you did
just that

Yours faithfully

Harold L Payne

H. L. PAYNE
PRESIDENT

A The National Archives

DEPARTMENT/SERIES <i>PREM 19/3175</i> PIECE/ITEM (one piece/item number)	Date and sign
Extract details: <i>PM to President (letter) T168 B /89</i> <i>(2 copies) dated 27 September 1989</i>	
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Foreign and Commonwealth Office

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London SW1A 2AH
26 September 1989

CC PC

Handwritten initials and a faint stamp.

Dear Charles,

Prime Minister's Meeting with Mr Gorbachev

Thank you for your two ^{attached} letters of 24 September with the full record of the Prime Minister's talks in Moscow and three points for follow up.

As the bag to Moscow will only arrive there late on Thursday evening we have sent a telegram to Sir R Braithwaite and to the UK Delegation at NATO with instructions for briefing partners and allies. This takes into account your instruction for suitable discretion. The full record will be sent only to Sir R Braithwaite.

I attach a draft message to President Bush which in the absence of the Foreign Secretary in New York has been approved by Mr Waldegrave.

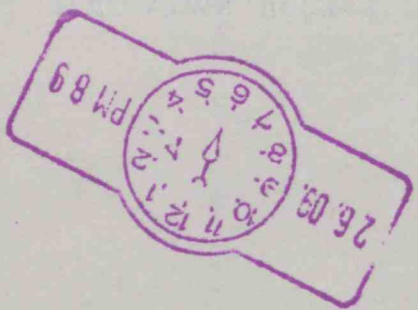
The MOD are working on the question of the way in which we destroyed our own chemical weapons stocks in 1958. This is unlikely to prove very helpful as it would appear that stocks were either dumped at sea or in some cases burned, neither of which would seem to be attractive options to recommend to the Soviet Union today. But we aim to write with recommendations shortly.

Yours sincerely,

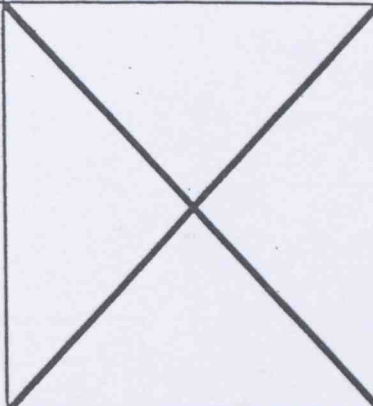
Richard Gozney
(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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DEPARTMENT/SERIES <i>PRM 19/3175</i> PIECE/ITEM <i>3175</i> (one piece/item number)	Date and sign
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PRIME MINISTER'S STOPOVER TO MOSCOW: SOVIET MEDIA COVERAGE

SUMMARY

1. FULL COVERAGE OF THE PRIME MINISTER'S VISIT. HER SUPPORT FOR GORBACHEV REPORTED PROMINENTLY.

DETAIL

NEWSPAPER COVERAGE

2. THE PRIME MINISTER'S MEETING WITH GORBACHEV WAS REPORTED ON THE FRONT PAGE OF PRAVDA OF 24 SEPTEMBER. THE REPORT BEGAN BY DESCRIBING THE MEETING AS ''A CONTINUATION OF A REGULAR DIALOGUE WHICH HAS BEEN TAKING PLACE FOR ALMOST FIVE YEARS''. THE TWO LEADERS AGREED THAT ''THE VERY EXISTENCE OF SUCH DIRECT, HONEST, INFORMAL AND PROFOUND EXCHANGES OF VIEWS BETWEEN REPRESENTATIVES OF SUCH DIFFERENT STATES AND SOCIAL SYSTEMS SHOWED THAT INTERNATIONAL RELATIONS HAVE MOVED TO AN ABSOLUTELY NEW ERA''. ''ANY UPHEAVALS OR AGGRAVATIONS WHICH MIGHT ARISE IN RELATIONS BETWEEN THE TWO COUNTRIES WILL RECEDE BEFORE THE OVERRIDING SIGNIFICANCE OF SUCH DIALOGUE''.

3. THE REPORT THEN DESCRIBED GORBACHEV'S COMMENTS TO THE PRIME MINISTER ON THE STATE OF HIS PROGRAMME OF REFORM, DURING WHICH HE STRESSED THE INTERRELATIONSHIP BETWEEN POLITICAL AND ECONOMIC REFORMS. OTHER TOPICS OF CONVERSATION BRIEFLY REFERRED TO IN THE REPORT INCLUDED EAST-WEST RELATIONS, DISARMAMENT AND ''THE ALL-EUROPEAN PROCESS''.

4. IZVESTIYA OF 24 SEPTEMBER ALSO INCLUDED A REPORT OF THE PRIME MINISTER'S CONFERENCE AT THE MINISTRY OF FOREIGN AFFAIRS PRESS CENTRE. IT REPORTED VERBATIM FROM THE PRIME MINISTER'S REPLIES TO QUESTIONS ON DISARMAMENT, (THE FINANCIAL TIMES AND NOVOSTI) NUCLEAR PROLIFERATION, THE PROCESS OF REFORM IN THE SOVIET UNION, (THE GUARDIAN) THE POSSIBILITY OF A MARSHALL PLAN FOR THE SOVIET UNION, AND BRITISH-SOVIET RELATIONS. IN HER REPLY TO THE LAST QUESTION, THE PRIME MINISTER WAS REPORTED AS SAYING THAT THE QUESTION OF DIPLOMATIC EXPULSIONS HAD NOT BEEN DISCUSSED.

TELEVISION COVERAGE

5. THE PRIME MINISTER'S VISIT LED THE MAIN EVENING NEWS PROGRAMME ON SATURDAY NIGHT. THE FIRST FIFTEEN MINUTES WAS DEVOTED TO THE STORY. THE COVERAGE INCLUDED HER ARRIVAL AND DEPARTURE FROM VNUKOVO AIRPORT, HER WELCOME BY GORBACHEV, A MINUTE OR TWO OF HER PRESS CONFERENCE AND HER INTERVIEW FOR SOVIET TV IN FULL.

COMMENT

6. ALTHOUGH THE PRIME MINISTER WAS IN MOSCOW ONLY A FEW HOURS, THE SOVIET MEDIA TREATED HER WORKING MEETING AS THOUGH IT WAS A FULL OFFICIAL VISIT. THE COVERAGE WAS DESIGNED TO SHOW THAT THE BUSINESS-LIKE RELATIONSHIP BETWEEN THE TWO LEADERS REMAINED UNIMPAIRED AND THAT THE PRIME MINISTER STILL GIVES WHOLE-HEARTED BACKING TO GORBACHEV PERSONALLY AND TO PERESTROIKA.

BRAITHWAITE

YYYY

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LONDON SW1A 2AA

24 September 1989

From the Private Secretary

PRIME MINISTER'S MEETING WITH MR. GORBACHEV

There are three points of follow-up to the Prime Minister's meeting with Mr. Gorbachev which we need to put in hand:

- Sir Rodric Braithwaite will need to brief his Community colleagues. I suggest that we send him the main record and leave it to his discretion how much he tells them (saying that, when in doubt, he should be more rather than less discreet).
- the Prime Minister undertook to let President Bush have a fuller account than the immediate report that we gave the US Chargé d'Affaires in Moscow, with her reflections. It would be helpful to have a draft.
- we need a note on the methods which we used to destroy our own chemical weapons in 1958. I assume that this is for the MOD to prepare.

I am copying this letter to Brian Hawtin (Ministry of Defence).

(C. D. POWELL)

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

FILE MEM

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10 DOWNING STREET

LONDON SW1A 2AA


From the Private Secretary

24 September 1989

Dear Sir,

**PRIME MINISTER'S VISIT TO
THE SOVIET UNION**

I enclose the Prime Minister's thank you letters to President Gorbachev, Mr. Primakov, and Sir Rodric Braithwaite. I should be grateful if the texts could be telegraphed to Moscow for delivery as soon as possible.

Yours sincerely,

CHARLES POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 September 1989

Dear Stephen,

PRIME MINISTER'S MEETING WITH MR. GORBACHEV

The Prime Minister had a two and a half hour meeting with Mr. Gorbachev in St. Catherine's Hall in the Kremlin on 23 September, followed by a working lunch. Mr. Chernayev, Assistant to the President, was also present for the meeting. Mrs. Gorbachev, Mr. Primakov (Candidate Member of the Politburo), Mr. Albakain (Deputy Prime Minister), Mr. Kovalev (Deputy Foreign Minister), the Soviet Ambassador in London and Sir Rodric Braithwaite joined the lunch. You will have received separately the text of the Prime Minister's statement at her subsequent press conference, and the immediate briefing which we sent from Moscow for President Bush. This letter records the main discussions in the morning and some of the points covered at lunch. I am writing separately about another matter.

Introduction

The Prime Minister gave Mr. Gorbachev an account of her stop-over in Bratsk. The group who had come to the airport to meet her had been fervent supporters of perestroika. They had also asked her to say that, following her own visit, they hoped Mr. Gorbachev would find the time to come and visit them. Mr. Gorbachev took this in good part, suggesting that there was no need for him and the Prime Minister to discuss perestroika, since she had obviously done it all in Bratsk.

Mr. Gorbachev then welcomed the Prime Minister. It was quite a difficult moment for both of them and therefore a good time to meet. Their dialogue was a continuous one stretching over five years now, although the Prime Minister had sometimes tried to interrupt it (this said with much laughter). The Prime Minister said that other problems were small when set against the importance of their dialogue. Mr. Gorbachev said that he heartily agreed. It might not always be possible to avoid obstacles, but he and the Prime Minister should step over them and keep their dialogue going. It was of central importance in the world. He was not just saying this as a compliment - he meant it.

SECRET

mem

Developments in the Soviet Union

Mr. Gorbachev said that the Prime Minister would have seen for herself some of the changes taking place in the Soviet Union. The Prime Minister agreed that she could feel a change in the atmosphere, with much of the tension gone. She was grateful to Mr. Gorbachev for meeting her mid-way between two very important meetings, the Central Committee Plenum and next week's session of the Supreme Soviet. She had been in close touch with President Bush and was fully in the picture about his meetings with Mr. Shevardnadze and the contents of Mr. Gorbachev's letter. But before discussing some of these issues, she would like to hear how Mr. Gorbachev himself saw the situation in the Soviet Union.

Mr. Gorbachev pushed his chair back from the table, observing that this was a simple question. Could he please have all day to answer it? The situation in the Soviet Union was unusual. The theoretical work of perestroika, in terms of political and economic reform as well as ideology and culture, was just about complete. A new direction had been set, with the aim of renewing Soviet society and the life of the Soviet people. Given the very wide range of opinion and views in the Soviet Union - far greater than in the United Kingdom - it was no mean achievement to have reached a consensus on this. The way ahead lay within the framework of socialism, while renouncing all the faults and errors of Stalinism, the administrative command system, dogmas, cliches and so on. The centre-piece was the policy of democratisation and decentralisation. This required far-reaching changes: but it was important not to go to the opposite extreme. This latter point was a worry and he would come back to it.

Mr. Gorbachev continued that the Prime Minister was familiar with many aspects of reform in the Soviet Union. For instance, there was the intention to re-define in a very substantial way the concept of property, so that people could enjoy private property as well as state and communal property, all within the framework of socialism. This would give individuals the opportunity to use their initiative and to be their own master. Another aspect was political reform, where the aim was a clear-cut division of powers and responsibilities between the state and the party on the one hand and between the central authorities and the local, provisional and municipal authorities on the other. Many powers would be transferred to the republics and the local authorities as part of the overall policy of devolving responsibility to lower levels. Hitherto all factories had allocated their production and their profits to the centre, and these were then redistributed the country as a whole. This gave plenty of scope for those who were inefficient to obtain more than their fair share from the central pot. There was no reward for effort. That was not something the Soviet Union could any longer afford. A new system was being worked out, under which every level of authority - central, regional, local - would be allocated certain portions of the output and profit from enterprises working in their territory. This would enable more rights and more responsibilities to be left with local bodies. Under the existing system whatever went wrong, even at the

remotest periphery of the Soviet Union, was blamed on the centre. In future, people would be able to benefit from their own efforts but must take the blame for their own mistakes.

Mr. Gorbachev went on that the transition was now being made from the stage of theoretical concepts to that of practical implementation. That was where the real difficulties began. The effects were being felt in the lives of every individual and of every institution. The process of rejuvenating the Communist Party and changing its role was painful and was causing Party members great concern. Then again, government bodies were being given more extensive rights. But many were not yet capable of exercising these rights, because they did not have the right calibre of people. Reform was being extended to the Armed Forces, and this was far from a simple process. The young officers welcomed it, but not everyone was exactly delighted about it, and special measures were necessary to take care of those who retired early. The Prime Minister interjected that she had discussed the matters with General Yazov during his visit to the United Kingdom.

Mr. Gorbachev continued that the process had also extended to the Soviet Foreign Ministry which Shevardnadze had shaken up thoroughly, bringing forward younger and more active people. These were just specific examples. The process was going on right across the board. Not surprisingly it was causing considerable ferment and heated discussions. A lot of people were asking whether the Soviet Union was moving in the right direction and whether it really needed perestroika. He would not conceal that such questions were being argued out with no holds barred. It had to be admitted that some miscalculations had been made in the way things had been explained to people. The illusion had gained ground that change could be carried through easily and painlessly.

The Prime Minister said that the impression from outside was that people had expected the results of economic reform to come through as easily as those of political reform. They seemed to think that the benefits would be handed to them on a plate, without their having to make much effort. In practice, the reforms were giving them the opportunity to work hard and benefit as a result. But people had not yet fully accepted their side of this bargain, indeed they were a bit fearful of the responsibility they were being asked to accept. She could understand the difficulties which Mr. Gorbachev was facing, and the opposition which would come from those who would lose their jobs and were uncertain about the future. She supposed there would be a difficult period of two to three years at least before the benefits would appear. In the meantime, we would continue to give support to the process from outside, because we were convinced it was the right way to move. In the long run it would mean not just a better life for people in the Soviet Union, but a better world.

Mr. Gorbachev said that he was grateful for this support, which was very important both to him and to the process of reform. He genuinely believed there was overwhelming support within the Soviet Union for perestroika. But there were also many critics, both on the left and on the right. Some argued that since the difficulties with reform were so great, it must be slowed down and a grip taken on the situation by using 'old methods'. He could not exclude having to use 'old methods' in some cases, but would do so only if it helped to keep up the momentum of change. The real purpose of those who advocated slowing down change was to bury perestroika or break it altogether. They did not dare say so, but that was their real aim. The truth was with the administrative command system had totally exhausted itself and must be rejected.

Mr. Gorbachev continued that there was an equal danger from those who advocated that the Soviet Union should gallop ahead and try to achieve progress by a sort of light cavalry charge. That would just bring chaos: the situation was complicated enough anyway. There was a lot of turmoil in people's minds, even at the highest levels, and they needed time to adapt. The Cultural Revolution in China had shown just how counter-productive such tactics were: it had set back China's development by fifteen years at least. The fact was that neither extreme was valid or stood up to scrutiny, and there was no great difficulty in exposing the fallacies of both trends. The only thing he had to guard against was that the two extremes should not converge or coalesce and exploit discontent in Soviet society. There was little doubt that some people were attempting to do this, witness the growth of populist slogans and demagoguery. The aim of these people was to play on the difficulties of perestroika to 'strike at us'. His own objective was to reduce the strains and tensions in society by solving economic and political problems. In the short term that meant overcoming inflation (or what he called 'loose money'). That was the biggest problem, it must be solved now, and it might be necessary to take administrative measures to control it, otherwise the situation could get out of hand. The causes of inflation were that wages were growing faster than productivity. In the old days, there had been rigid constraints on how much could go to wages, how much to investment, how much to the social fund and so on. In the new situation, companies were pumping all the money to wages and neglecting investment and modernisation. They did not seem to realise that they would face a very difficult situation in the future if this went on.

Mr. Gorbachev went on that one had to bear in mind that these tremendous changes were taking place in a country inhabited by 120 different nations and peoples. This aspect had been discussed at the Central Committee Plenum in the previous few days and a new balance between the centre and the regions agreed. On the one hand the concept of federation had to be given real content which it had lacked in the past. But on the other, the whole of Soviet society must be kept together as one. There was no doubt about the difficulty of the nationalities problem. If it blew up, it would be curtains for perestroika. Some people were asking why on earth Gorbachev insisted in opening up change

on so many fronts at once. The fact was that you couldn't have economic reform without political reform. Khrushchev, Brezhnev and Kosygin had all tried that, and it didn't work. You simply had to involve people through great openness and democracy, and solving the nationalities problem was all part of this, as was reforming the Party. If the Party didn't understand its new role 'we will all be in trouble'. All in all, it was a second revolution and required vast effort and determination. The Soviet Union was passing through a very acute and painful transition. The old and the new were side by side. The important thing was not to panic but to continue to make progress step by step, following the strategic path he had mapped out. And that, said Mr. Gorbachev, answers your question Prime Minister in just one hour flat.

The Prime Minister said she was very grateful for this full account. She would sum up what Mr. Gorbachev was doing as maximum economic and political devolution within a unitary state and a unitary party. There were those who were using greater openness simply in order to criticise and put reform at risk. Mr. Gorbachev said that it would be naive to think that reform would be an easy stroll along the Nevsky Prospect or Piccadilly but there was no doubt it was happening. Society was already different, the whole environment was different. People might have some regrets but there was no doubt about the difference. Many crucial decisions were in the pipeline: property law, reform of the tax system, land ownership, republican and local self-government, economic reform: all would be taken up during the session of the Supreme Soviet starting on Monday.

Human Rights

The Prime Minister asked whether this would involve postponing legislation on human rights, including emigration and legal reform. What would become of the Emigration Law, about which Mr. Gorbachev had spoken at the United Nations? Mr. Gorbachev said that it was on the way. At least 50 Bills were wending their way through the process. The Emigration Law would certainly be adopted. The Foreign Ministry were trying to get it accelerated, but had been told to be patient. There were no real practical problems with emigration (or entry to the Soviet Union). Other problems were more urgent.

The Prime Minister said that some of the refuseniks had wanted to see her, but unfortunately there had not been time. The Ambassador had seen them on her behalf and they had raised a number of continuing difficulties over emigration, including the continued invocation of 'secrecy' and the 'poor relations' clause to restrict emigration. This was unfortunate. No doubt it was due to problems within the bureaucracy rather than any overall political decision. She would like to propose that individual cases should be followed up with the Foreign Ministry. Mr. Gorbachev said that generally speaking there should be no problems. Indeed, it was the United States and the Federal Republic who had problems with the influx of Soviet emigres. The general mood in the Soviet Union on emigration could be summed up as: "those who do not want to live here, let them go". The

Prime Minister said that our experience of raising individual cases had hitherto been quite positive and she suggested that we continue along this path, in the hope of getting them unblocked. Mr. Gorbachev said that the Emigration Law, when it came into force, would create an entirely different situation.

Eastern Europe

The Prime Minister said that the changes which Mr. Gorbachev was making in the Soviet Union were clearly having an impact in Eastern Europe. She thought that General Jaruzelski had dealt very skilfully with the situation in Poland. She had got to know him well during her visit to Poland in November and his subsequent visit to Chequers. He clearly valued his close links with Mr. Gorbachev. General Jaruzelski struck us as a great patriot and someone who wanted to find a way forward. We would do our best to provide practical help for Poland. The West wanted to help the emergence of prosperous, democratic societies in Poland and Hungary. But it was not our intention to undermine Soviet security interests in Eastern Europe. She knew that she spoke for President Bush as well in saying this. Mr. Gorbachev replied that internal reform was a matter for the countries themselves, but the structure of the Warsaw Pact must hold. Otherwise the situation would be much more difficult. Eastern Europe was potentially explosive and if things went too far, all the achievements of perestroika and the Soviet Union would be put at risk.

United States/Soviet relations

The Prime Minister said that President Bush had asked her to reassure Mr. Gorbachev of his support for perestroika and his desire to work for further improvement in East/West relations. We welcomed the intention to hold a US/Soviet summit meeting in the first half of next year. Mr. Gorbachev said rather grumpily that President Bush had taken his time about it. The Prime Minister said he was the sort of person who would not be rushed. He believed in patient and methodical negotiation. Mr. Gorbachev said that President Bush seemed to find it difficult to make up his mind sometimes and there were those around him who definitely did not wish the Soviet Union well. 'Everything gets through to me, even things he does not want to reach me - just as you get to hear points I do not wish you to hear!'.
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Arms control

The Prime Minister suggested that she and Mr. Gorbachev should review the state of the various arms control negotiations. They might start with Chemical Weapons. She was aware of the discussions going on between the US and the Soviet Union on exchange of data and verification, and approved of these. She was also briefed on the proposals which President Bush had described to Mr. Shevernadze in Washington and would be making public in his United Nations speech. It looked to her as though the position on CW was more hopeful than for a long time, always provided it was possible to get the agreement of other Chemical

Weapons-capable states to a global ban. But the problems of verification should not be under-estimated. Mr. Gorbachev observed that the Prime Minister was a chemist by training and no doubt understood these matters much better than he did. The Prime Minister continued that both sides would have to act with total integrity if there was to be confidence in a Convention. She hoped that the proposed data exchange with the United States would help to eliminate the doubts which she had expressed to Mr. Gorbachev at their last meeting about the accuracy of Soviet statements about their CW stocks. So long as countries like Libya, Syria and Iraq had chemical weapons and were not part of a Convention, it was vital that the United States should retain some deterrent capability, even more so now that so many countries had a ballistic missile capability. This consideration lay behind the President's proposals for phasing of reductions. Mr. Gorbachev said that one should certainly not over-simplify the problem of verification: it was a serious matter. Each side must be certain of the other. He would like to see close Soviet-British consultations continue. They had proved very influential in the past.

The Prime Minister said that she understood that the Soviet Union had not yet begun destruction of its chemical weapons because there were difficulties over the plant at Chapayevsk. Mr. Gorbachev said the problem lay with the Greens. They were very unhappy. The Prime Minister said that, on her return, she would look into the methods we had used to destroy our own chemical weapons in 1958, to see if there were any lessons to be learned. Reverting to the main point, she concluded that, provided Secretary Baker and Mr. Shevernadze completed their discussions in Wyoming successfully, we would all have taken an important step forward.

Mr. Gorbachev said that he could see the Prime Minister was fully in the know. But he would just check that President Bush was informing her correctly, by taking her through the latest Soviet proposals on START. He had written to President Bush because the Americans seemed to be marking time in these discussions. There had been good progress with START under President Reagan and it was important to reinvigorate the negotiations. His letter had therefore contained a number of new proposals. On the linkage between START and the ABM Treaty, he had proposed that both sides agree that any violation of the ABM Treaty by one side would give the other side the right to withdraw from a START agreement. If the United States could not bring itself to say this, then the Soviet side would state it unilaterally. He had put forward other proposals dealing with the counting rules for ALCMs and options on SCLCMs, which were intended to overcome American concerns. These proposals should create the conditions for serious negotiations. They had been formulated following private and free-wheeling discussions between General Scowcroft and General Akromeyev. These talks would continue: it was important that the military should understand each other.

The Prime Minister said that these were principally matters for the United States and the Soviet Union, although we did of course take a very close interest. She believed that President

Bush wanted an agreement on strategic arms, but it was very important to get the technicalities right. She understood that the United States, for its part, was putting forward new proposals on mobile ICBMs. She interpreted the Soviet proposal on the linkage between START and the ABM Treaty as a means of enforcing observance of the Treaty. Mr. Gorbachev said that it was an attempt to take account of US concerns.

Mr. Gorbachev said that on CFE, the Warsaw Pact had reacted favourably to NATO's proposals in July. But they would stick to their position on a common ceiling for personnel of 1,350,000 for each side, with a ceiling for stationed forces of 300,000. But on the NATO side this latter ceiling must include not only US forces, but also those of Britain, France, Canada and Belgium. The Prime Minister said crisply that this would not be acceptable. The position of the United States and the Soviet Union was entirely different from that of the European countries, in that they had large areas of territory which would not be covered by the CFE negotiation, in which they could keep their forces. Mr. Gorbachev said that if the necessary overall reduction was to be achieved, then everyone would have to reduce their forces, not just some. The Prime Minister insisted that a clear distinction must be drawn between US and Soviet forces and those of other countries. Europe was very small and very vulnerable and must be allowed the forces necessary to maintain its defensive strategy. Mr. Gorbachev observed that everything was changing and that Europe must change too. The Soviet Union had changed its strategy and the structure of its forces. The United Kingdom must do its bit. After all, Britain had nothing like the internal problems facing the Soviet Union. The Prime Minister said her point was you could not reduce everything at once. The United States and the Soviet Union were unique in having substantial forces both in Europe and elsewhere. If Mr. Gorbachev insisted on the position he was putting forward, it would cause immense problems and hold up the negotiations. Mr. Gorbachev urged the Prime Minister to think again: one should never say never. The Prime Minister said that Mr. Gorbachev should not create new difficulties. We wanted to see an agreement next year. But we had to take account of the fact that, even after the unilateral reductions announced by Mr. Gorbachev, Warsaw Pact forces would be far stronger and numerous than those of NATO.

Mr. Gorbachev continued that the Soviet Union would put forward arguments in Vienna which he hoped would convince NATO that Warsaw Pact proposals represented enormous progress. Another area in which they wanted to meet the West's concern was over aircraft. Here they would propose a limit of 4,700 for each side, with a separate ceiling for air defence aircraft. NATO must understand that the Soviet Union had to be able to provide proper air defence for its security. The Prime Minister said that she recognised this proposal marked a substantial step forward. But air defence was only a role assigned to an aircraft and did not prevent it being used for other tasks. It was the capability which was crucial. Mr. Gorbachev said he was not qualified to discuss the functional designation of particular aircraft. That was a matter for the military. The important

thing was that the Soviet Union was prepared to consider a ceiling of numbers of aircraft quite close to NATO's own proposals. Come to that, he wondered why the West was so timid about Soviet ideas for including carrier-borne aircraft. There ought to be limits on these as well as on naval forces. Their might never again be such a good opportunity to limit forces of all kinds. The Prime Minister said she agreed that the appropriate place to resolve these issues was in the negotiations in Vienna. She had already explained to Mr. Gorbachev at their last meeting why we could not contemplate limits on naval forces and carrier-borne aircraft. The important point was that both sides wanted a CFE agreement by the end of next year. Mr. Gorbachev said he was sure we would have one.

The Prime Minister said that she supposed that Mr. Gorbachev would want to raise SNF. If so, they would of course disagree. Mr. Gorbachev retorted that people would think they had gone mad if they did not have their customary disagreement on the subject. The Soviet Union wanted the total elimination of SNF. But it was clear from his earlier discussions with the Prime Minister and the strong position which she had taken on the subject in NATO, that this objective could not be achieved now. So as an intermediate step, he could accept a compromise under which each side would retain a certain level of SNF to give reliability to its defence. Anything in excess of this agreed level would be eliminated. There was no need to wait for a CFE agreement to be completed before beginning negotiations on this. They should proceed in parallel with the CFE negotiations. Once talks started, the Soviet Union would be ready to make unilateral cuts in its SNF missiles. The Soviet and British Defence Ministers had started to discuss this issue during General Yazov's visit to London. It might be useful to have further talks, to kick the problem around.

The Prime Minister said that SNF were vital to NATO's strategy, because they demonstrated to anyone considering an attack that they might have to face nuclear retaliation. Their purpose was to prevent war and there was no question of eliminating them. This had been agreed by NATO as a whole at its Summit in the spring. It had also been agreed that, once a CFE agreement had been reached and implementation was under way, then negotiations could start on reductions in SNF to common ceilings above zero. Meanwhile the Soviet Union could afford to make substantial unilateral reductions, given its very considerable superiority. Mr. Gorbachev said that he was trying to meet the concerns expressed in the NATO Summit communique. Since NATO admitted that there could be negotiations at some stage, why not at least start to talk about the form which these negotiations would take? He must warn the Prime Minister that the Soviet Union would continue to press this point of view strongly, as a matter of common humanity. He thought that other European countries would be receptive. No doubt the Prime Minister would continue to resist and he would have to make clear that Mrs. Thatcher was determined to devote her life to the defence of nuclear weapons. The Prime Minister said she was not daunted by this. So long as she was Prime Minister Britain and NATO would have a sure defence. The right mix of weapons was the best guarantee against war. One never knew where the challenge might

come from, particularly now that so many countries had a ballistic missile capability. Mr. Gorbachev said he had no problem in admitting everyone's right to be sure of their security. That had been clearly understood between him and the Prime Minister since their first meeting. The Soviet Union would never allow its security to be undermined. It was therefore an argument he understood and would take into account, as indeed he had already shown by dropping the Soviet Union's insistence on involving the British and French deterrents in the START negotiations. But SNF could not be presented as a deterrent against a threat from any quarter: it was relevant only to a limited area in central Europe and people on both sides of Europe wanted to get rid of these weapons. The Prime Minister concluded that there were enormous possibilities for progress over the next year on CFE, CW and START. We should focus on these negotiations and leave SNF out of account, not necessarily for ever but until we could see how the world looked when agreements had been reached and implemented in these other areas.

Bilateral questions

The Prime Minister observed that time was running out. She had a few bilateral matters to raise briefly. We were concerned that the Simon Carves plant in Yerevan was running into problems, because the Soviet Union was a year behind with the supply of micro-chips. She wanted Mr. Gorbachev to be aware that the difficulties were no fault of ours. Mr. Gorbachev said the point was taken (adding in an aside to Mr. Chernayev 'We must act').

The Prime Minister continued that there were also some delays in getting the school in Armenia built because of the problems in that region. She understood that progress with the foundations had been held up, as had the delivery of some of the pre-fabricated parts. Mr. Gorbachev said that, once again, he took the Prime Minister's point. There were very difficult problems in the area. He wanted at all costs to avoid having to use force where passions were already white-hot, but making progress by political means took time. People were actually blocking the railway lines using women and children. But he noted what the Prime Minister had said and would see that everything possible was done to get deliveries there.

The Prime Minister noted that Mr. Gorbachev had referred indirectly at the very beginning of their talk to the problem of expulsions which had affected relations between Britain and the Soviet Union a few months earlier. We had only taken action when there had been no alternative: and we had tried to make it possible to keep things quiet. Unfortunately the Soviet side had reacted in such a way to make this impossible. She proposed that the two Foreign Ministers should be instructed to discuss the problem and find a solution which was reasonable, reciprocal and lasting. She did not wish to be confronted with the same difficulties again. Mr. Gorbachev said that was fine with him. He showed no interest in pursuing discussion further.

Lunchtime Discussions

Discussion over the lunch which followed was lively, darting about from topic to topic. I did not take a record but recall the following points.

Mrs. Gorbachev reminisced about her visit to Chequers in 1984 and the pleasure they had both derived from this.

The Prime Minister referred to our hope that Mr. Ryzkhov would pay a visit to Britain soon. Mr. Gorbachev said that he would be very tied up with the meetings of the Supreme Soviet for the remainder of this year at least. The Soviet Ambassador subsequently said that Ryzkhov had told him that he would like to come in January/February 1990.

Mrs. Gorbachev said she was sure the Prime Minister had noted the great changes which were taking place in the Soviet Union. It sometimes seemed there were now 300 million newspaper readers. Mr. Gorbachev said one should not believe everything one read in the newspapers, with which the Prime Minister strongly concurred. Mrs. Gorbachev said there were also now 300 million specialists on every aspect of politics and society, which was making life very difficult.

Conversation then moved to Mr. Primakov's promotion. Mr. Primakov said that he put it down entirely to his good fortune in having been selected to meet the Prime Minister on her way to Tokyo. He had no inkling then that he was about to be elevated. Mr. Gorbachev chortled and said that he thought perhaps he had played a part too. Mrs. Gorbachev hushed him, saying that was top secret.

Mr. Gorbachev, toasting the Prime Minister, said that he was grateful for the great interest which she took in developments in the Soviet Union. He did not want to be immodest but he really believed they were of world-wide importance. The Prime Minister agreed, saying she thought the changes Mr. Gorbachev was making would have a bigger effect in the end than the October Revolution. Mr. Gorbachev said that the October Revolution had been a start. The task now was to unfold it and at the same time to get rid of a lot of undesirable things in the Soviet Union.

The Prime Minister talked about her visit to Bratsk and how those whom she had met had complained about the difficulties being caused for them by environmentalists. It was generally agreed by all the Soviet guests present that the Greens in the Soviet Union were something of a pain, with no idea of the problems of managing a modern society.

Mr. Gorbachev said that he would be visiting the GDR on 6-7 October. In reply to the Prime Minister's question, he said that he understood Herr Honecker would pay a full part in the programme. He seemed to be recovering well from his operation.

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There was a lot of talk about the nationalities problem in the Soviet Union of which I cannot recall all the details. It left a strong impression of Russian nationalism, not to say chauvinism. Mr. Gorbachev referred at one point to the way in which he and Mr. Shevardnadze had worked together, at the time when he was in Stavropol and Mr. Shevardnadze in Georgia, making clear their friendship went back a long way. He also recalled how General de Gaulle had once complained about the difficulty of ruling a country with 200 cheeses: how much worse to have 120 nationalities. 'Especially when there is a shortage of cheese' added Mr. Albakin morosely.

We then got on to the merits of various sorts of Soviet cognac, with the general consensus being that the Armenian variety was best.

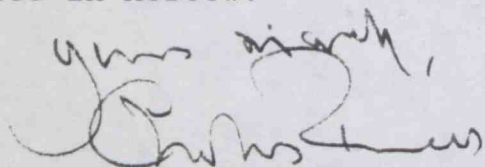
The Prime Minister tried to introduce some discussion of China, but Mrs. Gorbachev said rather prissily that this was a matter for the Chinese. The Prime Minister talked about the difficulties facing Hong Kong. Mr. Gorbachev said that his impression from all the Chinese leaders whom he had met was that they were determined to comply with the Joint Declaration in full, so that one country, two systems became a reality.

There was a very brief reference to the Middle East. Mr. Gorbachev maintained there was some movement towards a political solution. He referred to the development of Soviet contacts with Saudi Arabia. He had been told that Rafsanjani in Iran was not really of a clerical turn of mind. He was a rational man, not a fanatic.

The Prime Minister referred to her visit to Japan and this got Mr. Gorbachev quite heated. He very much agreed with the Prime Minister that Japan should not be encouraged to play a bigger role in defence. The Japanese wanted to bring the Soviet Union to its knees on the question of the northern islands. They wanted to re-open the territorial question, and would have to learn that the Soviet Union had no territory which was surplus to requirements. They were not prepared to fiddle with the borders agreed at the end of the War. The Japanese were keen to re-open discussions, but the Soviet intention was to give them time to take a different view.

This letter should be given only a very limited distribution within Departments.

I am copying this letter to John Gieve (HM Treasury), Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office). I should be grateful if you could also arrange for a copy to be sent to Sir Rodric Braithwaite in Moscow.


CHARLES POWELL

Stephen Wall, Esq.,
Foreign and Commonwealth Office

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10 DOWNING STREET
LONDON SW1A 2AA

24 September 1989

From the Private Secretary

Dear Stepler,

PRIME MINISTER'S MEETING WITH MR. GORBACHEV

I have recorded separately the main details of the Prime Minister's talks with Mr. Gorbachev in Moscow on 23 September. There was one part of the talks for which it was agreed between the Prime Minister and Mr. Gorbachev that no notes should be taken. Nevertheless, I think their remarks should be recorded and this letter does so. But it should be seen only by the Foreign Secretary and the Permanent Under Secretary. I will also arrange for Sir Percy Cradock to be informed.

The discussion concerned the situation in Eastern Europe and the possibility of German reunification. As I have recorded elsewhere, the Prime Minister said that the help we were giving to Poland and Hungary was not intended to undermine Soviet security interests in Eastern Europe. Mr. Gorbachev said that the Soviet Union had already done what was necessary to take care of its security. But the situation was potentially explosive and it was important that everyone should proceed with caution. The Prime Minister said that she could understand the fear that, if changes were made too rapidly, then the situation might blow up in all our faces. She assumed this was what Mr. Gorbachev meant. Mr. Gorbachev said that it was up to each country to choose how it wanted to develop internally, but the structure of the Warsaw Pact must remain intact. He assumed that the Prime Minister recognised this when she said that there was no intention to undermine Soviet security interests. If the situation did get out of hand, everything which he had achieved would be put at risk. It was as well this should be clearly understood, not just in theory but in practice.

The Prime Minister then asked Mr. Gorbachev's assessment of the prospects in the GDR. Surely there would be changes in the direction of greater democracy there as well. That would awaken fears in some quarters of German reunification. Although NATO traditionally made statements supporting Germany's aspiration to be reunited, in practice we would not welcome it at all. She was not speaking for herself alone. She had discussed the matter with at least one other western leader. She would welcome some

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reassurance about Mr. Gorbachev's attitude. Mr. Gorbachev said that he could see what the Prime Minister was driving at. The Soviet Union understood the problem very well and she could be reassured. They did not want German reunification any more than Britain did. It was useful that the matter had been raised and that he and the Prime Minister knew each other's mind on this delicate subject. He agreed that no mention should be made of their exchange and no record kept (while speaking, he ordered Uspensky, who was interpreting, to translate from memory and not to take any notes).

*Yours sincerely,
C. D. Powell*

(C. D. POWELL)

J. S. Wall, Esq.,
Foreign and Commonwealth Office.



PS/PM

The Prime Minister may wish to write thank you letters as follows:

1. President of the Praesidium of the Supreme Soviet of the Union of Soviet Socialist Republics, Mr Mikhail Sergeevich Gorbachev.
2. Academician Evgeny Maximovich Primakov. Academician Primakov is Chairman of the Council of the Union of the Supreme Soviet and was recently appointed a candidate member of the Politburo. He greeted the Prime Minister at Vnukovo airport on both Monday 18 and Saturday 23 September and also bade her farewell on 23 September.
3. HM Ambassador will write thank you letters to Mr Chernyshev, Head of Protocol Department and to the Head of Soviet Security during the Prime Minister's visit.

N M Griffiths

N M Griffiths

23 September 1989

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MIPT: FOLLOWING IS TEXT OF PM'S SPEAKING NOTE FOR THE US ADMINISTRATION

THE PRESIDENT ASKED ME FOR AN EARLY REPORT ON MY DISCUSSIONS WITH MR. GORBACHEV. I SHOULD BE GRATEFUL IF YOU COULD PASS THE FOLLOWING IMPRESSION TO HIM AND TO JIM BAKER IN WYOMING.

WHATEVER THE DIFFICULTIES HE FACES, THERE IS NO DOUBT THAT MR. GORBACHEV IS IN GOOD FORM: EBULLIENT, VIGOROUS, CONFIDENT. THERE IS NO SIGN THAT HE FEELS HIS POSITION AT RISK.

WE HAD A LONG TALK ON THE PROGRESS OF INTERNAL REFORM. HE IS REALISTIC ABOUT THE DIFFICULTIES AND CAUSTIC ABOUT HIS OPPONENTS, BOTH THOSE WHO SAY HE IS GOING TOO FAST AND THOSE WHO WANT TO GO MUCH FASTER STILL. HIS ONE CONCERN SEEMED TO BE THAT THE TWO EXTREMES MIGHT UNITE TO BUILD ON POPULAR DISSATISFACTION AND UNDERMINE HIS POLICIES. BUT HE SEEMED TO TREAT THIS AS A LARGELY THEORETICAL POSSIBILITY. HE WAS FRANK ABOUT THE ECONOMIC DIFFICULTIES, IN PARTICULAR INFLATION, AND HINTED THAT IT MIGHT BE NECESSARY TO RETURN TO 'OLD ADMINISTRATIVE METHODS' TO DEAL WITH THESE. (I PRESUME HE MEANS RATIONING, SUSPENSION OF THE RIGHT TO STRIKE OR SOMETHING IN THAT AREA). HE TALKED AT LENGTH ABOUT THE NATIONALITIES PROBLEM, BUT UNDERLINED HIS DETERMINATION TO AVOID THE USE OF FORCE, EVEN WHERE THERE WAS GROWING VIOLENCE AS IN ARMENIA.

I CONVEYED THE PRESIDENT'S THREE POINTS TO MR. GORBACHEV, NAMELY:

- THAT US/SOVIET RELATIONS ARE IN BETTER SHAPE THAN EVER AND THAT THE PRESIDENT IS SINCERE IN HIS SUPPORT FOR PERESTROIKA
- THAT HE HAS NO RESERVATIONS ABOUT PROCEEDING TO IMPROVE EAST/WEST RELATIONS:
- AND THAT WESTERN SUPPORT FOR REFORM IN EASTERN EUROPE IS NOT INTENDED TO THREATEN SOVIET SECURITY INTERESTS.

MR. GORBACHEV PAID PARTICULAR ATTENTION TO THIS LAST POINT. HE DESCRIBED DEVELOPMENTS IN EASTERN EUROPE AS POTENTIALLY EXPLOSIVE AND SAID THAT, IF THEY WENT TOO FAR, THEY COULD PUT EVERYTHING THAT HE HAD BEEN ABLE TO ACHIEVE AT RISK. THEIR INTERNAL DEVELOPMENTS WERE THEIR OWN AFFAIR BUT THE STRUCTURE OF THE WARSAW PACT MUST HOLD. HE THOUGHT THAT THE PRESIDENT ACCEPTED THIS, BUT CLAIMED THERE WERE OTHERS IN THE US WHO DID NOT.

HE WAS CLEARLY PLEASED ABOUT THE PROSPECT OF THE US/SOVIET SUMMIT IN

THE FIRST HALF OF NEXT YEAR AND ATTACHES GREAT IMPORTANCE TO THIS. HE STILL GRUMBLES THAT THE PRESENT ADMINISTRATION HAS BEEN SLOW TO DO BUSINESS WITH HIM. I TOLD HIM THAT THE PRESIDENT WAS SOMEONE WHO WOULD NOT BE RUSHED BUT WOULD WORK THROUGH PATIENT AND METHODOLOGICAL NEGOTIATION.

WE DISCUSSED ARMS CONTROL AT SOME LENGTH. I EMPHASISED THAT THE PRESIDENT HAS BRIEFED ME FULLY AND THAT I SUPPORTED THE PROPOSITIONS HE WAS PUTTING FORWARD. GORBACHEV SEEMED GENERALLY CONTENT WITH THE PRESIDENT'S PROPOSALS ON CHEMICAL WEAPONS. HE APPEARED TO RECOGNISE THE NEED FOR THE UNITED STATES TO RETAIN A MINIMAL QUANTITY OF CW UNTIL ALL CHEMICAL WEAPONS STATES ADHERED TO THE CONVENTION.

ON CFE HE PUSHED HARD ON THE INCLUSION OF FRENCH, BRITISH AND BELGIAN FORCES WITHIN THE CEILING FOR STATIONED FORCES IN EUROPE. (I MADE CLEAR THAT WAS TOTALLY UNACCEPTABLE TO US). BUT HE SAID THE SOVIET UNION WOULD BE PUTTING FORWARD A REVISED POSITION ON AIRCRAFT, WHICH WOULD RAISE THE PERMITTED NUMBER TO 4,500, WITH A SEPARATE CEILING FOR AIR DEFENCE AIRCRAFT. HE SAID AT ONE POINT THAT HE WAS CERTAIN (LAST WORD UNDERLINED) THERE WOULD BE A CFE AGREEMENT NEXT YEAR.

ON START HE DESCRIBED THE PROPOSALS IN HIS MESSAGE TO THE PRESIDENT. BUT HE PRESENTED THE LINKAGE BETWEEN THE SPACE DEFENCE AND THE ABM TREATY RATHER DIFFERENTLY. IN HIS VERSION ANY VIOLATION OF THE ABM TREATY WOULD GIVE THE OTHER SIDE THE RIGHT TO WITHDRAW FROM A START AGREEMENT.

HE ALSO RAISED THE SUBJECT OF SNF SAYING THAT

- WHILE THE LONG TERM AIM REMAINED TO GET RID OF THEM - THE SOVIET UNION WOULD ACCEPT EQUAL CEILINGS ABOVE ZERO. AS AN INTERMEDIATE STEP: AND WOULD BE PREPARED TO MAKE UNILATERAL REDUCTIONS AS SOON AS NEGOTIATIONS STARTED. I STUCK FIRMLY TO THE AGREED NATO POSITION.

THOSE WERE THE MAIN POINTS. WE COVERED ONE OR TWO BILATERAL MATTERS, AND I ALSO RAISED THE QUESTION OF REFUSENIKS. HE CLAIMED THAT THERE SHOULD BE NO PRACTICAL DIFFICULTIES FOR THEM IN FUTURE AND ASSURED ME THAT THE EMIGRATION LAW WOULD COME FORWARD IN DUE COURSE.

GORBACHEV MENTIONED THAT HE WOULD VISIT THE GDR ON 6-7 OCTOBER AND CLAIMED THAT HONECKER WOULD PLAY A FULL PART IN THE PROGRAMME.

I WILL LET THE PRESIDENT HAVE A FULLER ACCOUNT WHEN I HAVE HAD TIME TO REFLECT. PLEASE TELL HIM HOW VERY GRATEFUL I WAS FOR HIS FULL AND PROMPT ACCOUNT OF HIS OWN MEETING WITH SHEVARDNADZE.

BRAITHWAITE

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BRIEFING FOR THE US ADMINISTRATION

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HE ALSO RAISED THE SUBJECT OF SNF SAYING THAT

- WHILE THE LONG TERM AIM REMAINED TO GET RID OF THEM - THE SOVIET UNION WOULD ACCEPT EQUAL CEILINGS ABOVE ZERO, AS AN INTERMEDIATE STEP; AND WOULD BE PREPARED TO MAKE UNILATERAL REDUCTIONS AS SOON AS NEGOTIATIONS STARTED. I STUCK FIRMLY TO THE AGREED NATO POSITION.

THOSE WERE THE MAIN POINTS. WE COVERED ONE OR TWO BILATERAL MATTERS, AND I ALSO RAISED THE QUESTION OF REFUSENIKS. HE CLAIMED THAT THERE SHOULD BE NO PRACTICAL DIFFICULTIES FOR THEM IN FUTURE AND ASSURED ME THAT THE EMIGRATION LAW WOULD COME FORWARD IN DUE COURSE.

GORBACHEV MENTIONED THAT HE WOULD VISIT THE GDR ON 6-7 OCTOBER AND CLAIMED THAT HONECKER WOULD PLAY A FULL PART IN THE PROGRAMME.

I WILL LET THE PRESIDENT HAVE A FULLER ACCOUNT WHEN I HAVE HAD TIME TO REFLECT. PLEASE TELL HOW VERY GRATEFUL I WAS FOR HIS FULL AND PROMPT ACCOUNT OF HIS OWN MEETING WITH SHEVARDNADZE.

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PRIME MINISTER'S VISIT TO MOSCOW

1. THE PRIME MINISTER BRIEFED THE AMERICAN CHARGE D'AFFAIRES THIS EVENING BEFORE DEPARTURE, AND PASSED HIM A SPEAKING NOTE TO BE HANDED URGENTLY TO THE PRESIDENT AND TO MR BAKER IN WYOMING. THE TEXT IS IN MY IMMEDIATELY FOLLOWING TELEGRAM.
2. CHARLES POWELL WILL DICTATE A RECORD ON HIS RETURN. NO BRIEFING SHOULD BE GIVEN TO COLLEAGUES OR ALLIES MEANWHILE.

BRAITHWAITE

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MEETING WITH MR. GORBACHEV

1. Visit to Bratsk: grateful for courtesies.

✓ 2. Your continued strong public support for his policies.

Internal

3. Internal developments. Interested to hear about progress with:

- economic reform. Austerity measures?
- nationalities. Latest statement by Lithuanian CP. *Statute expanded c.p.*
- Armenia/Azerbaijan - law on private property.
- Emigration law and other human rights legislation.
Concern about refuseniks.

Azerbaijan
Armenia

✓ 4. Major developments in Eastern Europe since last meeting: Poland (role of Jaruzelski), Hungary. Western support not aimed at undermining Soviet security interests. Implications for East Germany: German reunification?

President
Bush

5. Contact with President Bush. Briefed on details of letter.

Welcome progress and intention to hold Summit early next year. Bush asked you to make three points:

- *better shape* US/Soviet relations better than ever. Sincere support for Perestroika.
- no reservations about proceeding to further improvements (despite media concentration on Soviet problems).
- no intention to threaten Soviet security interests in Eastern Europe. Want to develop free and prosperous societies there.

Quint in Geneva

6. Arms control:

- welcome re-engagement of START negotiations and decision on KRASONYASK. Ask him to explain latest Soviet proposals.
- support Bush's latest proposals on CW. Key remains verification. Continuing concern about Soviet figures for CW stocks: hope measures being discussed at Wyoming on exchange of data/inspections will help.

Strategic Review

7. - CCFE. Progress being made. Understand new Soviet position on aircraft likely. Support aim of trying to complete by late next year, with concluding Summit.

- SNF. NATO position set out in communique of NATO Summit. First step for Soviets to reduce unilaterally. Longer term aim - if CFE agreement reached and implemented - of equal ceilings at lower levels (but always same).
- Nuclear tests
- open skies - *Canadian*

7. Bilateral:

- hope for visit by Ryzkhov. Your visit to Kiev (and Armenia, if work on school pressed forward?).
- trade: problems at Simon Carves plant. - *Relationship supply - a year behind*
- ceilings. It is not Mr. Gorbachev's policies which we object to, but KGB activities which run counter to them. Suggest depute Foreign Minsiters to discuss and find reasonable and reciprocal solutions.

and lasting.

*C.O.C.O.M.,
Propaganda
G.W.C. logic
Simon Carves
expensive*

8. International issues:

- Iran
- Angola/Namibia
- Central America (Americans remain very concerned).
- [Afghanistan] - *Could respond*

9. Gordievsky. Treat as reunification case. Let her come to UK and talk over with him. Personal undertaking that no obstacle put in way of her return.

10. Embassy. Please can we keep it. Invite Gorbachev to see for himself.

11. The Queen. *Unlikely to be possible before 1992/3.*

Mr Powell

JEWISH EMIGRATION

1. I met some of the Moscow refuseniks this morning. They welcomed the prospect that the Prime Minister might raise the emigration question in broad terms when she saw Mr Gorbachev and ask him to instruct his officials to negotiate with the Embassy constructively and urgently about individual cases.

2. The new law on emigration (and other Human Rights legislation) is now unlikely to be passed by the Supreme Soviet until the Spring, because economic legislation has priority. Meanwhile, the time-table within which Mr Gorbachev at the United States last December, and his negotiators in Vienna in January, said that these matters would be resolved is not being observed. There are obvious implications for the 1991 Human Rights Conference in Moscow.

/ 3. I attach some points that the Prime Minister might wish to make.

RB

Rodric Braithwaite

22 September 1989

JEWISH EMIGRATION

POINTS TO MAKE

- Welcomed Gorbachev's helpful remarks at the UN General Assembly, and Soviet officials' statements at Vienna CSCE final conference.

- But necessary Soviet laws and regulations still not yet in place. In consequence:

- (a) would-be emigrants are still denied visas on "secrecy" grounds, although in 70% of cases known to Embassy the applicant last did secret work more than ten years ago;
- (b) the requirement to secure acquiescence of "poor relations" has meant (sometimes deliberately) that visas have been unreasonably denied;
- (c) there is no adequate procedure for applicants to appeal against refusal;
- (d) in several cases, visas have been granted and then been revoked.

||| - Hope Gorbachev could instruct Soviet officials to discuss constructively with British Embassy; |||

- Obvious implications both for perestroika generally, and for prospects for 1991 Conference.

Mrs. MARGARET THATCHER
The Prime-Minister of Great Britain

Dear Mrs. Margaret Thatcher!

Jews-refuseniks express you our great gratitude for you tireless efforts in the assertion Human Right, including our right to leave the Soviet Union. We have been inspired and warmed by fact that your Government and British Parliament demand from the Soviet representatives (on every meetings) to liquidate the shameful phenomenon of long-term refusal and support always our requests:

- to give all the long-term refuseniks exit visas without any preconditions;
- to accept the Law about entrance and exit, that must be in full accordance with International Pacts and Agreements, including Vienna Final Document;
- to verify one year the practical usage of this Law.

In spite of increased number of the exit visas during this year, nowadays in the USSR there more than 100 families (known to us) so-called "state-secrecy" refuseniks.

There are: 3 families, members of which quitted their "secret job 25 and more years ago;

16 families, members of which quitted their "secret job 16-24 years ago;

51 families, members of which quitted their "secret job 10-15 years ago;

7 families, members of which quitted their "secret job 5-9 years ago.

The practice of withdrawal the exit visas and renewal the "state-secrecy" status still goes on. During the last months the number of "state-secrecy" refuseniks has been increased and number of "poor relatives" also increased. For various reasons (mostly because of fear for career or of revenge) the relatives avoid to give the affidavites their children and ex-spouses.

The Ambassador Yuri Kashlev's promise in Vienna in January 1989 to revise all the refuseniks cases during half an year was not fulfilled. The draft of the Law of entrance and exit has not been published yet, the time of it's consideration on the Supreme Soviet of the USSR is not known. The long-term refuseniks did not received the answers from the Commissions of the Supreme Soviet to their request to invite them for discussing the draft of the Law. The lawless practice of deprivation of citizenship

of persons who leave the Soviet Union by Israely visas still going on(with the fee-500rb.).

In connection with your future meeting with Mr.M.Gorbachev we ask you to demand from the USSR to fulfill it's International obligations in the sphere of Human Rights.The free emigration from the Soviet Union has to be guaranteed by Law with essential legal protection,but not to be the Authorities arbitrary favour or crumb,it must not depend on juncture,trade transaction and state visits.

Only your influence and pressure can help us to realize our natural right to emigrate from the USSR.It is high time to put an end to the shameful Phenomenon of Refusal.

We do not know how it is possible to plan the Conference about Human Dimension of CSCE in 1991 in capital of the country,which violates the Right to emigrate?

Sincerely yours

On behalf of long-term refuseniks - the members of the legal seminar on emigration problems and members of the Publik Committee for monitoring visa-office work:

Leonid Stonov
David Mikhalev
Natalia Magazanik
Anatoly Genis
Zanna Tessler
Boris Zolotarevsky
Lev Milman
Eugene Scrinnik
Emanuel Lurie
Alexandr Rappoport
Irina Sterkina
Dmitry Protopopov
Ester Futorianskaya
Emil Kunin



and others

Moscow, September, 18, 1989

Enclosed-The lists of Refuseniks

Moscow 19 September 1989

Her Excellency, the Prime Minister of Great Britain
Mrs. Margaret Thatcher

Dear Mrs. Thatcher,

For almost a year, an Institute for Judaic Studies under the auspices of the Academy of World Civilizations / World Laboratory has been operating in Moscow. This educational framework provides intensive courses in traditional Jewish literature to a growing number of Soviet Jewish students. The Institute has had a very positive impact on the cultural life of the Jewish community of Moscow and far beyond; since it is the only legally recognized institution providing a program in Judaic studies in a country with a Jewish population numbering in the millions. When I addressed the All Party Committee for the Release of Soviet Jews of the House of Commons in London last July I mentioned the operation of this institute as one of the most positive developments in recent years. The information on the institute aroused great interest among the Members of Parliament present.

For the past few months, the Institute has been housed in a branch of the Moskva Hotel located at Zvenigorodskaya 16. A few days ago, the Institute was informed that the Moscow municipal authorities have ordered the Institute to vacate the building within a fortnight - on Oct. 1, which is the second day of the Jewish High Holiday (Rosh Hashana). No explanation was given and no opportunity was given to come to a mutually satisfactory financial agreement. The reasons for this are not clear. All parties involved agree that the continued growth and development of the Institute within its legal framework is desirable. Therefore the sponsoring bodies have done their best to find an alternative. However, due to the absence of prior notice and the current very tight housing market in Moscow, it is almost impossible to find an adequate alternative facility.

The arbitrary action of city authorities does not appear to be in accordance with current governmental policies nor to have been taken with the knowledge of the highest governmental authorities. I allow myself to hope that Your Excellency sympathizes with the goals of this institution and its current difficulties. I would be most grateful if you could bring this situation to the attention of the highest Soviet authorities with whom you will be meeting and express your concern. Such action on your part should rectify this situation promptly and would be in accord with the British tradition of humanitarianism and your own long standing record of concern and deeds on behalf of Soviet Jews.

With gratitude for your assistance,

V. Dashevsky
Dr. Vladimir Dashevsky,

copy: All Party Committee for Release of Soviet Jewry / House of Commons



Mr Powell ✓ CMh

JEWISH EMIGRATION

1. I met some of the Moscow refuseniks this morning. They welcomed the prospect that the Prime Minister might raise the emigration question in broad terms when she saw Mr Gorbachev and ask him to instruct his officials to negotiate with the Embassy constructively and urgently about individual cases.
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- / 3. I attach some points that the Prime Minister might wish to make.

RdB

Rodric Braithwaite

22 September 1989



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- Hope Gorbachev could instruct Soviet officials to discuss constructively with British Embassy;

- Obvious implications both for perestroika generally, and for prospects for 1991 Conference.

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FOLLOWING FROM CHARLES POWELL

YOUR TELEGRAM NUMBER MISC 263; PRIME MINISTER'S VISIT TO MOSCOW;
REFUSENIKS.

THE PRIME MINISTER WOULD CERTAINLY BE READY TO RAISE THE SITUATION
OF REFUSENIKS BUT DOES NOT SEE HER MEETING WITH MR. GORBACHEV
AS THE OCCASION TO GET INTO DISCUSSION OF INDIVIDUAL CASES. NOR
DOES SHE THINK IT WOULD BE PRACTICABLE ON THIS OCCASION TO
RECEIVE A GROUP OF REFUSENIKS. THERE IS ONLY A VERY LIMITED
TIME AVAILABLE AND SHE WOULD PREFER TO USE IT FOR BRIEFING FOR
HER MEETING WITH MR. GORBACHEV. PERHAPS YOU COULD SEE THE
REFUSENIKS ON HER BEHALF ON FRIDAY SO THAT YOU CAN GIVE THE
PRIME MINISTER AN UP TO DATE ACCOUNT OF THEIR CONCERNS ON HER
ARRIVAL.

WHITEHEAD

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FOR PRIVATE SECRETARY TO PRIME MINISTER

PRIME MINISTER'S VISIT TO MOSCOW: REFUSENIKS

1. WE HAVE RECEIVED A NUMBER OF REPRESENTATIONS FROM THE JEWISH COMMUNITY IN MOSCOW IN CONNECTION WITH THE PRIME MINISTER'S TALKS WITH PRESIDENT GORBACHEV.
2. THESE FALL INTO THREE CATEGORIES
 - A) REQUESTS THAT THE PRIME MINISTER RAISE THE SITUATION OF REFUSENIKS AS A GENERAL PRINCIPLE.
 - B) REQUEST THAT INDIVIDUAL REFUSENIK CASES, AND OTHER ISSUES OF CONCERN TO THE COMMUNITY BE DISCUSSED WITH MR GORBACHEV.
 - C) THAT THE PRIME MINISTER RECEIVE THE REFUSENIKS TO HEAR THEIR CONCERNS AT FIRST HAND.
3. WE ASSUME THAT THE PRIME MINISTER HAS RECEIVED BRIEFING ON THE HUMAN RIGHTS SITUATION. WE RECOMMEND THAT SHE AGREES TO 2A) IN THIS CONTEXT. THIS COULD BE DONE WITH REFERENCE TO THE PROPOSED MOSCOW CONFERENCE IN 1991, GORBACHEV'S UN SPEECH AND STATEMENTS AT THE END OF THE VIENNA MEETING THAT OUTSTANDING REFUSENIK CASES WOULD BE DEALT WITH WITHIN SIX MONTHS, AND CONTINUED UNCERTAINTY ABOUT WHEN NEW LEGISLATION ON EMIGRATION WILL BE INTRODUCED INTO PARLIAMENT.
4. ON 2B) WE WILL PREPARE A LIST OF CASES RECEIVED. IF THE PRIME MINISTER DISCUSSES THE ISSUE IN PRINCIPLE, SHE MIGHT THEN SAY THAT SHE IS AWARE OF SPECIFIC CASES, AND HAS BEEN ASKED TO RAISE THEM AND WILL INSTRUCT THE EMBASSY TO DISCUSS THEM IN DETAIL WITH THE FOREIGN MINISTRY. SHE MIGHT ADD THAT THE CASES WILL BE ON THE AGENDA FOR THE NEXT ROUND OF BILATERAL TALKS ON HUMAN RIGHTS IN MOSCOW ON 9 OCTOBER. (THE UK DELEGATION WILL CONSIST OF SIR BERNARD BRAINE MP, AND ACADEMIC EXPERTS, AS WELL AS OFFICIALS).
5. THERE IS SPACE IN THE PRIME MINISTER'S PROGRAMME FOR A MEETING WITH REFUSENIKS BEFORE SHE DEPARTS FOR THE KREMLIN. THOSE WHO HAVE CONTACTED US SO FAR ARE KNOWN PERSONALLY TO THE EMBASSY AND SERIOUS-MINDED PEOPLE. DO YOU WISH US TO INVITE THEM FOR A BRIEF MEETING AT THE EMBASSY SATURDAY MORNING?

BRAITHWAITE

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FOR PM'S PARTY

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PRIME MINISTER'S VISIT: GORBACHEV'S DOMESTIC POSITION.

1. THERE IS A GROWING FEELING IN MOSCOW THAT PERESTROIKA IS CLOSE TO THE CRUNCH. THE PROBLEMS - ECONOMIC CHAOS, NATIONALIST UNREST, DISCONTENT IN PARTY AND ARMY, POPULAR APATHY OR WORSE - WERE PREDICTABLE, AND PREDICTED. THE UNSURPRISING CONSEQUENCE HAS BEEN A NOTICEABLE DECLINE IN GORBACHEV'S STANDING. NOT ONLY ELTSIN BELIEVES THAT HE MUST NOW DEMONSTRATE, AND IN SHORT ORDER, THAT HE HAS THE PRACTICAL POLICIES TO MATCH THE PROBLEMS, THAT HE CAN GET THEM ADOPTED, AND THAT THEY WILL START DELIVERING THE GOODS. OTHERWISE, PEOPLE INCREASINGLY FEEL HIS EXPERIMENT WILL FAIL, TO BE REPLACED EITHER BY SOME MORE OR LESS UNPLEASANT AUTHORITARIAN SYSTEM, OR BY A SLIDE INTO ANARCHY.

2. GORBACHEV HAS BOUNCED BACK FROM HIS BRIEF AND UNEASY HOLIDAY TO FACE THE CHALLENGE WITH HIS COURAGE, IMAGINATION, AND CUNNING APPARENTLY UNDIMMED. HE HAS GIVEN THE POLITBURO ANOTHER BIG SHAKE-UP. FROM THE REMARKS OF HIS ADVISERS, IT IS ALREADY POSSIBLE TO DEDUCE THE POLITICAL TIMETABLE HE HAS IN MIND. IT IS AN AMBITIOUS BID TO REESTABLISH HIS AUTHORITY, RESHAPE THE PARTY TO HIS IMAGE, AND SHOW THAT HE HAS THE STRATEGY AND THE PRACTICAL POLICIES TO MASTER THE COUNTRY'S PROBLEMS. THIS LOOKS AS FOLLOWS.

A) PARTY PLENUM, 19 - 20 SEPTEMBER
ADVANCES DATE OF NEXT PARTY CONGRESS, TACKLES THE NATIONALITIES PROBLEM, PURGES THE POLITBURO, AND PROMISES FURTHER RADICAL TURNOVER IN PARTY APPARATUS.

B) SUPREME SOVIET SESSION, 25 SEPTEMBER - END OF NOVEMBER.
CREATES ESSENTIAL LEGAL FRAMEWORK FOR ECONOMIC REFORM AND APPROVES NEXT YEAR'S RADICAL PLAN AND BUDGET.

C) THE CONGRESS OF PEOPLE'S DEPUTIES - DECEMBER.
AS THE COUNTRY'S MOST BROADLY REPRESENTATIVE INSTITUTION, TIDIES UP THE CONSTITUTIONAL ASPECTS OF THE NEW ECONOMIC LAWS AND ENDORSES THE ECONOMIC AUSTERITY PACKAGE PREFIGURED BY GORBACHEV ON TV ON 8 SEPTEMBER.

D) LOCAL AND REPUBLIC ELECTIONS - DECEMBER-
WEEDS OUT PARTY OLD GUARD BY FORCING THEM TO FACE POPULAR ELECTION TO LOCAL GOVERNMENT BODIES.

E) THE 28TH PARTY CONGRESS - OCTOBER 1990.
CONSOLIDATES GORBACHEV'S POSITION IN A STREAMLINED MODERNISED PARTY, AND GIVES HIM A MANDATE FOR THE NEXT STAGE OF PERESTROIKA.

THE ECONOMY

3. VIRTUALLY THE WHOLE OF THIS AUTUMN SESSION OF THE SUPREME SOVIET WILL HAVE TO BE GIVEN OVER TO THE ECONOMY. IT IS GORBACHEV'S NUMBER ONE PRIORITY. HE KNOWS THAT CONSUMER PATIENCE IS EXHAUSTED AND THAT PEOPLE BLAME PERESTROIKA AND HIM FOR THEIR PROBLEMS. THE OTHER MAJOR PACKAGE OF LEGISLATION ON CIVIL RIGHTS, LEGAL REFORM AND OTHER ELEMENTS WHICH ARE ESSENTIAL FOR A STATE OPERATING UNDER THE RULE OF LAW WILL HAVE TO WAIT UNTIL NEXT YEAR.

4. THE KEYSTONE OF THE ECONOMIC PROGRAMME IS THE PROPOSED LAW ON PROPERTY RELATIONS. IT WILL TACKLE THE CORROSIVE MYTH THAT UNDER SOCIALISM ALL PROPERTY BELONGS TO THE PEOPLE. IT WILL ATTEMPT TO DEFINE, ONCE FOR ALL, THE RIGHT OF INDIVIDUALS, COOPERATIVES, FACTORY WORKERS, MANAGERS, AND OTHERS TO DEVELOP PRODUCTIVE ENTERPRISES IN THE CERTAINTY THAT THEY WILL NOT BE DEPRIVED OF THEIR CAPITAL AT THE WHIM OF THE AUTHORITIES, AS HAS SO OFTEN HAPPENED EVEN IN THE RECENT PAST. THE LACK OF SUCH CERTAINTY HAS SO FAR DETERRED VERY MANY PEOPLE FROM TAKING UP EVEN THE LIMITED OPPORTUNITIES WHICH THE ECONOMIC REFORM HAS OFFERED SO FAR. THE ISSUE WILL PROVE HIGHLY CONTROVERSIAL, SINCE IT RAISES BASIC ISSUES OF THE MEANING OF SOCIALISM AND THE ROLE OF STATE OWNERSHIP, SOME OF WHICH ARE ENSHRINED IN THE PRESENT CONSTITUTION. THE REACTIONARIES WILL BITTERLY OPPOSE RADICAL CHANGE ON IDEOLOGICAL GROUNDS. THE FATE OF THIS LAW WILL BE CRUCIAL TO THE SUCCESS OF GENUINE ECONOMIC REFORM.

5. OTHER LAWS - ON TAXATION, CREDIT, LAND USE, FACTORY AUTONOMY - ARE ALMOST ALL EQUALLY IMPORTANT FOR PROVIDING THE LEGAL FRAMEWORK AND THE MACRO-ECONOMIC INSTRUMENTS WITHOUT WHICH THE MORE FLEXIBLE AND PRODUCTIVE ECONOMY GORBACHEV HOPES FOR CANNOT FUNCTION.

6. THESE ARE MEASURES FOR THE MEDIUM TERM. THE SUPREME SOVIET WILL ALSO CONSIDER THE GOVERNMENT'S PROPOSALS FOR THE 1990 BUDGET AND PLAN. THESE FORESEE A 50% CUT IN THE MASSIVE BUDGET DEFICIT, AND SUBSTANTIAL INVESTMENT CUTS IN THE CONSTRUCTION AND DEFENCE INDUSTRIES. GROWTH IS TO BE CONCENTRATED IN THE CONSUMER GOODS INDUSTRIES, INSTEAD OF THE CAPITAL GOODS INDUSTRIES AS HITHERTO. BONDS ARE TO BE ISSUED TO SOAK UP THE EXCESS MONEY SUPPLY. SOME ADDITIONAL FUNDS WILL GO TO THE SOCIAL SERVICES AND EXTRA PURCHASES ARE TO BE MADE FOR THE CONSUMER MARKET. CRITICS ARE ALREADY ARGUING THAT SUCH MAJOR STRUCTURAL CHANGES CANNOT BE RAMMED THROUGH SO QUICKLY, THAT UNEMPLOYMENT WILL RESULT, AND THAT THE PALLIATIVES WILL BE INADEQUATE. GORBACHEV COULD FIND IT HARD TO PERSUADE THE ORDINARY PEOPLE THAT THEY WILL HAVE TO WAIT STILL LONGER BEFORE THEY EXPERIENCE THE FULL BENEFITS OF PERESTROIKA. HE HAS NOT PROVED ADEPT AT SUCH PERSUASION HITHERTO.

POLITICAL REFORM

7. FOLLOWING THE WHIRLWIND CHANGES OF THE LAST SIX MONTHS, THE NEW POLITICAL STRUCTURE IS LARGELY IN PLACE - CONGRESS OF PEOPLE'S DEPUTIES, SUPREME SOVIET, GORBACHEV AS PRESIDENT. GORBACHEV'S MAIN TARGET IS NOW THE PARTY. HE SAYS FREQUENTLY THAT PERESTROIKA CANNOT SUCCEED IF THE PARTY DOES NOT CHANGE ITS WAYS. FROM THE POLITBURO DOWNWARDS HE WANTS NEW FACES COMMITTED TO HIS VERSION OF PERESTROIKA AND PREPARED TO TAKE THE RISKS IT ENTAILS. HIS TACTIC IS TO FORCE THE PARTY APPARATCHIKS TO ACCOUNT, THROUGH GENUINE PARTY AND MUNICIPAL ELECTIONS, TO THEIR OWN GRASS ROOTS AND TO THE POPULATION AT LARGE. THEY ALREADY HAD A TASTE OF WHAT THIS MEANT IN THE ELECTIONS LAST MARCH. THE FORTHCOMING LOCAL ELECTIONS WILL BE AN EVEN MORE SEVERE TEST. LOCAL PARTY OFFICIALS FEAR THAT, EVEN IF THEY CHANGE THEIR POLICIES AND ATTITUDES, THEY WILL STILL BE REJECTED BY THE ELECTORATE NEXT SPRING. MANY OF THEM BELIEVE THAT THE LOSS OF MORALE, AUTHORITY, AND COHESION FROM WHICH THE PARTY HAS SUFFERED ARE THE DIRECT RESULT OF A DELIBERATE CAMPAIGN BY GORBACHEV TO BREAK THEIR GRIP AND TRANSFER THEIR POWER TO ELECTED AND PUBLIC BODIES. OBJECTIVELY THEY ARE RIGHT, EVEN IF GORBACHEV STILL REGARDS HIMSELF AS A GOOD PARTY MAN. IT IS HARDLY SURPRISING THAT OPPOSITION TO GORBACHEV WITHIN THE PARTY CONTINUES TO GROW.

THE MISSING LINK

8. IF ALL THIS WORKS GORBACHEV SHOULD BE ABLE TO DEMONSTRATE BY THE MIDDLE OF NEXT YEAR TO PARTY AND PEOPLE THAT PERESTROIKA IS AT LAST MAKING REAL HEADWAY AND THAT HE IS FIRMLY IN CONTROL. HE WILL THEN BE STRONGLY PLACED TO SET HIS STAMP ON THE PARTY CONGRESS, AND SO CONSOLIDATE HIS POLICIES AND POSITION FOR THE YEARS TO COME.

9. IT MAY WELL NOT WORK, BUT FOUNDER ON THE INTRACTABILITY OF THE ECONOMY, THE OPPOSITION OF THE REACTIONARIES, AND THE SULLENNESS OF THE PEOPLE. BUT THE GREATER DANGER TO GORBACHEV'S PLANS PERHAPS COMES FROM THE TURMOIL IN THE EMPIRE. THE AZERBAIJANI BLOCKADE OF ARMENIA IS A THREAT TO THE INTEGRITY OF THE STATE, WHICH A SELF-RESPECTING GOVERNMENT CAN HARDLY IGNORE. SO EVEN MORE - THOUGH ON A SLOWER FUSE - IS THE CONSTITUTIONAL CHALLENGE FROM THE BALTIC STATES. THE UKRAINE IS BEGINNING TO MOVE, AND IT IS TOO SOON TO SAY WHETHER YESTERDAY'S REMOVAL OF SHCHERBITSKY, THE OLD STYLE UKRAINIAN BOSS, WILL STOP THE ROT. THE POLICIES PARADED AT THIS WEEK'S PLENUM ARE NOT UNREASONABLE. BUT THEY DO NOT CONVINCE. MANY BELIEVE GORBACHEV HAS DONE TOO LITTLE TOO LATE. THE DISINTEGRATION OF THE EMPIRE INTO CHAOS CAN PERHAPS NOW BE PREVENTED ONLY BY THE USE OF ARMED FORCES. BUT EVEN THE PESSIMISTIC FIND THIS HARD TO CONTEMPLATE.

10. NOT SURPRISINGLY, FEARS OF VIOLENT UPHEAVAL CONTINUE TO FEED ON ALL THESE UNCERTAINTIES. IN HIS TV ADDRESS GORBACHEV AGAIN FELT IT NECESSARY TO DENY THE RUMOURS OF COUPS AND CIVIL WAR. AS AN INSURANCE, HE HAS TAKEN STEPS TO BIND THE ARMY AND THE KGB TO HIM MORE SECURELY. WE ARE PROBABLY A LONG WAY FROM CATASTROPHE. BUT ALL IN ALL, THE DEGREE OF UNCERTAINTY, SCEPTICISM, AND ANXIETY IN THIS COUNTRY IS GREATER THAN AT ANY TIME SINCE GORBACHEV CAME TO POWER. MANY PEOPLE NO LONGER FEEL THEY KNOW WHERE THEY ARE GOING OR WHAT THE FUTURE HOLDS. GORBACHEV WILL HAVE TO CARRY THROUGH HIS NEW POLITICAL TIMETABLE WITH EVEN MORE THAN HIS USUAL PANACHE AND SKILL IF HE IS TO RESTORE THEIR CONFIDENCE AND MORALE.

BRAITHWAITE

YYYY

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Pravda (14 Sept. 1988) by Yu. Barulina, who works in the ZIL car factory and is a Hero of Socialist Labour. Again, the same complaints: in her capacity as vice-chairman of the Soviet Women's Committee, and in her own experience, she sees evidence of unhealthy conditions, "close to 3½ million women work in circumstances contrary to the laws on labour protection, amid dust and bad air, with excessive noise and vibration". Women in storerooms carry excessively heavy weights. Machinery is designed with no attention to the women who have to operate it. "I know that I am speaking of what we all long have known. But we were silent for so long, pretending that these problems did not exist." As for women in villages, they "work from dawn to dusk, without days off or holidays, often deprived of the most elementary amenities or qualified medical help". In towns, too, the legal rights even of pregnant women are ignored.

A remarkable article in *Ogonyok* (No. 33, 1988), by Andrei Popov, a doctor, tackles the issue of abortion: he cites an estimate that in the USSR there are 8 million abortions annually, 25 percent of the world's estimated total, "6-10 times higher than in developed capitalist countries". But the real figures are higher still, since the 8 million mentioned excludes abortions outside of the hospital system; the real total could be 50 percent or even 100 percent higher. "Taking into account the unhospitalized abortion, every year not every tenth but every fifth woman of childbearing age has an abortion." Furthermore, the methods are crude, in many instances without anaesthetic. Popov reminds us that in 1936 a law forbade abortions and in effect contraceptives became unobtainable. Abortions were legalized in 1956, but contraceptives remain scarce and inefficient. So "abortions are the basic method of family planning in our country, and in this respect our country is unique even on a world scale."

Finally, here is a sad letter, featured on page one of *Pravda*, 14 August 1988:

My name is Loskutova Galina Sviridovna, born 1947, secondary technical education, machine-minder working on pump-equipment at the Troitsk power station. Three-shift work, with a mobile free day. Fifteen years of such work has ruined my digestive organs, I suffer from insomnia. The children have grown up without me, as their mother is either at work or asleep after the night shift. I have no apartment, I live with my parents, I have no husband. I cannot now leave the power station—my health does not allow heavy work, and for light work there

shops for my 12-year-old daughter, and I myself wear men's shoes I bought for 12 roubles. Food? I am saved by my garden-allotment and by the fact that my father derives advantages from being a war-veteran. Clothes? I sew my own, make-do-and-mend old garments, knit. Manicure and hairdressers are beyond reach. Leisure? Laundry, cleaning, cooking, washing-up, repairs to the apartment. I have never been to a rest home. We have a leisure centre at work, but it is inconvenient for women who are shift-workers and have families.

So it would be wrong to call me a woman, though I am not a man either. Lads who started work after me have long ago been promoted, have become senior machine-minders, even if they were drunkards or had other such qualities. No one takes notice of women, no one promotes them.

I fear for my daughter. Is she too to suffer rudeness in shops, foul language in the street, coarseness in the hospital, and as for the abortion clinic. . . . It is hard to be a beast of burden at the factory and at home. So do something, so that at least our daughters will be women and mothers, and not machine-minders and tractor drivers.

Then—health. Evidence as to the unsatisfactory conditions was available before *glasnost*, and was effectively used by such Western observers as Murray Feshbach and Christopher Davis. As in the case of much else that had gone wrong, what was lacking was a clear statement of the situation as a whole. Death rates had risen, expectancy of life fallen. Why? The appointment of a new and energetic minister, E. Chazov, signaled a new approach. He and others wrote a whole series of articles in 1986-88 drawing attention to the neglect and poor conditions of the health service. This was frankly referred to at the 27th Party Congress (in March 1986). Again, the most expedient way of showing the full effects of *glasnost* is to cite Chazov's speech to the Party Conference, reported in *Pravda* (30 June 1988): "We were proud of our system of health care. Yet we were silent about the fact that in infant mortality we were fiftieth in the world, below Mauretania and Barbados. We were proud that we had more doctors and hospitals than in any other country, but were silent about the fact that in life expectancy we occupy the 32nd place in the world. . . . In Uzbekistan millions of roubles were diverted and stolen, while 46% of hospitals were in buildings without the most elementary sanitary-hygienic conditions." In Kazakhstan the then Party leadership spoke of "happiness and vast creativity", but there were over 60,000 stricken with tuberculosis, a "disease which we have too hastily declared to be liquidated in our country". No, Chazov insisted, the facts have not

tions were adopted, but then came the reply: "Yes, you are right, but today there are other more urgent state interests, and so it is necessary to wait. We waited. And inherited today a most grave [*tyazhel-eishuyu*] situation in health care, which will need more than one quinquennium to correct." He demanded a large, much-needed increase in funding. So serious has been the underfunding that, according to his calculations, the share of gross national product devoted to health puts the USSR "in the middle of the seventies" out of 126 countries of the world. He urged a sharp increase in imports of medical drugs. There is a grave shortage still of essential equipment, such as operating tables. Furthermore, because of poor hygiene in the meat and dairy industries and lack of pure water, "1,700,000 people every year in our country suffer from acute intestinal disease". One can hardly be franker and more open than that!

A series of decrees and decisions are intended to improve the educational system. In this connection the press has printed many criticisms of old-fashioned teaching methods, the discouragement of initiative and originality among both teachers and pupils, as well as the poor pay of the teaching profession. One delegate to the 19th Party Conference, a woman named O. Zakharova, from Yakutsk, mentioned, as an important obstacle to *perestroika*, "the absence of independent thought. For decades we were taught in school, in the Komsomol, at work, to live by the principle of blind obedience to the administrative and superior organs, to 'know your place', and 'not to wash dirty linen in public'."

Again, the speech of the minister, Yagodin, to this conference summarizes past errors and omissions with the openness that characterised most of the speeches: "In our country half the schools have no central heating, running water or drains. A quarter of all schoolchildren use the school in two shifts, some in three. . . . In respect to the number of students [in higher education], per 10,000 inhabitants we have in the past ten years slid down from 9th place to the 23rd. Why?" Shortage of money is one reason. Also a prolonged "undervaluation of intellectual labour . . . , formalism, chasing after percentages, authoritarian methods of teaching and upbringing". In common with other countries, the USSR faces the problem of training the nonacademic stream to become skilled workers, good craftsmen: "We must not send [to such training schools] pedagogical no-goods, deprived children. In a socialist country, is this the way to recruit the new members of the working class? This is wrong, immoral, we must stop this! [applause]." Yagodin explained that they were compelled to abandon the history examination "because

on this ideological subject". Next year the subject will be restored. On the national-language question, he agreed with the Ukrainian delegate Oleinik (cited above) that the national language should be equal in status to Russian, that textbooks on all subjects should be available in both languages, that each nation's history, culture, and language must be properly taught and studied. "There is no more important problem today than this."

Supporting Chazov, he stated that 53 percent of pupils are not fully fit, and there should be more opportunities for physical culture. He then ended by asking that education be "liberated", that teachers be allowed to experiment. Each school should have a council, elected by secret ballot, with some representatives of senior pupils and local enterprises, with power to dismiss or prevent dismissal of the headmaster and teachers, and to regulate the school's budget.

A final remark is appropriate. The Soviet media and the Party itself have raised or uncovered many problems, social and political. But the USSR is most certainly not alone in having such problems. Funding the health service is a hot issue in Great Britain, and here too there are complaints of shortage of textbooks, which cannot be taken home as they are needed at school. Or to take another subject altogether: we, too, have parents who push for special advantages for their children; we, too, have a variety of partly hidden business "perks". Nor do we all have proper democratic procedures in political parties. In fact, on the very day I am writing these lines, *The Times* (22 July 1988) reports from Atlanta, Georgia, that "the man from Russian television just managed to keep a straight face as he explained to the Moscow evening news that stage-managed unity prevented the voicing of any dissent at this American [Democratic] party rally". (!)

Glasnost' has given us, and, more important, the Soviet people, a much clearer view of what is wrong with their society, what needs to be put right by the Gorbachev "revolution" (it is he who frequently uses this word). A recognition of the negative aspects of reality is certainly no guarantee that they will be put right. It is, however, a precondition for making the attempt.

After this chapter was completed, I noticed in *Argumenty i fakty*, No. 17, 1988, an article by V. Pavlyuchenko which gave details of party functionaries' salaries. Thus the first secretary of the Belorussian republic is paid 700 roubles a month, the second secretary 500, a *raikom* (district) secretary 340, a party "instructor" 270 (urban) or 200 (rural). The average income of a *kolkhoz* chairman in Belorussia he gives as 600. (It seems that my university pension is roughly double the salary of the first secretary, at the official rate of



Foreign and Commonwealth Office

London SW1A 2AH

21 September 1989

Dear Charles,

Prime Minister's meeting with Mr Gorbachev:
Defence Issues

I attach some additional material on arms control issues, including CW.

On CW, the line to take in my letter of 15 September holds good. It will be as well to mention CW to Mr Gorbachev so as not to leave the impression that we have lost our doubts about the truth of Soviet statements on their capabilities or do not consider the subject important enough to raise. The Prime Minister could, as per the original brief, express the hope that progress towards US/Soviet agreement will help to bring about the greater openness about Soviet CW capabilities which we think is still notably lacking.

The background is that all our intelligence, which has been accumulated over a very long period, indicates that the Soviet Union has a much larger and more advanced CW programme than has been admitted. In more detail:

- we do not believe Gorbachev's statement of April 1987 that the Soviet Union had ended production of chemical weapons;
- we do not believe the Soviet claim that they have only 50,000 tonnes of toxic agent. Our estimate of stockpile agent is many times higher than this figure;
- we do not believe Gorbachev's claim in April 1987 that the non-Soviet Warsaw Pact countries had never produced or stationed such weapons on their territory and that the Soviet Union had no chemical weapons based outside its borders;
- we found the Russians shifty and misleading on our visit to Shikhany and subsequent discussions with Karpov in June have done little to correct that impression. But they did admit (for the first time) that their R&D programme had continued and that new agents and weapons had been tested. We have convincing evidence that these weapons are available to Soviet forces.

Until recently, the American intelligence community, though differing (inevitably) among themselves and less precise than we were, did not dissent from these conclusions. There are now



indications that they are prepared to accept a figure near to the Soviet claim of 50,000 tonnes for their stockpile and may be less than firm on the other points in the indictment. But Mr Baker did assure the Foreign Secretary in Washington last week that, in any agreement on data exchange, the US would avoid appearing to corroborate the Soviet stockpile figure.

Jams.
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

START

Following a 7 month recess while the new US Administration reviewed its position, the START negotiations resumed in Geneva in June for a session which lasted until the beginning of August. This round in the negotiations was not expected to make great strides forward - rather, it was seen by both sides as an opportunity to take stock of the state of the negotiations in the light of any new proposals which the Bush Administration might choose to make. Nevertheless, the Russians are clearly impatient of the slow progress in the START and Defence and Space Talks. They will not have been heartened by a recent statement by President Bush that there is no need to rush for the conclusion of a START agreement. Certainly at present there is little indication that an early agreement might be achievable.

The outline of the treaty is in place. Each side will be permitted 6,000 warheads on 1600 missiles and bombers - although in practice the agreed counting rules will leave both the US and the Soviet Union with more than 6,000 warheads. Limits have also been agreed on Soviet heavy missiles (SS18s) and on a reduction to 50% of the current Soviet level in the aggregate throwweight of the two sides' strategic missile arsenals. What is left is a series of complex problems which include:

- Defence and Space. The Russians insist that a Defence and Space Agreement is a precondition for an agreement to reduce strategic weapons. Although the US and Soviet Union have agreed in principle that such a treaty would involve a commitment not to withdraw from the 1972 ABM Treaty for a fixed period of time, disagreement continues on a number of fundamental issues, including the question of what degree of development and testing of space-based anti-ballistic missile systems is permitted by the ABM Treaty.
- Sea-Launched Cruise Missiles (SLCMs). The two sides have agreed that SLCMs should be subject to verifiable constraints. But the US does not believe that any satisfactory method of verification can be applied to nuclear SLCMs which is not

unacceptably intrusive. Although the Russians claim to have developed a method of verification based on remote sensing of nuclear weapons, the US maintains that this does not work.

- Air-Launched Cruise Missiles (ALCMs). There is disagreement over how ALCMs should be counted under a START agreement (the US want a more permissive counting rule) as well as the range over which ALCMs should be deemed to be strategic and therefore subject to constraint under a START agreement.

- Mobile Missiles. Mr Baker has announced that the US is now ready to abandon its formal position that mobile ICBMs should not be permitted under a START agreement. This makes official what has long been expected. Since US ICBM modernisation plans include two mobile missiles (the MX and Midgetman) and since the Soviet Union has already begun deployment of two mobile ICBM's it was most unlikely that an agreement could be reached which did not permit mobiles. And in fact the negotiators in Geneva have been discussing a possible verification regime for some time. But work will still need to be done on the number of mobiles permitted. And the US agreement to lift its ban on mobile missiles is subject to Congressional funding for the MX and Midgetman which at present seems uncertain.

- Verification. A good deal of work has been done on the complex verification regime which will be needed for START. But there is still a long way to go. During the last round of negotiations the US proposed a number of measures designed to test verification procedures before the treaty is signed. The Russians have not yet replied to these proposals.

If Mr Gorbachev raises START, it will probably be to express disappointment at the pace of the negotiations. If so, the Prime Minister may wish to observe that while we fully support the START negotiations, we regard it is essential that the two sides get the right agreement. An agreement which does not command overwhelming support in Washington and Moscow could prove worse than no agreement

at all since it could undermine, rather than enhance, confidence. So it is essential that the two sides do not rush these complex and vital issues. If Mr Gorbachev criticises the US for refusing to agree to constraints for which there is no obvious method of verification, the Prime Minister might say that verification will be an essential element of a START agreement. To agree measures for which we can foresee no verification arrangement, would be to create great pressure to compromise on a verification regime which is inadequate: that would only breed uncertainty and mistrust.

Nuclear Weapons in Europe

Mr Gorbachev may make critical reference to the Comprehensive Concept agreed at the NATO Summit, and the stringent conditions which the Alliance attached to future SNF arms control negotiations. The relevant passage from the Comprehensive Concept is attached. The Prime Minister could remind Mr Gorbachev that NATO regards nuclear weapons in Europe as an essential element in its strategy of flexible response, a strategy which is designed to prevent war not to wage it. This strategy implies no judgement about Soviet intentions, but is a prudent hedge against unforeseen developments. The present numbers and types of short range nuclear weapons in Europe are not immutable. But for as far ahead as we can see, some will be required. Soviet reluctance to acknowledge this is main reason why we are therefore, cautious about any proposals to negotiate on these weapons. Progress will only be achieved if the Soviet Union recognises that negotiations should aim at equal ceilings, above and not at, zero.

Nuclear Testing

The US and Soviet Union are negotiating verification protocols to the 1974 Threshold Test Ban Treaty and 1976 Peaceful Nuclear Explosions Treaty. Although these Treaties have been observed by both Parties, they have not until now been ratified precisely because of the lack of adequate verification provisions. We have said that we would welcome their ratification. There is a direct British interest (which we have not discussed publicly, or with the Russians) in that verification arrangements agreed by the US and

Soviet Union would in all probability be applied to British nuclear tests conducted at Nevada. The Prime Minister has agreed that subject to the precise terms of any arrangement which the US and Soviet Union reach, we should not object to this. Our interests are likely to be affected more closely after the two Treaties have been ratified since the US/Soviet arrangement envisages follow-on negotiations aimed at further intermediate limits on nuclear testing. The US has not yet begun seriously to consider what future limitations, if any, it could agree to. The Russians may well press for a very stringent limit on nuclear tests which could severely restrict our test programme. If Mr Gorbachev seeks the Prime Minister's views on this issue she may wish to confirm that we continue to believe that nuclear testing is essential for the maintenance of an effective nuclear deterrent. We could not, therefore, support any arrangement which undermined our ability to conduct an adequate testing programme.

CONVENTIONAL ARMS CONTROL

1. The third round of the negotiations on conventional armed forces in Europe (commonly known as the CFE talks) began in Vienna on 7 September: they have gone well and prospects for an agreement within the next 18 months are reasonable. Both the Alliance and the Warsaw Pact are agreed in principle on parity in tanks (20,000 a side) and armoured troop carriers (28,000 a side); and close on artillery. The current round (which lasts until 19 October) will be a crucial one in terms of determining the future pace of the talks: technical questions are likely to dominate discussion and to prove complex and difficult.
2. Following President Bush's initiative at the NATO Summit in May, it was agreed to include in the Alliance proposals (as the Warsaw Pact had been insisting) limits on aircraft and helicopters as well as on ground forces. The Summit also proposed equal ceilings in US/Soviet manpower, again in response to Warsaw Pact demands that personnel be covered in some way. The amended NATO proposals were tabled in Vienna at the end of the last round on 13 July, thus ensuring that the Alliance retained the initiative in the conventional field throughout the summer recess. A comparative table of NATO and Warsaw Pact proposals is enclosed at Annex.
3. The Alliance intend tomorrow (21 September) to table a package of ancillary measures, as foreshadowed in the proposals put forward on 13 July: these cover so-called stabilising measures (which will be needed to constrain forces remaining after the CFE treaty has been implemented); detailed proposals for the exchange of information about force levels: and provisions for verification and 'non-circumvention' (the latter aimed at constraining the build-up of forces East of the Urals).
4. The Warsaw pact have not yet responded in any substantive way to the proposals put forward by the Allies but there have been signs that they are prepared to make concessions: both Mr Gorbachev and Mr Shevardnadze have welcomed them as offering the prospect of reaching agreement more quickly than was expected earlier. But a number of Warsaw Pact spokesmen (including Mr Shevardnadze) have

expressed doubts about the feasibility of the NATO Summit timetable (treaty signature by May next year and full implementation by 1992/93). They have also criticised the absence of limitations on UK and French stationed forces in the Alliance manpower proposals; and have sought to argue that Soviet defensive aircraft, ie 'interceptors', should be excluded from the scope of the negotiations on the grounds that they are not relevant to the land battle in Europe: the exclusion of air defence fighters is a top priority for the Soviet military and there are signs that the Soviet Union may well make this a sticking point.

5. Mr Gorbachev has demonstrated a strong personal commitment to the success of the CFE negotiations both in order to enhance his credentials as a peace maker and to further his proposals for internal reform. The CFE negotiations are taking place against the backdrop of radical reductions in the size of the Soviet and Non-Soviet Warsaw Pact (NSWP) armed forces and much talk about the need for 'reasonable sufficiency' and restructuring of forces on more defensive lines. At the UN last December Mr Gorbachev announced plans to cut the Soviet armed forces over the next two years by 500,000 personnel (about a 10% reduction); and that 10,000 tanks, 8,500 artillery pieces and 800 combat aircraft would be withdrawn from East Europe and the Westernmost part of the Soviet Union. Since then all NSWP countries (except Romania) have announced cuts in their military budgets and the scrapping of equipment. These cuts need to be put in perspective: even if fully implemented, the Warsaw Pact would retain a superiority of nearly 2.5:1 in tanks and artillery (compared to 3:1 today). But they are nonetheless an important step towards securing a better balance of forces in Europe.

6. In discussion, the Prime Minister will want to stress that conventional arms control ranks among the Government's top arms control priorities. She may wish to note how far the talks have come in the first six months and to point to the common ground already established between the two sides. She will wish to remind Mr Gorbachev of the proposals tabled by the Alliance on 13 July and to present these as a genuine attempt by the Alliance to meet Warsaw

Pact concerns. She may wish to mention the additional proposals on stabilising measures, verification, information exchange and non-circumvention to be tabled by the Alliance on 21 September and to express the hope that the Warsaw Pact will react constructively to what we believe are reasonable, equitable and soundly based proposals in the mutual interest of both East and West.

7. In discussion of the Summit timetable the Prime Minister will wish to welcome Mr Gorbachev's initial positive reaction (in Bonn on 13 July) to the Alliance's proposals and in particular his view that a CFE agreement could be reached 'earlier than expected'. She might add that we do not underestimate the amount of work involved, nor the complexity of the issues but consider that timetable achievable given political will on both sides.

8. If Mr Gorbachev raises the question of aircraft the Prime Minister could say that we recognise the Soviet Union's legitimate concern to protect its defence requirements; but that it is unreasonable to expect the Alliance to leave over 4,000 Soviet combat aircraft out of account on the basis of their assigned defence role: while including all aircraft on the Western side: capability is what matters, hence the Alliance wish to cover all combat aircraft in their proposals. On manpower, the Prime Minister could explain that our proposals limiting only US and Soviet stationed personnel are designed to focus on those participants with the largest forces in the zone and with territory outside it where both maintain large armed forces (unlike the United Kingdom and France).

9. In the event that related security issues are raised, the Prime Minister might note Mr Gorbachev's assertion in his speech to the Council of Europe in Strasbourg on 3 July that the Soviet Union had addressed the conversion of military industry to civil uses. She might ask what has been done so far and what Mr Gorbachev contemplates for the future. She might also explore with Mr Gorbachev what plans the Soviet Union may have for employing the large numbers of military personnel to be demobilised as a result of the CFE agreement; and whether there have been further developments in Soviet thinking on defensive military doctrine and 'reasonable

sufficiency' as a criterion for establishing the size and disposition of the Soviet Union's armed forces.

Sub-Strategic Nuclear Forces

42. The Allies are committed to maintaining only the minimum number of nuclear weapons necessary to support their strategy of deterrence. In line with this commitment, the members of the integrated military structure have already made major unilateral cuts in their sub-strategic nuclear armoury. The number of land-based warheads in Western Europe has been reduced by over one-third since 1979 to its lowest level in over 20 years. Updating where necessary of their sub-strategic systems would result in further reductions.

43. The Allies continue to face the direct threat posed to Europe by the large numbers of shorter-range nuclear missiles deployed on Warsaw Pact territory and which have been substantially upgraded in recent years. Major reductions in Warsaw Pact systems would be of overall value to Alliance security. One of the ways to achieve this aim would be by tangible and verifiable reductions of American and Soviet land-based nuclear missile systems of shorter range leading to equal ceilings at lower levels.

44. But the sub-strategic nuclear forces deployed by member countries of the Alliance are not principally a counter to similar systems operated by members of the WTO. As is explained in Chapter III, sub-strategic nuclear forces fulfil an essential role in overall Alliance deterrence strategy by ensuring that there are no circumstances in which a potential aggressor might discount nuclear retaliation in response to his military action.

45. The Alliance reaffirms its position that for the foreseeable future there is no alternative to the Alliance's strategy for the prevention of war, which is a strategy of deterrence based upon an appropriate mix of adequate and effective nuclear and conventional forces which will continue to be kept up to date where necessary. Where nuclear forces are concerned, land-, sea-, and air-based systems, including ground-based missiles, in the present circumstances and as far as can be foreseen will be needed in Europe.

46. In view of the huge superiority of the Warsaw Pact in terms of short-range nuclear missiles, the Alliance calls upon the Soviet Union to reduce unilaterally its short-range missile systems to the current levels within the integrated military structure.

47. The Alliance reaffirms that at the negotiations on conventional stability it pursues the objectives of:

- the establishment of a secure and stable balance of conventional forces at lower levels;
- the elimination of disparities prejudicial to stability and security; and
- the elimination as a matter of high priority of the capability for launching surprise attack and for initiating large-scale offensive action.

48. In keeping with its arms control objectives formulated in Reykjavik in 1987 and reaffirmed in Brussels in 1988, the Alliance states that one of its highest priorities in nego-

tiations with the East is reaching an agreement on conventional force reductions which would achieve the objectives above. In this spirit, the Allies will make every effort, as evidenced by the outcome of the May 1989 Summit, to bring these conventional negotiations to an early and satisfactory conclusion. The United States has expressed the hope that this could be achieved within six to twelve months. Once implementation of such an agreement is underway, the United States, in consultation with the Allies concerned, is prepared to enter into negotiations to achieve a partial reduction of American and Soviet land-based nuclear missile forces of shorter range to equal and verifiable levels. With special reference to the Western proposals on CFE tabled in Vienna, enhanced by the proposals by the United States at the May 1989 Summit, the Allies concerned proceed on the understanding that negotiated reductions leading to a level below the existing level of their SNF missiles will not be carried out until the results of these negotiations have been implemented. Reductions of Warsaw Pact SNF systems should be carried out before that date.

49. As regards the sub-strategic nuclear forces of the members of the integrated military structure, their level and characteristics must be such that they can perform their deterrent role in a credible way across the required spectrum of ranges, taking into account the threat - both conventional and nuclear - with which the Alliance is faced. The question concerning the introduction and deployment of a follow-on system for the Lance will be dealt with in 1992 in the light of overall security developments. While a decision for national authorities, the Allies concerned recognise the value of the continued funding by the United States of research and development of a follow-on for the existing Lance short-range missile, in order to preserve their options in this respect.

Conventional Forces

50. As set out in the March 1988 Summit statement and in the Alliance's November 1988 data initiative, the Soviet Union's military presence in Europe, at a level far in excess of its needs for self-defence, directly challenges our security as well as our aspirations for a peaceful order in Europe. Such excessive force levels create the risk of political intimidation or threatened aggression. As long as they exist, they present an obstacle to better political relations between all states of Europe. The challenge to security is, moreover, not only a matter of the numerical superiority of WTO forces. WTO tanks, artillery and armoured troop carriers are concentrated in large formations and deployed in such a way as to give the WTO a capability for surprise attack and large-scale offensive action. Despite the recent welcome publication by the WTO of its assessment of the military balance in Europe, there is still considerable secrecy and uncertainty about its actual capabilities and intentions.

51. In addressing these concerns, the Allies' primary objectives are to establish a secure and stable balance of conventional forces in Europe at lower levels, while at the same time creating greater openness about military organisation and activities in Europe.

CPE: ALLIANCE/WP PROPOSALS FOR EQUAL CEILINGS: A COMPARATIVE TABLE

(a) Overall

	<u>Alliance</u>	<u>WP</u>
tanks	20,000	20,000
artillery	16,500	24,000
armoured troop carriers (ATCs)	28,000	28,000
combat aircraft	5,700	1,500
		('strike aircraft only)
helicopters	1,900	1,700
personnel	-	1,350,000

(b) Stationed forces

tanks	3,200*	4,500
artillery	1,700	4,000
armoured troop carriers (ATCs)	6,000	7,500
combat aircraft	-	350
combat helicopters	-	600
personnel	275,000	350,000
	(US/Soviet only)	

(c) 'Sufficiency' rule (limits on individual country holdings)

tanks	12,000	14,000
artillery	10,000	17,000
armoured troop carriers (ATCs)	16,800	18,000
combat aircraft	3,420	1,200
combat helicopters	1,140	1,350
personnel	-	920,000

* These Alliance figures relate to equipment in active units only. Current Alliance 'stationed' holdings in active units and storage total 7,800 for tanks; 3360 for artillery; and 8,700 for armoured troop carriers (ATCs).

PRIME MINISTER'S MEETING WITH PRESIDENT GORBACHEV: SUPPLEMENTARY BRIEFING

Possible US/Soviet Agreement

1. At the meeting between Mr Baker and Mr Shevardnadze in Wyoming on 22-23 September the following agreements on CW are likely to be announced:

(a) Joint paper on challenge inspection procedures and the order of destruction of CW stocks under a convention. These two papers have already been agreed.

(b) Bilateral data exchange and inspections in two phases.

- Phase 1 in which "general information would be exchanged and a few visits to CW sites in the US and USSR would occur". (US wording).
- Phase 2. A more detailed data exchange supported by routine and challenge inspections, shortly before the end of negotiations for a multilateral convention. With host nation agreement, inspections would also cover US and Soviet bases in third countries, (including the UK).

The details of (b) remain to be finalised at Wyoming.

2. A particular problem in concluding the data exchange deal has been German reluctance to agree to US disclosure of details of US-owned CW stocks held in the FRG. But on 19 September the FRG announced that it was prepared for the total US stockpile figure held in Germany (but not specific locations) to be so disclosed.

3. There are two main implications for the UK:

(a) The likelihood under phase 2 of Soviet inspections of US bases in the UK. We have impressed on the US the need for close consultation. Contingency press line attached. /

(b) The need in any data exchange to avoid lending any credibility to the Soviet CW stockpile figure. Mr Baker assured the Foreign Secretary on 11 September that in any agreement on data exchange the US would avoid appearing to corroborate the Soviet stockpile figure.

CW: Soviet Destruction

4. At the Paris Conference on CW in January Mr Shevardnadze announced that the Soviet Union would begin destruction of its CW stocks at a new purpose built facility in Chapayevsk this year. On 6 September this plan was cancelled, ostensibly following pressure from local environmentalists. The Prime Minister might therefore wish to probe how the Russians now intend to proceed on this.

Canberra Government/Industry Conference

5. A Conference against chemical weapons bringing together government and industry representatives from about 70 countries is taking place in Canberra 18-22 September. No major new initiatives are expected, but the Australian Foreign Minister is likely to conclude in his personal final statement that a target of the end of 1991 should be set for the negotiations to be concluded. The UK continues to argue against setting deadlines. Our primary aim is an effective Convention.

P.

CW: POSSIBLE INSPECTION OF US BASES IN THE UK

Press Line

We welcome the progress which has been made. The US has kept us informed of its bilateral discussions with the Soviet Union on CW and we understand that the initial arrangements proposed include data exchanges and a number of visits and inspections of CW-related facilities in the Soviet Union and United States.

The US has also consulted us closely about a second stage agreement which might involve inspections of Soviet and US bases in third countries, including the UK. No formal proposal regarding such inspections has been made, and we would expect to be consulted again before any such proposal were to take shape.

As we have made clear, there are no chemical weapons in the UK. Nevertheless, the British Government will do all possible to facilitate any arrangement which would contribute to the conclusion of a comprehensive, effectively verifiable, global convention to ban chemical weapons.

As with other visits to the UK by Soviet officials, we would ensure that they are properly regulated and that our security interests are safeguarded.



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CONFIDENTIAL
FM TOKYO
TO DESKBY 210600Z MOSCOW
TELNO MISC 125
OF 210355Z SEPTEMBER 1989
INFO IMMEDIATE FCO

FOLLOWING FROM CHARLES POWELL

YOUR TELEGRAM NUMBER MISC 263: PRIME MINISTER'S VISIT TO MOSCOW:
REFUSENIKS.

THE PRIME MINISTER WOULD CERTAINLY BE READY TO RAISE THE SITUATION OF REFUSENIKS BUT DOES NOT SEE HER MEETING WITH MR. GORBACHEV AS THE OCCASION TO GET INTO DISCUSSION OF INDIVIDUAL CASES. NOR DOES SHE THINK IT WOULD BE PRACTICABLE ON THIS OCCASION TO RECEIVE A GROUP OF REFUSENIKS. THERE IS ONLY A VERY LIMITED TIME AVAILABLE AND SHE WOULD PREFER TO USE IT FOR BRIEFING FOR HER MEETING WITH MR. GORBACHEV. PERHAPS YOU COULD SEE THE REFUSENIKS ON HER BEHALF ON FRIDAY SO THAT YOU CAN GIVE THE PRIME MINISTER AN UP TO DATE ACCOUNT OF THEIR CONCERNS ON HER ARRIVAL.

WHITEHEAD

YYYY

TYHPAE 2396

NNNN

21/2
TELEGRAM TO MOSCOW

CONFIDENTIAL

DESK BY 210600Z

FOR INFORMATION IMMEDIATE TO FCO

FOLLOWING FROM CHARLES POWELL

Your telegram number Misc 263: Prime Minister's visit to Moscow: refuseniks.

The Prime Minister would certainly be ready to raise the situation of refuseniks but does not see her meeting with Mr. Gorbachev as the occasion to get into discussion of individual cases. Nor does she think it would be practicable on this occasion to receive a group of refuseniks. There is only a very limited time available and she would prefer to use it for briefing for her meeting with Mr. Gorbachev. Perhaps you could see the refuseniks on her behalf on Friday so that you can give the Prime Minister an up to date account of their ~~efforts~~ on her arrival.

concerns

CDP

21.9.89

SLH/31

ZCZC
HPTYAN 7402 MXHPAN 7074
CONFIDENTIAL
DD 212300Z TOKYO
FM MOSCO TO TOKYO
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CONFIDENTIAL
FM MOSCOW
TO DESKBY 212300Z TOKYO
TELNO MISC 264
OF 211444Z SEPTEMBER 89
AND TO IMMEDIATE FCO

FOR PM'S PARTY

PM'S VISIT: GORBACHEV'S OBJECTIVES.

1. GORBACHEV HAS JUST LAUNCHED ON AN INTENSE BURST OF DOMESTIC POLITICAL ACTIVITY AS PERESTROIKA NEARS ITS CRISIS (MY MIFT). IT IS A MEASURE OF THE IMPORTANCE HE ATTACHES TO HIS RELATIONSHIP WITH THE PM THAT HE HAS NEVERTHELESS MADE TIME FOR A SUBSTANTIAL EXCHANGE WITH HER IN THE VERY BRIEF INTERVAL BETWEEN HIS PARTY PLENUM AND THE OPENING OF THE AUTUMN SUPREME SOVIET, BOTH OF MAJOR IMPORTANCE FOR THE POLITICAL FUTURE OF THE COUNTRY AND OF HIMSELF.
2. GORBACHEV'S FOREIGN POLICY IS THE ONE UNDOUBTED ACHIEVEMENT OF PERESTROIKA SO FAR. MOST PEOPLE HERE SEE A DIRECT CONNECTION BETWEEN TENSION ABROAD AND REPRESSION AT HOME. GORBACHEV HAS REASSURED THEM BY DEMONSTRATING THAT HE CAN DEVELOP A STRONG AND CONSTRUCTIVE RELATIONSHIP EVEN WITH SUCH A CLEAR-SIGHTED CRITIC OF THE COMMUNIST SYSTEM AS MRS THATCHER. HER HOLD ON PEOPLE'S IMAGINATION HERE HAS OF COURSE BEEN REINFORCED BY THEIR GROWING BELIEF THAT HER CRITICISM IS ENTIRELY JUSTIFIED.
3. WESTERN UNDERSTANDING AND SYMPATHY FOR PERESTROIKA IS THEREFORE POLITICALLY IMPORTANT FOR GORBACHEV. IN HIS SPEECH AT THE PRIME MINISTER'S DINNER IN APRIL HE SHOWED HOW SENSITIVE HE WAS TO THE SCEPTICAL PRONOUNCEMENTS OF KISSINGER AND OTHERS (THE "CERTAIN CIRCLES IN THE WEST" TO WHICH HE DARKLY REFERRED ON THAT OCCASION). OPPORTUNITIES TO EXPOSE HIS COLLEAGUES TO THE REALITIES OF THE OUTSIDE WORLD ARE EQUALLY IMPORTANT TO HIM: CHERNYAYEV, HIS DIPLOMATIC ADVISER, TOLD ME IN THE SUMMER THAT HE PARTICULARLY WELCOMED THE ATTENTION WE WERE PAYING TO GENERAL YAZOV, THE DEFENCE MINISTER, AT A TIME WHEN THE ARMY'S POSITION WAS OF INCREASING POLITICAL DELICACY.
4. IT IS AGAINST THIS BACKGROUND THAT ONE SHOULD SEE RUSSIAN SUSPICIONS THAT OUR EXPULSION OF SOVIET INTELLIGENCE OFFICERS IN MAY WAS MOTIVATED BY POLITICAL RATHER THAN SECURITY CONSIDERATIONS. THIS BIZARRE INTERPRETATION WAS NO DOUBT DELIBERATELY PROMOTED BY ILL-WISHERS, IN PART PERHAPS TO DEMONSTRATE THAT GORBACHEV'S INVESTMENT IN HIS RELATIONSHIP WITH THE PM HAD FAILED TO PAY OFF. BUT EVEN SOME PEOPLE IN GORBACHEV'S ENTOURAGE SEEM NOT TO HAVE BEEN IMMUNE TO SUSPICION. GORBACHEV'S SENSIBLE REACTION WAS TO INSIST ON "BUSINESS AS USUAL" IN ANGLO-SOVIET RELATIONS.
5. BUT - AS CHERNYAYEV HINTED TO ME ON MONDAY - IT NEVERTHELESS SEEMS PROBABLE THAT ONE OF GORBACHEV'S MAIN OBJECTIVES AT SATURDAY'S MEETING WILL BE TO FORM A JUDGEMENT (PERHAPS WITHOUT RAISING THE MATTER EXPLICITLY) AS TO WHETHER THE EXPULSIONS DID REFLECT ANY CHANGE IN THE PRIME MINISTER'S UNDERLYING ATTITUDE TO HIMSELF AND HIS POLICIES: AND IF POSSIBLE TO SECURE A PUBLIC DEMONSTRATION OF HER CONTINUED SUPPORT WHICH WILL SERVE HIM DOMESTICALLY.
6. THIS SUGGESTS THAT HE WILL WANT TO SPEND A GOOD DEAL OF THE TIME CONVINCING THE PRIME MINISTER THAT HE HAS THE POLICIES TO MASTER HIS PRESENT PROBLEMS. AS PRIMAKOV (NOW PROMOTED TO CANDIDATE MEMBERSHIP OF THE POLITBURO) TOLD THE PM AT THE AIRPORT, HE WILL ALSO WANT TO HAVE A WIDERANGING DISCUSSION OF INTERNATIONAL ISSUES RANGING FROM ARMS CONTROL TO REGIONAL ISSUES. BUT HIS MOST IMMEDIATE INTERNATIONAL PREOCCUPATION, NOT LEAST BECAUSE OF ITS OBVIOUS LINKS WITH HIS DOMESTIC DIFFICULTIES, MAY WELL BE THE GROWING DISARRAY IN HIS EAST EUROPEAN EMPIRE. HIS HITHERTO TOLERANT ATTITUDE TO CHANGE THERE MUST BE TESTED BY THE POSSIBILITY THAT NEITHER OF THE TWO GERMANY'S WILL REMAIN CONTENT MUCH LONGER WITH THE POST-WAR SETTLEMENT ON WHICH RUSSIA'S POSITION IN CENTRAL EUROPE DEPENDS. THIS IS NOT A MATTER ON WHICH GORBACHEV HAS SHOWN ANY DISPOSITION TO SPECULATE IN PUBLIC: NO DOUBT BECAUSE THERE IS NOTHING IN PRESENT SOVIET POLICY TOWARDS THE GERMAN PROBLEM WHICH COULD COPE WITH THE UNCERTAINTIES INVOLVED. HE MIGHT BE MORE FORTHCOMING IN THE INTIMACY OF HIS EXCHANGES WITH THE PRIME MINISTER.

BRAITHWAITE

YYYY

MXHPAN 7074

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UNCLASSIFIED
DD 212300Z TOKYO
FM MOSCO TO TOKYO
211536Z SEP
GRS 486

UNCLASSIFIED
FM MOSCOW
TO DESKBY 212300Z TOKYO
TELNO MISC 267
OF 211537Z SEPTEMBER 89
AND TO IMMEDIATE FCO

PRIME MINISTER'S VISIT: TASS COMMENTARY

1. FOLLOWING IS TEXT OF A TASS COMMENTARY BY TASS CORRESPONDENT IGOR PESKOV (WHO WAS EXPELLED IN MAY) ISSUED ON 21 SEPTEMBER PREVIEWING THE PRIME MINISTER'S MEETING WITH MR GORBACHEV.

BEGINS

THE WORKING MEETING BETWEEN SOVIET PRESIDENT MIKHAIL GORBACHEV AND BRITISH PRIME MINISTER MARGARET THATCHER TO BE HELD IN MOSCOW ON SEPTEMBER 23 ACCORDS WITH THE DEVELOPMENT OF SOVIET BRITISH RELATIONS OVER THE PAST FEW YEAR.

IN THE USSR, THERE IS GREAT INTEREST IN THE WORKING MEETING, BUT SPECIAL SIGNIFICANCE IS ATTACHED TO DISARMAMENT ISSUES.

ALTHOUGH THE VIEWS OF THE TWO COUNTRIES DO NOT ALWAYS COINCIDE, MEETINGS BETWEEN THE LEADERS OF THE USSR AND BRIAIN HAVE GIVEN AN ADDITIONAL IMPETUS TO THE SEARCH FOR COMPROMISE AND POINTS OF CONTACT.

THE SOVIET UNION IS INTERESTED IN THE WAY THE BRITISH WILL ACT ON THE ISSUE OF REDUCING CONVENTIONAL ARMED FORCES AND ARMAMENTS IN EUROPE IN THE LIGHT OF THE NEW ROUND OF VIENNA TALKS.

THE WESTERN PLANS TO MODERNISE NUCLEAR SHORT-RANGE WEAPONS, WITH BRITAIN INSISTING ON THEIR IMPLEMENTATION, ARE WORRYING THE USSR WHICH, NATURALLY, IS INTERESTED IF THERE ARE ANY CHANGES ON THIS MATTER.

A Steer by
Soviet officials
on your talks
with Mr.
Gorbachev tomorrow.
COP

AT THE SAME TIME MOSCOW POINTS TO THE POSITIVE ROLE PLAYED BY BRITAIN AT THE CONFERENCE ON CHEMICAL WEAPONS IN GENEVA, AND THE WORKING MEETING WILL PROBABLY DISCUSS THE PROSPECTS OF THESE TALKS. THE SOVIET UNION IS INTERESTED IN COOPERATING WITH BRITAIN IN ALL-EUROPEAN AFFAIRS. THIS IMPLIES, PRIMARILY, ADDING A PRACTICAL ASPECT TO THE +EUROPEAN HOME+ CONCEPT AND PROSPECTS OF INTEGRATION PROCESSES IN EUROPE IN CONNECTION WITH THE ESTABLISHMENT OF A UNITED MARKET THERE.

SPECIAL HOPES ARE PLACED ON BILATERAL COOPERATION IN ECOLOGY, ESPECIALLY IN THE USE OF THE U.N. MECHANISM FOR A COORDINATED EFFORT TO FIGHT ENVIRONMENTAL POLLUTION.

THE MOSCOW MEETING WILL UNDOUBTEDLY DISCUSS SPECIFIC ISSUES OF SOVIET-BRITISH COOPERATION, SUCH AS THE ESTABLISHMENT OF JOINT VENTURES AND BRITAIN'S ASSISTANCE IN TRAINING PERSONNEL.

THIS WOULD BE A PRACTICAL REALISATION OF THE BRITISH GOVERNMENT'S WISH TO FACILITATE THE PROCESSES OF PERESTROIKA IN THE USSR, REPEATEDLY EXPRESSED BY THATCHER.

THE BRITISH PRESS IS NOW SPECULATING ON WHETHER THE MEETING BETWEEN THE TWO LEADERS WILL BE ABLE TO DISPEL THE +COOL+ IN RELATIONS BETWEEN THE TWO COUNTRIES FOLLOWING THE EXPULSION OF SEVERAL SOVIET OFFICIALS FROM LONDON LAST MAY.

IN THIS LIGHT IT IS APPROPRIATE TO OBSERVE THAT EACH COUNTRY HAS THE RIGHT TO DECIDE WHO SHOULD REPRESENT ITS INTERESTS ABROAD, WHICH IS IN KEEPING WITH STANDARDS OF CIVILISED RELATIONS AND DIPLOMACY.

THE BRITISH ARE TRYING TO ASSUME THE PART OF JUDGE, A POSITION TO WHICH THE USSR STRONGLY OBJECTS.

IN SOVIET DIPLOMATIC CIRCLES IT IS BELIEVED THAT THESE DIFFERENCES SHOULD NOT BE VIEWED AS AN OBSTACLE TO THE DEVELOPMENT OF RELATIONS BETWEEN THE TWO NATIONS.

ENDS

BRAITHWAITE

YYYY

MXHP AN 7078

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10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

20 September 1989

Dear Mr. Reich,

Thank you for your recent letter about Raoul Wallenberg which was forwarded here by our Embassy in Washington.

I greatly admire the heroism shown by Raoul Wallenberg, and I am very aware that, despite repeated representations from ourselves and other like-minded countries, the Soviet Government has still failed to give an adequate explanation of Raoul Wallenberg's fate. We very much hope that the recent invitation from the Soviet authorities for a delegation from Stockholm, including members of Wallenberg's family, to visit Moscow is a sign that the Soviet Government now wish to resolve this case.

I certainly expect to discuss the issue of human rights with Mr. Gorbachev during my forthcoming short stay in Moscow. But I am afraid that we will have a crowded agenda and I will not have time to go into individual cases.

Yours sincerely

Margaret Thatcher

Mr. Seymour Reich

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UNCLASSIFIED
DD 201300Z TOKYO
FM MOSCO TO FCOLN
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Can these go in
Briefing folder for
Moscow please
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UNCLASSIFIED
FM MOSCOW
TO IMMEDIATE FCO
TELNO 1614
OF 201235Z SEPTEMBER 89
INFO DESKBY 201300Z TOKYO
INFO ROUTINE WASHINGTON, PARIS, BONN, UKDEL NATO, EAST EUROPEAN POSTS
INFO ROUTINE HELSINKI, STOCKHOLM

MY TELNO 1611: SOVIET INTERNAL: NATIONALITIES PLENUM

SUMMARY

1. GORBACHEV'S REPORT TO PLENUM ON NATIONALITIES COVERS HISTORICAL BACKGROUND TO NATIONALITIES PROBLEMS, ECONOMIC AND CULTURAL BENEFITS OF UNION, MEANING OF SELF DETERMINATION, INCREASED RIGHTS FOR REPUBLICS. HE DENIES GROUNDS FOR QUESTIONING LEGITIMACY OF SOVIET POWER IN BALTICS AND RULES OUT BOUNDARY ADJUSTMENTS' WARNING TO ARMENIA AND AZERBAIJAN ON CONTINUING DISPUTE.

DETAIL

2. GORBACHEV'S REPORT TO THE CENTRAL COMMITTEE PLENUM ON NATIONALITIES PUBLISHED IN PRAVDA 20 SEPTEMBER, BEGAN WITH A LENGTHY ASSESSMENT OF THE HISTORICAL CAUSES OF THE CURRENT NATIONALITIES PROBLEM. IN BRIEF, THE PROBLEM WAS A LEGACY OF THE TSARIST EMPIRE WHICH LENIN HAD DONE MUCH TO RECTIFY. THE ABUSES OF STALIN AND THE SUBSEQUENT ADMINISTRATIVE COMMAND SYSTEM HAD FURTHER DISTORTED THE LENINIST NATIONALITIES POLICY. GORBACHEV INSISTED THAT OLD HISTORICAL UNTRUTHS SHOULD NOT BE REPLACED BY NEW ONES AND THAT FUNDAMENTAL VALUES CREATED DURING THE YEARS OF SOVIET POWER SHOULD NOT BE ECLIPSED. ON SPECIFIC ISSUES HE NOTED THAT THE MALDAVIAN REPUBLIC HAD BEEN FORMED WITHIN THE USSR IN 1940 AND THAT IN THE SAME YEAR THE BALTIC STATES HAD ENTERED THE UNION. ALTHOUGH MUCH CONCERNING THIS REMAINED TO BE ANALYSED AND EVALUATED THERE WERE NO GROUNDS FOR DOUBTING THAT THE DECISION OF THE BALTICS OF ENTER INTO THE SOVIET UNION, WAS MADE BY THE CHOICE OF THE PEOPLE.

3. GORBACHEV SPOKE BRIEFLY ABOUT THE NEED TO RECTIFY THE INJUSTICES SUFFERED BY CERTAIN ETHNIC GROUPS AND THE NEED TO SEARCH CAREFULLY FOR SOLUTIONS ACCEPTABLE TO ALL. HE SPOKE AT SOME LENGTH ABOUT THE ECONOMIC AND CULTURAL BENEFITS WHICH EACH REPUBLIC DERIVED FROM UNION MEMBERSHIP AND QUOTED AN EXTENSIVE ARRAY OF FIGURES TO DEMONSTRATE THE INTERDEPENDENCE OF THE REPUBLICS.

4. ON SELF-DETERMINATION, GORBACHEV SAID THAT THIS SHOULD NOT BE CONSIDERED ONLY AS CONSISTING OF THE RIGHT TO SECEDE. SOVIET AND OTHER EXPERIENCE SHOWED THAT IT WAS A COMPLICATED, MANY-SIDED PROCESS OF REAFFIRMING NATIONAL DIGNITY, DEVELOPING LANGUAGE AND CULTURE, ECONOMIC AND SOCIAL PROGRESS. THIS PRINCIPLE WAS CURRENTLY BEST REFLECTED IN SELF-GOVERNMENT PROTECTING NATIONAL IDENTITY, THE RIGHT TO ENJOY THE BENEFITS OF SOVEREIGNTY AND THE RIGHT TO DECIDE QUESTIONS OF ECONOMIC, POLITICAL AND CULTURAL DEVELOPMENT INDEPENDENTLY. THE POLITICAL INDEPENDENCE OF REPUBLICS WOULD BE CONSOLIDATED BY A PACKAGE OF MEASURES. NEW RULES GOVERNING THE RELATIONS BETWEEN UNION AND REPUBLICS WOULD BE ENSHRINED IN THE CONSTITUTION. REPUBLICS WOULD HAVE JURISDICTION OVER ALL MATTERS EXCEPT THOSE TRANSFERRED VOLUNTARILY TO UNION COMPETENCE.

5. GORBACHEV WENT ON TO SAY THAT THE ECONOMIC AND SOCIAL PROBLEMS FACED BY THE RUSSIAN REPUBLIC REQUIRED SOME ORGANISATIONAL AND POLITICAL CHANGES. WORK COULD BEGIN ON THE QUESTION OF NEW PARTY STRUCTURES FOR THE REPUBLIC. WITH REFERENCE TO SUGGESTIONS THAT THE STATUS OF SOME AUTONOMOUS TERRITORIES SHOULD BE AMENDED, HE SAID THAT PRIORITY MUST BE GIVEN TO EXTENDING THE RIGHTS OF THE PEOPLES CONCERNED.

6. GORBACHEV REJECTED THE IDEA OF BOUNDARY CHANGES AS LIKELY AS A SOLUTION TO CURRENT PROBLEMS. THEY WOULD MAKE THINGS WORSE. HE DISCOURSED AT SOME LENGTH ON THE IMPORTANCE OF GUARANTEEING THE RIGHTS OF ALL SOVIET CITIZENS. THE TIME HAD COME TO CONSIDER HOW THE FORCE OF LAW MIGHT BE USED TO DISBAND NATIONALIST, CHAUVINIST AND OTHER EXTREMIST ORGANISATIONS. WITH SPECIFIC REFERENCE TO THE CONFLICT BETWEEN ARMENIA AND AZERBAIJAN AND THE FAILURE OF NUMEROUS ATTEMPTS TO SOLVE IT, HE OBSERVED THAT MOSCOW WAS ON THE BRINK OF HAVING TO TAKE DECISIVE MEASURES. ANARCHY COULD NOT BE ALLOWED, LET ALONE BLOODSHED.

7. GORBACHEV ALSO WARNED AGAINST AN EXCEPTIONALLY DANGEROUS TENDENCY TOWARDS ECONOMIC AUTARKY AND ISOLATION BY PROSPEROUS REGIONS AND REPUBLICS. THIS ROUTE WOULD LEAD TO GRAVE CONSEQUENCES FOR THOSE WHO SET OFF ON IT. BUT THE EXISTING ECONOMIC STRUCTURE WAS OVERCENTRALISED AND REPUBLICS HAD TO BE GIVEN MORE CONTROL. ECONOMICALLY BACKWARD REGIONS COULD BE HELPED FROM THE CENTRAL BUDGET BUT SUCCESSFUL ECONOMIC REGIONS SHOULD BE ABLE TO ENJOY THE BENEFITS OF THIS. WITH REPUBLICS, AS WITH FIRMS, THERE SHOULD BE AN END TO TAKING FROM THE PROFITABLE TO SUBSIDISE THE UNPROFITABLE. BUT THERE SHOULD ~~NO~~ ATTEMPT TO DISMANTLE THE VAST RANGE OF ECONOMIC LINKS BETWEEN REPUBLICS. THIS WAS LIKE THE OLD REVOLUTIONARIES WHO WANTED TO DESTROY THE MOSCOW-ST PETERSBURG RAILWAY BECAUSE IT HAD BEEN BUILT BY THE TSAR.

8. GORBACHEV DEFENDED THE RIGHT OF REPUBLICS TO ESTABLISH THE INDIGENOUS TONGUE AS THE STATE LANGUAGE BUT COMMENDED THE PROPOSAL TO GIVE RUSSIAN THE STATUS OF A STATE LANGUAGE THROUGHOUT THE USSR. HE MADE A COMPARISON WITH THE USE OF ENGLISH IN INDIA. HE ALSO SPOKE OF THE ROLE OF THE CHURCH, CRITICISING PAST AND PRESENT RELIGIOUS INTOLERANCE AND CALLING FOR THE CHURCHES TO USE THEIR INFLUENCE IN PREVENTING INTER-COMMUNAL STRIFE. HE NOTED THAT THE NEW LAW ON FREEDOM OF CONSCIENCE WOULD SOLVE DIFFICULTIES RELATING TO RELIGIOUS ORGANISATION.

9. GORBACHEV CONCLUDED WITH A CONSIDERATION OF NATIONALITIES ISSUES IN THE PARTY CONTEXT. HE REJECTED THE FEDERALISATION OF THE PARTY WHICH WOULD ENTAIL THE END OF THE PARTY AS FOUNDED BY LENIN AND IRREPARABLY DAMAGE PERESTROIKA. HE VOICED SUPPORT FOR THE ESTABLISHMENT OF A CENTRAL COMMITTEE COMMISSION TO OVERSEE NATIONALITY POLICY AND INTER-ETHNIC RELATIONS AND CRITICISED PARTY MEMBERS WHO HAD BEEN ATTRACTED TO OR FAILED TO OPPOSE NATIONALIST TENDENCIES.

10. COMMENT WILL FOLLOW SEPARATELY.

BRAITHWAITE

YYYY

MXHPAE 6809

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I must keep the time for
briefing, especially about the
disarmament talks

Please refer respectfully
mb
Prime Minister

ZCZC
HPTYAN 7288 MXHPAN 7046
CONFIDENTIAL
DD 201600Z TOKYO
FM MOSCO TO TOKYO
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GRS 331

CONFIDENTIAL
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TO DESKBY 201600Z TOKYO
TELNO MISC 263
OF 201502Z SEPTEMBER 89
INFO IMMEDIATE FCO

FOR PRIVATE SECRETARY TO PRIME MINISTER

PRIME MINISTER'S VISIT TO MOSCOW: REFUSENIKS

How do you feel
about a meeting
with refuseniks?
There is some time, but
not much & you will
need it for briefing. I
think meeting refuseniks is
more appropriate to a full
visit than a fleeting

1. WE HAVE RECEIVED A NUMBER OF REPRESENTATIONS FROM THE JEWISH
COMMUNITY IN MOSCOW IN CONNECTION WITH THE PRIME MINISTER'S TALKS
WITH PRESIDENT GORBACHEV. *are. Agree to raise
the issue with G.*

2. THESE FALL INTO THREE CATEGORIES
A) REQUESTS THAT THE PRIME MINISTER RAISE THE SITUATION OF
REFUSENIKS AS A GENERAL PRINCIPLE. *but not all of*
B) REQUEST TAT INDIVIDUAL REFUSENIK CASES, AND OTHER ISSUES OF
CONCERN TO THE COMMUNITY BE DISCUSSED WITH MR GORBACHEV. *Yes*
C) THAT THE PRIME MINISTER RECEIVE THE REFUSENIKS TO HEAR THEIR
CONCERNS AT FIRST HAND. *refuseniks themselves? C80*

3. WE ASSUME THAT THE PRIME MINISTER HAS RECEIVED BRIEFING ON THE
HUMAN RIGHTS SITUATION. WE RECOMMEND THAT SHE AGREES TO 2A) IN THIS
CONTEXT. THIS COULD BE DONE WITH REFERENCE TO THE PROPOSED MOSCOW
CONFERENCE IN 1991, GORBACHEV'S UN SPEECH AND STATEMENTS AT THE END
OF THE VIENNA MEETING THAT OUTSTANDING REFUSENIK CASES WOULD BE DEALT
WITH WITHIN SIX MONTHS, AND CONTINUED UNCERTAINTY ABOUT WHEN NEW
LEGISLATION ON EMIGRATION WILL BE INTRODUCED INTO PARLIAMENT.

4. ON 2B) WE WILL PREPARE A LIST OF CASEO RECEIVED. IF THE PRIME
MINISTER DISCUSSES THE ISSUE IN PRINCIPLE, SHE MIGHT THEN SAY THAT
SHE IS AWARE OF SPECIFIC CASES, AND HAS BEEN ASKED TO RAISE THEM AND
WILL INSTRUCT THE EMBASSY TO DISCUSS THEM IN DETAIL WITH THE FOREIGN
MINISTRY. SHE MIGHT ADD THAT THE CASES WILL BE ON THE AGENDA FOR THE
NEXT ROUND OF BILATERAS TALKS ON HUMAN RIGHTS IN MOSCOW ON 9 OCTOBER.
(THE UK DELEGATION WILL CONSIST OF STR BERNARD BRAINE MP, AND
ACADEMIC EXPERTS, AS WELL AS OFFICIALS).

5. THERE IS SPACE IN THE PRIME MINISTER'S PROGRAMME FOR A MEETING
WITH REFUSENIKS BEFORE SHE DEPARTS FOR THE KREMLIN. THOSE WHO HAVE
CONTACTED US SO FAR ARE KNOWN PERSONALLY TO THE EMBASSY AND
SERIOUS-MINDED PEOPLE. DO YOU WISH US TO INVITE THEM FOR A BRIEF
MEETING AT THE EMBASSY SATURDAY MORNING?

BRAITHWAITE

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FM MOSCO TO FCOLN
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FM MOSCOW
TO IMMEDIATE FCO
TELNO 1610
OF 191416Z SEPTEMBER 89
INFO IMMEDIATE TOKYO

TOKYO FOR PM'S PARTY.

FCO TELNO 1238: VISIT OF SUPREME SOVIET DELEGATION

1. THE QUESTION OF THE SUPREME SOVIET DELEGATION CAME UP WHEN
PRIMAKOV MET MRS THATCHER DURING HER TECHNICAL STOP ON 18 SEPTEMBER.
PRIMAKOV CONFIRMED TO ME THAT THE VISIT WOULD GO AHEAD IN DECEMBER.
HE HIMSELF WOULD NOT BE FREE TO LEAD IT BUT THE HEAD OF THE
DELEGATION WOULD BE A VERY SENIOR SOVIET FIGURE.

2. IN DISCUSSIONS WITH THE HEAD OF SECOND EUROPEAN DEPARTMENT IN THE
MFA EARLIER ON 18 SEPTEMBER I HAD RAISED THE SUBJECT OF THE VISIT.
WE BOTH AGREED THAT THIS WOULD BE A MAJOR POLITICIAL BILATERAL EVENT
AND THAT IT WAS DESIRABLE FOR THE DELEGATION TO BE HEADED BY A MEMBER
OF THE SOVIET LEADERSHIP. USPENSKY DID NOT DISSENT WHEN I SUGGESTED
THAT A POTENTIAL HEAD OF THE DELEGATION MIGHT BE VICE-PRESIDENT
LUKYANOV, WHO IS GORBACHEV'S DEPUTY WITHIN THE PARLIAMENTARY SYSTEM
AND IS WIDELY EXPECTED TO BE PROMOTED TO FULL MEMBERSHIP OF THE
POLITBURO SOON. IF THE PRIME MINISTER HAS BEEN BRIEFED TO RAISE THE
VISIT WITH GORBACHEV, SHE MIGHT WISH TO SUGGEST LUKYANOV'S NAME TO
HIM.

BRAITHWAITE

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TOKYO FOR PM'S PARTY.

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2. IN DISCUSSIONS WITH THE HEAD OF SECOND EUROPEAN DEPARTMENT IN THE MFA EARLIER ON 18 SEPTEMBER I HAD RAISED THE SUBJECT OF THE VISIT. WE BOTH AGREED THAT THIS WOULD BE A MAJOR POLITICAL BILATERAL EVENT AND THAT IT WAS DESIRABLE FOR THE DELEGATION TO BE HEADED BY A MEMBER OF THE SOVIET LEADERSHIP. USPENSKY DID NOT DISSENT WHEN I SUGGESTED THAT A POTENTIAL HEAD OF THE DELEGATION MIGHT BE VICE-PRESIDENT LUKYANOV, WHO IS GORBACHEV'S DEPUTY WITHIN THE PARLIAMENTARY SYSTEM AND IS WIDELY EXPECTED TO BE PROMOTED TO FULL MEMBERSHIP OF THE POLITBURO SOON. IF THE PRIME MINISTER HAS BEEN BRIEFED TO RAISE THE VISIT WITH GORBACHEV, SHE MIGHT WISH TO SUGGEST LUKYANOV'S NAME TO HIM.

BRAITHWAITE

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TELNO AIRBORNE 004
OF 181945Z SEPTEMBER 89
AND TO DESKBY 190800Z FCO

FOLLOWING FOR STEPHEN WALL FROM CHARLES POWELL, AIRBORNE

IT WAS CLEAR FROM PRIMAKOV'S REMARKS TO THE PRIME MINISTER AT MOSCOW AIRPORT THIS EVENING - AS WELL AS WHAT CHERNAYEV SAID EARLIER TO HM AMBASSADOR - THAT GORBACHEV WANTS TO MAKE ARMS CONTROL A MAJOR THEME OF HIS TALKS WITH THE PRIME MINISTER ON SATURDAY. HE SEEMS TO HAVE IN MIND PRINCIPALLY CFE BUT ALSO SALT AND CW.

I THINK THE PRIME MINISTER WILL NEED MUCH FULLER AND MORE DETAILED BRIEFING THAN IS CONTAINED IN YOUR LETTER OF 15 SEPTEMBER. I SHOULD BE GRATEFUL IF YOU COULD FAX ADDITIONAL MATERIAL TO US IN TOKYO.
BT

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NNNN

→ No 10
FCO.
FILE

TELEGRAM

TO: FCO

IMMEDIATE DESK BY 190800Z

CONFIDENTIAL

FOLLOWING FOR STEPHEN WALL FROM CHARLES POWELL, AIRBORNE

It was clear from Primakov's remarks to the Prime Minister at Moscow airport this evening - as well as what Chernayev said earlier to HM Ambassador - that Gorbachev wants to make arms control a major theme of his talks with the Prime Minister on Saturday. He seems to have in mind principally CFE but also SALT and CW.

I think the Prime Minister will need much fuller and more detailed briefing than is contained in your letter of 15 September. I should be grateful if you could fax additional material to us in Tokyo.

ed

Ted *182905z*

CDP
19.9.89

SLH/43

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R19/9

TELEGRAM

TO: FCO

IMMEDIATE DESK BY 190800Z

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FOLLOWING FOR STEPHEN WALL FROM CHARLES POWELL, AIRBORNE

It was clear from Primakov's remarks to the Prime Minister at Moscow airport this evening - as well as what Chernayer said earlier to HM Ambassador - that Gorbachev wants to make arms control a major theme of his talks with the Prime Minister on Saturday. He seems to have in mind principally CFE but also SALT and CW.

I think the Prime Minister will need much fuller and more detailed briefing than is contained in your letter of 15 September. I should be grateful if you could fax additional material to us in Tokyo.

CDP

Ted 182905z

CDP

19.9.89

SLH/43



Foreign and Commonwealth Office

London SW1A 2AH

18 September 1989

John Charles,

Prime Minister's Stopover in Moscow Today

You have seen Moscow Telno 1587 reporting that Nikolai Pavlovich Laverov (pronounced Lav-yor-off) is likely to meet the Prime Minister at Moscow Airport during the stopover today - a further copy of the telegram is enclosed for ease of reference. I write to send you a short factual personality note on him.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

*cc: PC
cc: PP*

*CDP
18/9*

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RESIDENT CLERK PLEASE PASS FOLLOWING TO HEMANS (SOVIET DEPARTMENT) AND POWELL (NO 10).

THE PM'S VISIT: STOPOVER ON 18 SEPTEMBER.

1. THE FOREIGN MINISTRY TELL US THAT THE PRIME MINISTER'S INTERLOCUTOR ON 18 SEPTEMBER IS NOW MORE LIKELY TO BE NIKOLAI PAVLOVICH LAVEROV (PRONOUNCED 'LAV-YOR-OFF' WITH THE ACCENT ON THE SECOND SYLLABLE) RATHER THAN ABALYIN.
2. LAVEROV SUCCEEDED TOLSTYKH (WHOM THE PRIME MINISTER MET IN LONDON IN NOVEMBER 1987) AS DEPUTY PRIME MINISTER AND CHAIRMAN OF THE STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, AS PART OF THIS SUMMER'S GOVERNMENT RESHUFFLE. HE IS A SEISMOLOGIST AND SINCE 1987 HAS BEEN A VICE PRESIDENT OF THE ACADEMY OF SCIENCES WHERE HE SUPERVISES ALL EARTH SCIENCES. HE IS WELL-REGARDED AS A SCIENTIST. WHEN I CALLED SHORTLY AFTER HIS APPOINTMENT, HE STRUCK ME AS ALTOGETHER MORE LIVELY, SELF-CONFIDENT AND OUTGOING THAN HIS PREDECESSOR, A PLEASANT BUT RETIRING ENGINEER WHO WAS CLEARLY UNCOMFORTABLE, IN MANOEUVERING AT THE INTERFACE BETWEEN THE SCIENTIFIC, POLITICAL, AND INDUSTRIAL WORLDS.
3. IT IS PRECISELY THIS AREA WHERE THE STATE COMMITTEE FUNCTIONS LIE. ITS TASK IS TO HARNESS THE UNDOUBTED RESOURCES OF SOVIET SCIENCE FOR THE PRACTICAL BENEFIT OF SOVIET INDUSTRY. IT HAS ALSO BEEN ONE OF THE MEANS BY WHICH THE SOVIETS HAVE SOUGHT OUT FOREIGN TECHNOLOGY FOR DOMESTIC APPLICATION. IT HAS ALWAYS HAD A KEEN INTEREST IN WESTERN MANAGEMENT TECHNIQUES. BOTH THE BRITISH GOVERNMENT AND BRITISH BUSINESS HAVE KNOWN IT WELL FOR MANY YEARS. MOST RECENTLY TWENTY MANAGERS SPONSORED BY THE STATE COMMITTEE ATTENDED A VERY SUCCESSFUL COURSE AT THE LONDON BUSINESS SCHOOL IN APRIL. A FURTHER TWENTY-FIVE ARE DUE THERE IN NOVEMBER. LAVEROV HIMSELF HOPES TO ATTEND THE SECOND TRILATERAL (ANGLO-US-SOVIET) DITCHLEY CONFERENCE IN MAY 1990.
4. LAVEROV EMPHASISED TO ME THAT HE SAW HIS NEW TASK AS THE COORDINATION AND ENCOURAGEMENT OF A SENSIBLE SCIENCE AND TECHNOLOGY

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POLICY, RATHER THAN ITS MANAGEMENT. HE HAD ALREADY IDENTIFIED FIVE PRIORITY AREAS: INFORMATION TECHNOLOGY, HIGH-TEMPERATURE SUPERCONDUCTIVITY, AGRICULTURE AND FOOD PRODUCTION, NUCLEAR AND RENEWABLE ENERGY, AND NEW MATERIALS. HE WAS WORKING ON 14 MORE SPECIFIC PROGRAMMES AS WELL (E.G. ON THE HUMAN GENOME). BUT HE BELIEVED THAT ALL THESE SHOULD BE PROMOTED BY ECONOMIC, NOT ADMINISTRATIVE MEANS. THE MEANS COULD INCLUDE TAX INCENTIVES (A CONCEPT SO FAR WITHOUT SERIOUS APPLICATION IN THE UNREFORMABLE SOVIET ECONOMY): PROVISION OF A GREATER PROPORTION OF CENTRAL FUNDS TO SCIENTIFIC INSTITUTES THROUGH COMPETITION, NOT ALLOCATION: BREAK UP OF SCIENTIFIC AND INDUSTRIAL MONOPOLIES: DIVERSION OF DEFENCE R AND D TO CIVILIAN USE: PROVISION OF FUNDS TO VERY SMALL GROUPS OF INDEPENDENT RESEARCHERS WITH BRIGHT NEW IDEAS (THE AMERICAN 'SKUNK HOLE' APPROACH, OF WHICH APPLE COMPUTERS IS ONE WELL-KNOWN EXAMPLE). HE HOPED THAT THESE DEVICES WOULD BRING SOVIET SCIENCE AND CIVILIAN INDUSTRY INTO THE MUCH MORE PRODUCTIVE RELATIONSHIP WHICH HAD HITHERTO BEEN LACKING.

5. THE PROBLEMS OF SCIENTIFIC AND TECHNOLOGICAL MANAGEMENT WHICH LAVEROV FACES HAVE ANALOGIES WITH OUR OWN, THOUGH THEY ARE ORDERS OF MAGNITUDE GREATER. SO TOO HAVE HIS IDEAS ABOUT ECONOMIC STIMULI, WHICH ARE IN ACCORDANCE WITH WIDER SOVIET THINKING ABOUT ECONOMIC REFORM. THERE IS MUCH OF INTEREST WHICH - DRAWING ON THE FOREGOING - THE PRIME MINISTER COULD DISCUSS WITH HIM WITHIN HIS IMPORTANT BUT LIMITED AREA OF RESPONSIBILITY.

6. BUT MY IMPRESSION IS THAT LAVEROV WOULD ALSO BE CAPABLE OF SUSTAINING A WIDER-RANGING DISCUSSION. THUS:

- (A) THE SOVIET SPACE PROGRAMME (INCREASINGLY CRITICISED BECAUSE OF THE SCARCE RESOURCES IT CONSUMES):
- (B) POPULAR OPPOSITION TO NUCLEAR ENERGY AND ENVIRONMENTAL POLLUTION:
- (C) THE POLICY OF CONVERTING DEFENCE INDUSTRY TO CIVILIAN USE WHICH GOES WELL BEYOND THE R AND D AREA):
- (D) THE ECONOMIC REFORM AS A WHOLE (WHAT PROBLEMS - POLITICAL, PSYCHOLOGICAL, PRACTICAL - DOES LAVEROV SEE IN GETTING SOVIET INDUSTRIAL, AS WELL AS SCIENTIFIC WORKERS TO RESPOND TO THE ECONOMIC STIMULI HE FAVOURS? DOES HE HAVE VIEWS ON THE AUSTERITY PACKAGE WHICH GORBACHEV FORESHADOWED IN HIS RECENT TV SPEECH?)

6. I DO NOT KNOW WHETHER LAVEROV COULD BE TEMPTED INTO A PURELY POLITICAL DISCUSSION, E.G. ON THE NATIONALITIES ISSUE (THE PLENUM

STARTS THE DAY AFTER THE PRIME MINISTER SEES HIM): OR THE RELATIONSHIP BETWEEN SUPREME SOVIET, GOVERNMENT, AND PARTY (THE SUPREME SOVIET RESUMES WORK ON 25 SEPTEMBER AND ITS ACTIVITIES ARE LIKELY TO TEST THAT RELATIONSHIP STILL FURTHER). BUT THERE WOULD BE NO HARM IN TRYING.

BRAITHWAITE

YYYY

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MR P J WESTON
MR RATFORD

ADDITIONAL

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NIKOLAI PAVLOVICH LAVEROV (PRONOUNCED LAVYOROV), DEPUTY
CHAIRMAN OF THE USSR COUNCIL OF MINISTERS AND CHAIRMAN OF
THE STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY

Born 1930. Geologist. Pioneered new method of metal
analysis, and spent many years prospecting in Soviet Central
Asia.

1972-83 headed a laboratory in the Ministry of Geology.
1983-1987 was First Pro-Rector of the Academy of the
National Economy attached to the Council of Ministers
(also in charge of the Department of Natural Resources and
Environmental Protection).

1987-1989 President of the Academy of Sciences of the Kirgiz
Republic. 1988 elected as Vice-President of the USSR
Academy of Sciences.

June 1989 appointed as Deputy Chairman of the USSR Council
of Ministers and Chairman of the State Committee for Science
and Technology.

We have no information about his family or personal
interests.



SUBJECT cc MASTER
ORS

File PM/SH

cc PC
cc Embassy

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 September 1989

Dear Stephen,

PRIME MINISTER'S MEETING WITH MR. PRIMAKOV

During our stop-over at Moscow Airport on the way to Tokyo this evening, the Prime Minister was treated to supper by Mr. Primakov, Chairman of the All Union Council of the Supreme Soviet. Those present included the Soviet Ambassador in London, Mr. Chernyshev (Head of Protocol), Mr. Usspensky and Mr. Krasnov. Sir Rodric Braithwaite was also there.

The Prime Minister began by asking about the forthcoming meeting of the Central Committee Plenum. Mr. Primakov said that it would deal both with the nationalities' problem and the convening of a Party Congress. Discussion of this latter point would be far from just pro forma: a substantial debate inside the Party would be required.

The Prime Minister enquired about the harvest prospects. Mr. Primakov said they were variable depending on the region, but on the whole the harvest would be "quite good". However, import quotas for grain had been set for several years ahead and could not be varied. He thought this a mistake.

Mr. Primakov referred to the recent meeting of the IPU in London. He had been very impressed by the Prime Minister's speech and was grateful for her kind words about the Soviet Union. This led the Prime Minister to speak about reform in the Soviet Union. Mr. Gorbachev's policies were immensely bold and visionary. We must see that they succeeded. The scale of the changes was remarkable. Among the most important of them was the recognition of the fundamental importance of a rule of law. People were also looking back with the searchlight of truth on history. Inevitably there were problems when you asked people to take up freedoms which they were not used to and of which they were a little bit afraid. She suspected the changes had turned out to be more far-reaching than Mr. Gorbachev himself had originally foreseen. Mr. Primakov recalled the Prime Minister's comment at their last meeting that people had not only rights but obligations. It was very important for this point to be recognised in the Soviet Union.

Mr. Primakov then said that the Prime Minister's forthcoming meeting with Mr. Gorbachev was arousing considerable interest, which was itself an indication of how much had been achieved at their earlier meetings. He assumed that discussion would go well beyond bilateral relations and touch on global issues, given that the Prime Minister was the "pilot" of the western world. The Prime Minister agreed that there were many international issues which she would like to discuss with Mr. Gorbachev, in particular developments in Eastern Europe which she thought he was handling most skilfully. Generally there was an encouraging trend towards settling international problems by negotiation. Mr. Primakov said that the Prime Minister's emphasis on the need for stability in Europe was much welcomed in the Soviet Union. The Prime Minister it was indeed important to have stability at a time of great internal changes.

Mr. Primakov said that a useful model had been developed for dealing with regional conflicts, which involved separating the external and internal elements of a settlement. The external aspects should be dealt with through international agreements and internal conflicts by reconciliation. The model could be applied quite widely, for instance in Angola, elsewhere in Africa and in Central America. Unfortunately it was not working effectively in Afghanistan. The settlement there had begun well but was now marking time through no fault of the Soviet Union's. The Prime Minister commented that the Resistance felt that Najibullah was only maintained in power because of Soviet support. They wanted to set up their own government. Mr. Primakov suggested that others were repeating the mistake which the Soviet Union had made, of thinking that Afghanistan could be governed by one group only. They had erred in believing that Najibullah could govern alone: the West was equally mistaken in thinking that the Resistance could govern alone. The Prime Minister said that the Resistance saw Najibullah as no more than a puppet of the Soviet Union and they were right. He was receiving massive deliveries of military equipment from them. The Resistance had not fought so long to be left with a government which represented no-one. They wanted to restore their traditional form of government. They would go on fighting to have their own government and would not give up. But there was no point in re-fighting the war over the supper table. Mr. Primakov observed that no-one had expected Najibullah to last as long as he had. But he agreed that there was no need for him and the Prime Minister to re-fight these battles.

The Prime Minister asked about progress with economic reform. Mr. Primakov said that it was proceeding, but with difficulty. A great deal of readjustment was necessary in the Soviet economy, and it would take time - at least two or three years - before coming right. The trouble was people wanted everything now. There were some objective difficulties, but also quite a lot of human mistakes, not just by past leadership but by the present one as well. The worst one had been to allow inflationary pressure to build up. Vigorous measures were now being taken to reduce this and to cap the budget deficit. The encouraging development was that, for the first time since 1917, the emphasis was on production of consumer

goods rather than capital goods. Conversion of defence industry factories had an important part to play and a great deal was being done on this although - slightly contradicting himself - things were not going all that smoothly. In general, there was a need for more economic incentives. But all in all he was confident the reforms would bear fruit in 2-3 years. The leadership should have explained beforehand that getting results for economic reforms would be a phased process. The Prime Minister observed that the fundamental problem was that people in the Soviet Union had been misled for decades into believing that you could have effortless prosperity.

There was then some discussion of parliamentary procedures. Mr. Primakov said that the decision to broadcast live the proceedings of the Supreme Soviet had been a mistake. Unfortunately it was now impossible to backtrack on this. The Prime Minister said that she had been opposed to televising the House of Commons. Mr. Primakov said that the Prime Minister was very respected in the Soviet Union. She ought to come to the Supreme Soviet and make a speech explaining all of the drawbacks of televising Parliament. The Prime Minister said that televising had done the Soviet Union good in one respect: the world could see the extent of openness and debate. Mr. Primakov said ruefully that when the Congress of People's Deputies had been televised industrial production had dropped by 20 per cent because everyone was watching T.V. They had tried holding sessions in the evenings only, but people had suspected that this was a form of censorship. Then Mr. Yeltsin had complained that, because the Supreme Soviet was working late into the night, people were not getting enough sleep.

The Prime Minister observed that Mr. Yeltsin had recently been visiting the United States. Mr. Primakov said that Pravda had just reprinted an article from the Italian newspaper La Repubblica with a number of unflattering remarks about Mr. Yeltsin's visit to the United States. The visit had not been very well received in the Soviet Union. The Prime Minister recalled the convention in British politics whereby you did not criticise your own country abroad, although regrettably this was now being breached. Mr. Primakov said that it was a very civilised convention.

The Prime Minister asked whether Mr. Gorbachev was satisfied with the progress being made in the arms control negotiations, in particular the CFE talks in Vienna. Mr. Primakov said that this matter was high on Mr. Gorbachev's list for discussion with the Prime Minister. Mr. Gorbachev attached great importance to the forthcoming meeting in this respect. He would like a lengthy discussion with the Prime Minister continuing over a working lunch.

The Prime Minister recalled her talk with General Yazov about the difficulties of reducing the Soviet armed forces and in particular of finding jobs and houses for officers. Mr. Primakov agreed that this was a difficult problem. There was much criticism in the Soviet press of the conditions enjoyed by officers.

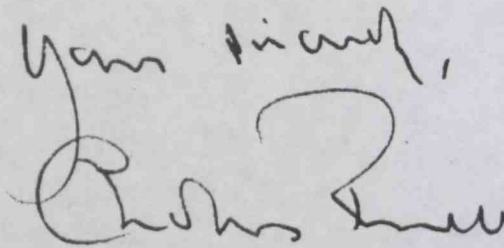
The Prime Minister said that criticism was an inevitable part of reform. She judged that people in the Soviet Union were content with political developments but could not understand why economic reform did not proceed at the same speed. Mr. Primakov said that one reason for the misunderstanding was that people believed that the Soviet model from 1920 to the 1980s was socialism. In fact it had been a deviation from socialism. The task now was to create a new understanding of what socialism really was. The Prime Minister said that we all had to be optimistic. Mr. Primakov commented that a pessimist was a well informed optimist. But he agreed that we had to remain optimistic. There would be many difficulties, but there was simply no other way forward.

The Prime Minister enquired about Mr. Gorbachev's programme of foreign visits. Mr. Chernyshev was rather evasive on the subject: there was not yet a clear schedule, although some visits had been publicly announced. The Prime Minister said that she was hoping to address the United Nations General Assembly on environmental issues during the autumn and make a brief visit to Washington.

The Prime Minister enquired after her friend Dr. Marchuk, Chairman of the Academy of Sciences. Mr. Primakov observed that the whole Praesidium of the Academy of Sciences was due to be re-elected next year. This was likely to be quite a dramatic event.

Mr. Primakov said that environmental issues were clearly of great political significance in the United Kingdom. The Prime Minister spoke for some minutes on this. I did not catch all the subsequent exchange but Mr. Primakov referred to a televised link-up between the Supreme Soviet and the United States Congress to discuss environmental questions.

I am copying this letter to Brian Hawtin (Ministry of Defence), John Gieves (H. M. Treasury) and Trevor Woolley (Cabinet Office).

Yours sincerely,


C. D. POWELL

J.S. Wall, Esq.,
Foreign and Commonwealth Office.



HM AMBASSADOR'S CALL ON MR CHERNYAEV, FOREIGN POLICY ADVISER TO
PRESIDENT GORBACHEV, 18 SEPTEMBER 1989

The Ambassador explained that he had requested a call on Mr Chernyaev, in order to have some guidance on Soviet preparations for the Prime Minister's stop-over on 23 September. Mr Chernyaev agreed it was useful to exchange notes. Although Mr Gorbachev was pre-occupied with the Plenum and the Supreme Soviet Session, he regularly asked Mr Chernyaev what the Prime Minister might wish to raise.

Mr Chernyaev gave some details of the programme for 23 September, which have been included in the revised draft programme.

Mr Chernyaev thought that Mr Gorbachev would want to have a free agenda, so that the talks could flow naturally and the two leaders discuss whatever they wanted. Arms Control, in particular the negotiations on conventional forces in Vienna, would be in the front of Mr Gorbachev's mind. He would probably take the opportunity to brief the Prime Minister on Soviet views of the START negotiations and on Mr Shevardnadze's concurrent trip to Washington. President Gorbachev would probably also refer to Chemical Weapons.

Mr Chernyaev thought that if Mr Gorbachev discussed regional affairs he would want to raise Africa, Afghanistan and Europe. He would be interested in the recent developments in Eastern Europe particularly. The Ambassador commented that the Prime Minister was following developments in East and West Germany with great interest. Mr Chernyaev agreed that one could say that the Post-War period had ended, the Cold War was indeed over. The two leaders would have something to talk about on this subject.

The Ambassador said that the Prime Minister remained just as interested as ever in the progress of Perestroika. She was calling on President Gorbachev between the Nationalities Plenum and the important legislative Session of the Supreme Soviet. The Ambassador suggested that she might be interested in hearing how President Gorbachev saw his strategy for handling the political, economic and social elements of his programme. Mr Chernyaev replied that Mr Gorbachev remained calm. Perestroika was a revolution, and the directions it would take had been predictable, although some of the concrete forms could not have been guessed. The economic problems had reached a much more difficult degree than might have been expected. However the political changes in this country which arose out of the economic situation had now developed their own logic and momentum. Mr Chernyaev implied that the Leadership were happy with the progress towards democratisation.

X) Mr Chernyaev said that President Gorbachev would be very interested to see whether the Prime Minister's views had changed since they last met in April. There had been a number of important events since, both in bilateral relations and in Mr Gorbachev's contacts with other Leaders. The

/Ambassador



Ambassador asked if he had the May events in his mind. Chernyaev asked keenly whether the Prime Minister would want to discuss this. The Ambassador said that he did not know Mrs Thatcher's latest thinking. He briefly described the inconclusive official negotiations in August about which Mr Chernyaev seemed unbriefed. These had concluded with a renewed Soviet threat to the staff of the British Embassy. If that happened, it would produce a most unfortunate political effect. Mr Chernyaev thought that it had been agreed that the matter would be discussed between the Foreign Secretary and Mr Shevardnadze in New York. The Ambassador commented that officials would need very clear and authoritative political guidance for the next round of talks if they were to succeed.

In conclusion the Ambassador asked when the extraordinary package of economic measures about which Mr Gorbachev had recently spoken on TV would be published. Chernyaev said that they would be presented to the Congress of People's Deputies in December. In the meantime the Supreme Soviet would be busy passing fundamental laws on property rights, and other basic economic issues, without which the package would be ineffective.

18 September 1989

Charles

Cherayager gave us
useful additional
info on the program,
which is being given
to Bette D.

Attached is note about
other aspects of the
conclusion, I thought
him still slightly
apprehensive that
the expulsions reflected
a change in the PM's
attitude. (see *).

R

(Bette has the top
copy of this)

(PS: Will is helping some
kids rebuild a ruined
concrete in Yaroslavl,
but will be here when you
get back)

PRIME MINISTER

MS
cc: Mr. Ingham

MEETING WITH MR. GORBACHEV

You are to meet Mr. Gorbachev in Moscow on 23 September. We do not yet have details of the arrangements. But the Soviet Foreign Ministry are assuming a morning meeting followed by lunch, with participation limited to you and Mr. Gorbachev and note-takers.

The meeting will come at the end of what is likely to be a very difficult and possibly crucial week for Mr. Gorbachev. The Central Committee plenum on the nationalities issue will have just been held. It may well also deal with economic problems, and include major personnel changes (although probably not a final shoot-out between Mr. Gorbachev and his hard-line tormentors, Messrs. Ligachev and Chebrikov). On top of this, the economy is in deep trouble: recession, inflation and shortages, with the possibility of rationing having to be introduced. One can also assume some degree of discontent in the armed forces. In short, he is up against it in a big way.

There is also a specific problem which concerns you. Gorbachev is said to harbour resentment that you did not raise the question of KGB activities with him when you met in the spring, but bounced him with the expulsions in May. He may have interpreted it as a deliberate put-down, causing him loss of face and political embarrassment. You could find him quite sharp, at least on this point. This may seem ridiculous: but for those brought up in the Soviet system, conspiracy is always the most likely reason for anything.

All this points to giving him the strongest possible statement of your continuing support for perestroika and reform despite all the difficulties. You will certainly not want to be apologetic about the expulsions which were entirely justified. But you can also point to your efforts to minimise the implications for other aspects of our relations. It is not Mr. Gorbachev's policies to which we object: it's to KGB activities which run directly counter

to them.

There are five broad areas which you want to discuss, in order of priority. You will recall that President Bush said that he would like you to give Mr. Gorbachev a message. I have discussed this with General Scowcroft who will let us have something in Tokyo.

(i) Soviet internal developments

You will want to encourage Mr. Gorbachev to let his hair down - figuratively! - about recent developments and prospects: the Soviet economy, the nationalities, the military, the role of the Supreme Soviet, what is happening in Eastern Europe. But before he even starts, I think you should get in with a strong reaffirmation of support for him and his policies. You might also ask how we can best help, without suggesting that we are ready to come up with large credits.

(ii) Anglo-Soviet relations

There are a number of points to cover here:

- the most difficult is the question of ceilings. You will need to raise this issue if Mr. Gorbachev himself does not: if there is no discussion, the Russians may feel justified in going ahead and implementing the swingeing cuts in our staff which were announced on 27 May. The best result would be for the two of you to ask Foreign Ministers and officials to reach a solution which is reasonable and reciprocal. There are some figures on the present situation in the folder: but John Major would prefer you not to hand them over. We shall need to give some thought as how to react if, contrary to expectations, Gorbachev chooses to engineer a row on this during your visit;

- visits. We are very much hoping Mr. Ryzhkov will still come later this year. You are looking forward to your visit to Kiev in June. You would quite like to go to Armenia also to open the school, provided there have been no delays (this is in order to encourage him to prod the authorities);

- trade is still disappointing, despite the welcome visit of Mrs. Biryukova. We are worried about problems at the Simon Carves robotics factory in Yerevan, which have arisen because the Soviet side have failed to deliver micro-chips of the right quality on time:

- human rights ought also to be mentioned. The major improvements which have taken place are very welcome: but it is a pity that the departure of many long-term refuseniks is still being blocked.

(iii) Arms Control

There is no doubt that the initiative now lies much more with NATO and for the time being at least the stream of Soviet proposals have dried up. We are waiting for the Soviet Union to respond to the proposals on conventional force reductions which NATO made in July. We shall shortly be making additional proposals on verification, information exchange and stabilising measures. We want early progress. You could welcome US/Soviet talks on chemical weapons and the proposals for bilateral data exchange and inspections. This should produce the greater open-ness about Soviet capabilities, on which you pressed Mr. Gorbachev at your last meeting. There are indications that the SALT discussions are to resume shortly. Any indication which Mr. Gorbachev gives of the likely date of a US/Soviet Summit would be of interest.

(iv) Eastern Europe

I think you will want to compliment him on the Soviet attitude so far towards developments in Poland and Hungary. Their handling of these problems will be a touchstone for the Soviet Union's reputation with western opinion. It would be interesting to draw him out on prospects in the GDR, which might give an opening to test his reaction to renewed talk of German reunification.

(v) Other international issues

There are quite a number of areas which you could touch on if there is time. My order of priority would be:

- Iran. He has been invited to visit Iran. There will be a strong moral obligation on the Soviet Union to press the Iranians very hard on hostages and their behaviour generally.
- Soviet Union. Now is the time for the Soviets to urge the ANC to suspend violence and get involved in serious negotiations.
- Angola. The Russians are well placed to discourage the Angolans from pursuing their current military offensive. We need to reactivate the ceasefire.
- Namibia. It is very important to get through to the elections, and for everyone to accept the result (if the UN Secretary-General certifies it as free and fair).

The FCO are likely to suggest that you raise the subject of Gordievsky's family.

You will find an FCO brief in the folder, together with additional background material and the note of your last meeting with Mr. Gorbachev. We will get an update on the outcome of the Central Committee plenum in Tokyo.

C.D.P.

(C. D. POWELL)
17 September 1989
(SRW)

PRIME MINISTER

STOPOVER IN MOSCOW

It now seems that the person likely to meet you in Moscow tomorrow night is Mr. Laverov, Deputy Prime Minister and Chairman of the State Committee for Science and Technology.

Rodric Braithwaite's telegram (attached) tells you about his interests and possible themes for conversation. His priorities are:

- information technology
- high-temperature superconductivity
- agriculture and food production
- nuclear and renewable energy
- new materials

Subjects which might be covered in discussion are;

- the Soviet Space programme
- popular opposition to nuclear energy and environment pollution
- conversion of defence industry to civilian use
- the problems of economic reform, and getting Soviet industrial workers to respond to economic stimuli.

You could also seek his forecast of the likely outcome of the Central Committee plenum this week.

C.D.P.

(C. D. POWELL)

17 September 1989

(SRW)

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FM MOSCOW
TO DESKBY 161300Z FCO
TELNO 1587
OF 161221Z SEPTEMBER 89

RESIDENT CLERK PLEASE PASS FOLLOWING TO HEMANS (SOVIET DEPARTMENT)
AND POWELL (NO 10).

THE PM'S VISIT: STOPOVER ON 18 SEPTEMBER.

1. THE FOREIGN MINISTRY TELL US THAT THE PRIME MINISTER'S INTERLOCUTOR ON 18 SEPTEMBER IS NOW MORE LIKELY TO BE NIKOLAI PAVLOVICH LAVEROV (PRONOUNCED 'LAV-YOR-OFF' WITH THE ACCENT ON THE SECOND SYLLABLE) RATHER THAN ABALYIN.
2. LAVEROV SUCCEEDED TOLSTYKH (WHOM THE PRIME MINISTER MET IN LONDON IN NOVEMBER 1987) AS DEPUTY PRIME MINISTER AND CHAIRMAN OF THE STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, AS PART OF THIS SUMMER'S GOVERNMENT RESHUFFLE. HE IS A SEISMOLOGIST AND SINCE 1987 HAS BEEN A VICE PRESIDENT OF THE ACADEMY OF SCIENCES WHERE HE SUPERVISES ALL EARTH SCIENCES. HE IS WELL-REGARDED AS A SCIENTIST. WHEN I CALLED SHORTLY AFTER HIS APPOINTMENT, HE STRUCK ME AS ALTOGETHER MORE LIVELY, SELF-CONFIDENT AND OUTGOING THAN HIS PREDECESSOR, A PLEASANT BUT RETIRING ENGINEER WHO WAS CLEARLY UNCOMFORTABLE, IN MANOEUVERING AT THE INTERFACE BETWEEN THE SCIENTIFIC, POLITICAL, AND INDUSTRIAL WORLDS.
3. IT IS PRECISELY THIS AREA WHERE THE STATE COMMITTEE FUNCTIONS LIE. ITS TASK IS TO HARNESS THE UNDOUBTED RESOURCES OF SOVIET SCIENCE FOR THE PRACTICAL BENEFIT OF SOVIET INDUSTRY. IT HAS ALSO BEEN ONE OF THE MEANS BY WHICH THE SOVIETS HAVE SOUGHT OUT FOREIGN TECHNOLOGY FOR DOMESTIC APPLICATION. IT HAS ALWAYS HAD A KEEN INTEREST IN WESTERN MANAGEMENT TECHNIQUES. BOTH THE BRITISH GOVERNMENT AND BRITISH BUSINESS HAVE KNOWN IT WELL FOR MANY YEARS. MOST RECENTLY TWENTY MANAGERS SPONSORED BY THE STATE COMMITTEE ATTENDED A VERY SUCCESSFUL COURSE AT THE LONDON BUSINESS SCHOOL IN APRIL. A FURTHER TWENTY-FIVE ARE DUE THERE IN NOVEMBER. LAVEROV HIMSELF HOPES TO ATTEND THE SECOND TRILATERAL (ANGLO-US-SOVIET) DITCHLEY CONFERENCE IN MAY 1990.
4. LAVEROV EMPHASISED TO ME THAT HE SAW HIS NEW TASK AS THE COORDINATION AND ENCOURAGEMENT OF A SENSIBLE SCIENCE AND TECHNOLOGY

POLICY, RATHER THAN ITS MANAGEMENT. HE HAD ALREADY IDENTIFIED FIVE PRIORITY AREAS: INFORMATION TECHNOLOGY, HIGH-TEMPERATURE SUPERCONDUCTIVITY, AGRICULTURE AND FOOD PRODUCTION, NUCLEAR AND RENEWABLE ENERGY, AND NEW MATERIALS. HE WAS WORKING ON 14 MORE SPECIFIC PROGRAMMES AS WELL (E.G. ON THE HUMAN GENOME). BUT HE BELIEVED THAT ALL THESE SHOULD BE PROMOTED BY ECONOMIC, NOT ADMINISTRATIVE MEANS. THE MEANS COULD INCLUDE TAX INCENTIVES (A CONCEPT SO FAR WITHOUT SERIOUS APPLICATION IN THE UNREFORMABLE SOVIET ECONOMY): PROVISION OF A GREATER PROPORTION OF CENTRAL FUNDS TO SCIENTIFIC INSTITUTES THROUGH COMPETITION, NOT ALLOCATION: BREAK UP OF SCIENTIFIC AND INDUSTRIAL MONOPOLIES: DIVERSION OF DEFENCE R AND D TO CIVILIAN USE: PROVISION OF FUNDS TO VERY SMALL GROUPS OF INDEPENDENT RESEARCHERS WITH BRIGHT NEW IDEAS (THE AMERICAN 'SKUNK HOLE' APPROACH, OF WHICH APPLE COMPUTERS IS ONE WELL-KNOWN EXAMPLE). HE HOPED THAT THESE DEVICES WOULD BRING SOVIET SCIENCE AND CIVILIAN INDUSTRY INTO THE MUCH MORE PRODUCTIVE RELATIONSHIP WHICH HAD HITHERTO BEEN LACKING.

5. THE PROBLEMS OF SCIENTIFIC AND TECHNOLOGICAL MANAGEMENT WHICH LAVEROV FACES HAVE ANALOGIES WITH OUR OWN, THOUGH THEY ARE ORDERS OF MAGNITUDE GREATER. SO TOO HAVE HIS IDEAS ABOUT ECONOMIC STIMULI, WHICH ARE IN ACCORDANCE WITH WIDER SOVIET THINKING ABOUT ECONOMIC REFORM. THERE IS MUCH OF INTEREST WHICH - DRAWING ON THE FOREGOING - THE PRIME MINISTER COULD DISCUSS WITH HIM WITHIN HIS IMPORTANT BUT LIMITED AREA OF RESPONSIBILITY.

6. BUT MY IMPRESSION IS THAT LAVEROV WOULD ALSO BE CAPABLE OF SUSTAINING A WIDER-RANGING DISCUSSION. THUS:

- (A) THE SOVIET SPACE PROGRAMME (INCREASINGLY CRITICISED BECAUSE OF THE SCARCE RESOURCES IT CONSUMES):
- (B) POPULAR OPPOSITION TO NUCLEAR ENERGY AND ENVIRONMENTAL POLLUTION:
- (C) THE POLICY OF CONVERTING DEFENCE INDUSTRY TO CIVILIAN USE WHICH GOES WELL BEYOND THE R AND D AREA):
- (D) THE ECONOMIC REFORM AS A WHOLE (WHAT PROBLEMS - POLITICAL, PSYCHOLOGICAL, PRACTICAL - DOES LAVEROV SEE IN GETTING SOVIET INDUSTRIAL, AS WELL AS SCIENTIFIC WORKERS TO RESPOND TO THE ECONOMIC STIMULI HE FAVOURS? DOES HE HAVE VIEWS ON THE AUSTERITY PACKAGE WHICH GORBACHEV FORESHADOWED IN HIS RECENT TV SPEECH?)

6. I DO NOT KNOW WHETHER LAVEROV COULD BE TEMPTED INTO A PURELY POLITICAL DISCUSSION, E.G. ON THE NATIONALITIES ISSUE (THE PLENUM

STARTS THE DAY AFTER THE PRIME MINISTER SEES HIM): OR THE RELATIONSHIP BETWEEN SUPREME SOVIET, GOVERNMENT, AND PARTY (THE SUPREME SOVIET RESUMES WORK ON 25 SEPTEMBER AND ITS ACTIVITIES ARE LIKELY TO TEST THAT RELATIONSHIP STILL FURTHER). BUT THERE WOULD BE NO HARM IN TRYING.

BRAITHWAITE

YYYY

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Economic Clouds Over Moscow

Wall St. Journal
15-16 Sept 1989

By MARTIN FELDSTEIN

My second visit to the Soviet Union within six months left two very clear and disturbing impressions. First, the Soviet economy is on the verge of collapse. And, second, in the current political environment, the economic deterioration cannot continue for long without provoking a sharp political change.

Ironically, the recent political reforms are making it particularly hard for the Soviets to achieve the economic reforms that they need. And yet it is the new political freedoms that will permit the public to hold the political leadership accountable for the economy's abysmal performance. The Soviet Union's inability to reconcile economic reform and political freedom could cause a repressive political swing to the right in which both will be lost.

The increasing shortages of consumer goods—both a symptom and a cause of the worsening economic situation—are destroying the already poor system of distribution. Leningrad has had to issue ration coupons for soap, sugar and salt. Many basic goods are no longer available to all. And although consumer durables have extremely high official prices, especially relative to Soviet wages, they too have generally disappeared from the shelves.

Black Markets

The rise of nationalism is also contributing to the economic breakdown. The Baltic states and other Soviet republics are preventing the shipment of locally-made products to other parts of the Soviet Union and denying Soviet citizens who are not local residents the right to buy things in their stores. The Moscow government has retaliated by announcing that Soviet citizens from other republics who visit Moscow may not buy consumer durables, imported products and other desirable goods that may happen to be available.

This disintegration of the regular market in consumer goods encourages black markets and widespread corruption. The Soviets readily acknowledge that retailers and others involved in the distribution system help themselves to consumer goods that can be sold on the black market for much more than official prices or, better yet, for dollars or other hard currency.

The combination of shortages and of rapidly rising prices for the limited range of goods for which price increases are permitted is destroying the value of the ruble. Although it is illegal for Soviets to trade rubles for foreign currency, this trading has become blatant. The official exchange rate is \$1.60, while the rate on the street is only 10 to 20 cents a ruble.

A primary cause of the shortages and price rises is the government budget deficit, now estimated at more than 10% of gross national product. Although a deficit need not be inflationary if it is financed by issuing bonds that crowd out private spending, the Soviets do not issue bonds but finance their deficits by adding to the cash in the hands of Soviet workers. In a Western economy, such an excess infusion of cash would cause prices to rise. Soviet experts privately estimate their inflation rate at nearly 10% even though most prices are not allowed to

rise. And with only a limited number of prices free to increase, the excess cash chasing a limited supply of goods causes shortages.

The fear of future inflation encourages people to spend their savings before the ruble's purchasing power decreases even further. With the interest rate limited to only 3%, any kind of good that can be stored for future use is a better investment than money in the bank.

But the shortages reflect declines in production as well as increases in demand. One cause of the reduced output is the new system of factory management in which managers are elected by the workers and

Board of Contributors

Soviet citizens want a higher standard of living but do not see how that will follow from market forces.

have some discretion over pay and work requirements. Without the discipline from owners or creditors, managers have raised wages and met production quotas by accounting gimmicks. In addition, workers and farmers whose income is related to their own effort frequently have cut back because the rubles that they would earn by extra effort are of such limited value.

What is needed to rescue the Soviet economy is a radical reform of the price-setting process and a move toward a much more market-oriented economy. Mr. Gorbachev's economic advisers recognized that two years ago but have now abandoned those proposed reforms because they fear that price decontrol would lead to skyrocketing inflation. Such inflation is politically unacceptable in a nation where Lenin's promise of price stability has been repeated for more than 70 years. Moreover, since Soviets do not own shares or homes or other assets that would preserve their value during inflation, a rapid inflation would wipe out the life savings of every Soviet citizen—hardly a propitious start for a government that wants to develop confidence in capitalist ways!

The prerequisite to price decontrol and the establishment of a market economy is therefore appropriate anti-inflationary macroeconomic policies. First, the excess infusion of cash by the budget deficit must be stopped. Soviet officials acknowledge this and say that they will cut the budgetary money growth in half during the next year by a combination of reduced defense outlays, increased revenue from the sale of imported consumer goods, and the use of bond finance. But eliminating a budget deficit of 10% of GNP will not be possible without raising taxes, cutting subsidies or reducing the already low standard of public services. Any such painful changes will inevitably be criticized in the press and reflected in votes against Communist Party candidates in contestable elections.

Even more important than deficit reduction is raising the interest rate that house-

holds receive on their bank deposits. That rate must be high enough so that households will want to leave their past savings in the bank when prices are decontrolled, rather than spending them and thereby bidding up the prices of available goods. At a minimum, that is likely to require an interest rate that exceeds the inflation rate, a substantial rise from the current token rate of interest. Such a rise in interest payments would be unpopular with a Soviet public raised on the communist ideology that all capital income is unfair. Moreover, since the ownership of savings is highly concentrated, paying higher interest rates would conflict with the egalitarian standard of fairness that the Soviet public has come to accept.

Popular opposition to economic reform extends not only to the policies required to prevent inflation but to the basic market reforms themselves. While most Soviet economists continue to recognize the necessity of price decontrol and movement toward a market economy, they report that these notions are not supported by the mass of Soviet people.

Soviet citizens want a higher standard of living but do not see how that will follow from market forces. Instead they see price reform as eliminating the subsidies on bread and rent and adding to a general price inflation that would lower their already low standard of living. And they understand that with fewer regulations some individuals will become much richer than others, in sharp conflict with their values. With democratization, such popular opposition inevitably increases the political reluctance to act decisively.

Some Possibilities

The deteriorating economic conditions make the continuation of current policies very unlikely. One possibility is that the leadership will accept the political risks of adopting radical reforms that simultaneously contain inflationary pressures and move toward a market economy. Or, Mr. Gorbachev might lose power to a politician prepared to adopt the needed reforms.

But there is a darker possibility. The Soviet public and many of those in government or military circles may conclude that inflation, shortages, strikes and corruption are all evidence that the Gorbachev government is too weak. They may yearn for a government that can bring back price stability, crack down on black marketeers and stop the nationalist political movements. Such a political change could spell the end of economic perestroika and of political liberalization. The very fear of such a political ouster might make Mr. Gorbachev and his colleagues adopt a tougher, less reform-oriented stance themselves.

Those of us who want to see an increase in pluralism, democracy and market forces in the Soviet Union can only hope that the current government will have the courage to adopt the needed reforms before it is too late.

Mr. Feldstein, former chairman of the president's Council of Economic Advisers, is a professor of economics at Harvard.

PRIME MINISTER

MEETING WITH SOVIET DEPUTY PRIME MINISTER

You are stopping briefly at Moscow airport on your way to Tokyo on Monday. The Russians are sending their Deputy Prime Minister, Mr Leonid Abalkin, Chairman of the State Commission for Economic Reform, to see you at the airport. He is a close adviser on economic questions to Gorbachev and attended your lunch with Soviet intellectuals in Moscow in April 1987.

The FCO have done the attached note suggesting a number of lines of questioning about the Soviet economy. You might also like to see the attached article about the state of the Soviet economy which appeared in the Wall Street Journal today. It makes very gloomy reading. I have also included my notes of your conversation with Gordievskiy and my talk with Kossov in case you wish to refer back to them.

—
e.d.p.

CHARLES POWELL

15 September 1989



Foreign and Commonwealth Office

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London SW1A 2AH

15 September 1989

Dear Charles,

Prime Minister's stopover in Moscow: 23 September

Mr Gorbachev's Aims

In his talks with the Prime Minister on 23 September, Mr Gorbachev will probably wish to demonstrate that, despite internal economic and political pressures, he remains firmly in control and that his reforms are making progress. He will be looking for renewed political support from the UK. He may well explore whether there was a political motivation behind the 19 May expulsions. In the arms control field he may wish to keep up the momentum behind the conventional arms talks (CFE), and reiterate the Soviet commitment to a defensive strategy.

British Objectives

The stop-over follows a period in which the Congress of People's Deputies and new Supreme Soviet have provided a forum for unusually frank debate and have stimulated outspoken criticism of the leadership and Party. Mr Gorbachev is currently faced with the most serious challenge to his authority since coming to office. The Prime Minister's visit will be an opportunity to pursue a number of key objectives:

- (a) To reinforce our continued support for perestroika and for Gorbachev personally at a particularly difficult time.
- (b) To put across to the Russians our views on the main East/West issues, at a point when the Bush administration's dialogue with the Soviet Union is beginning to pick up. (Mr Shevardnadze is meeting Mr Baker in Wyoming on 22-23 September and this may lead to agreement on dates for a summit.)

Soviet internal affairs

Mr Gorbachev has acknowledged the opposition to his reform programme both from hard-liners and radicals. But there is no plausible alternative policy nor leader at present. There is growing discontent over shortages and wider economic problems. Since his visit to Britain in April, the speed of political change, notably the freedom of debate in the Supreme Soviet, has been remarkable - after 70 years the

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Soviet people are rapidly losing their fear. Meanwhile the fundamental contradictions of the Soviet Union have been thrown into sharp relief by disparate nationalist and ethnic conflicts, exacerbated by the country's dire economy (more detailed background enclosed). Mr Gorbachev has discarded many of his predecessors' fundamental assumptions, but it is far from clear what sort of society he hopes to create, and whether he has the will and backing to introduce the painful economic changes (eg price reform) which are essential in the face of the present stagnation.

Issues which the Prime Minister might wish to discuss include:

(a) How can the leading role of the Party be reconciled with an increasingly assertive Supreme Soviet which enjoys at least some electoral legitimacy, and with attempts to establish "a law-based state". Mr Gorbachev has publicly referred to opposition and denied the possibility of a coup. What form does the opposition take in his view?

(b) Election platforms for peoples deputies are already producing factions which could be embryo parties. The Soviet Union has accepted multi-party parliaments in Poland/Hungary. Will the Soviet Union eventually follow?

(c) Does Mr Gorbachev see how command and market economies can be combined in an effective way? Are the two approaches to the allocation of resources compatible?

(d) The Supreme Soviet's mercurial performance so far suggests that the massive legislative programme will be a slow process. Will Mr Gorbachev continue to chair in person? Does he see the programme as the key to a law based state and to the "irreversibility" of perestroika?

The Prime Minister might also ask Mr Gorbachev for his assessment of the nationalities question. The Soviet Union is an empire with little natural cohesion: most of its non-Russian inhabitants have little desire to be ruled by Moscow. The Plenum on nationalities will have taken place earlier in the week. The Russians are highly sensitive about outside involvement particularly in the Baltic States. But recent Soviet visitors to the UK have shown a striking interest in our experience of withdrawing from empire, and the Soviet Embassy has sought briefing on the constitutional mechanism of devolution in the UK. If the atmosphere of the talks permits, the Prime Minister may like to draw out Gorbachev in this area.

Western response to perestroika

In April Mr Gorbachev appeared to believe that the West was losing its enthusiasm for perestroika. The Prime Minister

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may wish to underline her strong personal support for the Soviet reforms, and that of the West as a whole including the new US administration. Mr Gorbachev has made clear publicly that ultimately the Soviet Union must itself solve its own problems. The Prime Minister might, nevertheless, sound him out about ways in which he thinks we could do more to help - eg by expanding our current management training programme or by targeting managerial and economic expertise on a critical area such as agriculture/food processing or the conversion of defence factories to produce consumer goods. Without some sign of light at the end of the tunnel, it will be impossible to generate genuine popular support for economic reform, and many Russians may conclude mistakenly that their interests will be best served by a reversion to the illusory "certainties" of the past.

Anglo/Soviet relations

A strong statement of support for perestroika will be particularly helpful if, as the Prime Minister discussed with Sir Rodric Braithwaite this week, she raises the issues of espionage, expulsions and ceilings. Mr Gorbachev could well raise this himself. He appears to have been affronted personally that the Prime Minister did not raise it with him in London and therefore to have taken the May expulsions as a deliberately negative political signal. He may be still looking for a motive, or perhaps believe that the Prime Minister was not herself happy with the policy. The Prime Minister may wish to make clear to Mr Gorbachev the risks attached to the present Soviet course, to leave him in no doubt that we are not prepared to pay a high security price for good relations, nor to acquiesce in vindictive measures against us, but that at the same time we are ready to move forward over ceilings if the Russians improve their behaviour. The best result would be for Mr Gorbachev to agree with the Prime Minister that the two Foreign Ministers and officials should resolve this issue without either provoking a row now, or storing up trouble which could erupt into a row in a few years' time. The Prime Minister might tell Mr Gorbachev that she intends to keep a close personal eye on this, and suggest that he should as well.

The Prime Minister could contrast this problem with plans for our otherwise excellent bilateral relations to expand still further. We hope that both Prime Minister Ryzhkov and a high level Supreme Soviet delegation will visit Britain this winter. These exchanges are solidly underpinned by a massive increase in direct contacts between individuals and organisation in our two countries (tourism, school exchanges, academic/cultural contacts, private visits).

The Prime Minister will be going to the Soviet Union next June for "Britain in Kiev" - the biggest British event ever held in the USSR, which The Princess Royal will open.

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The Prime Minister may like to say that she hopes Mr Gorbachev will visit the event with her.

If Mr Gorbachev expresses interest in the possible timing for a visit by The Queen, the Prime Minister may wish to say that it seems unlikely that this would be earlier than 1992 or 1993.

The Prime Minister will wish to welcome the major improvements in the Soviet attitude to human rights under Mr Gorbachev. There are encouraging signs that this is moving from individual gestures to legal reform. Recent amendments to proposed legislation on crimes against the state were an important step in the right direction. Institutionalised reform is the key. But it is disappointing that the Soviet Union still persists in damaging its own image by preventing the departure of many long term refuseniks. This attitude ensures that our attendance at the 1991 Moscow human rights conference remains potentially controversial.

The Prime Minister will wish to welcome the steady increase in Anglo/Soviet trade, the success of the British Trade Month in April attended by over 250 British companies, the growing number of joint ventures (35 have now been signed) and the visits by Lord Young and Mrs Biryukova. She might add that the overall level of British exports remains disappointing, but that the project to build a British Trade Centre on the 1905 Metro site in Moscow could provide a major boost (as well as earning valuable hard currency for the USSR). One specific commercial problem which the Prime Minister might raise affects the robotics factory being built at Yerevan by Simon Carves. This prestigious project, agreed during the Prime Minister's 1987 visit to the USSR, has run into serious problems because the Soviet side cannot deliver microchips of the required quality on time. It is clear that the company and its partners should resolve the technical issues involved; but the Prime Minister could point out that it would have major implications if the Soviet Union were to be seen as an unsatisfactory partner for collaborative high technology projects. Finally the Prime Minister might say that British companies were disappointed to lose the first contract for the refurbishment of Moscow airport, as they were sure their offer was technically best. But more recent discussions with Aeroflot have been going well and there is a good prospect of agreement being reached.

There is one other bilateral question which it would be helpful if the Prime Minister would mention. There has recently been encouraging progress on the school we are building in Armenia, after initial difficulties (due to disorganisation not ill-will). If the school is to be weather-proof before the onset of winter, which is critical for the whole project's timing, it is essential that the present rate of progress be maintained. Anything Mr Gorbachev

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can do to give those involved a prod would be very welcome. If time allowed during her visit next June, she might like to consider opening it, provided Soviet delays have not prevented it being finished.

Arms Control

The Prime Minister may wish to remind Mr Gorbachev of the importance which we attach to early progress in the negotiations on conventional armed forces (CFE) in Vienna. Mr Gorbachev may be prepared to give an indication of how the Warsaw Pact will respond to the proposals launched by the Alliance in July, which included (as the Warsaw Pact sought) limits on aircraft, helicopters and US/Soviet stationed personnel, in addition to those proposed earlier on tanks, artillery and armoured troop carriers. The Prime Minister might say that the July proposals represent a sincere attempt to remove the remaining points of disagreement over what the negotiations should cover. The Prime Minister may also like to tell Mr Gorbachev that the Alliance will shortly be tabling additional proposals covering the key areas of information exchange, verification and so-called stabilising measures designed to buttress the numerical limitations we have put forward.

On chemical weapons, the Prime Minister may wish to note and welcome progress towards a US/Soviet agreement for pre-CW Convention bilateral data exchange and inspections. (This may be finalised at the Shevardnadze/Baker meeting on 22-23 September.) We hope that such an agreement will bring about the greater openness about Soviet CW capabilities for which we have been pressing. (We understand that Sir Percy Cradock will be providing a separate brief for the Prime Minister about assessments of the Soviet CW stockpile figure.)

Eastern Europe

The Soviet Union has been careful to play no overt role in the formation of the new government in Poland. When General Kiszczak was unable to form a Communist-led government, Gorbachev had little choice, short of provoking a major crisis, but to accept the appointment of Mr Mazowiecki. Mr Walesa's assurances that Poland would honour its military commitments will have provided some reassurance; but Foreign Minister Skubiszewski has made it clear that Polish interests will come before ideological considerations, and Warsaw Pact political cohesion is bound to be further undermined.

The Prime Minister may like to pay tribute to the statesmanship of Jaruzelski and Walesa and stress the importance for all concerned with Poland's future of giving the new government a chance. The main effort must come from the Poles themselves. We shall do what we can to help but stringent economic measures must be taken by the Poles themselves. The Soviet Union too could help by easing the

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Poles' economic burden. The Prime Minister could stress our view that, far from threatening Soviet security, a democratic and prosperous Poland offers the best hope for stability and peace in the region.

Should Gorbachev raise the "German Question", the Prime Minister might point out that the GDR needs not only to honour its international commitments including CSCE commitments, but also to introduce the political reforms its young people clearly want.

Mr Gorbachev probably agrees on the need for reform in the GDR. But the Russians seem reluctant at present to apply pressure. They may hope that some reform will become possible in the post-Honecker era. We see no real reformers among the likely successors.

Other Regional Issues

The Iranian News Agency has recently announced that President Gorbachev has been invited to visit Iran. The Prime Minister may wish to express the hope that the Soviet Union will urge the Iranians to observe the norms of international behaviour. In particular, Iran should use her influence over those holding hostages to help bring about their release.

On the Lebanon, the Prime Minister might underline our strong support for a continuation of the efforts of the Arab League Committee of Three Heads of State to find a solution to the present crisis. We hope that the Soviet Union will continue to use its influence with the Syrians to persuade them to cooperate with the Committee, and ultimately to withdraw their forces.

On Arab/Israel, the Prime Minister could note the lack of progress. Given the deteriorating situation in the Occupied Territories, it is more important than ever that the Russians should use their influence with the Palestinians and the Syrians to urge restraint. We stand ready to discuss the issue in the Five if the Americans agree.

On Afghanistan, Mr Gorbachev may ask the Prime Minister to encourage the US and Pakistan to accept power sharing and to abandon the objective of a transfer of power from the PDPA regime to the resistance. He may also press "negative symmetry" (ending arms supplies to both sides). The Prime Minister might emphasise that the international community cannot force the resistance to share power, and that the resistance have every reason to be implacably opposed to doing business with Najibullah; point out that "negative symmetry" would benefit the regime as it has large arms stockpiles, thanks to Soviet generosity and agree on the desirability of a consensus resolution on Afghanistan at UNGA this year (the Russians and Pakistanis are negotiating a draft text based on

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last year's consensus resolution).

On South Africa, the Prime Minister may wish to urge Mr Gorbachev to encourage the ANC to be as flexible as possible in their approach to negotiations. (The ANC have produced a negotiating framework document, which was endorsed by the OAU last month.) While there are some promising elements in the current ANC proposals, the Government of South Africa are unlikely to accept that they must implement certain preconditions before the start of negotiations on a ceasefire. Furthermore, moves by the ANC to have their proposals adopted by international organisations can only reduce the prospects for progress.

On Namibia, the Prime Minister will wish to stress the importance of the Permanent Five standing behind the election result, whatever it may be, if the UN Secretary General certifies the process as "free and fair".

The Prime Minister might urge President Gorbachev to make clear to the Angolan Government that their current military offensive complicates the task of reactivating the ceasefire. We are urging both sides to put an end to the argument over what was agreed informally at Gbadolite, and instead to concentrate on those elements on which they both agree: (a) the Gbadolite Declaration and (b) the acceptance of Mobutu as mediator.

Pressure by Moscow was probably an important factor in the Vietnamese Government's announcement earlier this year to withdraw its remaining troops from Cambodia by 26 September 1989. But there was little evidence that the Soviet Union exerted effective pressure on Hanoi and the Vietnamese-backed Phnom Penh regime during the Paris Conference to reach agreement with the Cambodian resistance on the crucial question of interim arrangements pending elections.

If the subject comes up, the Prime Minister might express disappointment that the Paris Conference failed to settle the conflict, and express the hope that Vietnam and People's Republic of Kampuchea will display greater flexibility in future negotiations. The continued existence of the Conference machinery is one hopeful element. The Permanent Five should stay in touch over the conditions under which it might be reactivated.

United Nations

The Prime Minister may like to mention that importance of the work done by the Five in the Security Council, in particular in the peace-keeping field (where cost-effectiveness continues in our view to be a key objective). The Prime Minister may also like to seek Mr Gorbachev's support for our efforts to involve the Security

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Council in drugs questions. In our view the implications for international peace and security are self-evident, and this field is thus a perfectly legitimate subject for the Council. Finally, the Prime Minister may wish to mention her own plans to visit New York in mid-November to give a speech on the environment.

International Economic Co-operation

Mr Gorbachev may raise EC/USSR relations. The next round of negotiations for a trade and cooperation agreement are due in October. The French would like negotiation to be finished by the end of their Presidency. If the subject is raised, the Prime Minister might say that we welcome the negotiations for a trade and cooperation agreement now under way but that these are important negotiations for both sides and it would be wrong to set artificial deadlines.

Mr Gorbachev may mention his letter to President Mitterrand at the Paris Summit about closer economic cooperation. The Prime Minister could reply that we would be pleased to see Western organisations such as the OECD providing expert advice on how to run a free market economy, but that we regard application to GATT or IMF at this stage as premature. The Soviet Union has a long way to go in opening up its economy before it could play a full part in such institutions.

/ I attach an annex on the economy and internal political situation in the Soviet Union, and personality notes on Mr and Mrs Gorbachev, and on the Prime Minister, Mr Ryzhkov.

Yaws.
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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Soviet Internal DevelopmentsPolitical Reform

1. Since the Prime Minister saw Gorbachev in April, the rate of political change has been truly remarkable and shows signs of accelerating out of control. Although Gorbachev's own democratic credentials are far from consistent (he summoned 1,500 Supreme Soviet deputies from around the USSR last October for a 25 minute meeting to endorse unanimously his appointment as President), he has concluded that popular participation/enthusiasm is essential if his reforms - so far heavily dependent on his own energy and leadership - are to succeed.

2. The elections to the new Congress of 2,250 People's Deputies held on 26 March were a turning point. Although in almost a quarter of the seats there was only one candidate, many of these (including a high proportion of old Party stalwarts) were rejected by the voters and failed to get the required 50% support. The elections were far from pure democracy; but they allowed real public debate and discussion of a sort unknown in the USSR since the early years of the Revolution. The result amounted to a major vote of no-confidence in the Party apparatus.

3. The first session of the Congress of People's Deputies, ran from 25 May to 9 June, a week longer than expected, and its proceedings were televised live. Although only 10-15% of the delegates could be categorised as radicals/reformers, it featured a breadth and liveliness of debate that was totally unforeseen and no sacred cow (not even Lenin) escaped attention. Although the Congress served to strengthen Gorbachev's political authority, it seriously eroded that of the Party. This trend was maintained at the inaugural session of the new Supreme Soviet (selected from members of the Congress) which ended on 4 August.

4. Capitalising on its electoral legitimacy and credibility with the Soviet public, the Supreme Soviet discussed matters formerly considered too sensitive for public debate. It rejected nine official nominations for Ministerial posts, and grilled the Defence Minister and head of the KGB before confirming their appointments. It debated highly topical matters, notably the miners' strike, with deputies speaking up on behalf of their "constituencies" to articulate local concerns - and greatly improved an earlier Decree on crimes against the State. Most controversially the Supreme Soviet decided (against the specific wishes of the Defence Minister) to release 176,000 students from conscription ahead of schedule. Party concern at this (often explicit) challenge to its legitimacy and authority reached a peak on 18 July at a Central Committee meeting, which revealed serious differences within the leadership and widespread alarm at the Party's loss of control. Party morale is at an all-time low.

5. The Supreme Soviet and the Congress of People's Deputies are due to reconvene in late September and early October respectively. They will once again provide Gorbachev with an alternative focus of power. But if the Supreme Soviet is to build on its initial successes, it will need to show that it is more than a talking shop: it will have an enormous legislative programme on its agenda - covering initially the ownership of property, land and land use, "socialist enterprise" (ie the conditions governing the activities of State and cooperative enterprises), and republican and regional economic autonomy; plus, at a later stage, legislation on a range of human rights issues (including freedom of expression, emigration and freedom of conscience).

6. It is impossible to say how (or indeed if) Gorbachev hopes to reconcile the leading role of the Party with a Supreme Soviet working as an effective legislature. He has launched a process, however, which may not be easy to stop.

His 9 September television address (attached) showed that he has returned from his summer break under considerable pressure from hard-liners in the Party (and also from the radical left). His message - an uneasy attempt to be all things to all men - will have reassured few: he stressed the vanguard role of the Party and the fundamental importance of "socialist values", but the central message was that the Soviet Union must press ahead with perestroika. He also went out of his way to deny widespread rumours about the danger of a coup. For the time being at least his reassurances on this point ring true: it would be a very difficult task to unseat the incumbent General Secretary and President.

7. One key test of popular reaction to recent developments will be the elections to local and Republican Soviets due to take place before next Spring (some may be held this autumn): many in the Party fear that they will be rejected even more decisively than in March, above all in the peripheral republics. This could pose an overwhelming problem for Gorbachev, particularly as he will not be able to make major changes to the Central Committee (ie by putting in more reformers) until the Party Congress now likely to be held in late 1990.

The Nationalities Problem

8. The idea of greater devolution of decision-making lies at the heart of Gorbachev's reforms and has been taken up eagerly by many non-Russians - who have also seized the opportunity to express long-held grievances, in many cases anti-Russian and anti-Soviet. Popular Fronts have developed rapidly, particularly in the Baltic Republics, nominally supporting perestroika but in practice pressing for greater republican autonomy (and increasingly openly for independence). The most striking recent symbol of these pressures was the 400 mile-long human chain which linked the

three Baltic capitals on 23 August (50th anniversary of the Molotov/Ribbentrop Pact). In addition, long-suppressed inter-ethnic conflicts are bubbling to the surface in Armenia/Azerbaijan, Georgia and Soviet Central Asia and are often acquiring anti-Soviet overtones. The death toll already runs into three figures. Further unrest and probably bloodshed are inevitable: there are no easy answers, the USSR is an empire created and held together by force. It is most unlikely that Gorbachev could survive any move to break up the Union (eg the secession of a single republic). But, short of force, he now has few tools to control the spread of nationalism. Party and government in the Republics are becoming - partly at Gorbachev's behest - increasingly linked to local nationalist aspirations (and less able/willing to respond to central control). A CPSU "platform" on nationalities policy was published on 17 August as a basis for discussion at the Plenum on nationalities on 19 September. It presents a relatively coherent approach to internal ethnic and regional problems, but it seems most unlikely to provide a lasting solution to the underlying problems and growing demands for real political independence.

Economic Reform

9. Unless there is a nationalist explosion, the fate of Gorbachev's reforms is likely to be determined by their impact on the standard of living of ordinary Russians. But economic reform has so far been ill-conceived and half-heartedly implemented. There has been a partial introduction of full-cost accounting and some moves to decentralise economic decision-making, although the burden of central planning has been little reduced. The cooperative movement has made significant headway, but most cooperatives are in the services sector with only a handful of employees and they have generated a good deal of hostility for allegedly being profiteers/speculators. Fundamental issues have not been tackled, including the

central one: how can market reforms designed to improve incentives and competition interlock with a command economy in which resources are allocated centrally?

10. Genuine reform will be a matter of decades, not years, and will be disruptive - unemployment and bankruptcies are inevitable - and therefore unpopular. It will also require fundamental changes in attitudes. The shift from quantity to quality as a criterion of success has scarcely begun. Price reform is essential if resources are to be allocated rationally and the enormous burden of subsidies (some 80 bn roubles per year) reduced. But this has been indefinitely postponed as too difficult and unpopular.

11. Agriculture may offer the best hope of relatively rapid results - particularly in terms of showing people some concrete benefits from perestroika. Gorbachev is beginning the inevitably slow process of rebuilding the peasant-class butchered by Stalin and re-establishing the link between farmer and land. But the key will be massive changes to and investment in the infrastructure, the storage and handling of goods (up to 50% of production is lost between farm and shop) and a price structure which will genuinely encourage production.

12. The economy contracted in the first six months of 1989 and there is no sign of a turn around. In macro-economic terms the prospects are gloomy - with growing inflation, a massive budget deficit (over 12% of GNP), wages rising twice as fast as production, food rationing in many towns and a huge imbalance between supply and demand (the "rouble overhang" is estimated to be 400 bn). The miners' strike in July brought into stark relief the inability of perestroika to deliver economically. It was bought off largely by the promised injections of goods and greater local autonomy; but this response is only exacerbating the Soviet Union's macro-economic problems, and may well encourage

economic/industrial unrest in other sectors. (Widespread strikes in Azerbaijan in early September, although partly nationalist in origin, were also partly economic. Once again the authorities appear to have given in to strikers' demands.)

13. Macroeconomic problems have been exacerbated by the costs of past environmental blunders and the huge difficulties facing the Soviet energy programme. Oil/gas is increasingly difficult and expensive to extract, but popular opposition to nuclear power and environmentally damaging hydro-electric schemes is vocal and well-founded. If current trends continue there is a danger that rationing may become the norm (not the exception) for all types of product (not just food). One gloomy Soviet economist has forecast 100% rationing during 1990 - already about 15% of goods in Moscow are rationed. This would effectively remove any prospect of economic reform, as the central authorities would be assuming full control of the distribution of goods throughout the Soviet economy.

B. INTERNAL AFFAIRS

GORBACHEV TELEVISION ADDRESS ON USSR'S CURRENT PROBLEMS

Soviet television (and Moscow home service) 1700 gmt 9 Sep 89

Text of address by Gorbachev (leading the Vremya programme"

[Announcer] Comrades, speaking on our programme today is Mikhail Sergeyevich Gorbachev, General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet.

[Gorbachev] Good evening, comrades. Today I am going to talk to you about the present moment. The situation in the country is not simple. We know all this we all sense this. Everything is bound up in a tight knot: the acute state of the consumer market, the conflicts in relations between nationalities and the difficult and sometimes even painful processes going on in the public's consciousness that are connected with overcoming the deformations and renewing socialism.

The people are trying to grasp where we stand at the present moment, what are the pluses and minuses of the road we have covered in the past four years and more, how democratisation is developing and how economic and political reform is coming along. Their desire to get at the true roots of our weaknesses - the disruptions in fulfilling specific programmes of restructuring and in tackling pressing problems - is quite explicable, as is their desire to elucidate why it is that on some issues the situation is not only not improving, but has actually become more complicated. In short, highly charged discussion is a characteristic feature of the present moment in political life. However, at the same time the main thing - and special emphasis should be placed on this - is that the masses of the working people have begun moving. They are becoming more and more actively involved in discussion of ways to tackle socio-economic and political tasks. This, comrades, is of fundamental significance, since it brings a constructive and business-like character to restructuring, and in this way the alienation that had developed between the people and the authorities is being overcome.

But one cannot help seeing something else. Of late something has been occurring in the raging maelstrom of discussion and events - something that cannot go unnoticed and unremarked. We are seeing how attempts to discredit restructuring are being made from both conservative and ultra-leftist positions, and sometimes, too, from openly anti-socialist positions. From the midst of this discordant choir may be heard scare stories of imminent chaos and arguments about the danger of a coup or even of civil war. It is a fact that some people would like to create an atmosphere of alarm, of there being no way out and of uncertainty in society. It is difficult to rid oneself of the impression that this is to someone's advantage; that they simply want to confuse people and urge them on to ill-considered actions.

From essentially conservative positions there is an attempt to impose assessments of the situation such as would prompt counter-action to perestroika and would form the opinion in

people that the processes of change which have begun must be halted or at least slowed down. They call for a return to the old, administrative-command methods otherwise, they say, there will be chaos.

From the ultra-left corner it is proposed that tasks which are most complex be tackled at the gallop, at one stroke, and without taking into account either the real possibilities or society's interests. This, moreover, is presented as concern for the people and as care for their welfare.

Recently recommendations have also appeared from which it follows that salvation for all of us consists in one thing: renouncing socialist values and conducting perestroika in a capitalist manner. This kind of thing exists, too. There is no need to say that this contradicts the essence of the perestroika policy, which is aimed at the socialist renewal of society.

I would not like to be understood as meaning that the diversity of opinions now represents a hindrance, or that none of those with whom I am conducting a polemic is concerned about how things are going in the country. No; the issue lies elsewhere. The essential point is what this concern is transformed into. Some are prepared to renounce perestroika and return to the past. Others, supposing themselves to be resolute reformers, are prepared to push the development of perestroika onto a path of hasty decisions and of rash projects which contain more ambition than concern about the cause.

All this is very serious, comrades. And I considered it necessary to speak out definitely on this subject. Yes, perestroika is proceeding with difficulty. But this is, after all, a sharp turn - a revolution in the economy, and in politics and in the spiritual sphere, and in the very consciousness of man, in the whole structure of our life. Furthermore, miscalculations have not been avoided either in practical work, and they have been allowed to occur after perestroika was already in progress. However, perestroika has opened a real path to the renewal of society, to its assumption of a new quality, to the creation of a truly humane and democratic socialism. It has restored to our great country a sense of dignity and given the Soviet person a feeling of freedom. It is a powerful source of social and spiritual and, I would say, patriotic energy for decades to come. And, that being so, we must do all to develop perestroika, on the basis of the ideas and principles which the party has proclaimed. And not give way to the tendency for anyone, under the pressure of the difficulties that have crowded in upon us, to succeed in foisting on society doubt as to the correctness of the path we have chosen. We must not stop. We must go forward along the path of the reforms we have mapped out.

Society, as I understand it, feels the exceptional importance of this moment. In the country's work collectives, there is a growing understanding that it is not rational to expend our strength on squabbles of various sorts; and attempts to stratify society and set people against each other are altogether impermissible. There is an increasingly insistent demand that we should pool our efforts and improve our practical work in all areas of perestroika. And in this

connection one can only welcome the fact that the working people are demanding much of the economic managers and the state and party bodies at all levels; they expect of them a greater resoluteness in implementing the policy of perestroika, in organising work in the new way and in changing the present situation for the better on the scale of the whole country. People have begun to rid themselves of illusions and of the belief in simple and easy solutions and in the notion that someone will provide everything from above, ready-made, and solve all the problems. More and more often in their arguments one can hear it said that we live in the way that we work, no better and no worse. I would only wish to add: and tomorrow, too, we shall live as we work.

I consider it important that an understanding of the fact that perestroika is linked first and foremost with labour – creative, intensive and highly productive labour, in which all one's strength and knowledge are applied – is gaining strength in society. This is important insofar as recently in our country people have talked considerably less about labour and more about the distribution of wealth. One might think that perestroika amounts merely to the redistribution of some mythical riches. It is a good thing that we are getting rid of this delusion, albeit with difficulty; and that the implementation of the principles of social justice in society is being linked more and more not with the ill-starred levelling out but with the real labour contribution of the person.

The fact that positive changes are building up is also shown by the fact that the issues of discipline and order and the problem of bad management have been discussed very sharply of late in society. Supporting this in every way, I want to say: we cannot tolerate the violations that are taking place everywhere of state, labour and technological discipline and hold-ups in the fulfilment of obligations under agreements between enterprises, republics, krais and oblasts. We cannot reconcile ourselves to a situation in which our national economy is in a feverish state on account of stoppages in the work of transport.

I also want to say something about strikes. If we embark upon that path in the resolution of our problems, then it could have dangerous consequences for society. The problems that arise have to be solved by other methods, at the right time, so that they do not grow and acquire an unhealthy character. And we must particularly not tolerate a situation in which very often enormous losses are allowed to take place of that which has been produced by labour, upon which material and financial resources have been expended.

I consider that people are right to raise the matter of raising responsibility and discipline decisively at every level. Perestroika and irresponsibility are incompatible with each other. They are antipodes.

In describing the state of our society today, I cannot fail to mention the issue of crime. In their examination of this most acute social issue at the first session of the USSR Supreme Soviet, the deputies were unanimous that the most decisive measures must be taken here, first and foremost indeed in regard to organised crime, bribe-takers and speculators and against all encroachments upon the property and dignity of citizens.

The strictest order must be established in all towns and populated settlements in the country. The Supreme Soviet considered it necessary on the basis of law to grant the militia and all law-enforcement bodies wider opportunities in the fight against crime, equip them better materially and technically, increase the number of Internal Troops and raise the material position of staff. We must, however, be most exacting with regard to all those who defend public order and socialist legality. This must all be done. But unless our entire society joins in this difficult fight, there can be no rapid change. I am aware, and the press has reported, that in many industrial centres workers' volunteer militia groups and other formations have been set up to assist the law-enforcement bodies. It is especially important that young people have responded to this. We are counting on their energetic activity and determination.

In a word, comrades, both at the centre and locally, in all work collectives, practical work to bring about perestroika and resolve the problems which have accumulated must be stepped up in every way possible. In the centre, in the forthcoming months fundamental decisions must be taken relating both to urgent problems and to groundwork for the future. In fact this determines the particular, the especially important significance, I would say, of the forthcoming second USSR Congress of People's Deputies and session of the USSR Supreme Soviet. The government of the USSR is drawing up and is to submit to the Congress of People's Deputies a programme of emergency measures to improve the economy, and first and foremost to normalise the consumer market. This programme, we consider, should give clear answers as to how, and within what timescale, the most acute socio-economic problems will be solved. Society, I think, will not agree to this programme failing to set out clearly specific measures, stages, schedules and the responsibility of central, republican and local bodies and work collectives.

Such a package of measures may, I admit, contain measures which are unpopular, harsh in some respect and to some degree painful. But this will be justified only in the event that they are indeed dictated by the necessity of extricating ourselves from the situation that has come about.

Shortages, which give rise to the greatest amount of criticism and dissatisfaction amongst the people, are a special issue. The government must present a report on this acute social issue, as well as practical measures for the immediate future.

Major decisions relating to further deepening economic and political reform are to be adopted at the session of the USSR Supreme Soviet. These involve, first and foremost, such a fundamental law as the law on ownership, adoption of which will make it possible to overcome man's alienation from the means of production and to create incentives for independent creative work. The law on land and land use, lease and leasing relations, is closely linked to this. A fundamental step is thereby being made in developing production relations in all sectors of the economy and in establishing diverse forms of socialist ownership.

Taking the experience which has been accumulated into account, a new law on socialist enterprise will be adopted which will open up wide possibilities for economic

independence and for displaying initiative and enterprise, and which will create equal conditions of economic operation for state and co-operative enterprises.

The laws on republican and regional financial autonomy, and on the local economy and self-management, will be of major political and economic significance. This is an important step along the road to the real consolidation of republics' sovereignty and the expansion of local soviets' rights.

Fundamental decisions on the transformation of the Soviet federation are to be taken. Issues connected with nationalities policy which corresponds to the principles and demands of perestroika will be discussed in the near future, at a plenum of the Party Central Committee. The CPSU's platform will, we hope, serve as a good basis for resolving matters concerning the Soviet federation and for solving problems of relations between nationalities. Other issues will be examined and resolved. In short, we have entered a responsible period in society's development and in the implementation of the perestroika policy developed by the CPSU.

The changes which we have begun, which we are increasing and which we are deepening, will undoubtedly produce results. Of that I am convinced. For this, however, everyone must act resolutely and in concord. Today as never before, we need the consolidation of all progressive forces. And in this work the role of the party, as the unifying vanguard force of society, is irreplaceable. Those who are counting on using the difficulties of the transition period for some unworthy goals, and are attempting to undermine the party's influence, must know that this will not work.

We are certain that the working people, for all their critical attitude with regard to the actions of various party committees and communists, well understand the significance of Lenin's party for the destiny of socialism, which is now inseparable from the success of perestroika.

However, it is also obvious that the new tasks call for a profound renewal of the party. By restructuring itself, by cleansing itself of all that hinders it, by overcoming dogmatism and conservatism, by mastering a new style and methods, by renewing the cadre composition and by acting side by side with the working people, the CPSU will be able to fulfil its role as the political vanguard of society. The CPSU will stick firmly to the restructuring line and stand at the head of the revolutionary transformations in the country. We must make a realistic assessment of all the processes and phenomena of the present situation, must display composure, see clearly where we stand, not plunge into a state of confusion and on the basis of this we must draw conclusions for the work at the present moment and in time to come. We must act in a responsible and sensible fashion, without deviating from the course that has been charted for the restructuring of society.

That is what I wanted to say to you, dear comrades, in this chat today. I wish you all success in your undertakings, resoluteness and fortitude of spirit! Thank you for your attention.

POLITBURO ON OFFICIALS' PARTY RESPONSIBILITY FOR GOODS SHORTAGES

Tass in Russian for abroad 1645 (and Soviet television 1700) gmt 9 Sep 89

Text of report

At a session of the Politburo of the CPSU Central Committee on 8th September, matters connected with the holding of a regular plenum of the CPSU Central Committee were discussed. A decision was taken to submit for the Central Committee plenum's consideration issues of convoking the regular 28th CPSU Congress, and the party's nationalities policy under present-day conditions. It was noted that the CPSU's platform, which has been submitted for discussion by all the people, has given rise to lively interest and is being actively discussed in work collectives. It has met with support from party organisations and the broad masses of working people.

In comments coming in to the CPSU Central Committee from different republics, the Soviet people are turning particular attention to the need to defend and strengthen the Soviet federation, which contains a huge potential enabling it to tackle any matters concerning the sovereign development of the Soviet republics, the extension of the rights of the autonomous republics, autonomous oblasts and okrugs and the raising of their autonomy [Russian: samostoyatel'nost] in all spheres of social and economic and spiritual life, with the close co-operation and mutual aid of the Soviet peoples.

The remarks and proposals arriving from the localities are being taken into account during the preparation of the plenum of the CPSU Central Committee. Those attending the plenum will be handed the relevant materials.

The Politburo of the CPSU Central Committee examined the matter of the unsatisfactory provision of essential non-food goods to the population. It was noted that a tense situation has arisen in the country over the provision of these goods to the population. This is giving rise to legitimate dissatisfaction among the workers, especially over interruptions in the sale of soap, washing powder, toothpaste, school exercise books, galvanic cells and batteries and several other goods. The situation that has arisen is the result of mistakes made, red tape and an irresponsible attitude to this business by the leaders of ministries, departments and enterprises, the permanent bodies of the USSR Council of Ministers and the USSR State Planning Committee.

The central committees of the Communist Parties of the union republics, kray and oblast party committees, and the party committees of the USSR ministries and departments are not giving a principled assessment to the work of the communist leaders responsible for this stage of work and are reconciled to a delay in the time limits of building construction and also to cases of cuts and reductions by factories in operation, including those producing goods of which there is an acute shortage.

It has been admitted that communists - Comrade V.K. Gusev, Deputy Chairman of the USSR Council of Ministers and Chairman of the Bureau for the Chemical and Wood Complex of the USSR Council of Ministers, Comrade



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GORBACHEV, Mikhail Sergeevich

General Secretary of the CC CPSU

Chairman of the USSR Supreme Soviet.

Gorbachev (59) spent his early career in the Stavropol region of Southern Russia, apart from 4 years studying law at Moscow University. He rose through the Stavropol Komsomol and Party organisations, eventually becoming the First Secretary of the regional Party Committee. From this post he was brought to Moscow in 1978 as Party Secretary responsible for agriculture, and in the course of the next two years progressed via candidate to full membership of the Politburo. In March 1985 Gorbachev succeeded Chernenko as General Secretary. In March 1989 he was elected a member of the new Congress of People's Deputies, representing the CPSU, and he was elected Chairman of the new USSR Supreme Soviet in May 1989.

Gorbachev has a pleasant and confident manner in dealings with Western leaders but can be tough and hectoring on occasion. He has adopted a higher public profile than his recent predecessors, shared by his wife Raisa, who made a strong impression on the British press during their visit to the UK in December 1984 and their stop-over at Brize Norton en route to Washington in December 1987. Gorbachev has travelled widely both abroad and in the Soviet Union since becoming General Secretary: he visited the UK again in April 1989, followed by visits to China in May, West Germany in June, and France in early July, where he addressed the Council of Europe on the 'Common European Home'. During visits within the USSR he devotes a large amount of time to walkabouts, often accompanied by his wife, asking ordinary people for their views on current political questions.

His book "Perestroika" which outlines Soviet domestic and foreign policies in readable but standard form was published in Russian and English in November 1987.

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Gorbachev's father, whose first wife died in the 1920s, died in 1976; their 2 children died in the famine of the early 1930s. His second wife, Gorbachev's mother, who is in her mid 70s, still lives in the family home near Stavropol, and is a regular churchgoer. During a press conference in Paris this year, both Gorbachev and his wife said they had been baptised as children. A recent report says that Gorbachev has a brother in the army, and a sister who lives with their mother. The Gorbachevs have a daughter, Irina, and two grand-daughters.

Gorbachev has recently returned to Moscow from a month's holiday.

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MRS GORBACHEV (Raisa Maksimovna)

Mrs Gorbachev was born in 1932 in Siberia, the daughter of a Ukrainian railway official. At Moscow University in the 1950s, where she was studying philosophy, she met and married Mikhail Gorbachev and returned with him to his native province of Stavropol, in Southern Russia. She taught at Stavropol Agricultural Institute, and wrote a sociological treatise on the local kolkhoz peasantry. (She is a D.Phil.).

On Gorbachev's transfer to Moscow in 1978 as Central Committee Secretary for agriculture, Mrs Gorbachev began teaching at Moscow University, but she says she has given this up since her husband became General Secretary.

The Gorbachevs have a daughter Irina, a therapist who is married to a surgeon specialising in cardiovascular diseases; Irina and her husband have two children.

Mrs Gorbachev is the first wife of a Soviet leader to have a publicly-acknowledged official function in her own right. In November 1986 she was elected one of 11 members of the Presidium of the newly-formed Soviet Culture Foundation and she has made several public appearances in that capacity. She takes a keen interest in philosophy, sociology and literature. She claims to be well read in English literature (in translation) and is said to be learning English seriously.

Mrs Gorbachev now normally accompanies her husband on his trips abroad, including visits to China, West Germany, France and the UK in 1989.

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RYZHKOVA, Nikolai Ivanovich

Chairman of the Council of Ministers; Member of the Politburo.

Ryzhkov (60) was born into a coal mining family in the Donbass area of the Ukraine. He began his career in a machine-building plant in the Urals, rising to become General Director of the Urals Machinery Production Association. For a time he was First Deputy Minister of Heavy Transport Machine-Building, then First Deputy Chairman of the State Planning Committee (Gosplan). In 1981 he was elected a member of the CC CPSU, and in late 1982 he became a CC Secretary and Head of the CC Economics Department supervising the management of the economy.

In early 1985 Ryzhkov was promoted to membership of the Politburo and later in the year he succeeded Nikolai Tikhonov as Chairman of the Council of Ministers (Prime Minister). Ryzhkov was Chairman of the Politburo Commission dealing with the Armenian earthquake in December 1988 and he spent two weeks in the disaster areas. In March this year Ryzhkov was elected a Deputy to the new Congress of People's Deputies.

Ryzhkov has not travelled widely. Apart from Eastern Europe, he has visited Vietnam, Austria and Cuba; he attended Olaf Palme's funeral in Stockholm in March 1986, and visited Finland in January 1987 and Luxembourg in 1989, where he had a short meeting with the Prime Minister.

Ryzhkov and his wife Lyudmila have been married for 34 years and have a daughter and two grandchildren. His parents still live in the Ukraine.

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SECRET

2(a-b)

PC 9
C. B. Bayley



Foreign and Commonwealth Office

London SW1A 2AH

15 September 1989

Dear Charles,

mf

mp

Prime Minister's meeting with Mr Gorbachev: Ceilings

In your letter of 13 September recording the Prime Minister's meeting with Sir Rodric Braithwaite, you asked for a brief note which the Prime Minister could hand to Mr Gorbachev setting out objectively the numbers of Embassy staff and others in London and Moscow respectively.

I enclose a note prepared by our Soviet Department. This could be handed over to Mr Gorbachev, if the Prime Minister wishes. You may, however, wish to bear in mind that handing over a piece of paper now would give the Russians a chance between then and the Foreign Secretary's meeting with Mr Shevardnadze in New York to produce counter-figures. We do not know what figures the Russians are working on but they will certainly wish to present to Shevardnadze a case which suggests that we are deliberately distorting things, which we are not. It might be best to face Shevardnadze with our facts without his having been biased against them beforehand.

Jans,
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

SECRET

COMPARISON OF SOVIET NUMBERS IN LONDON AND BRITISH NUMBERS
IN MOSCOW

British Embassy
British media
British businessmen
128

Soviet Embassy
Soviet media
Soviet businessmen
205

Local staff employed
by the above
215

approximate
figures

Local staff employed
by the above
410

Total of all British
citizens resident in
the Soviet Union
314

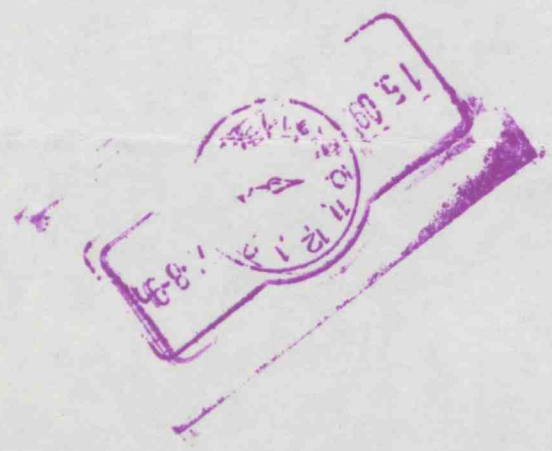
approximate
figures

Total of all Soviet
citizens resident in
Britain
343

Total British community
and local staff
529

Total Soviet community
and local staff
753

SOVIET UNION: P.M. V. 1973





GORDIEVSKY

Points to make

- Understand that your Embassy have recently proposed that the Gordievsky family should meet in Prague.

Grateful for this suggestion but it does not meet our point that the family should be allowed to come to the UK to discuss their future with Mr Gordievsky free of all pressures. Will give you my personal undertaking that, if Mrs Gordievsky, or indeed Mr Gordievsky, then decided to return, no obstacle would be put in their way.

- This is the one Anglo-Soviet family reunification case on which we have made no progress in 3½ years. Important both in the bilateral and in the CSCE context that it should be resolved. I personally attach great importance to this.

Defensive points

Why not a meeting in a third country?

- Important that the meeting should be in a natural environment and free from pressures. This could not be achieved in a third country.

She does not wish/has not applied to come

- She has made clear that she wants to see him, viz proposal for a meeting in Prague. The CSCE concluding document signed in January included a special article on defectors. This stipulated that applicants for travel or family reunification should not be adversely affected by acts or omissions by members of their family (text attached).

CSCE CONCLUDING DOCUMENT: "Defector" Clause

13. In dealing with applications for travel for family meetings, family reunification or marriage between citizens of different States, they will ensure that acts or omissions by members of the applicant's family do not adversely affect the rights of the applicant as set forth in the relevant international instruments.

R

Walt to Powell enc. 15/9/89

200



R

FAMPINE LIMITED

64 South Molton Street
Mayfair
London W1Y 1HH
Tel: 01-408 2339
Telex: 24494 Fax: 01-495 1874

15th September 1989

Sir Robin Butler KCB
Cabinet Office
70 Whitehall
LONDON SW1

c - Mr. Powell (No 10)



Dear Robin,

I understand that the Prime Minister is stopping briefly in Moscow on her way to Japan. She will no doubt have a very tight agenda in Moscow but I thought that the contract summarised below should be of interest to her. I shall be glad, if you agree, if you will pass the contents of this letter to the appropriate person.

Last week, after prolonged negotiations, this company signed a contract (of which a copy arrived here only yesterday) to establish a joint venture "To reconstruct, refurbish and utilise the Moscow International Theatre and Cultural Centre.....for the promotion of Soviet and International Theatre and to provide the necessary atmosphere for active commercial contacts and for the continuation of strong British-Soviet cultural and commercial relationships". The Centre will include a theatre/conference hall complex, restaurants, shops, exhibition hall, de luxe hotel, etc.

The contract notes that "public participation in the choice of the final design shall be helpful". As the Centre occupies a prime position on Gorky Street, it should become an important flagship for British ideas and design.

This company is negotiating various construction and supply contracts with Russia, but we feel that this particular contract is important evidence of the Russian desire to work closely with this country and to seek our help for a major development in the centre of Moscow.

Yours ever

Dallas

Sir Dallas Bernard, Bt
CONSULTANT



Foreign and Commonwealth Office

CONFIDENTIAL

London SW1A 2AH

15 September 1989

Dear Charles,

Refuelling stop in Moscow: 18 September

Deputy Prime Minister Leonid Abalkin, Chairman of the State Commission for Economic Reform) will probably be at the airport during the refuelling stop on 18 September.

Abalkin is one of Gorbachev's key advisers on economic reform, and was brought into the government in June after a career spent principally as an academic (but one with very good access to decision-makers). He has spoken at Chatham House, and attended the Prime Minister's lunch in Moscow in 1987 for Soviet intellectuals (an occasion which she may wish to mention).

A talk with Abalkin would allow the Prime Minister to get a first-hand account of the progress of economic reform in advance of her meeting with Mr Gorbachev. She might begin by asking him about the programme of emergency measures to improve the economy which Gorbachev has said will be presented to the Congress of People's Deputies in October. What will this contain? Is there any prospect of a radical move to break the still-dominant mould of centralised planning and command? Does the programme mean that the government shares the very gloomy prognosis of many Soviet economists? The Prime Minister might ask whether there is a real danger of the Soviet economy seizing up as money becomes effectively worthless, as rationing is introduced more widely (one particularly radical economist has predicted 100% rationing during 1990), and as the shadow economy expands and workers have no incentives to be more efficient and productive.

Turning to specifics, the Prime Minister could raise:

(a) Cooperatives: are cooperatives developing in the manufacturing industry rather than simply offering small-scale services? How big a problem is popular hostility towards cooperatives based on the belief that they are profiteering? What are the authorities doing to overcome this?

(b) Agriculture: the decision to pay state and collective farms in hard currency for above-plan grain and oil-seed production seems an important step towards introducing real incentives in a key sector. Is it already in force and will it also apply to cooperatives? Are any restrictions to be imposed on how enterprises choose to use hard currency they receive?

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(c) Ownership: Gorbachev has said a good deal about the need for new forms of ownership to end the alienation of workers from the means of production and of peasants from the land. This is obviously a critical issue. But the present proposals for limited leasing seem insufficient (not least because people may well be loath to commit themselves when they feel the political wind from Moscow could still change dramatically - as happened at the time of Krushchev's fall).

(d) Supply/demand: the imbalance between supply and demand is getting worse not better. New rationing has been introduced in Moscow and the Baltic States to prevent outsiders emptying the shops. There is no sign of the Soviet government introducing any effective mechanism to make supply respond to demand: is retail price reform now off the agenda? Can perestroika succeed without it?

(e) Rouble overhang: there are estimated to be 400 bn roubles in bank accounts and under mattresses. This means that any move to free prices from state control would lead to rampant inflation. Is a currency reform (eg exchanging one new rouble for ten old ones) a real possibility? Or could the government offer Russians a worthwhile rate of return in order to get them to invest in state bonds or still better encourage them to invest their money in enterprises?

(f) Attitudes: much of Gorbachev's reform programme is top-down, with central ministries being responsible for introducing many of the important changes. This cannot be a long-term answer. What is being done to induce public support for the painful transition and to prevent workers exploiting industrial muscle to get their own way as happened during the coal miners' strike in July?

(g) Special zones: much has been heard of possible enterprise zones providing expandable centres of expertise and experiment. Is this still a possibility? How would it work?

(h) Expertise from abroad: what more could or should the West do beyond training in market oriented skills? Is any thought being given to a really basic change towards a market economy - which would have to involve an end of centralised planning controls, minimal interference with market forces and encouragement of competition? If a bold transformation of this sort were contemplated, could the West help with entrepreneurial expertise?

/ I enclose a personality note on Abalkin. Further background on the economy and other aspects on the USSR is in the main briefing letter.

Jan 11
Stephen Wall
(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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CONFIDENTIAL

ABALKIN Leonid Ivanovich

Deputy Chairman of USSR Council of Ministers; Academician

Chairman of USSR State Commission for Economic Reform

Born 1930

1968 Head of Department of Political Economy, Plekhanov
Institute of National Economy, Moscow.

approx Deputy Head of Department at the Academy of Social
1977-80 Sciences attached to the CPSU Central Committee.

1980 Head of the above department.

1984 Elected a corresponding member of the USSR Academy of
Sciences.

May 1986 Director of the Institute of Economics of the Academy
of Sciences.

1987 Elected full member of the USSR Academy of Sciences.

June 1989 Appointed Deputy Chairman of USSR Council of Ministers
and Chairman of State Commission for Economic Reform.

In the early 1980s Abalkin published two books on the economic policy of the CPSU. He was put in charge of the Economic Institute of the Academy after it had been sharply criticised by the Party, with the task of re-establishing its role as the generator of political and economic ideas. For several years he has been one of the leading reformist economists in the USSR and an adviser to Gorbachev and the government.

Abalkin accompanied Gorbachev on his visit to India in November 1986, and visited China in May 1987. The same year he spoke at Chatham House in February and was one of the guests at the Prime Minister's lunch with Soviet intellectuals in Moscow in March.

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Since then he has visited Sweden and Luxembourg.

As a speaker Abalkin tends to have a downbeat style, but willingly and helpfully answers questions. He has radical views on economic reform and would like to see central planning reduced to a minimum and a market economy created. In his new post he occupies a key position in the economic policy-making process. In his capacity as Deputy Chairman of USSR Council of Ministers, Abalkin supervises three state Committees (Prices, Labour and Statistics) and the State Bank (Gosbank).

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42014 32 300

Duch Patricia

10 DOWNING STREET

Yes

Ed

Charles

Rodric Braitwaite rang from Moscow. 3 small points.

He proposed that his wife, Gill, want come to the airport on Monday to say farewell to the PM. She plans on being 150 miles north of Moscow that day. He didn't think the PM would mind.

Also, he proposes to follow precedent for the talks on Saturday which is to say restrict UK membership to PM, you and an interpreter (ie. no Rodric B.)

Finally, for the lunch
do you likewise want to assume
no Rodric?

He adds that he will plan on
the above basis unless you
(or we) ring to say otherwise.

Content?

Leah

15/9/89

SECRET



Foreign and Commonwealth Office

London SW1A 2AH

15 September 1989

*Already seen.
CDP 1574*

Dear Charles,

Prime Minister's meeting with Mr Gorbachev

If you have not already seen it, you may be interested in the enclosed report

It is difficult to see how Mrs Biryukova can have drawn her inference about Mr Gorbachev's lack of control from her meeting with the Prime Minister. In his present difficult situation, it is not surprising that Mr Gorbachev may be on the lookout for possible intrigues. Ryzhkov would feature prominently in anyone's list of possible successors. But we have no indications of any manoeuvrings on his part or indeed anyone else's.

If Mr Gorbachev is indeed looking for some reassurance, it makes the Prime Minister's visit even more timely.

*Yours,
Stephe Wall*

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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SECRET

T/10
SAM-A
Abalkin

PRIME MINISTER

MEETING WITH SOVIET DEPUTY PRIME MINISTER

You are stopping briefly at Moscow airport on your way to Tokyo on Monday. The Russians are sending their Deputy Prime Minister, Mr Leonid Abalkin, Chairman of the State Commission for Economic Reform, to see you at the airport. He is a close adviser on economic questions to Gorbachev and attended your lunch with Soviet intellectuals in Moscow in April 1987.

The FCO have done the attached note suggesting a number of lines of questioning about the Soviet economy. You might also like to see the attached article about the state of the Soviet economy which appeared in the Wall Street Journal today. It makes very gloomy reading. I have also included my notes of your conversation with Gordievskiy and my talk with Kossov in case you wish to refer back to them.

CHARLES POWELL

15 September 1989



10 DOWNING STREET
LONDON SW1A 2AA

me hm
CEILINGS
atc

13 September 1989

From the Private Secretary

PRIME MINISTER'S VISIT TO THE SOVIET UNION: CEILINGS

The Prime Minister discussed briefly with Sir Rodric Braithwaite this evening how she should handle the question of ceilings on Embassy staff in her meetings with Mr. Gorbachev.

The Prime Minister agreed that the matter would have to be raised, but any attempt to go into detail should be avoided. The aim should be agreement to instruct Foreign Ministers and officials to sort out the problem on a reasonable and reciprocal basis. It might be helpful to have a very brief note, which the Prime Minister could hand to Mr. Gorbachev, setting out objectively the numbers of Embassy staff and others in London and Moscow respectively.

I imagine that you will be covering this in your briefing for the Prime Minister's meeting with Mr. Gorbachev.

C. D. POWELL

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

CPC
②



Foreign and Commonwealth Office

London SW1A 2AH

25 May 1989

Prime Minister

Dear Charles,

Kiev Exhibition

It is of course a
prerequisite to approaching
you for support for
PES bid.

Thank you for your letter of 18 May. We

CAF
25/5

The Foreign Secretary entirely agrees that it is important that the Kiev Exhibition should be a worthwhile event and that we need to ensure the appropriate funding. He is grateful for the Prime Minister's interest. In order to be absolutely certain of a suitably high quality exhibition, the Foreign Secretary has concluded that the budget should be increased from £2m to £3.5m. The maximum contribution the FCO can make is £1m; the FCO PES bid for Kiev has accordingly been increased from £1m to £2.5m in order to ensure a first-rate display.

As I explained in my letter of 17 May, we have invited five leading design firms (as well as the COI) to submit design proposals. The Foreign Secretary would be very happy to make a presentation in mid-June to the Prime Minister of the winning design so that she can see how effectively the money is being spent and that it will be a suitable event to which she could take Mr Gorbachev. The PES process and design timetables will allow us to make further adjustments to the budget if necessary.

Jans.
Stephen Wall
(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

SOVIET UNION : PM'S UBUS PT3



RESTRICTED



cele JW

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 May 1989

PRIME MINISTER'S VISIT TO THE SOVIET UNION

Thank you for your letter about the exhibition to be mounted in Kiev for British Week. The Prime Minister has considered this carefully. She has commented that £2 million is not enough to produce an effective exhibition. She recalls that Brisbane was done on £1¼ million and was "awful". She is not prepared to reach a decision on whether to invite Mr. Gorbachev to attend the exhibition until further consideration has been given to finding sufficient funds to meet a really worthwhile event.

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

ER



Prime Minister Foreign and Commonwealth Office

London SW1A 2AH

You wanted a fuller account of what was planned for British weeks in Kiev before deciding whether to

Jean Charles, met Mr. Gorbachev etc. It sounds all right, although it's hard to tell.

Prime Minister's Visit to the Soviet Union

In your letter of 28 April you asked for a fuller account of the nature of the exhibition to be mounted in Kiev.

In a Memorandum of Understanding signed during the Prime Minister's visit to the Soviet Union in March 1987, we agreed that a "Soviet Week" would be held in Birmingham in 1988 and that a "British Week" would take place in Kiev in 1990. It has been agreed that both events should last for roughly a month. The Soviet month was held in Birmingham last October and was reasonably successful (although it did not grab the headlines). Our month will be from 4-30 June next year, entitled "Britain in Kiev."

The objective will be to put across the message that Britain is a prosperous society, technologically advanced and culturally diverse and sophisticated: a country in which our own brand of "perestroika" has worked successfully. "Britain in Kiev" will consist of a large exhibition, plus a wide range of supporting activities. The event is under the umbrella of the GB/USSR Association. In practice the FCO's Soviet Department will be responsible for coordinating the various inputs, working closely with the DTI and the British Council. FCO's Information Department are in direct charge of the main exhibition itself.

The exhibition will be in one of the pavilions on Kiev's permanent exhibition ground. Previous foreign exhibitions held there, such as an American display in 1988, have attracted capacity crowds. We expect some 350,000 visitors to the exhibition over four weeks. The pavilion will cover 1,250m. There will also be an outside stage area.

Five leading British exhibition design firms and the COI have been invited to submit design proposals. These will be submitted to Ministers next month and the winning design finalised by August. The budget for the exhibition is £2m (of which £1m is the subject of a bid in the 1989 PES round): this allows £1,000 per square metre for the display, enough to produce a high quality of design and finish.

Not enough

/Designers

£2m will NOT produce an effective exhibition - it will be miracle - British was done 1/2 m was useful CCLC.

Agree to plan on the basis of meeting Mr. Gorbachev etc? CBN



Designers have been asked to produce proposals for displays which show vividly how Britain has tackled problems of the kind currently facing the Soviet Union such as regional development, the modernisation and restructuring of industry, and environmental improvements; how technology is applied to daily life in Britain; and how the quality of life in Britain has improved as a result. The display is to be pitched at an educated, urban Soviet audience and will aim to provide information in a lively way, using "hands-on" exhibits involving the audience and audio-visual techniques, as well as static displays. The exhibition will be staffed mainly by Russian speaking British guides.

We are also intending to introduce to Kiev as many "British" elements as possible during June 1990. Major cultural events should include a visit by the ENO, opening the first ever tour of the USSR by a major British opera company; a British Film Festival sponsored in part by BAFTA; other musical performances; a British Council fine arts exhibition possibly Henry Moore; a Book Exhibition (which would, we hope, offer the possibility of selling British books direct to Russian for roubles); and possibly a series of performances by the English Shakespeare Company. Other events which we hope to include are a visit by a military band and a display by the Red Arrows. We will also be involving the media: Capital Radio are already interested in broadcasting a whole range of programmes from Kiev and in sponsoring a series of rock concerts. The BBC (whether the External Services or Radio Four) will almost certainly want to be involved.

In addition, we and the DTI are looking into ways of involving British companies, whether as sponsors or exhibitors, possibly in a parallel trade event. Although Britain in Kiev is not a Trade Fair, we want to maximise the contribution of British business and to ensure that we take advantage of any potential opportunities for our exporters.

Our aim is that this should be a prestigious event with a greater impact than any British manifestation has ever had in the Soviet Union.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

6-11-41 124

Soviet Union

PM's visit to the USSR Pt 3

FILE

MM



bc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 April 1989

PA
 Dear Leonard,

PRIME MINISTER'S VISIT TO THE SOVIET UNION

BC | I have consulted the Prime Minister about points in your letter of 27 April about her visit to the Soviet Union next year. Before reaching a decision about Kiev, she wants to know much more about the nature and quality of the exhibition which is being organised. She would only wish to meet Mr. Gorbachev in Kiev and show him around the exhibition if she can be sure that it is of sufficiently high quality and interest. There would be nothing worse than to show Mr. Gorbachev something second-rate. I should be grateful if you could let me have a much fuller account of the nature of the exhibition.

Yours sincerely,
 Charles Powell

CHARLES D. POWELL

Richard Gozney, Esq.,
 Foreign and Commonwealth Office

KIC

PRIME MINISTER

VISIT TO THE SOVIET UNION

Although it is still a long way off, the FCO are keen to pin down dates in Gorbachev's diary for the meeting in Kiev in June 1990.

The "Britain in Kiev" event will open on Monday 4 June 1990. The idea remains that The Princess Royal would carry out the opening of the main exhibition. The FCO's proposal is that you should go there during what is described as the cultural centrepiece of the Festival, that is performances by the English National Opera, between 7 and 10 June. The idea is that you would invite Mr. Gorbachev both to visit the exhibition and attend a performance of the opera.

I am not so sure that you will be happy with the choice of programme: it is either Handel's Xerxes or Britten's Turn of the Screw. I do not think Mr. Gorbachev would enjoy the latter, but I understand that the production of Xerxes is highly praised.

More importantly, I think it would be wise to assure yourself that the exhibition will be of sufficient quality to justify your showing Mr. Gorbachev around it. It would be awful to show him something second rate.

I suggest, therefore, that I should write back to say that you want to know much more about the exhibition before committing yourself to this idea.

Agree?

CDP

Yes not

C. D. POWELL
27 April 1989

KAYAUT



Foreign and Commonwealth Office

London SW1A 2AH

CONFIDENTIAL

27 April 1989

Jean Charles,

Visits to the Soviet Union by the Prime Minister

You will have seen Moscow telegram numbers 701 and 702 (copies attached). There would indeed appear to have been some poor staff work on the Soviet side. And to this we must now add a further twist from the Head of the Second European Department of the Soviet MFA, Uspensky (who acted as interpreter at the Prime Minister's talks with Mr Gorbachev).

Uspensky told Simon Hemans on 25 April that the Soviet understanding was that there were indeed two invitations, one to visit the Soviet Union during the British event in Kiev in June 1990, and the other (which was not as precise as Mr Zamyatin had said) to make an official visit at an unspecified later date which could be discussed either when the two leaders met in June 1990, or agreed through diplomatic channels later. He added a further complication by pointing out that the invitation for June 1990 did not specify that the meeting would necessarily take place in Kiev. This was one possibility and the Russians were aware of our obvious preference for a Kiev meeting, but it could not be definite at this stage and had been carefully expressed as taking place "in the framework" of the Prime Minister's visit to the British event in Kiev.

We are now putting to the Russians a proposal that the event which in English will be called "Britain in Kiev" should open on Monday 4 June 1990. The cultural centrepiece will as you know be performances by the English National Opera who plan to be in Kiev from 7 to 10 June. It would obviously maximise the impact if the Prime Minister were able to invite Mr Gorbachev both to visit the exhibition and to attend a performance.

On the assumption that it would be best to separate the Prime Minister's visit by a few days from that of The Princess Royal, perhaps we could aim at the Saturday evening performance on 9 June of Handel's Xerxes. The alternative on the Sunday evening of Britten's Turn of the Screw (the only other work on the programme for Kiev) is perhaps less likely to appeal to Mr Gorbachev. If the Prime Minister agrees to try for 9 June we shall try to have the idea pencilled into Mr Gorbachev's diary once the opening date is agreed.

/We

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We are assuming that for the moment the Prime Minister will be content to leave the second visit in suspense on the basis of an invitation given and accepted for a time to be later agreed. The Foreign Secretary sees no need to announce the possibility at this stage.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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file DS3A14
bc = PC
B1

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 April 1989

PRIME MINISTER'S VISIT TO KIEV: JUNE 1990

Thank you for your letter of 22 April with the clarifications about Mr Gorbachev's various invitations to the Prime Minister. It is clear from what the Soviet Ambassador said that we are dealing with two quite distinct invitations: one to meet in Kiev during the British exhibition there in June next year; and another to pay a formal visit to Moscow - and perhaps elsewhere - in late 1990 or early 1991.

I have discussed this with the Prime Minister and she is content to think in terms of two separate visits, with the second more probably in early 1991. She also agrees that we should continue to plan for the Princess Royal to open the British Month in Kiev, with her own visit there taking place somewhat later in the month (we have not yet looked at precise dates).

I should be grateful if these points could be conveyed to the Soviet Government, with the Prime Ministers formal acceptance of both invitations.

C. D. POWELL

Stephen Wall, Esq.
Foreign and Commonwealth Office

PRIME MINISTER

VISIT TO THE SOVIET UNION

The Russians now tell us that you have two quite distinct invitations to the Soviet Union, both issued by Mr Gorbachev.

One is for a working meeting in Kiev in June next year. Mr Gorbachev reckons he is doing you a favour by going to Kiev for the British Month and combining it with a meeting.

The other is for an official visit in late 1990 or early 1991.

This is not exactly how I had understood it. But I do see certain advantages in having two visits in the pipeline: having the second one in early 1991 could be quite attractive in relation to other possible events that year. I also see some advantage in pinning the Russians down to two separate visits before we take action on a certain matter in late May.

Agree that we should tell the Russians that you are happy with the concept of two separate visits, one to Kiev in June next year, the other to Moscow in late 1990 or early 1991?

CSP

Yes mb

CHARLES POWELL

23 April 1989

CONFIDENTIAL

R224



Foreign and Commonwealth Office

London SW1A 2AH

22 April 1989

Private Secretary
No 10 Downing Street
LONDON

Dear Private Secretary,

THE PRIME MINISTER'S VISIT TO KIEV: JUNE 1990

The Soviet Ambassador called on the Head of Soviet Department on 21 April prior to flying back to Moscow at the weekend for a plenary session of the CPSU Central Committee.

Zamyatin began by clarifying the Soviet invitation to the Prime Minister to meet Mr Gorbachev in Kiev. The invitation as conveyed by Deputy Foreign Minister Petrovsky was not, Zamyatin said, intended to replace the invitation which Mr Gorbachev had conveyed to the Prime Minister whilst riding with her in the car during his recent visit, to pay a formal visit to Moscow. This invitation was regarded as separate and Mr Gorbachev's view was that the Prime Minister might care to take it up in late 1990 or early 1991. The Kiev visit was seen as a "working meeting". The Russians envisaged the Prime Minister travelling direct to Kiev, taking Mr Gorbachev around the British exhibition, and holding talks with him at some suitable location in Kiev. The visit might last two days. It would be up to the Prime Minister whether her visit coincided with the opening of the British Month or took place later.

Simon Hemans told Zamyatin that this was news to us. We had assumed that the invitation was intended to mean that either before or after the visit to Kiev the Prime Minister would be in Moscow for talks. He undertook to seek a reaction from the Prime Minister to what was now being proposed.

Hemans also mentioned to Zamyatin informally the probability that The Princess Royal would be opening the British Month.

/Clearly

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Clearly it would not be appropriate for both Princess Anne and the Prime Minister to be in Kiev together for the opening. Zamyatin said that the Soviet side had no particular preference in terms of whether Mr Gorbachev's meeting with Mrs Thatcher coincided with the opening or not.

I should be grateful for an indication of the Prime Minister's wishes as to whether she would prefer to combine substantive talks with Kiev or go for two separate visits. I should also welcome her confirmation that it is still her preference that The Princess Royal should open the Month and that her own visit would follow later.

For your information Zamyatin also said that once the Supreme Soviet was in session he expected instructions to pursue the question of a date for a visit by The Queen. Hemans told Zamyatin that his understanding was that The Queen's programme would probably rule out a visit much before 1992 but that as yet no firm view had been taken. Zamyatin was quite relaxed about this and merely repeated that he would be under instructions to discuss it further some time in the summer.

Yours ever

T. M. (Resident Clerk)

AP.

(J S Wall)
Private Secretary

CONFIDENTIAL

ask

Foreign and Commonwealth Office

London SW1A 2AH

C D Powell Esq
 Private Secretary
 No 10, Downing Street
 LONDON

19 April 1989

cc. Mr Hughes
ESD
14/4

Dear Charles,

PRIME MINISTER'S NEXT VISIT TO THE SOVIET UNION

1. There is some confusion in some of today's British newspapers as to whether the message conveyed to the Prime Minister yesterday, 18 April, by Mr Petrovsky (to meet Mr Gorbachev in Kiev in June 1990) supercedes the invitation to Moscow issued here by Mr Gorbachev himself on 7 April. In case it is helpful, my own note of Petrovsky's words reads as follows:

Greetings from Gorbachev. Confirms invitation to meet in 1990 in Moscow. Decision taken that the British Week in Kiev will take place in June 1990. Gorbachev will be in Kiev and will meet you there.

2. That appears to imply a first meeting in Kiev followed by talks in Moscow. Petrovsky was of course speaking in English, but I am sure he was choosing his words with care.

Yours ever,
Tony Bishop

K A Bishop
 Soviet Section
 Research Department

cc: PS/Secretary of State
 Mr Hemans, Soviet Department
 Mr Burns, News Department

157
AM 09
1951



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SECRETARY OF THE INTERIOR

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PART 3 begins:-

fco to CDP 19.4.89



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