

NOTE FOR THE RECORD**ECONOMIC SUMMIT, TORONTO: HEADS OF GOVERNMENT DINNER ON 19 JUNE 1988**

Heads of Government discussed a number of foreign policy issues over dinner on Sunday 19 June at the Toronto Hunt Club.

East/West Relations

This was the main subject discussed. All Heads of Government were warm in their thanks and praise for President Reagan's achievements at the Moscow Summit. Some progress was noted on human rights in the Soviet Union. President Reagan reported that proposals were being drawn up for legislation to provide for greater freedom of expression and the right to emigrate. He also reported that some of the refuseniks who had attended the lunch in the American Embassy in Moscow during his visit had subsequently been detained by the KGB. When the Americans had protested vigorously at the highest level, it turned out that senior officials in Moscow knew nothing of this and orders for release of those detained were given. The general view was that the problems of the Soviet economy were even greater than previously thought with military spending a higher proportion of overall spending than estimated. The Prime Minister stressed that President Reagan had been absolutely right to take a strong line on human rights at the Summit. In response to her question President Reagan had said that he did not know whether a START Agreement could still be reached this year. (General Powell told me separately that he thought a further Summit before the end of President Reagan's term of office highly unlikely.)

Chancellor Kohl had been pessimistic about the prospects of the forthcoming party conference in the Soviet Union: there were several signs that Gorbachev would not make much progress with his reforms there. He had also stressed the mood of uncertainty and unease in Eastern Europe.

Mr. Takeshita had thanked President Reagan for raising the question of the Japanese Northern Territories. He had also said that there was no sign yet of any build-down in Soviet military strength in the Far East.

Arms Control

There had been relatively little discussion of arms control. A point which particularly struck the Prime Minister was a remark by President Mitterrand to the effect that the security of Europe now depended on conventional weapons and that, if there was to be a further war in Europe, it would be fought with conventional weapons. In the same intervention he had also said that the West should not upset the Soviet Union by talking about the reunification of Europe or Europe from the Atlantic to the Urals since this did not help Gorbachev. It was better not to blur the distinction between the two Alliances.(!)

Regional problems

President Reagan made a plea for financial help for the Phillipines and for refugees in Afghanistan. He had also mentioned the proposal by Gorbachev in Moscow to set a target date of the 10th anniversary of Security Council Resolution 435 on 29 September for making progress on Angola. There had been general concern at the lack of progress on Arab/Israel and Iran/Iraq.

Drugs

President Reagan had made a strong plea for a passage on drugs in the Summit's main political declaration.

C.D.I.

C. D. POWELL
20 June 1988

cc Mr. Wicks
Mr. Galsworthy
Sir John Fretwell
Mr. Richardson