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bcc HMA Moscow

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

31 March 1987

Jan T.

LUNCH WITH SOVIET INTELLECTUALS:

MONDAY 30 MARCH

Because the Prime Minister's meeting with General Secretary Gorbachev over-ran its time, the Secretary of State hosted the lunch with Soviet intellectuals. The Prime Minister joined the discussion for a short time at the end of the meal. Guests at the lunch were:

Academician O. T. Bogomolov: Institute of World Socialist Systems

Mr. N. Gubenko: Director, Taganka Theatre

Mr. V. V. Karpov: Union of Writers

Mr. Egor Yakovlev: Moscow News, Chief Editor

Mr. G. Y. Baklanov: "Znamya", Chief Editor

Professor S. N. Fedorov: Eye surgeon

Dr. L. I. Abalkin: Director, Institute of Economics

Mr. V. Korotich: Ogonek

H.M. Ambassador was also present.

The Soviet guests spoke quite freely though mostly in rather general terms about internal economic and political developments; on East-West relations their remarks were familiar and somewhat stilted. Baklanov (writer and editor of the journal Znamya) said that Soviet concessions should not lead the West to suppose that pressure would force the Soviet Union to go further. Karpov (First Secretary of the Union of Writers) said that Soviet reforms were being undertaken as a freely chosen response to internal problems and not because the Soviet Union had been "driven into a corner" by the West.

The following were among points made by Soviet participants in the discussions:

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Economy

- i. Abalkin said economic improvements would proceed slowly and with difficulty. No breakthrough could be expected until the early 1990s.
- ii. Discussing the relative efficiency of private and state industry Abalkin said a private firm would be more efficient than a state enterprise unless the latter were on self-accounting principles (Khozraschet).
- iii. When the Prime Minister referred to criticism of Government economic policies in 1981 by 364 economists. Bogomolov observed that he had been giving good advice to his Government for 10 years but had not been listened to.
- iv. Professor Fedorov said the Central Committee had given him complete economic freedom in running his eye clinic and he had increased its income by 1½ million dollars. He was successful because his doctors were paid by results and so worked hard and because he used high technology which he could buy from profits. His doctors were paid three times the usual rate. One participant at the lunch told me privately that Professor Fedorov's clinic was the only example of its type in the Soviet Union.
- v. In response to the Secretary of State's question about how the West should respond to restructuring Yakovlev (editor of Moscow News) said the West could help by not dismissing every step forward in Soviet reform as a half measure or insignificant and instantly demanding more.
- vi. Yakovlev remarked in the context of a discussion about whether political or economic reform took priority that the pre-requisite for any progress on any front was democratisation.
- vii. Korotich (Editor of "Ogonek") twice emphasised that there was a serious internal struggle in progress and the resistance was pretty strong. Alluding to the title of the American space film he said the "Empire was Striking Back".
- viii. Korotich remarked that whereas today you could hear different opinions from those sitting round the table, before you would have heard only one.

I am sending a copy of this letter to Trevor Woolley (Cabinet Office).


Nigel Wicks

N. L. WICKS

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

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PPS/am

2 attach a brief draft
note on the Cuck with
Soviet intellectuals on 30 March.

f. Munnell

31/3.

cc. PS/SyS.

HMA

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Reference

DEPARTMENT:

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SECURITY CLASSIFICATION

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- Secret
- Confidential
- Restricted
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SUBJECT: LUNCH WITH SOVIET INTELLECTUALS:
MONDAY 30 MARCH

.....In Confidence

CAVEAT.....

1. The Soviet guests spoke quite freely though mostly in rather general terms about internal economic and political developments; on East-West relations their remarks were familiar and somewhat stilted. Baklanov (writer and editor of the journal Znamya) said that Soviet concessions should not lead the West to suppose that pressure would force the Soviet Union to go further. Karpov (First Secretary of the Union of Writers) said that Soviet reforms were being undertaken as a freely chosen response to internal problems and not because the Soviet Union had been "driven into a corner" by the West.

2. The following were among points made by Soviet participants in the discussions:

ECONOMY

a) Abalkin said economic improvements would proceed slowly and with difficulty. No breakthrough could be expected until the early 1990s.

b) Discussing the relative efficiency of private and state industry Abalkin said a private firm would be more efficient than a state enterprise unless the latter were on full self-accounting principles (Khozraschet).

Enclosures—flag(s).....

c) When the Prime Minister referred to criticism of Government economic policies in 1981 by 364 economists Bogomolov observed that he had been giving good advice to his Government for 10 years but had not been listened to.

d) Professor Fedorov said the Central Committee had given him complete economic freedom in running his eye clinic and he had increased its income by 1½ million dollars. He was successful because his doctors were paid by results and so worked hard and because he used high technology which he could buy from profits. His doctors were paid three times the usual rate. x x

POLITICAL

e) In response to the Secretary of State's question about how the West should respond to restructuring Yakovlev (editor of Moscow News) said the West could help by not dismissing every step forward in Soviet reform as a half-measure or insignificant and instantly demanding more.

f) Yakovlev remarked in the context of a discussion about whether political or economic reform took priority that the prerequisite for any progress on any front was democratisation.

g) Korotich (Editor of "Ogonek") twice emphasised that there was a serious internal struggle in progress. ^{and the resistance was pretty strong} Alluding to the title of the American space film he said the "Empire was Striking Back".

h) Korotich remarked that whereas today you could hear different opinions from those sitting round the table, before you would have heard only one.

LUNCH, MONDAY, 30 MARCH 1987, 1330 HOURS IN THE RESIDENCE

Host

Hostess

The Rt Hon Margaret Thatcher FRS MP

The Rt Hon Sir Geoffrey Howe QC MP

Academician O T Bogomolov

Institute of World Socialist
Systems

Mr N Gubenko

Director, Taganka Theatre

Mr V V Karpov

Union of Writers

Mr Egor Yakovlev

Moscow News, Chief Editor

Mr G Y Baklanov

"Znamya", Chief Editor

Proposed

Dr S N Fedorov

Eye Surgeon

Dr L I Abalkin

Director, Institute of Economics

Mr V Korotich

Ogonek

Mr A Bishop

Mr R W W Pollock

Mr C D Powell

Mr G D G Murrell