



10 DOWNING STREET
LONDON SW1A 2AA

Prime Minister
You might
like to glance at
this.
COD
4 September 1987 4/9

From the Private Secretary

Dear Tony,

SOVIET UNION

Mr. Kossov of the Soviet Embassy came to see me this morning, ostensibly to deliver the originals of Mr. Gorbachev's recent messages to the Prime Minister. I enclose copies. He took the opportunity to mention a number of matters.

Kossov said that he had just spent six weeks back in the Soviet Union. He was surprised by how little change there had been. Living in London, he heard and read a great deal about glasnost and perestroika. But back at home there was very little visible evidence of change. He had also heard a great deal of grumbling from the man in the street (or, more accurately, the man in the queue) to the effect that, despite fine words, things were not getting better. He had visited a number of factories in various parts of the Soviet Union and found managers confused about what they were supposed to be doing. For instance, in some areas they had been given the right to get rid of unnecessary workers in order to make their enterprises more efficient. But they then found that the local Party authorities insisted that they find alternative employment, at the same rate of pay, for anyone dismissed. Since those dismissed were naturally the least efficient (and most drunken) workers this was virtually impossible and negated the effect of the reform. Kossov added, however, that his personal impression was that the Soviet leadership's determination to press ahead with restructuring was not diminished, and still more radical proposals would soon be forthcoming.

Kossov said that he had also spent some time back at the Soviet Foreign Ministry. He had found the main preoccupation to be with the situation in the Gulf. He described Soviet policy and their suspensions of the American military presence in familiar terms.

On INF, he was very confident that an agreement could now be reached quickly. It had been made clear to him in the Foreign Ministry by Bessmertnykh and Karpov that removal of the German Pershing IAs and their American warheads was a political necessity for Gorbachev, who would otherwise be perceived in the Soviet Union as having made all the

concessions. Since Chancellor Kohl's statement about the future of the Pershings, the Americans had made clear to the Russians that a satisfactory solution on the warheads, in the form of a separate bilateral understanding, could be reached. The Americans had also said that they were confident the Germans would agree to a further slight modification of Chancellor Kohl's proposal so that elimination of the Pershing IAs would coincide with the final phase of elimination of American and Soviet systems rather than follow it. Kossov added that his strong impression was that Gorbachev very much wanted to sign an INF agreement before the celebrations of the October Revolution in late October. He therefore expected an early summit.

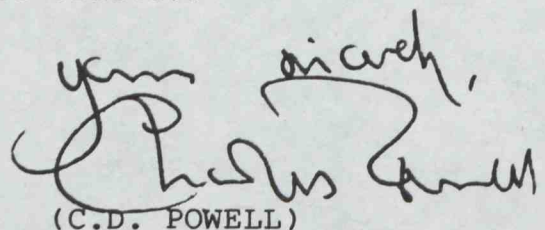
Kossov continued that strategic weapons would be the next priority for negotiations, although he did not think it realistic to expect any sort of agreement before the United States Presidential Elections, which meant in effect that it would be postponed until 1990 at least. On chemical weapons he admitted to being rather disappointed by Shevardnadze's speech in Geneva. He had hoped to see the Soviet position move closer to the British proposals. The experts in Moscow privately conceded that the British proposals were acceptable. They also wished to pursue the idea of exchanges between Porton Down and the Soviet chemical warfare research establishment.

More generally, Kossov said that he had been rather encouraged by his visits to the Foreign Ministry. Younger men had been moved into a number of leading positions and there was a great appetite for new ideas and proposals. The whole atmosphere was much more lively than in the past.

Kossov said that he thought that the possibility that Mr. Gorbachev might pay a flying visit to London on the way to or from a summit in the United States was being actively considered in Moscow. Indeed there had been a reference to it in the draft of Gorbachev's reply to the Prime Minister's message, but it had been modified by more cautious spirits in the Foreign Ministry.

Finally, Kossov said that a leading economic expert (I think he said the name was Albakin) would be in the United Kingdom shortly to attend a Wilton Park conference. He hoped that it would be possible for him to meet a number of leading British experts on the economy in Government and outside. I assume that the Department are working on a programme for him.

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

you are very,

(C.D. POWELL)

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