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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.

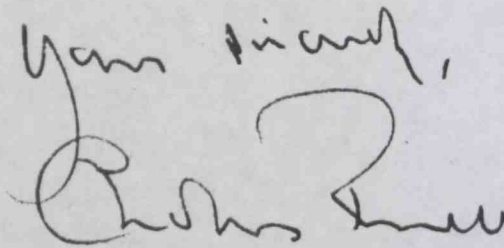
The Prime Minister said that criticism was an inevitable part of reform. She judged that people in the Soviet Union were content with political developments but could not understand why economic reform did not proceed at the same speed. Mr. Primakov said that one reason for the misunderstanding was that 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

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Foreign and Commonwealth Office.