

MEMORANDUM OF CONVERSATION

SUBJECT: First Expanded Bilateral Session with
Chairman Gorbachev of the Soviet Union (U)

PARTICIPANTS: U.S.
The President
James A. Baker, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Paul Wolfowitz, Under Secretary of Defense
for Policy
Robert Zoellick, Counsellor to the Department,
Department of State
Robert D. Blackwill, Special Assistant to the
President for European and Soviet Affairs
Interpreter

USSR
Mikhail Gorbachev, Chairman of the Presidium
of the Supreme Soviet
Eduard Shevardnadze, Minister of Foreign
Affairs
Aleksandr Yakovlev, Chairman, International
Policy
Aleksandr Bessmertnykh, First Deputy Minister
of Foreign affairs
Anatoliy Chernyaev, Aide to the General
Secretary, CPSU
Anatoliy Dobrynin, Adviser to the Chairman
Sergey Akhromeev, Adviser to the Chairman
Interpreter

DATE, TIME December 2, 1989, 10:00--11:55 a.m.
AND PLACE: Maxim Gorky, Cruise Liner, Malta

The President: General Scowcroft said that his conversation with
General Akhromeyev was the best that he had ever had with a Soviet
official. (U)

Chairman Gorbachev: Our meeting was at your initiative. It is for
me to begin and welcome you and your close associates. The first

thing to do is to note and appreciate your initiative to hold this meeting. Initially, I wondered why you wanted this meeting, but now I know that a lot is happening. That is the most important thing. We have to find a dialogue commensurate with the pace of change. We need more working contacts. Since the changes underway affect fundamental things, even Ministerial contacts are not enough now. You and I have to be more active in developing personal contacts. This must be regarded as a prelude to the official Summit, but this meeting will have an importance of its own. (C)

The President: I agree. (U)

Chairman Gorbachev: I like informal meetings. I think we need more than correspondence. We need to talk to each other. Both for the U.S. and the USSR, and for the world, this meeting is more than just a symbol. Our people are looking forward to our getting down to business. So welcome, Mr. President, we are at your disposal. (U)

The President: Thank you for your welcome. It is true that this particular meeting was my idea. In doing so, I had the feeling you would be most agreeable to this kind of meeting. I think I told you that when I drafted my letter on the way back from Paris, I was changing 180 degrees on the need and benefit of such a meeting. That change of heart has been well received in my country for the most part. Since the genesis of this idea, there have been so many dramatic changes in the world. I want to be sure how you view them, including in Eastern Europe, and for you to understand the way I see things. Before the end of these two days, I hope you and I can get together, perhaps with one notetaker. (C)

Chairman Gorbachev: It is very necessary, because they will get tired of us and we will get tired of them. (U)

The President: You said it, pal. But such a talk between us would be very useful. (U)

Chairman Gorbachev: I have the feeling that this is a continuation of our two previous talks. (U)

The President: I feel those were comfortable. There were no kicks under the table. With your permission, I would like to put some ideas on the table, but it is your choice. The first page is boilerplate, so I may skip it. Where it says this is a chance to have a serious discussion, I know you agree. I do want to say that the world will be a better place if perestroika succeeds. I know you had some doubt in New York. You made a statement in New York, which I still remember. You said some U.S. elements want to see perestroika fail. I can't say there are no such elements in the

U.S. -- but there are no serious elements, and most Americans don't feel that way. As we sit and try to analyze change in Eastern Europe and admire perestroika, there are bound to be differences in the analytical community. But you are dealing with an Administration and, for the most part, a Congress that want to see you succeed. (C)

What I propose to do now is to spell out positive initiatives, not in the sense of negotiating teams, but to set down a framework of areas in which we want to move forward with you. I would like to set the time of a 1990 Summit for several days in the last two weeks of June and set the day for the Ministerials. Jim's thought is the end of January, but of course we will be flexible. Let me paint with a broad brush on the Congressional front. I want to waive Jackson-Vanik, which prohibits MFN. Two things have to happen. You are changing your emigration law and expect it to be completed early next year. Our law requires a trade agreement before MFN status can be granted. Let's begin trade negotiations immediately. I will push the American side to move. I want it done. If that word is not out to the top people in our Administration -- and I think it is -- I will see to it. I would like to wrap up an agreement by the 1990 Summit. I want to remove statutory restrictions on our ability to provide export credit guarantees. (S)

Let me interrupt my note-reading to say I was impressed with what your Foreign Minister said. Some reporter, probably from the U.S., asked whether the Soviet Union wanted the U.S. to bail out the USSR. He gave a good answer, reflecting the pride of the Soviet people. If it is agreeable, these steps will not be presented as the superiority of one system or against what Mr. Shevardnadze was conveying with his very good answer. But we are at a sensitive time. I am not making these suggestions as a bailing out. That is not the spirit I came here with. (C)

After Jackson-Vanik, we will explore with Congress the lifting of limitations on export credits and guarantees. I believe we can get that done: not a program of assistance, but a program of cooperation. We would like to hand over a paper with technical cooperation projects that we can pursue together. These cover a wide range of projects and topics, including finance, agriculture, statistics, small business development, anti-monopoly efforts, budgetary and tax policy, and even the role of a stock exchange. These are just suggestions. You may think some are good, and some are bad. (S)

You have expressed an interest in observer status for the Soviet Union at GATT. Let me clear the air on this one. As Mr. Dobrynin knows, we have had a difference on that issue. The U.S. has

objected to Soviet observer status at GATT. I've changed. I believe GATT should accept the USSR as an observer, so that we can learn together. We would support that once the Uruguay round is over. We are now to-ing and fro-ing among our friends. We are fighting with the EC on agriculture. They are arguing. To complete the Uruguay Round, we have to drive to a conclusion of existing items. As soon as it is over, Soviet observer status would be good. It may even be an incentive to those at the Uruguay Round. During the intervening year, the Soviet Union could move toward market prices at the wholesale level, so that the Eastern and Western economies become somewhat more compatible. I cannot speak for all at GATT, but we will advocate this step. The Uruguay Round will end less than a year from now. There is another area in which to cooperate on economic front: new cooperation between the Soviet Union and the OECD and improving East-West economic cooperation in the CSCE process. I am trying to convey that we want your views, but the main point is to lean forward on this. Regarding investment and other areas, I want to talk with you. I would like to switch to another area, one that has been contentious: human rights and the resolution of all divided families issues. We have lists which you have been given. ~~(S)~~

Chairman Gorbachev: The U.S. Embassy is not been able to cope with the flood of those who want to emigrate. We will keep after you on this. (James Baker passes over the list. It is not a big list. ~~(C)~~

The President: Let me bring up the most contentious issue. You know what it is. I know what is. I am not arguing with Mr. Shevardnadze's words, but this issue of having two countries identified with the USSR swimming against the tide in Central America is a great dividing wedge between us. Somehow I would like to discuss this in this big meeting, or between you and me. In a broad context, when I was down there in Costa Rica, Carlos Andres Perez sat next to me at dinner. He gave me a lecture that I am so interested in changes in Eastern Europe, that I am neglecting the Western Hemisphere. He displayed some angst about Poland: how come them and not us? I said this publicly, and want to repeat: Oscar Arias asked me to please ask President Gorbachev to get Fidel Castro to stop exporting revolution into these fragile democracies. ~~(S)~~

I know it is difficult, but I want to have a frank discussion about Nicaragua and Cuba. This is the single most disruptive factor to a relationship that is going in the right direction. It is not just the right wing in U.S. Concerns run deeper than that. I know it is sensitive for you, but in the U.S. some ask, "How can they put all this money into Cuba and still want credits?" I want the record to show I have raised this in the most direct possible

way. It is a gigantic thorn in one shoe for our relationship. We try to move ahead. Nicaragua promised Mr. Shevardnadze not to ship arms. They owe you an explanation. Ortega owes you an explanation. We think Christiani is trying to control his death squads on the right. He's a good man. He is trying to promote democracy. In Costa Rica, Christiani was with Ortega, who looked at the stars. Please believe me: this is not a right-wing Republican problem. The Sandinistas have not told the truth. The answer is honest elections in Nicaragua and a transfer of power. My concern is that elections will not be open. Yesterday the Sandinistas denied visas to an observer group from our Congress, one-half their supporters. (S)

One last word: given your statesmanship in the world, I would hope you will join us in calling for the Sandinistas to renew the ceasefire, conduct free and fair elections, and accept the results. This would have a very positive effect in Central America and in the U.S. Regarding Cuba, we know Castro is very complicated, but he is a major source of problems in the region. Again, I quote Oscar Arias, with whom we have had big differences. He raised this with me. We see no signs of new thinking in Cuba. Soviet supplies of advanced weaponry -- including most recently MIG-29s -- which Jim raised with Shevardnadze, exacerbates tension. There is no military threat to Cuba that justifies sending these weapons to Castro. The poor guy is practically broke. The best thing would be if you gave him a signal that it would no longer be business as usual. And I am going to finish, not filibuster. (S)

Chairman Gorbachev: No problem. You are doing it in a businesslike, direct, American way. (C)

The President: Arms control: I want to get rid of chemical weapons. I mean it. Let me offer a new suggestion, granting a concession on my part. If you will agree to the CW initiative I put forward at the UN in September, I am prepared to terminate the U.S. binary modernization program as soon as a global ban is in force. I hope we can get agreement to substantially reduce our stockpiles. CFE: I want to complete a CFE Treaty. High level political attention from your side and our side will be needed to get it done. I worry about getting bogged down in the bureaucracies. I would like to have a goal of a CFE Summit in Vienna to sign a CFE Treaty in 1990. On START, I want to put some steam behind the process. You and I should agree to get all our differences out of the way by the 1990 Summit and hopefully conclude a treaty by then. To that end, we need to concentrate on three issues -- ALCM's, non-deployed missiles, and telemetry encryption -- to be resolved at the January Ministerial meeting. I am expediting the START process. We will table most major issues by the January meeting, and will table all positions by the time

of the next Ministerial following the Open Skies conference. I am instructing my negotiator in Geneva to lift the U.S.-proposed ban on mobiles and make acceptance of mobile ICBMs part of the negotiating text. I would also like you to consider an idea that would improve strategic stability. The SS-18 is the only "heavy" missile in either arsenal. I hope you will consider ending modernization of the SS-18 and deeper unilateral reductions in the SS-18 force. On nuclear testing, I propose that we complete the TTBT and PNET protocols for signature at our summit next year. In addition, I propose that you announce a unilateral decision to adhere to the limits of the Missile Technology Control Regime, to which the U.S. and six other industrial powers adhere. [The Soviets didn't seem to know what we are talking about.] On your military budget, could you consider making public the details of your budget, force posture, and weapons production figures, the way the U.S. does? As a former CIA man, I hope you got these from the KGB before our meeting. (S)

Chairman Gorbachev: They say you are not publishing everything.
(C)

The President: I hope you can do this as a trust-building measure. Let me raise some general points for the future. I suggest that we support Berlin as the Olympic site in 2004. This would be a fitting symbol of the new era in East-West relations. On the environment, I know you are getting hit hard. I am getting hit hard. Global climate change is a key issue. Some in the West want to shut down the whole world because of global climate change. We have resisted shutting down the economies of certain countries. We chair two of the three bodies dealing with the issue. There are two steps I intend to take. First, I will offer to host a conference next fall to negotiate a framework treaty on global climate change, after the working groups on the UN-sponsored Intergovernmental Panel on Climate Change complete their final report. There is a lot of science that needs to be factored into this. We have Dr. Allan Bromley, an internationally known scientist, in the White House. I will ask him to convene a White House meeting next spring for top level scientific, environmental, and economic officials to discuss global climate change issues. I hope you will send your top officials in the field. This is my very last point. So much depends on young people, that I would like to propose that we ask our relevant officials to develop a program of university exchanges for Soviet and American undergraduates. Let's aim to have 1000 young -- say, under the age of 25 -- Soviet people and 1000 Americans studying in each other's country by the start of the 1991 school year. We are not locked in by numbers; perhaps we can increase these. Perhaps a formula like this would be possible. We have good land grant colleges. This is the end of my non-agenda. (S)

Chairman Gorbachev: This has been interesting. It shows that the Bush Administration has already decided what to do. I will address your specifics, but first let me make some more general remarks. [President hands over letter from President Reagan to Chairman Gorbachev.] Let me begin with some philosophical remarks [using notes in small orange notebook 3x2 inches]. I believe it is important for both of us to evaluate the period of the Cold War. You cannot rewrite history. What happened, happened. That is the privilege of history. But it is our privilege, even duty, to examine what happened. Why is this? Today, all of us feel we are at an historic watershed. We have to address completely new problems, ones we did not anticipate or expect to become so acute. Now the question is whether we should approach these problems as in the past. In that case, we are bound to fail. If we look back, not everything in the past was totally negative. We have avoided a big war for 45 years. (e)

The President: Right. (U)

Chairman Gorbachev: But still we see today that reliance on force, on military superiority, was wrong. It did not justify itself. You and I have to feel this legacy most. The emphasis on confrontation based on our different ideologies is wrong. We had reached a dangerous point, and it is good that we stopped to reach an understanding. Reliance on nonequal exchange between the developed countries and the developing world cannot go on. It has collapsed. Look at how many problems there are in the developing world that affect all of us. Overall, my conclusion is that strategically and philosophically, the methods of the Cold War were defeated. We are aware of that defeat, and the man in the street is more aware than anyone. I am not preaching, but people are having an impact on policy in the U.S. and the Congress, and in the USSR and the Supreme Soviet. But we face problems of survival, including the environment and problems of resources. People are very much aware of all that. I also believe that the USSR and the U.S. -- this started in the Reagan Administration, and you were involved -- have become aware that these changes need to be made. People of the U.S. and the USSR desire to move toward each other. At the political level we are lagging behind our people, who want to become closer. This is understandable, because political will and policies are complicated. Marshal Akhromeyev and General Scowcroft understand the military situation, but there are some people on each side, including scientists, who are trying to scare us. It is not easy to change their thinking, but the process is underway. I wanted to begin my remarks by saying this, because in the American political community, there is still one idea very present. It is this. The Soviet Union has begun to change its course. Eastern Europe is cracking, falling apart. The policies

of the Cold War were right; those policies should not change. The only thing the U.S. needs to do is to keep its baskets ready to gather the fruit. But, recently, I know you do not agree with this. I know you heard experts give their views, but what you have said today shows President Bush has his own understanding, which is consistent with the challenges of our times. When we speak of the U.S. and the USSR something very serious is involved. We cannot permit our nations to base their policies on illusions and mistakes regarding each other. I note the President has spoken in favor of perestroika but has said appropriately that perestroika is for the Soviet Union to accomplish. We would like to hear from you something more, to hear specific steps to confirm that. Now I have heard plans for such steps. That is very important. I want to say that clearly. ~~(S)~~

Let me make my second point. There is a major regrouping in the world now. We are moving from a bipolar to a multipolar world. We both will have to deal with an increasingly integrated Europe. Japan is another major factor. I remember we once referred to China, which is another reality that neither of us should try to exploit against one another. China would not accept such an attempt. India is becoming increasingly dynamic. I welcome the carefully balanced position of President Gandhi. I appreciate that Gandhi wants to have good relations with both the U.S. and the USSR. What is our role in this regrouping? Mr. Dobrynin and all the others remember when we discussed this with Secretary Shultz near the end of the Reagan Administration. He showed me interesting graphs, which were very important, very interesting. This regrouping can be accompanied by disquieting trends. For one example, Eastern Europe's share in the world economy is not much, but look how the world is watching what is happening there. There are tensions. I can imagine that new and enormous issues will come into play, all related to limited resources. We in the Soviet leadership have been thinking about this for some time. The U.S. and the USSR are doomed to cooperate for a long time, but we have to abandon the vestiges of images of an enemy. Such approaches still exist. When we think of new challenges, we have to think about how big the U.S. and Soviet militaries are. I am not suggesting a U.S.-Soviet condominium, only describing reality. I do not call into question our allied responsibility or previous patterns of cooperation. But there must be patterns of cooperation to take account of new realities, and we are just beginning to understand those realities. There is some discussion in the U.S. about what kind of Soviet Union the U.S. would like to see: dynamic success or painful disasters. I know the kind of advice you have been receiving. It is our view that we want the U.S. to be a confident country which tackles its problems confidently: economic, technical, and social. If you want, you can check with all my interlocutors; they will confirm this in my position with

world leaders. Any other approach is dangerous. It is dangerous to ignore or neglect the interests of the U.S. However, that means the U.S., too, must take into account the interests of others. The U.S. has not entirely abandoned old approaches. I cannot say we have entirely abandoned ours. Some times we feel the U.S. wants to teach, to put pressure on others. We are aware of that. I will want to hear your response, because this is how we will build bridges across rivers rather than parallel to them. This is very important. Since you, Mr. President, have several years in office, I feel it is important to be very clear on this. Maybe this one meeting will not be enough but we must understand this fundamental point [slaps table with emphasis]. The rest is details which will fit in. As for what is happening in USSR and Eastern Europe, we will have time to discuss that. But we can continue our earlier discussion. (S)

The President: I hope you have noticed that as dynamic change has accelerated in recent months, we have not responded with flamboyance or arrogance that would complicate USSR relations. What I am saying may be self-serving. I have been called cautious or timid. I am cautious, but not timid. But I have conducted myself in ways not to complicate your life. That's why I have not jumped up and down on the Berlin Wall. (S)

Chairman Gorbachev: Yes, we have seen that, and appreciate that. We have some concern on one thing: your actions in the Philippines. I appreciate your letter and want to discuss this. (S)

The President: Good. (U)

Chairman Gorbachev: I welcome very much what you have outlined, because behind these steps I see political will at the top of the U.S. government. Why is this important to me? On the basis of my cooperation with President Reagan, I remember there were times when we encountered an impasse. In Geneva, President Reagan and I may drink coffee and other things, but make no progress. When I was with Chernyaev at the Black Sea, I got a letter from President Reagan and talked with Shevardnadze. There was not much to work with in the letter. (All this was after our summit in Geneva.) I could have responded in kind but thought instead: what if we suggest meeting in a couple of weeks at Reykjavik? Maybe Reykjavik scared some in the U.S., Europe, and the USSR, but it was an intellectual breakthrough, and our relations began to move. We have accumulated a lot of possibilities in the economic area, but first it takes political will--on your part to influence U.S. business. Your business people are disciplined. They were waiting for the signal of a new U.S. policy. Now they have it.

As for START, our negotiators need new instructions from our level. But your remarks are very important from that standpoint. I thank you for placing bilateral cooperation at the top of the agenda. Regarding economic cooperation, we are ready to work actively to discuss those things with you without seeking to surprise anyone. The situation is this. On our side and your side, people say we have to cooperate -- when we get together people say "Malta/Yalta" [animated]. We need to discuss and explain things to our allies, but I think it can be done. I welcome your proposal for Ministers to meet as early as January. Regarding economic issues, your intentions are very encouraging. Our policy is to move more and more to adjust to the world economy. Laws on property, land ownership, and lease-holding are going ahead. We will overhaul our entire structure of prices in the USSR. In the final analysis, it is necessary to move to the convertibility of the ruble. (S)

The President. Yup. (U)

Chairman Gorbachev: As we restructure our economy, I feel it is better if we get involved in the international financial institutions. We must learn to take the world economy into perestroika. I know some in the U.S. worry that we would politicize the international financial institutions. We were ideological. So were you. But it's a different time, and we will work on new criteria. But I appreciate your willingness to help the Soviet Union to become involved in the world economy. The Supreme Soviet has been working hard and has adopted 34 laws. The law on emigration is only on the first reading. Laws on freedom of conscience and the press are on first reading, too. These are far-reaching laws that will create a legal base for far-reaching change. There is no way back. (S)

On Central America, when Shevardnadze told me about Jim Baker's letter criticizing us about Soviet policy toward Central America, I said it was a misunderstanding. If we promise something to you, we always want to keep our pledges or you will not have trust in our relationship. We want to convince you we are not engaged in political games. We pledged we would not supply weapons to Nicaragua and we are not. I appreciate Congress's cutting off weapons to the Contras. As soon as the Cessna crashed, Shevardnadze and Yazov asked their Nicaraguan and Cuban counterparts, and both countries strongly said they had nothing to do with that incident. So that's the way it is. Ortega and even Castro said they are ready to explain themselves to America. After my trip to Cuba, I sent you a letter. I will be a little more specific when we have a one-on-one talk and tell you more about my talk with Castro. There are lots of weapons in Central America. A Cessna plane was used to land in Red Square, and there are experts involved in El Salvador operations. But we will keep our

word. If your position doesn't change, ours won't. We see how you perceive this problem but don't really understand [laugh, good-naturedly]. There is political pluralism in Nicaragua. It has nothing to do with Marxism. It is ridiculous to speak of the Sandanistas as Marxists. The roots of the current situation are economical and historical. I don't see why Nicaragua is so unacceptable to you. They will have a new government after elections. Let the UN and the Latin Americans monitor the election. Frankly, we are not that much concerned with them. Let that process unfold. As for Cuba, Castro emerged without any assistance from us. Your country and ours have been in different situations re Cuba. Mr. President, I think we can change this, too. No one can really give orders to Cuba, absolutely no one. Castro, for instance, has his own views of perestroika, saying what he thinks [laughs again]. But we need mutual understanding. We don't want bridgeheads in Cuba or Central America. We don't need that. You must be convinced of that. (S)

Regarding arms control: on CW I anticipated your new position but did not know you would propose ending binary production. That is very important, so we will think that over. It certainly shows movement, although there is some disjuncture from an early global ban, which should be our goal, but we would be moving to that goal through steps. Right? (S)

Secretary Baker: That's correct. Our position used to be to support an effectively verifiable worldwide global ban. We were having difficulty over verification. The President now says that if the Soviet Union will support the President's UN proposal (20% - 2%), that action would be taken without further progress on verification. The President would forego CW modernization. The U.S. and the USSR could agree, even coming out of this meeting, to do this. (S)

Chairman Gorbachev: The goal of a global ban remains? (C)

Secretary Baker: Absolutely. (U)

Chairman Gorbachev: Let's get our experts together. (U)

Chairman Gorbachev: Without details on CFE, let me respond to your proposal. This is 100% the same proposal we have been pushing. It is very important. As for START, we need political will. I listened carefully to what you have said. I heard nothing from you on SLCMs. I understand that you were in the Navy. (S)

The President: They didn't have SLCMs when I was in. I'm too old. (C)

President Gorbachev: By June, it is realistic to expect that a START Treaty could be completed. But if we cannot solve SLCM by then, that could cause significant problems. You have a significant advantage. Marshal Akhromeyev and General Scowcroft have discussed some suggestions on this. (S)

The President: Maybe they can talk further. (U)

President Gorbachev: It's a problem and both sides consider it a problem. We don't think on all issues we have to be neck and neck. There are differences in the structures of our forces. But nuclear SLCM are a serious factor if we reduce everything else while those remain without some SLCM constraints. And the Supreme Soviet would not ratify. (S)

Secretary Baker: Come on. That's our argument.

President Gorbachev: As for nuclear testing and publicizing our military budget, we take note of your proposals. I welcome your suggestions for further cooperation. We will participate in that White House meeting. In summing up, we could particularly note these.

-- End of Conversation --

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