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THE WHITE HOUSE
WASHINGTON

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

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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

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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. (ET)

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. (ST)

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

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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. (8)

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. (5)

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

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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. (S)

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

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George H
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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. (S)

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)

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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. (C)

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

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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. (8)

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

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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. (e)

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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Folder ID Number: CF00769-005

Folder Title:
Malta Summit - December 89

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THE WHITE HOUSE
WASHINGTON

Malta

MEMORANDUM OF CONVERSATION

SUBJECT: First Restricted Bilateral Session with Chairman Gorbachev of Soviet Union

PARTICIPANTS: The President
General Scowcroft, Assistant to the President for
National Security Affairs
Interpreter

Mikhail Gorbachev, Chairman of the Supreme Soviet
of the USSR
Anatoliy Chernyaev, Aide to Chairman Gorbachev
(Notetaker)
Interpreter

DATE, TIME December 2, 1989, 12:00 - 1:00 pm
AND PLACE: Maxim Gorkii Cruise Liner, Malta

Chairman Gorbachev: I have three points. I already referred to Central America especially Cuba. I recall a letter to you after Cuba. My talks in Cuba weren't simple. Castro expressed caution about our policy -- I explained our aims were good. I said as for our internal affairs we are doing what we want. What you do is your business. He asked me, in effect, to help normalize U.S.-Cuban relations. (S/SEN)

Recently, the Cuban Chief of Staff visited the Soviet Union. He talked to Yazov and said some things, I say this for the first time in the most private way. If Castro found out (S/SEN)

The President: I understand. It will stay with me. (U)

Chairman Gorbachev: I think perhaps we would think how to do it. Some contacts. We could participate but that is not necessary. I can say that Castro understands that the world is changing dramatically but he has his own sense of dignity and pride. Even raising this possibility was not easy for him. (S/SEN)

The President: What is he saying? (U)

Chairman Gorbachev: His very words, "Find a way to make the President aware of my interest in normalization." It is on the basis of that remark that I made my comment. (S/SEN)

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The President: Let's put all our cards on the table about Castro. Our allies can't see why we care about Central America. It just isn't a gut issue for them. For the political left in the U.S., it isn't a gut issue. But for the fledgling democracies in Latin America and the U.S. right it is a gut issue. Castro is like a sea anchor as you move forward and the Western Hemisphere moves. He is against all this -- Eastern Europe and the Western Hemisphere. (S/SEN)

Publicly Latin Americans will not criticize a colleague. But Arias' call was a clear indication that Castro is now totally isolated. There is another major Castro problem -- the emigres (in Florida) who have strong emotions about this last dictator. We have had feelers from Castro but never with an indication of a willingness to change. (S)

Switching to Nicaragua, you said Ortega had nothing to do with [ILLEGIBLE]. I am inclined to agree though I didn't use to think so. But I am convinced that they are exporting revolution. They are sending weapons. I don't care what they have told you, they are supporting the FMLN. I am now convinced there is a new shipment of helos going from the Soviet Union to Nicaragua. I don't question Shevardnadze's word on this. (S/SEN)

Chairman Gorbachev: There were U.S. rockets too. (S)

The President: I see a solution as in a verifiable election -- free and open -- and that if Ortega loses he doesn't try to cling to power. If it is a free election, we will abide by the results. (S/SEN)

The only other open cancer is Panama, but there is no feeling that the Soviet Union wants Noriega to succeed. He is a terrible problem for us. I asked the Attorney General if our indictments were strong ones. I am seeking for him to get out. This is quite confidential. He said these are good indictments and given feelings on drugs in the U.S., I can't drop the indictments. (S)

Chairman Gorbachev: Let me tell you how your steps are perceived in the Soviet Union. People ask are there no barrier to the U.S. action in independent countries? The U.S. passes judgement and executes that judgement. (S)

The President: There is no military operation against Colombia, but if we are asked for help against the scourge of drugs, we will help. (S)

Then I would like to mention the Philippines. (S)

I was surprised at your Philippines reaction. Aquino is democratically elected and asked for our help to prevent the palace from being bombed by the rebels. It never occurred to me that this would cause problems in the Soviet Union, though I probably would have done it anyway. But that notion never occurred to me. (S)

Chairman Gorbachev: In the Soviet Union some are saying the Brezhnev doctrine is being replaced by the Bush doctrine. (S)

The President: I want to understand. Here is a democracy saying that it needs help against rebels. (S)

Chairman Gorbachev: I agree she is democratically elected. It depends on the context. In Eastern Europe there are governments, legitimately elected, that are now being replaced. The question is in Eastern Europe it is prohibited for Soviet troops to intervene. All now is interrelated. Some now are seeing that we are not performing our duty to our friends. But we have not been asked. (S)

The President: In Eastern Europe, change is peaceful and encouraged by you. In the Philippines, there is a Colonel trying to shoot his way into power. (S)

Chairman Gorbachev: I agree -- peaceful change is the way. Our position is non-interference. The process of change can be painful but we believe in non-interference. Colonels can be found everywhere to do those jobs. (S)

The President: If we can stick with the notion of peaceful change, better relations will occur between the Soviet Union and the U.S. I would never give advice to a senior office holder like you. I can accept your criticism, but not on this issue, in this circumstance. Aquino is struggling to bring democracy. I would hope your criticism could be muted. I can accept it but I think that your criticism would cut the wrong way. (S)

I appreciate your explanation in the Philippines. One more comment on Latin America. I don't want to sound like a broken record. Let me express U.S. public opinion on you yourself. There is strong support for perestroika and for establishing pluralistic answers in Eastern Europe -- strong support. But I think people see support for Castro -- almost -- speaking frankly -- as an embarrassment. He is against the causes you are advocating. (S)

Chairman Gorbachev: That is pluralism (laughs). (U)

The President: I wish we could find a way. You are spending billions into the pipeline and getting nothing for it, and it does interfere with our overall relationship. The way you have handled it is clear. Castro doesn't just do what you say. (S)

Just to end it -- anything we can do to cut support for Cuba and Nicaragua so we are not on opposite sides. Chile is moving in the right direction -- not toward the U.S. but toward democracy and I don't want these others to get in the way of what I want to do with the Soviet Union. (S)

Chairman Gorbachev: The most important thing is that we have no plan for Latin America -- no bridges, no bridgeheads. That is not our policy -- you have it from me. (NEXT LINE ILLEGIBLE)

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Kramer, Arnold, Files

Maria Summitt

THE WHITE HOUSE

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I am moving toward democracy. Of course they are fledgling and the road ahead will be difficult. We are satisfied with that -- as you -- but we will not interfere. (S)

With Cuba, yes, we have a long relationship -- responding to the economic blockade. We seek to put it on a more normal basis, especially economic. We are trading with Cuba and that meets our need -- sugar, citrus, nickel -- but it is much more to Cuba's advantage. For example, we sell oil to Cuba on a market clearing basis which we could sell for much more. But Cuba is independent with its own view and we don't want to interfere. (S)

I mention Castro's signal because I think it shows Castro sees his interest lies in changing his relations with the U.S. and others. So please give it some thought. If you have something to share with us or something we can pass on. We can note we have had a frank conversation and understand each other better. (S)

The President: We have had feelers from him. But if he could do something in human rights. I will think carefully on it. I will let you know so we don't get disconnected on this. (S)

Chairman Gorbachev: We could say that to him about human rights. (S)

The President: He won't even let the U.N. in to see. (S)

Chairman Gorbachev: I haven't finished (laughs). (U)

The President: Neither have I. (U)

Chairman Gorbachev: O.K. (U)

The President: O.K. (U)

Chairman Gorbachev: Let me address Eastern Europe. I have three points. (S)

- (1) The direction of change in the Soviet Union and Eastern Europe is such as to bring us closer -- that is important. (S)
- (2) What I dislike is when some U.S. politicians say unity of Europe should be on the basis of Western values. We have long been accused of exporting ideology. That is what is now being proposed by some -- not you. (S)
- (3) Mr. Kohl is in too much of a hurry on the German question. That is not good. I worry that this could be part of his pre-election game and not because of a strategic outlook. There are some differences in view in West Germany, within the coalition, and with the SPD. We should let Kohl know that his approach could damage things. (S)

Confidential Records

Kramer, Arnold, Files

Masha Summit

For example, would a united Germany be outside alliances or within NATO? Answer is premature and we shouldn't put it forth -- should let it run its natural course. You and I are not responsible for the division of Germany. Let history decide what should happen. We need an understanding on this. (S)

The President: I think Kohl feels an enormous emotional response to what has happened -- as does Genscher. There is some politics in his three part program and some emotional outpouring. I think he knows his allies -- after they support right of the German people to reunify, have some private reservations about reunification. (S)

Chairman Gorbachev: Yes I know -- and they have let me know. Unlike they and you -- I am saying there are two states, mandated by history. So let history decide the outcome. Kohl assures me he will abide by understandings made in Bonn. Now he says he wants to talk on the phone and Genscher is coming. I think this is an ? particular prudence. (S)

The President: I agree and we will do nothing to recklessly try to speed up reunification. When you talk to Kohl, I think you will see he agrees. But his rhetoric, you must understand, is emotional and possibly some politics, but mostly emotion. (S)

Chairman Gorbachev: It is good that things have [ILLEGIBLE] (U)

The President: The most conservative Americans salute how you have handled this issue. They are now looking back into history. I will be timid -- that is how in a nutshell they describe my refusal to jump up and down at the Wall. This is no time for grandstanding -- a step that looks good but could prove reckless. (S)

Chairman Gorbachev: The times we live in are of great responsibility -- great opportunity but great responsibility. (S)

The President: I would like to spend some time on one other point at some time. (S)

Chairman Gorbachev: I have one other point as well -- later. A point which you carefully avoided. (S)

The President: Yes, I was hoping to avoid it. (S)

Chairman Gorbachev: I once said something -- You used a word that means "a test" to see if we could solve mutual problems. (S)

The President: Afghanistan is more important to you than to us. I was wrong about what would happen after Soviet troops left. Let's discuss it. (S)

The President: Let me not blind side you. You may not want to discuss it. But I would like to know your views concerning the sensitive area of the Baltics. (S)

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Malha Summit

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THE WHITE HOUSE
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Chairman Gorbachev: Yes, we will. (U)

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Kanter, Arnold, Files
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FOIA Number:
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FOIA MARKER

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Record Group/Collection: George H. W. Bush Presidential Records
Collection/Office of Origin: National Security Council
Series: Rice, Condoleezza, Files
Subseries: Soviet Union / USSR Subject Files

OA/ID Number: CF00718
Folder ID Number: CF00718-006

Folder Title:
Summit at Malta December 1989: Malta Memcons [1]

Stack:	Row:	Section:	Shelf:	Position:
V	8	1	2	1

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Luncheon Meeting with Chairman Gorbachev of the USSR

PARTICIPANTS: 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
Reginald Bartholomew, Under Secretary for Security,
Assistance, Science and Technology, Department of
State
Robert D. Blackwill, Special Assistant to the
President for European and Soviet Affairs
Interpreter

Mikhail Gorbachev, Chairman of the Supreme Soviet
of the USSR
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
B. Chernavin
Anatoliy Dobrynin, Adviser to the Chairman
N. Kruchina
Valentin Falin, Chief, International Department
Sergey Akhromeyev, Adviser to the Chairman
Vadim Zagladin, Adviser to the Chairman
Viktor Karpov, Deputy Minister of Foreign Affairs
Yuriy Dubinin, Ambassador to the United States
Interpreter

DATE, TIME December 2, 1989, 1:30 p.m. - 2:45 p.m.
AND PLACE: Cruise Ship Gorky

The President: Your meeting with the Pope went well. It got very good press in the U.S. (U)

Chairman Gorbachev: It went over the limit prescribed. It was a very substantial meeting. (U)

The President: Did you and Minister Shevardnadze talk about the Middle East while we were having our one-on-one? (C)

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Secretary Baker: We spent the whole time on our CW proposal. Foreign Minister Shevardnadze suggested a directive to the ministers from the two leaders. (C)

The President: The Lebanon situation is of heartbreaking concern to us. We have lots of interest in a peaceful resolution but very little influence. (C)

Chairman Gorbachev: We are doing much to improve the situation there. (C)

Minister Shevardnadze: We received a request from the President (of Lebanon) to issue a statement of support. He made a similar request to you. (C)

The President: We have already done that. (C)

Chairman Gorbachev: We made a statement to this effect with President Mitterrand and on our own. The President of Lebanon feels that our meeting could helpfully issue statement of support. I would like to see this. Perhaps we could make an oral statement for the press reaffirming our previous statements. (C)

The President: I like the idea. (C)

Minister Shevardnadze: The Lebanese President writes that he intends to use force against Aoun. (S)

The President: That would mean Syrian force. He doesn't have many foot soldiers. The outpouring of friendship for you in Italy was wonderful. It came through on our television. (S)

Chairman Gorbachev: I have warm memories of the meetings I had in New York City and the warm feelings toward me. (U)

The President: Very good. (U)

Chairman Gorbachev: When our cars were on the way to Governors Island, we learned of the earthquake in Armenia. I talked to Ryzhkov on the way. That night we were told 35,000 to 100,000 died. We were shocked and immediately took the decision to fly home. (C)

Secretary Baker: What was the final count? (U)

Chairman Gorbachev: 24,000. I haven't seen anything like it in my life. (U)

The President: How is it now? Are you getting housing for the people? (U)

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Chairman Gorbachev: We have a program worked out, but we had to be sure that the new houses were protected against earthquakes. That doubled the cost. There have been some delays, but work is progressing well. Chernobyl cost 8 - 10 billion rubles, including compensation to people affected. Restoring Armenia cost 12 to 14 billion rubles. There has also been a drop in oil prices. All of the above means for the next five year period we have some difficult choices. (C)

The President: What gets you on budgeting is these unforeseen circumstances. Our savings and loan problems are costing \$50 billion. (C)

Chairman Gorbachev: That is not much considering the size of your economy. Did this happen when you (Secretary Baker) were Secretary of Treasury? In Italy, I saw a lot of products and few customers. In our country, it is the opposite. Your shops have merchandise. Ours have none. The main problem is the deformation of the market, the great ruble overhang. We have been given a lot of advice. First, let the market decide, and let it absorb excessive liquidity -- a free market. I asked our economists where in the world there is a completely free market in the last ten years. They could give me no example. If we followed that advice, within a week the workers would be in the streets bringing the downfall of any government. Others advise that we buy 16 to 20 billion rubles of consumer goods. To these advocates I say: 1) we can't allow vital questions for our country to be decided elsewhere; (2) if we agreed to such a course, it would be a major blunder and it would make our restructuring more difficult. We need to wean our people away from a leveling principle. They need to learn how to work, to depend on themselves. Our society is changing and we must change our thinking. (S)

The President: In that regard Alan Greenspan's visit, for example, was very helpful. The visits of some U.S. business people are very helpful. I have respect for our systems being widely apart now as you work for change inside the Soviet economy. In the U.S. there is interest in enhancing trade, and hopefully it is in your interest if we have more exchanges and visits between our economic and business people talking exclusively about trade and economics. It would help for us to work together to advise our business people concerning their activities in the USSR. I don't have a formal proposal but these activities would serve what I want -- more trade and investment between our two countries. (C)

Chairman Gorbachev: That is exactly what we favor. As a general remark, we expect from the U.S. President is a political statement in support of what we are doing. Business circles in the U.S. have great potential and, as Ambassador Dobrynin can testify, are eager to move forward. That is why I attach great significance to what you said today about the economic measures you have in mind. (C)

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The President: We have to move toward more compatibility of the systems, instead of the current polar situation. This can be done without putting down the other guy. Regarding statistics, we do not have perfect accuracy, but we have some pretty good people. I would like them to sit down with your folks. This is good for the investment climate. Jim Baker is reminding me of the list of ten areas in this domain where we can cooperate. (C)

Chairman Gorbachev: In some of those areas, we have ongoing cooperation. But we can do better on banking activities and fiscal issues. For example, the people of Milan have started a business school in Moscow. (E)

Secretary Baker: Foreign Minister Shevardnadze and I discussed this before in Wyoming. As a former finance minister, may I say this: this morning you mentioned ultimate convertibility of the ruble. We totally agree that is the direction you should try to go. To get to convertibility will probably require you to establish a price system. I am quite aware that economists will say to do that now and politicians will say that it's not possible. (E)

Chairman Gorbachev: Yes. (U)

Secretary Baker: Before you do that you must take care of the ruble overhang. I wonder what steps you have decided on to take care of the ruble overhang and wanted to urge you not to forget the potential use of gold -- or gold backed bonds as instruments. You could get rid of some of that overhang without dangerous side effects. (C)

Chairman Gorbachev: On this score, we are already undertaking initial measures. We are doing this within the framework of next year's plan. We want to reduce our budget deficit by 60 billion rubles, by one-half. We want to restrain the rise in profits and earnings. So we must, first, exert strict control of excessive ruble overhang through proper taxation and, second, introduce bonds or securities that would pay a certain percent of interest. We must also use up excessive rubles by making people buy bonds that would guarantee delivery of a car from a new plant we intend to build. We are reducing our volume of industrial investments to funnel them elsewhere. We also are making the military sector produce consumer goods. In one case, we gave a government order to 325 military enterprises to produce food processing equipment. On December 12, the Congress of Peoples Deputies will go to work on our financial situation and promote economic reforms. There is one suggestion of selling land to the people. We are not agreeing to this. Rather, we will lease, with the right of inheritance. We are moving toward private property, but very small and with no big business. Our eventual goal is to make all these enterprises act within the market after market mechanisms have been installed. In Italy, Soviet businesses operate in just this way. (E)

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The President: If more privatization can be encouraged, this would be better for international trade, at least with the U.S. It would attract capital from our country in tremendous volumes. (e)

Chairman Gorbachev: If we have property of stockholders, for example, there are such examples in the U.S. In the U.S. it is difficult to find pure, genuine private property in U.S. -- perhaps only on a family farm. What counts is the degree of economic independence. What is important is to be able to dispose of the means of production and products, but this could be through leasing, cooperatives, or stockholding. Naturally, we need widespread banking and credit institution systems. If we take, Mr. President, the example of the U.S., there are many variants. The ways applied in the U.S. -- or, say, U.K. -- vary. Italy is different still. Sweden has mostly cooperatives. The main thing is to have many options, not to foreclose options. We have to allow certain variants to take shape. (e)

The President: But the Swedes do best when they privatize, as in Saab. Then, the worker has a real reason to work.

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FOIA MARKER

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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: National Security Council
Series: Kanter, Arnold, Files
Subseries: Subject Files

OA/ID Number: CF00769
Folder ID Number: CF00769-005

Folder Title:
Malta Summit - December 89

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V	5	10	5	2

THE WHITE HOUSE
WASHINGTON

Malta

MEMORANDUM OF CONVERSATION

SUBJECT: Second Restricted Bilateral Session with Chairman Gorbachev of Soviet Union

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President
for National Security Affairs
Interpreter

Mikhail Gorbachev, Chairman of the Supreme Soviet
of the USSR
Anatoliy Chernyaev, Aide to Chairman Gorbachev
(Notetaker)
Interpreter

DATE, TIME December 3, 1989, 11:45 am - 12:45 pm
AND PLACE: Maxim Gorkii Cruise Liner, Malta

The President: I want to discuss an idea on bibles and a proposal on Billy Graham. (Described the question he is asked about the Baltics). (U)

Chairman Gorbachev: I have discussed how we see a [ILLEGIBLE]. Many problems have arisen. We were ready to deal with them through greater autonomy. If separatism would become dominant, that would be dramatic. I must not create a danger to perestroika. The Soviet peoples would not understand. We lived together for fifty years, we are integrated. We have sixty million living out there in nationality areas. Fifty percent of Estonia are Russians, over 50% of Latvians are now Russian, Lithuanian majority in Lithuania. In the Ukraine, 50 million are non-Ukrainian. Kazakhs are only 30% of the population. Our country is that way and separatism brings out strong feelings by people. (S)

There has been a calming down but still there are problems. This is a sensitive issue for us. I hope you understand our position. This would bring out all sorts of terrible fires. If the U.S. has no understanding it would spoil relations with the U.S. more than anything else. (S)

The President: But if you use force -- you don't want to -- that would create a firestorm. You will get that question. (S)

Chairman Gorbachev: We want all to get equal treatment. If we removed our MVD troops from Nagorno-Karabakh we would have war. We are committed to a democratic process and we hope you understand. (S)

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What happened here is precisely what we wanted. We are very pleased. There are some in both countries who don't like what we are doing. But we are right. Destructive forces should not be allowed to undermine this. Let me [ILLEGIBLE] some. (S)

The President What forces? (U)

Chairman Gorbachev: Sometimes lies are presented in the press, etc., i.e. that Gorbachev sold his friends down the river as a student after drinking ... [ILLEGIBLE] (S)

The President: I never heard of this. We have a lot of nuts. (U)

Chairman Gorbachev: I know you don't believe it. (U)

The President: The visit is exactly what I hoped. I didn't respond to all arms control but we want to move forward. But we must be prudent. We are looking for ways to make further reductions, especially in manpower in CFE. I must consult with NATO. (S)

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Record Group/Collection: George H. W. Bush Presidential Records
Collection/Office of Origin: National Security Council
Series: Rice, Condoleezza, Files
Subseries: Soviet Union / USSR Subject Files

OA/ID Number: CF00718
Folder ID Number: CF00718-006

Folder Title:
Summit at Malta December 1989: Malta Memcons [1]

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V	8	1	2	1

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Second Expanded Bilateral Session

PARTICIPANTS: The President
James A. Baker, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for
National Security Affairs
Howard Graves (LTG), Special Assistant to the
Chairman of the Joint Chiefs of Staff
Dennis Ross, Director Policy Planning Staff,
Department of State
Condoleezza Rice, Director, Soviet and East
European Affairs, NSC Staff (Notetaker)
Interpreter

Mikhail Gorbachev, Chairman of the Supreme Soviet
of the USSR
Eduard Shevardnadze, Minister of Foreign Affairs
Aleksandr Yakovlev, Member, Politburo; Chairman,
International Policy Commission, Central
Committee
Aleksandr Bessmertnykh, First Deputy Minister of
Foreign Affairs
Anatoliy Chernyaev, Aide to Chairman Gorbachev
(Notetaker)
Anatoliy Dobrynin, Advisor to the Chairman, USSR
Supreme Soviet
Sergey Akhromeyev, Advisor to the Chairman, USSR
Supreme Soviet
Interpreter

DATE, TIME December 3, 1989, 4:35 - 6:45 pm
AND PLACE: Maxim Gorkii Cruise Liner, Malta

Chairman Gorbachev: Well, what remains to be covered? I know
our Ministers have something to cover and, after all, I am your
guest today. (laughs) (U)

The President: How do you like my ship? The press was yelling
at me on the Belknap that everything was cut short. I told them
that we worked at lunch too. (U)

Chairman Gorbachev: Overall it was five hours. We know better.
If you don't mind -- because of this we could have a press
conference together. (U)

The President: We have arranged to do something together and
then a press conference. (U)

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Chairman Gorbachev: Have you announced that? Because I think our press conference will have to be here on the Gorkii. I thought it would be better to do it here. (U)

The President: If we do that the press will think I'm dodging their questions. They will say I don't want to answer their questions. (U)

Chairman Gorbachev: O.K. We will come out together -- not for a press conference -- answer a few questions. Then I will just have a press meeting not a press conference. (U)

The President: Fine. I'll have a final answer for you after the meeting. (U)

Chairman Gorbachev: Mr. President, yesterday I responded to your proposals. Maybe you want to listen to our suggestions. I will take into account what you said. This is an informal meeting -- the first -- between the two of us. I want to say to you and the United States that the Soviet Union will under no circumstances start a war -- that is very important. The Soviet Union is ready no longer to regard the United States as an adversary and is ready to state that our relationship is cooperative. That is the first point. (S)

Second, we favor joint efforts for verifiable limits on nuclear weapons. We are interested in continuing arms control but need to go beyond the arms race and renounce the creation of new weapons. Our military people are already cooperating. I want to thank you for giving General Yazov a chance to familiarize himself with U.S. armed forces. (S)

Third, we have a defensive military doctrine. We have given explanations to the United States of what is meant by it. I want to note that the structure of our armed forces is changing -- assuming a defensive nature. They are declining in bridging, landing equipment and changing the location of our airforces. We are removing strike aircraft and putting defensive aircraft where the strike aircraft were located. We are not keeping these activities secret. Our military people are ready to meet with yours and to discuss certain suggestions for adopting and implementing defensive doctrine. (S)

Still, the U.S. is proceeding on the basis of flexible response which was in the past justified but now -- now that there are recognized changes at the political-military level -- why isn't the United States moving to change the posture of its own armed forces. This is very important. I have read the Brussels Statement (I think it is sixty pages) and there is no real change as yet. (S)

Another fundamental point. We have been discussing the dynamics of negotiations. Let me point to one problem that I think is of great importance. Both of us recognized that both sides have created tremendous military power and are becoming aware of catastrophic consequences. We have shown political will to

eliminate that threat. We signed the first treaty together -- the INF treaty. (S)

The President: Thanks for what you sent me by Dobrynin -- the piece of the SS-20. (S)

Chairman Gorbachev: This is the only realistic perspective. A lot has been done and the prospects from what you did yesterday are good. But something worries us. It is the naval issue which is still outside the process of negotiation. This is an emotional issue for previous Administrations and ours and to a certain extent we understand that the U.S. is a sea power whose lifeline is the sea and ocean. We know that the U.S. has a tradition of building these kinds of armed forces. (S)

It is not an easy issue but just look at the situation. As of the early 1950s the U.S.S.R. was surrounded by naval bases -- 500,000 men, hundreds of aircraft, huge fleets. The U.S. has aircraft carriers with about 1500 aircraft. All that is deployed in waters adjacent to us. In this context, I am not speaking about submarines. (S)

The Vienna talks will result in lowering the confrontation on land and the prospects are good on strategic arms. We believe that soon we are entitled to expect that the naval threat to us should be reduced. (S)

I will venture an initiative. I believe we should start talks on naval arms. Maybe through confidence building measures or reducing the level of naval activities we could do something. After we are finished at CFE and START we need to go over to naval issues. (S)

I know that the U.S. faces other potential problems than the Soviet Union but in the same way that the U.S. feels Europe is important we need security from any ocean threat. (S)

Now I would like to make some remarks on the current talks. I understand that we do not want to discuss details at this meeting. But I want to make remarks on three items. I would like to continue discussion and have the military people do it. We must come to grips with problems and see them clearly. (S)

First, we must better understand the relationship between the ABM and the START treaty -- taking into account the Shevardnadze proposals to Baker. (S)

Second, we believe it is important to get a handle on heavy bombers and ALCMs. If the current U.S. proposal were adopted, the overall aggregate total would be not 6000 but over 8500. We are not seeking an advantage for ourselves -- the actual loads should be equalizing. (S)

Third, SLCMs. I already talked about it. If I understand you correctly, it is to resolve the START issues by the time of the Summit by the end of 1990 and have a treaty signed. (S)

Another important point too -- Scowcroft and Akhromeyev have had some very useful talks. The U.S. and Soviet navies have nuclear weapons such as submarines and SLCMs and tactical nuclear weapons -- nuclear mines, etc. (S)

Submarines are strategic weapons and are verifiable and will be in the structure of both arsenals. It is a part of the triad of forces.

(S)

But the rest -- tactical nuclear forces at sea -- should be eliminated. This was suggested in informal discussions. I hope neither Scowcroft nor Akhromeyev will be offended by my now putting this on the table more formally. (S)

We would be ready to do away with all nuclear forces at sea -- that would be the easiest for verification. Well. (S)

The problem is reducing not only weapons but people:

First, our proposal that overall aggregates should be 1.3 million a reduction of 1 million men by each side. NATO has not agreed. I think that people will find the decision to reduce weapons and not people unacceptable. (S)

Second, there is the issue of reducing the numbers of personnel deployed on foreign territory. We are proposing that the numbers of personnel be reduced to 300,000 men per alliance. This is like a proposal suggested first by the Soviet Union but your proposal does not deal with many foreign troops on the soil of the Western alliance (the UK, France, etc.) (S)

Third, our proposal is for a ceiling of 4700 front-line tactical aircraft. I also suggested that there should be a sub-ceiling on defensive interceptor aircraft. (S)

Nothing has been agreed and I want to request that the next Ministerial look at these concerns. (S)

Fourth, on open skies, we support the proposal and will participate. We intend to work positively and intend to have our military people look at it closely but we should also develop open seas, open space. (S)

[At this point Chairman Gorbachev hands over a map of U.S. bases surrounding the Soviet Union.]

The President: These are U.S.? (U)

Chairman Gorbachev: You see the USSR is clear (laughs) but the Sixth Fleet is moving. (U)

The President: Where is the SLAVA? (U)

Chairman Gorbachev: Not on the map. (U)

The President: Why don't we see how accurate this is and we'll tell you if there are any problems. (S)

Secretary Baker: You should fill in the Soviet Union and Eastern Europe. (S)

Chairman Gorbachev: U.S. territory is white on this map too -- it isn't filled in. (S)

The President: Should I? (S)

Chairman Gorbachev: Fill it in. (S)

Secretary Baker: When you start publishing your defense budget we can fill the whole thing in. (S)

Chairman Gorbachev: We are moving in that direction. I only want to underline the degree to which we look to peaceful relations with your country. Taking into account that a gun can shoot without anyone pulling the trigger -- fewer guns means less possibility. I do not want the danger to the U.S. to be any more than it is for the Soviet Union. (S)

Foreign Minister Shevardnadze: Yesterday you made a constructive proposal on chemical weapons. (S)

Chairman Gorbachev: As I said when hearing it -- we believe its two broad elements: the global ban and the U.S. plan to abandon modernization form a good basis. (S)

The President: I have a question on proliferation. (S)

Chairman Gorbachev: Yes? (U)

The President: I know you were not convinced that the Libyan plant was a chemical weapons plant but as we go along we should try to speak out against these kinds of incidents. People talk about chemical weapons as a poor man's atomic bomb -- horrible weapons -- as our experts discuss the proposals, I would like to see if we can't see if there is a position that we can agree on proliferation. (S)

Chairman Gorbachev: Our position is the same. We are against proliferation. I would like our Ministers to work out more specific steps. (S)

The President: We are vulnerable to the argument by small states that we have them. It will be good if we can cooperate. (S)

Chairman Gorbachev: Sure we can cooperate. We can start rapidly to reduce and then we will have a moral right to press forward. (S)

Chairman Gorbachev: How can we see the process in Europe. Let us leave the arms control file to our Ministers. (S)

The President: I have great confidence in our Ministers. The military to military work helps too. The work that Akhromeyev and Crowe started -- the more I look at the problem, I think those meetings are very helpful and should continue whatever people are involved. (S)

Chairman Gorbachev: We discussed it among ourselves. It is interesting that even when we are not at the same table we seem to be discussing the same issues. (S)

The President: Those talks can make a huge difference. Our military has clout with NATO -- the European counterparts of NATO won't do exactly what the JCS says -- but as we are shifting -- as we proceed -- the military to military contacts are very important. (S)

Now on to Europe. You are closer but I want to make a comment. (S)

We have been surprised at the rapidity of change and noted your personal reaction and that of the Soviet side to these changes. Yesterday you and I discussed, without much detail, German reunification. We cannot be asked to disapprove of German reunification. I realize that this is a highly sensitive subject and we have tried to conduct ourselves with restraint. I do not want to be positioned in a provocative way. (S)

[Gorbachev turns and asks clarification from translator]

I sent a high level delegation to Poland -- top industrialists and labor leaders -- not to provoke difficulties for the Soviet Union. Rather, it goes to explain from our standpoint what works in the economy. (S)

We are well aware of the Helsinki language about borders and now I am anxious to hear from you. How do you see beyond the status quo? (S)

Chairman Gorbachev: First, I reject the remark that we are closer to Europe. We are equally involved and integrated. We are well aware of your involvement and any approach that rejects the involvement and role for the U.S. would be unrealistic and unconstructive. It would be a mistake. Acceptance of your role is a basic point with us. (S)

The President: What I meant was that we haven't been that close to Eastern Europe but want to become closer without damaging Soviet interests. We are involved, of course. We lead NATO. But you have been more the catalyst for change in a productive way. (S)

Chairman Gorbachev: I took advantage of that remark to reaffirm our position because there has been speculation. You have remarked about change in Europe. Something fundamental is happening and change in Western Europe is no less fundamental. A few months ago I talked to the Trilateral Commission -- Giscard, Nakasone and Kissinger. Yes. It was coordinated by Rockefeller

and it was a very interesting group. I guess they all have plenty of time now. (S)

The President: They have money too. (S)

Chairman Gorbachev: President Giscard made remarks and said to me that I must be ready to deal with a United Federation of Europe -- a Federated State of Western Europe. He said that economic integration is taking place now at all levels as 1992 approaches and that political structures will also develop -- perhaps even supernational structures. (S)

As Europeans, we try to put this into the context of the "common European house." I would like you to agree to give more thorough consideration to this idea because both sides have an interest. Both must -- now that the whole of Europe is in a period of flux. (S)

The President: I agree. (S)

Chairman Gorbachev: As we see it, the draw between East and West is an objective process where the countries of Europe will become closer to each other. European countries will be more compatible and this is another aspect of profound change. Our viewpoint -- shared by all Europeans -- even in nuances as a part of Kohl -- our view is that we should do everything within the Helsinki context rather than ruining what has been done. (S)

A Helsinki II Summit to develop new criteria for this new phase would be a good idea. It could be attended by all who signed the Helsinki Final Act -- the U.S., Canada, the Vatican, the USSR and all the Europeans. A prudent and responsible approach is important. (S)

This would be to make sure the process doesn't result in less stability. We need to improve stability and limit the damage and make sure not to ruin the instruments that have maintained the balance but to transform the Warsaw Treaty Organization and NATO. They should change to a more political than military nature. Our generals have already started contacts but we need more. (S)

We need to let the economic communities interact. COMECON is looking to make changes to make it more compatible with the world economy. Such an approach must be free from surprises. (S)

Now let me mention a concept of U.S. origin: The division of Europe should be overcome on the basis of Western values. (S)

If policy is made on that assumption the situation could become quite messy. You used to make similar accusations against the USSR -- the export of revolution. (S)

This is not a simple phase but a time of great responsibility. Eastern Europe is changing to be more open, democratic and to respect universal human values. It is moving closer to the economic arrangements of the world economy. This opens up the possibility for a tranquil and placid pause. (S)

It is dangerous here to try to force the issues -- to push it artificially in order to achieve an advantage. I believe that various options could come up in the future. We cannot expect it to be painless. The situation is acute because enormous societal forces are coming into play. (S)

I have seen that in the Soviet Union with different traditions, special features -- and I see how fiercely the debate is raging about our economy and our political institutions as we move toward democracy. How to transform our federation. (S)

Prime Minister Mulroney interrogated me on how to solve this problem and discussed our experience and that of Canada. He told me things about Quebec and its ambitions -- separatism in Quebec. I mentioned similar trends in the Soviet Union. (S)

I wonder why the U.S. Congress is so concerned about the Soviet federation instead of trying to help Canada which is much closer and more important to you. (S)

We can predict that developments in Europe will not always be smooth but overall I look at things optimistically. You know, analyzing things and responding to unfolding events. You can tremble and some panic but if you look at it philosophically -- things fall into place. We are dealing with fundamental processes if nations and peoples are involved in the developments -- one can't expect it to be smooth. It is important to see that. These changes are deep and historical. We should not undermine this process but seize opportunities to bring together East and West. Differences will still exist. I look at the differences within the USSR and the US and Europe -- there are big ones. (S)

We want mutual understanding of what is happening and we have such an understanding. Because we are aware that the process is moving we would like to have interaction so that we don't let the process scatter so as not to find ourselves in a chaotic situation that would stop the process and throw us back. This is a special period. (S)

The President: Let me ask you to clarify. You expressed reservations about "Western values." I can understand if this is presented with arrogance or chauvinistic pride -- that would be bad. But as we discuss these matters inside NATO and Western Europe there is naturally talk of Western values. (S)

A Western value is glasnost -- openness -- it isn't our word but we value lively debate, pluralism and openness. Western values are free markets and openness. But it is not something new with us. These common values have been there in U.S.-Western European relations for a long time. (S)

As we see changes that are a long the lines of what we talked about -- its not in hostility that "Western values" is written. I want to be sure of the difficulty you have in our using this term -- I don't want to complicate anything. (S)

Chairman Gorbachev: Our main principle from which we proceed is the right of each country to make its own choices and also the right of nations to change that initial choice. It can be painful but it is an internal matter. The U.S. is committed to a certain political, cultural, and economic choice. Let others make their choices. What God they pray to? What to worship? What is important is change and renewal in East and West and a process that is drawing us closer together. The developments will not be a copy of Swedish, Russian or any other way. It will be something redefined by the new age in the world and in Europe. The thing is there is no fear as regards any system -- people are looking for their own variant. (S)

The President: We don't differ. Self-determination is a value we endorse and it is openness that permits self-determination. Western values does not mean the imposition of our system on Czechoslovakia, the GDR or Romania. (S)

Chairman Gorbachev: That is important for us -- these fundamental changes now bring nations closer together. I see how Eastern Europe is finding new forms of resolving the development of social problems -- trade and technology and science. Taking processes developed in other countries too. It is a good process. Political and practical affairs will go easier if our understanding is similar. (S)

Changes will take place constructively and cooperatively in order to allow that process to attain new phases in European civilization and world civilization. We have been persuaded that there should not be one simple model in the socialist or capitalist world. (S)

The President: I told Primakov that when he said he wanted to build a Parliament like ours. I said, "Don't copy us. We have a good system." (S)

Chairman Gorbachev: I think your advice is appropriate and I must accept only those things that are organic. (S)

Secretary Baker: You emphasize the term self-determination. You have said governments should choose their form. We agree as long as people can choose their governments. That is what we mean by Western values -- not that there should be specific forms imposed. (S)

Chairman Gorbachev: But when someone says he has the final truth you have to expect trouble. (S)

The President: Yes. (S)

Secretary Baker: There is great nervousness about what reunification of Germany would mean and we say on the basis of Western values and we mean openness and pluralism because no one wants the kind of Germany we had between 1937 and 1941. (S)

Chairman Gorbachev: Yakovlev asked why are openness, glasnost and pluralism Western values? (S)

The President: Because this has been our solid foundation. (S)

Chairman Gorbachev: We share those values. Those are common values. (S)

The President: It is much more apparent that we share those values today than twenty years ago. (S)

Chairman Gorbachev: That is important. If we started to talk about the collapse of capitalism or of socialism -- nothing good would come of it. We should see things as they are so as not to become involved in propaganda. (S)

Mr. Yakovlev: If one were to insist on calling these Western values we could start talking about Eastern or Chinese values. That would be ideological. (S)

Foreign Minister Shevardnadze: Western values -- Western strength. Some are saying it is because of Western strength. (S)

The President: Let's try to avoid words that cause you concern or us concern. We are saluting the values. (S)

Chairman Gorbachev: The direction of these changes is that we are becoming more open and an organic integration is taking place. We are abandoning those things that divide us. How do you call that? We should say a "new relationship." Let us not make it a theological debate. That led to religious wars and we should have learned from that. (S)

Secretary Baker: Democratic values? (S)

Chairman Gorbachev: Yes. (S)

The President: I am glad we had this conversation. (S)

Chairman Gorbachev: I wanted to have this discussion take place. (S)

Now to the Middle East. What should we be doing? We've probed Arafat to the edge and while he is still alive something should be done. (S)

The President: There was some encouraging news yesterday to Secretary Baker that Arafat may be ready to go forward with the ten points. (S)

One suggestion relating to your possible diplomatic relations with Israel. I recognize that it is your internal matter but recognition of Israel diplomatically would be good. Some say, "Why would the President suggest that -- Israel is our closest friend?" I think it would fit your requirements. We are trying

to get the Palestinians and Israelis to engage in dialogue. The Baker five points were given to Shevardnadze. (S)

Chairman Gorbachev: I know them better than the ten. (S)

The President: Shamir has been pulled to the right by Sharon and Levy in his own party. It is difficult to get him to move. (S)

Chairman Gorbachev: A couple of points. I felt that we have never had more favorable circumstances than now to settle the Middle East conflict. I am able to say that because we are involved together. The U.S. was trying to solve the Middle East problem alone for many years. Alone you were unable to do that - cooperation has been established again and we are ready to contribute constructively. (S)

Pushing Arafat in the appropriate direction has given us new opportunities that could evaporate. Already he is considered a traitor by many in the PLO and other Arabs. I welcome the U.S.-PLO dialogue because maybe you can get your own clarification of Arafat's position which is constructive. On relations with Israel it is not a problem for us. [To Shevardnadze] How many times have you been to Middle East? (S)

Foreign Minister Shevardnadze: Six. (S)

Chairman Gorbachev: As soon as we see progress on the settlement -- we will recognize Israel. We have many interests in common. Many people from the USSR are living in Israel and we have good contacts with Jewish organizations, even those based in your country. (S)

I am worried that the process of consolidation among Arabs may at some point make it so they could decide not to involve the US or the USSR. The opportunity must be grasped. (S)

The President: We would be pleased to see you have diplomatic relations with Israel. The mood of blanket endorsement of everything that Israel wants has been changed by the Entifadah. Israel is still a staunch ally but the mood now is that we must solve the problem. (S)

I might say on Lebanon, just across the border that we strongly supported the Tripartite effort. We have no influence with Aoun and deplore the killing of the President and are concerned about the massive Syrian presence. If Aoun can be persuaded to step aside, Lebanon can be the peaceful place we once knew. (S)

Chairman Gorbachev: We have become involved. I received representatives of the Tripartite group and gave my support. We have been interacting with Syria, the Holy See and France. Movement was afoot before the President was killed. I shall continue efforts to support the Trilateral plan. The Middle East and Lebanon -- we must instruct our Foreign Ministers to think of new ways. (S)

The President: [To Baker] You had a comment? (S)

Secretary Baker: Yes. (S)

Foreign Minister Shevardnadze: Let me clarify on Syria. We both support the newly elected President. The relationship between Lebanon and Syria is up to them. They will find a way. (S)

Secretary Baker: Are you not concerned that Syria, with the blessing of the President, will try to clear out Aoun and his enclave? (S)

Chairman Gorbachev: We noticed what you said -- that the Syrians will take action but we don't have that information. (S)

The President: It is not that they are massed for immediate action -- various reports say they might. (S)

Foreign Minister Shevardnadze: The Syrians have said they don't want to be in Lebanon permanently and are acting in the Tripartite spirit. (S)

The President: We moved our embassy and Aoun was upset with us and threatened our people. (S)

Chairman Gorbachev: This is a useful exchange on the Middle East and Lebanon. (S)

Foreign Minister Shevardnadze: One more point. The Mubarak plan. After it appeared there seemed to be potential for U.S.-Soviet cooperation. But we have been consulting less and less. (S)

President Gorbachev: Will Secretary Baker go it alone? (S)

Secretary Baker: You won't see me on a plane to the Middle East. (S)

The President: You and I can't dictate an outcome in the Middle East. If anyone thinks we can -- that will be counterproductive. (S)

Chairman Gorbachev: I agree. We have to cooperate but not to dictate. (S)

The President: We welcome cooperation. Your experts have noticed a change in U.S. policy on this subject. (S)

Secretary Baker: There have been extensive talks with Primakov and Tarasov in connection with the working groups. (S)

Foreign Minister Shevardnadze: It happened after your submitted your plan. It would have been better before submitting your plan. (S)

Chairman Gorbachev: I want to ask Shevardnadze to say words in regards to Afghanistan. (S)

Foreign Minister Shevardnadze: You are leaving the most difficult to me. (S)

The President: Not the most difficult on our agenda. Chairman Gorbachev and I had discussion on what we thought was most difficult. (S)

Foreign Minister Shevardnadze: The Secretary and I had detailed discussions and Gorbachev asked what was its outcome. We need to think about the future instead of bickering about the past. We need to begin practical cooperation and help the Afghans begin an inter-Afghan dialogue. That is the purpose of the conference. That would set up an interim council to discuss and set up free elections to be monitored by the UN. Not only the Kabul regime, but some groups including the King seem to agree. (S)

The second part would be an international conference under the UN. I think this idea deserves attention. (S)

The third part concerns the supply of weapons. I told the Secretary that we are ready to stop arms on a reciprocal basis and a ceasefire to force the parties to the conflict to stop fighting. The sentiment of the field commanders and also in the Peshawar opposition is such that we need to do this. (S)

I have noted the U.S. suggestion about a transitional stage. I believe a transitional stage deserves attention while working around the elements so a constructive dialogue is possible. As for Pakistani violations of Geneva I -- we won't raise it here but it should be discussed quietly. (S)

Chairman Gorbachev: Why am I always returning to this question? In talks with the previous President I remember that we said that a military solution was not possible and that Geneva was a difficult process. But we managed and achieved a withdrawal of Soviet forces and that attempt must be completed by a settlement. (S)

The President: Rest assured, I want to see it settled. We have no desire to see a hostile regime on your border. (S)

Chairman Gorbachev: We also would not want to see an Afghan regime that is hostile to the U.S. either. (S)

The President: Najibullah is a major hang-up. About that the resistance groups are united. They all say that reconciliation is impossible with him there. The problem is the role for the King has gone backwards. (S)

Chairman Gorbachev: On the one hand, you say everyone rejects Najibullah. But in the year since the withdrawal -- his position is stronger and many commanders and tribal authorities are cooperating with him. (S)

The President: Not enthusiastically. If you're saying that there is a ground swell of support for Najibullah then that is news to me. It is the first I've heard of it. (S)

Foreign Minister Shevardnadze: I visited Kabul seven times. I am connected and I can confirm that his prestige and influence is growing. The opposition -- almost everyone is talking to Najibullah. (S)

The decreasing influence of the King is not a good thing. He represents the moderate wing. Who would gain power -- Hekmatyar? That would be a terrible outcome. (S)

The President: There is no love loss between us and Hekmatyar. (S)

Chairman Gorbachev: Let me say more. Speaking realistically -- one problem is the opposition; two is Najibullah himself; three is the Najibullah regime. Let's start the process between them. (S)

The President: The Mujahadeen..... (S)

Chairman Gorbachev: They are putting out an ultimatum. What shall we do? Invade and remove Najibullah? (S)

Secretary Baker: Stop sending him \$300 million. (S)

Chairman Gorbachev: Mr. Secretary you promised that he would collapse in three months. Don't simplify things. (S)

The President: I am surprised to hear that tribal leaders talk with him. (S)

Chairman Gorbachev: Ask Hekmatyar if he is in contact with Najibullah? (S)

The President: We are not in contact with him. (S)

General Scowcroft: We are not preventing contact between the Mujahadeen and Najibullah. (S)

Chairman Gorbachev: Neither are we. We are aware of only a little of what is going on and we have been above board. They are acting in their own way and it is hard to understand. (S)

Secretary Baker: We have to sell the Mujahadeen to get the transition process going. They insist that after it is over -- Najibullah would step down and then the UN suggestion would make sense. Here to fore the Muj wouldn't even discuss Najibullah. We suggested to start with him and that he would then step down and let a legitimate government begin. (S)

Chairman Gorbachev: This can be discussed. (S)

Secretary Baker: If the Muj agreed to have members of the PDPA but not Najibullah and his closest associates? (S)

Chairman Gorbachev: I believe this is something to decide within the framework but the idea of a transitional process is

appropriate and the factions will stay as now. We cannot order Najibullah out. If they decide he should go, O.K. It is the Afghan's process and it is a developing process. No one can force him. (S)

Secretary Baker: Without recognition that there will be a transfer of power the Muj won't come to the table. (S)

Chairman Gorbachev: From whom are they to get this information? If they are so sure of themselves why are they worried? (S)

Secretary Baker: I am not sure they are so confident. For them to consider coming to table they need to know that Najibullah is willing to step down at the end. (S)

Foreign Minister Shevardnadze: It is worth discussion. Your information is not right. The opposition is falling apart. (S)

Chairman Gorbachev: What next? The press conference? A chat? (U)

The President: The statements and then we can take questions. (U)

Any major issues that we didn't talk about? Ethiopia, Mengistu. (S)

Chairman Gorbachev: No we didn't cover that but we can say that the situation in Africa has been touched upon. The Namibian settlement process -- we could mention our satisfaction. Ethiopia could be mentioned -- the Carter mission. (S)

The President: That is unofficial. (S)