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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Gorbachev of the USSR

PARTICIPANTS: The President
James F. Baker, Secretary of State
Nicholas F. Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for
National Security Affairs

Mikhail Sergeyevich Gorbachev, President
Alexander Bessmertnykh, Foreign Minister
Vladimir Shcherbakov, First Deputy Prime Minister
Anatoly Chernyayev, Aide to the President
Evgenii Primakov, Member of Security Council

DATE, TIME July 17, 1991,
AND PLACE: Winfield House, London

The President: Welcome. We will talk here, and then at the end talk alone for five minutes or so. We don't have much time -- about an hour. (U)

President Gorbachev: In this day and age that's a lot. (U)

President Bush: Thank you for sending Bessmertnykh and Moiseyev to meet on START. (U)

I worried about Yeltsin. He behaved very well, but I didn't want you to think I was shifting away from you. (S)

President Gorbachev: I am very glad to see you all. We have accomplished a lot. We have, I think, convinced all that we are true to our word. I know you are a very substantive man. That means when you make a decision we can move forward smartly. (U)

What kind of Soviet Union does the US want to see? I think no final answer to that question has been given. Until it is, we will have to do a lot of marking time, waiting on specific issues. Time is precious for us. Two months ago our Security Council debated whether the US had changed its position. We were going through a serious phase two months ago. The two members of the security council sitting with me here can confirm that I said we need a healthy, strong United States. Not everyone likes our evolving relationship and my policy, but a big majority does. (S)

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Even if you get doubts, I will fight at home and in the US to preserve this kind of relationship. So I hope on a question of whether the US wants to see a strong, healthy Soviet Union, you will answer as we have. We want more dependence on each other. This G-7 meeting is a good place to state that. I think a great deal will depend on your attitude. (S)

In the Soviet Union we have come a long way toward democracy. Just a short time ago we didn't have strong support for our approach, but now we do. We have also converted military industries, developed cooperatives, leasehold, and privatization. We now have over 1000 commercial banks; 40,000 individual farms. Privatization is on its way. Even defense-related companies are becoming joint-stock companies. We are about to adopt a big package of business related legislation. We have made a final choice and must move fast. (S)

So, what is my friend George Bush going to do? What does he want? And when we meet with other colleagues, will they say "...we like what you're doing?" And what about afterwards? Will we just boil in our own soup - it will be consume soup. (S)

It is strange to me to find \$100 billion for regional war, but none to make a Soviet Union a new country. We need mutual understanding and reciprocating steps. We will press on and extract ourselves. But we need a new kind of cooperation and understanding you mentioned in your letter. The world is in transition to a new order and needs U.S.-Soviet cooperation. (S)

Sometimes Europeans worry about Soviet-U.S. engagement, but not this time. (S)

Perestroika we need, and will do. But in our transition if we have concurrent effort at critical points....it's not just money. We have a two-tiered economy, and we need a political push. That is my piece. (S)

President Bush: I feel frustrated that your Security Council has to meet and wonder about the Soviet Union we seek. We seek a democratic, market-oriented Soviet Union, integrated into the world economy, having found a resolution of the problems between the center and the republics. The latter is essential for capital flows. (S)

We also seek cooperation on all global issues. I know your historical relations with Iraq and appreciate the bold decision you made on the Gulf. (S)

The last point is philosophical. People ask me, "Who is the enemy?" I want the American people to say that the Soviet Union is not the enemy. I still think I must sell you on that. (The President refers to the map President Gorbachev gave him at Camp David with a blue flag for every American base). To the degree your people feel encircled, and we feel missiles aimed at New York, we fail. So my friend, the point is to reduce the level of suspicion. (S)

One practical problem we see is the modernization of your missiles. That is overridden by what you have done in the Soviet Union and Eastern Europe. (S)

A sixth point is cooperation on regional issues (I don't consider Iraq regional). I mean the Middle East Peace process, Angola, etc. I want that unprecedented kind of cooperation to continue. (S)

We don't seek economic catastrophe in the Soviet Union. What do you mean by a political push? I must look at everything in light of US interests -- and your success is one of them. If I have projected something different, I apologize. (S)

President Gorbachev: Then how should we end the G-7 Meeting? (S)

President Bush: You don't yet have a market economy, etc. You need our technical advice to help you integrate into the world economy. You need a political push. (S)

President Gorbachev: And a mechanism to implement it. (S)

President Bush: Yes. I will work with my G-7 colleagues to make it work. The best thing you could do politically is to cut loose of the Baltics, Cuba. I don't have time to discuss others. But these are minor -- they would just facilitate [the process]. (S)

On defense conversion, I have a problem with George Mitchell and base closings. (S)

President Gorbachev: We have our George Mitchells. We have to reduce defense, but avoid a mutiny. We have reduced our defense budget 29%. Our defense industry has the best of everything in it -- we have the army. We must do it all carefully. (S)

President Bush: You are walking a tight-rope. (S)

[The President mentions the Liubovitcher Library.] (S)

President Gorbachev: The Soviet Jewish community is strongly against this one. For now all we can do is to open it up for all to use. (S)

[The President asks for Gorbachev's assistance with Yassir Arafat in the Middle East Peace Process] (S)

President Gorbachev: We will work with Arafat, the Syrians, and the Palestinians. (S)

Mayor Popov raised a question with you of an American University in Moscow. Let's work on it. (S)

How about a Summit meeting on July 31 and August 1? (U)

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President Bush: How about July 30-31? (U)

[NB: The two presidents then adjourned for a brief one-on-one in which the main topic was BW. The upshot of that was an agreement that our technical experts would visit Moscow soon -- before August 15 -- to discuss in detail our concerns over the Soviet BW program. Soon after that the Soviets would be invited to send a team to inspect sites involved in our BW program.] (S)

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