

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Soviet Foreign Minister Boris Pankin of the Soviet Union during UNGA (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Andrew H. Card, Jr., Assistant to the President and Deputy Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Ralph R. Johnson, Deputy Assistant Secretary for European and Canadian Affairs
William T. Pryce, Senior Director for Latin America and Caribbean Affairs, NSC (Notetaker)
Peter Afanasenko, Interpreter

Boris Pankin, Foreign Minister, Soviet Union
Viktor Komplektov, Ambassador to the U.S.
Georgiy Mamedov, Head of U.S./Canada Section, Foreign Ministry
Vitaliy Churkin, Foreign Ministry Spokesman
Igor Gelukh, Interpreter

DATE, TIME AND PLACE: September 24, 1991, 9:00 - 9:30 a.m., D.S.T.
Waldorf Astoria Hotel, New York

The President: Welcome. Thank you for coming over here. We are interested in trying to emphasize the positive way we view developments in the Soviet Union and I want to tell you that we want to continue our close bilateral relationships on a basis of mutual respect. We recognize the historic changes that have been made. Changes are happening so fast. We want to help but at the same time, we do not want in any way to imply that we wish to shape those changes. I would like to know what you think the United States can do to help. We will be giving assistance for humanitarian support. Secretary Brady has been over there and Jim (Baker) is practically a native. (C)

Foreign Minister Pankin: Mr. President, I thank you for this opportunity. I think it is appropriate to discuss a broad list of issues. But first of all, I want to convey heart felt greetings from President Gorbachev. He expressed great satisfaction with the talks he had with Secretary Baker. He gives those talks his highest assessment. The talks also gave Secretary Baker a chance to assess things and see where we are going. Now, as we join with you in seeking to solve our

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problems, he wanted me to say that the meeting he had with Secretary Brady was also very helpful. (C)

He was struck by the similarity of the situation of the Republics and the G-7. In both cases it is difficult to find a consensus. Actually a stronger and more expressive wording was used. And the same thing was said by Prime Minister Major and Lushkov in London. He said that one should look to President Bush, even if he is the coordinator. So that is why my President considers the meeting with you to be the closing of the first series and to make it possible to bring the meetings to an even higher level of cooperation. (C)

I would like to start with a general assessment. In 1945 there were hardships and Europe faced a calamity. The Marshall Plan was the result. Later there were military challenges which came about and military blocks were formed. At the present time, we are facing an economic catastrophe and the possible collapse of the Soviet Union. So an immediate solution must be found. We are talking about emergency measures, but we are optimistic after the attempted coup, especially with the situation of the Congress. Between the 22nd of August and the 8th of September, eight Republics decided on independence and this was reflected in their actions. But then in meetings with Congress, we began to see where proud peoples could see that all their sovereignty needs could be met and we began to see centripetal forces taking effect. And the activities of the State Counsel led by President Gorbachev began to demonstrate this. In addition to other steps, I would like to dwell on the Nagorno-Karadakh Accords signed by Yeltsin and getting the military accommodations -- what they did was done in the State Committees. (C)

I'm dwelling on this to say that many of the questions which the world community is asking, have their answers and now we hope for a reaction from the world community. And we hope that reaction will not be asking that more progress is being made. (C)

The President: Let me be clear on the outset. Is the question, "what do we do to assist, or what do I think of the changes"? (C)

Foreign Minister Pankin: These are truly interrelated. (C)

The President: I hope our people have made clear that in assessing the economy there needs to be further clarification regarding the relationship between the Soviet Union and the Republics. People have to know who they are dealing with. Agreements need to be formalized in terms of the most urgent questions. I want to say, first that we want to help. Second, our Agriculture Secretary is going there on the heels of a visit by Mr. Crowder. We are meeting this week on the question of agricultural support. We will be dealing with questions of how do we help with food, how do we get it to the people who need it? We are moving forward. We need to see how to do it better. We have certain internal laws that have to be complied with. For example, to go forward on the last agriculture loan guarantee

package, the Secretary of Agriculture had to certify the credit-worthiness of the Soviet Union. We recognize that given the extraordinary changes in the Soviet Union and the difficulties encountered, that credit-worthiness may be difficult to certify right now. (C)

It is my view that Congress wants to help. Therefore these legal technicalities we face may be more easily dealt with than was possible in the past. We are also meeting with our Treasury experts, bank experts and others to see what we can do. But I would like to ask Secretary Baker to elaborate. (C)

Secretary Baker: Mr. President, you said that it would be easier now with Congress. I agree. But, we are not over the hump entirely, as regards assistance to the Soviet Union. But it is a different world than it was 60 days ago. (C)

We have three political problems in addition to the technical problems. First, the Baltics. That is handled. Second, Cuba. That is being handled. Third is the percentage of the gross national product being spent on defense. It's very much in excess of what we spend. This will of necessity be addressed when you come up with a free-market reform plan, because there is no way that a plan will be creditable if you spend 25 percent of the gross national product on defense. We believe we will see repeal of some of the laws restricting Soviet assistance. (C)

The President: We will try to help. (C)

Secretary Baker: You take humanitarian assistance. We think that areas where we can be helpful are on food distribution, defense conversion, and energy. Whatever we can do will be more effective if we do it in consultation with the G-7 and others. This will depend upon two things, maybe three. The most important of which is our own budget restraints. The other two are what I talked about in Moscow. (C)

First, you need to determine the relationship between the Center and the Republics and between the Republics themselves. So, an economic treaty is of great importance. After that is done, then we need to make a credible economic plan which can be worked on by the World Bank and the International Monetary Fund. But a viable plan cannot be developed until you have defined a relationship between the Center and the Republics. (C)

Foreign Minister Pankin: May I comment further? First, I want to emphasize that we are in the process of resolving problems on the basis of making policy separate from ideology. As for the third issue regarding the reduction of military spending, we are taking steps and Minister of Defense Shaposhnikov has been tasked to come up with a plan. Also, the new head of the KGB, Mr. Bakatin has been asked to come up with a plan. We are also having talks on the subject of restructuring of the KGB. That is why progress is proceeding at a good pace. That is why we have movement, not because the world has become aware of our problems, but because the road block has been removed. (C)

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The President: We know that defense reductions are not easy. We have problems ourselves with base closings. Our Deputy Secretary of Defense has been intimately involved in this and I'm sure he will be as cooperative as possible on the subject of defense conversions. He is a person with great experience in business. (C)

Secretary Baker: Mr. Atwood will be in Moscow and will be talking on this subject. (C)

The President: He is a very good man. One who will come up with positive suggestions. (C)

On the question of assistance, we want to help with food and medicine right away. We have to clear out our own underbrush to see how we can move right away. We will be talking with those who still have worries about Soviet intentions, understandably because of the past. The more you can do in defense, the better. The more statements you can make in the defense area the better. You can understand our apprehensions. As long as you have missiles pointed at us, there will be apprehension. The more you can say that we are not a threat to the Soviet Union anymore, the more we will be able to help. (C)

Foreign Minister Pankin: Almost half of my speech is along these lines. (C)

The President: I want you to tell President Gorbachev and President Yeltsin that we are committed. This is not a climate where we think we would be without difficulties. It is important that you know that we want to help, but Jim can talk more on this -- we have to have tangible reforms if we are to be able to give you the kind of help we want to give. (C)

Foreign Minister Pankin: We have made our decision and we are following the course we have chosen. Already there is a balance between the centripetal forces. The main thing we now need is for the International Community not to wait because the decision has been taken and we need to see aid now. (C)

Secretary Baker: The International Community wants to help. But for this process to succeed in a meaningful way, I can't overemphasize the issue of the Northern Territories. Because the Japanese are the number one surplus country in the world. We have not had a single major joint international economic effort which has not involved the Japanese. (C)

The President: They do want to help. (C)

Secretary Baker: Yes, they do want to help. They contributed billions to the liberation of Kuwait. (C)

Foreign Minister Pankin: President Yeltsin and I met with Foreign Minister Nakayama. He will be meeting with President Gorbachev also. I think there will be forward movement. We

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understand that this will have to be resolved -- even though it is delicate. (C)

The President: Well, unfortunately I have to go, but I want to say again that you need to get with the International Monetary Fund and the world financial organizations. The more you can get them involved, the better the prospects for your success will be. I know that you are working on this and I encourage you to continue. (C)

It has been a great pleasure to have the chance to talk with you.
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-- End of Conversation --

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