

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with Yegor Gaydar
First Deputy Prime Minister of Russia

PARTICIPANTS: The President
The Vice President
James A. Baker III, Secretary of State
Nicholas Brady, Secretary of the Treasury
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert S. Strauss, U.S. Ambassador to Russia
Ed A. Hewett, Senior Director for Russian and
Eurasian Affairs, NSC Staff (Notetaker)

Yegor Gaydar, First Deputy Prime Minister
Vladimir P. Lukin, Ambassador of Russia to
the U.S.

Pyotr Aven, Minister of Foreign Economic
Relations

Andrei I. Kolosovskiy, Deputy Chief of the
Russian Mission

Konstantin Kagalovskiy, Plenipotentiary
Representative of the Government on
Interaction with International Financial
Organizations

DATE, TIME April 28, 1992, 2:36 - 2:55pm
AND PLACE: Oval Office

The President: What do I need to know? We keep up through the
Ambassador (Strauss), and other ways. (U)

I hope this package (FREEDOM Support Act) goes through. I don't
think there are a lot of obstacles. We'll keep pushing for it
here. (S)

How do you feel about your reforms? (S)

Mr. Gaydar: We lost about one and one-half months with the
political situation before and during the Congress. But that was
probably inevitable. The political situation is now better.
Public support is galvanized. (S)

The President: Is that right? (U)

Mr. Gaydar: Yes. The polls are strong. Support is growing.
(S)

The President: At the beginning we weren't sure how it would all work out. It was a contentious beginning. Then you turned the tide. (Ø)

Ambassador Lukin: I told Yeltsin that the Congress was going well because it was turned from harmful to useless. (Ø)

The President: Yes, it came along to a good outcome. (Ø)

Mr. Gaydar: Yes, it was a good ending. It became quite clear that the conservatives had no program, and no ideas. So when they had to take a position -- either strongly oppose Yeltsin or support him -- they thought it better to support him. (Ø)

Amb. Strauss: Mr. President, this was a Congress whose members were elected in March 1990. (Ø)

The President: Were there lots of military in there? (Ø)

Ambassador Lukin: Shaposhnikov called on the military to withdraw. (Ø)

The President: Did they? (Ø)

Ambassador Lukin: No. (Ø)

The President: Are they primarily high-ranking? (Ø)

Ambassador Lukin: Yes. (U)

The President: What is the situation with the coup-plotters. Is their case still being investigated? When will it go on trial? (Ø)

Mr. Gaydar: It is a slow process. Our laws almost excessively protect civil liberties when they are fully used. For example it can take a year for the defendants to study the case, yet the case can't go to the judge until they've studied it. It probably won't go to the judge until next July. (Ø)

The President: Our system is the same. It can take years to bring someone to trial. (Ø)

How is Yeltsin's health? How has all this affected him? (Ø)

Mr. Gaydar: He feels well -- plays tennis. Now he is on a new political trip to the north. (Ø)

The Congress improved his position with the population. There is a joke now that if the Congress had lasted many more days, a Yeltsin personality cult would have started. (Ø)

The President: We want his visit here to be a big success, and we want it to be seen as a success around the world. (Ø)

I know there is a little concern about Gorbachev's visit. Yeltsin is the head of government, and will be treated accordingly. Gorbachev will be treated with respect. There is a parallel to how we deal with Mrs. Thatcher and John Major. I am determined to work closely with Major. I stayed with him. But I had a quiet meeting with Mrs. Thatcher. (S)

We will treat both with respect, but not equally. Yeltsin is the man. We will give him full honors. I wanted to get this out there. I know there is some sensitivity on this. We can handle it. (S)

Mr. Gaydar: Thank you. I will explain the situation, and the position to the President. (S)

Ambassador Strauss: Mr. President, a new poll a few days showed that after a five- to ten-fold increase in prices people support the reform program of Yeltsin (designed by Gaydar) by 70 percent. Try to get those ratings here. (S)

The President: 70 percent! (U)

Ambassador Strauss: 70 percent. (U)

The President: How is the supply situation now? (S)

Mr. Gaydar: Much better. It was terrible in December. People had to wait two to three hours for a bottle of milk. Now it is better, although far from perfect. (S)

By Soviet standards it is quite good for foodstuffs. For durables, it is improving, although not as rapidly. (S)

There is no hunger in the country. (S)

The President: Good. We were concerned by the possibility of a severe winter. (S)

Mr. Gaydar: We have been happy with the weather. One of the crucial factors was grain imports. Here, thanks to your support, the situation was quite good. (S)

The President: How about distribution. Is food getting into the town from the countryside. Is there progress there? (S)

Mr. Gaydar: We're trying. The price liberalization created new possibilities. We're trying to privatize retail trade, but cannot do it in a few months. (S)

The President: What about the privatization of the agricultural economy. Are you moving there? (S)

Mr. Gaydar: We're moving. Over the last four months 90,000 private farms have been created. State farms are behaving differently now that they have to worry about customers. (S)

There will be no miracles in the countryside, as there were in China. All of the socially active and most talented people tended to leave the countryside for the city. (S)

The President: Right. (U)

Mr. Gaydar: I hope now in the industrial crisis that a wave of immigration will move from the cities to the countryside. (S)

The President: Another question. Ed Hewett is just back from Ukraine. Is Yeltsin spending a lot of time on relations with the states of the former Soviet Union? I'm particularly interested in Ukraine. There are a lot of Ukrainian-Americans. We must handle them properly, with great respect. There is the nuclear question. (S)

The last time I talked to Kravchuk, before Ed went, Kravchuk was optimistic for a speedy resolution in Ukraine's relationship with Russia. Is he right, or will it take a long time? (S)

Mr. Gaydar: It will take a long time. The President spends a lot of time on republic problems. In some areas there is rapid progress -- in relations with Byelorussia and Kazakhstan, for example. (S)

There are problems with Ukraine. Of course we are not afraid of a Yugoslav-type case in Russian-Ukrainian relations. We'll need time to find new ways to establish close relations. (S)

There is a very serious problem in Ukraine itself, for example in the tensions between West Ukraine and Kiev. There are also problems with Russian-language Ukraine. The economic situation is uneasy, and worse than ours. They're not moving fast enough on reforms. I hope they will speed up their reform program. (S)

Ambassador Lukin: It is interesting. Sometimes people overestimate the nationality problem in Russia, and underestimate it in Ukraine. Russia is 83 percent Russian; Ukraine is 73 percent Ukrainian. (S)

The President: 73 percent. Who are the rest? (S)

Ambassador Lukin: Mostly Russian. (S)

Mr. Gaydar: Mostly in Crimea. (S)

The President: If we can help, we'd like to. Of course, this is better left to the countries involved. (S)

Ambassador Lukin: It will be hard to do anything with Crimea. On May 5 the Crimean Supreme Soviet will meet to consider whether or not to have a referendum. They will almost certainly decide in favor of referendum on whether to be independent or stay in Ukraine. It would be best to put this aside, but it looks like a referendum will take place in August. (S)

The President: How will the ballot read? Is the choice to be independent, stay in Ukraine, or go to Russia? (Ø)

Ambassador Lukin: There is no Russia option. Either stay in Ukraine or join the Commonwealth as an independent state. (Ø)

The President: Well, we wish you well. I know you've talked to others, but I wanted to say hello. (Ø)

Please give my warm regards to President Yeltsin. (U)

Mr. Gaydar: Thank you, Mr. President. I want to express my strongest gratitude to you for your assistance. (Ø)

The President: Keep pushing. We'll work to get what we want out of Congress. And we'll push the ifi's to come through, along with the G-7. We're on your side. (Ø)

-- End of Conversation --