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OA/ID Number: 30540
Folder ID Number: 30540-004

Folder Title:
January-February 1989 [4]

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THE WHITE HOUSE

WASHINGTON

0370

February 28, 1989

Rice

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRENT SCOWCROFT

SUBJECT: Naming the U.S.-Soviet High School Partnership Program for President Reagan

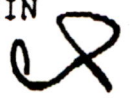
During the Reagan Administration, the President personally initiated the High School Partnership Program with a suggestion to General Secretary Gorbachev at the Moscow Summit. Charles Wick of USIA proposed that the program be named for the President, but it was determined that it would be inappropriate until after the expiration of his term in office. The memorandum from General Powell to Kenneth Duberstein supporting Charles Wick's suggestions is attached at Tab A for your review and preferred action.

Attachment:

Tab A Memorandum from the Reagan Administration

December 27, 1988

MEMORANDUM FOR KENNETH DUBERSTEIN

FROM: COLIN L. POWELL 

SUBJECT: Naming the High School Partnership Program

Charlie Wick's proposal to name the U.S.-Soviet High School Partnership program for the President is a good one. The timing, however, is a bit premature. This is a legal or protocol question, rather than a foreign policy issue; but I would think it inappropriate for an agency of the President to name a program after him.

Once the President has left office, it would be appropriate for this program to be named for him. The President personally initiated the High School Partnership Program with a suggestion to Secretary General Gorbachev at the Moscow Summit. The program is already an important people-to-people exchange, with potential for contributing significantly to U.S.-Soviet relations.

60:03

THE WHITE HOUSE
WASHINGTON

WASHINGTON

1-17-89

Date: January 18, 1989

Ken

From what I've read
here this looks like a
good idea.

Fred

FOR: General Powell

FROM: KEN DUBERSTEIN

- ☒ Action
☐ Your Comment
☐ Let's Talk
☐ FYI

Would you leave a note re: the
attached for Brent Scowcroft to
follow through.

Thanks.

THE WHITE HOUSE
WASHINGTON

Date: 1/17

FOR: Fred Ryan

FROM: KEN DUBERSTEIN

- ☐ Action
☐ Your Comment
☐ Let's Talk
☐ FYI

What think?

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0370

February 9, 1989

Wick

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL *RB*

FROM: CONDOLEEZZA RICE *CR*

SUBJECT: Naming the U.S.-Soviet High School Partnership
Program for President Reagan

During President Reagan's term in office he personally initiated the High School Partnership Program with a suggestion to General Secretary Gorbachev at the Moscow Summit. Charles Wick of USIA proposed at that time that the program be named for President Reagan. It was determined that this would be inappropriate until after the President's term in office had expired. The program is an important people-to-people exchange but in our estimation this is not a matter for decision by the NSC staff. The memorandum at Tab I forwards the request from the previous Administration to the present Chief of Staff for his review and preferred action.

RECOMMENDATION

That you review and forward the request at Tab I to the Chief of Staff.

Approve ✓ Disapprove

Attachment:

Tab I Memorandum for the Chief of Staff
Tab A Memorandum from the Reagan
Administration

0370

~~SECRET~~

1202

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Blackwill

February 28, 1989

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL/LINTON BROOKS *RB*

FROM: PHILIP ZELIKOW/CONDOLEEZA RICE *R*

SUBJECT: Secretary Baker's Speech in Vienna

Deputy Natl Sec Advisor
has seen

Yesterday, February 27, Rice and Zelikow were invited to an informal meeting at State convened by Dennis Ross. Aside from them, attendance was limited to just a few people at State, with no one present from State's Bureau of European Affairs. The topic was the speech Secretary Baker will make next Monday, March 6, at the opening of the CFE and CSBM talks in Vienna.

Ross said that Secretary Baker wants to make a major speech that will offer a broad statement of how the United States envisions the future of Europe. He also wants the speech to include important attention-getting initiative(s). It is not clear what the speech will actually say about Europe's future (the first draft is still not ready). As for the initiatives, since no good ideas on conventional arms were at hand, and since everyone agreed on the need to stick to the allied script on our new CFE proposal, the group turned instead to chemical weapons. Ross commissioned a speech which will propose: (1) an accelerated pullout of our unitary chemical stockpile from the FRG, to be completed by 1990 instead of 1992 as originally planned; (2) US-Soviet agreement for each side to observe the destruction of chemical stocks by the other; and (3) an international conference of industrialized countries (the membership of the 'Australian Group' in the CD) to discuss restrictions on movement of CW precursor chemicals.

The action plan proposed by Ross was as follows: The speech would be drafted by COB Tuesday, February 28. It would be circulated on Wednesday, March 1 to other agencies. Baker would contact Admiral Crowe to encourage quick JCS acceptance. Someone (not named but presumably the President) would call Chancellor Kohl, all on March 1. Interagency disagreement is expected. Ross was confident that Baker would weigh in with the President to overcome these obstacles. Allies would be informed toward the end of the week.

~~SECRET~~

Declassify on: OADR

DECLASSIFIED
PER E.O. 13526

2009-0967-MR
MM 9/13/2016

Zelikow and Rice raised three main questions at the meeting:

- How does this vision of Europe and this CW initiative relate to the National Security Review on US-West Europe relations which is well underway? The answer was that the speech would bypass this process, but would be consistent with conclusions that are emerging from it.
- Would this speech preempt some of the themes that the President hopes to address with other allied leaders at the NATO Summit in May? Here the feeling was that there would, hopefully, be plenty of other things left to say, but the focus of the Summit would be on resolution of the SNF issue and the 'Comprehensive Concept.'
- Was the opening of the conventional stability negotiations the appropriate site for announcement of a new initiative on chemical weapons? Ross explained that Secretary Baker feels strongly about the need to take the offensive and announce some new ideas; this is the area that seems most suitable for movement at this time.

We want to be sure that all of the above concerns are adequately addressed. We also believe, and the group was told, that we should insure that agencies have an opportunity to present their views before the Baker speech, if it makes new Administration policy. Nevertheless, we would like to be invited to such informal discussions at State in the future and therefore urge care in how Ross' information is handled over here.

Our overall view is that Secretary Baker's speech should not break new ground while our review process is still underway. The President should offer our definitive perspective on the future of Europe in the context of the NATO Summit.

As the guardians of the interagency process, we should try to prevent dealing with issues in a way likely to offend other agencies or be handled sloppily due to rushed timing. The accelerated removal and mutually inspected destruction aspects of Ross' CW initiative are ideas that were opposed by every agency except State last year. The international conference proposal was considered and rejected by General Scowcroft less than a month ago. If these ideas are sprung on the other agencies now, without adequate opportunity for interagency consideration, we will undermine the confidence in the process that this Administration is trying to restore.

The substantive questions about Ross' CW ideas are significant. The CFE/CSBM talks are the product of years of agonizing allied efforts to put together a common front. It would be inappropriate to use the talks now as a device for unilateral

announcement of a new initiative in a different security field, with only the barest NATO consultation beforehand. Last year the uniformed U.S. military which would carry out the CW removal said that the procedure, if accelerated, could be unsafe due to inadequate or nonexistent storage and destruction facilities available at this time in the US. The initiative could backfire if unfavorable allied reaction or publicity here at home gives the impression that the President acted in a hasty and ill-considered way.

Since it is possible these ideas might fall of their own weight over at State, and to protect our relationship with Ross, we suggest we wait to see what speech text State actually circulates before deciding how to proceed.

Sam
Don Mahley concurs.

Blackwell

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

0198

February 28, 1989

MEMORANDUM FOR MARLIN FITZWATER

FROM: BRENT SCOWCROFT 
SUBJECT: Der Spiegel Request for
Interview with the President

I have been contacted by Lloyd Cutler with a request, indirectly from the publisher, that the President grant an interview to the West German news weekly Der Spiegel. Attached for your information is a copy of my response to Lloyd Cutler.

As you know, Der Spiegel is a very influential periodical but also one which has been at times anti-American in a rather nasty way. I think that at some point during his Administration the President should grant an interview to Der Spiegel. However, there need not be a rush to this, and Der Spiegel need not be given a scoop as the first European periodical to get a major interview. I would see an interview with Der Spiegel as useful in conjunction with other German interviews prior to the President's first trip to the FRG, for example.

Attachments

Tab A Letter to Cutler
Tab B Cutler Incoming

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 9/3/25

~~CONFIDENTIAL~~

Declassify on: OADR

THE WHITE HOUSE

WASHINGTON

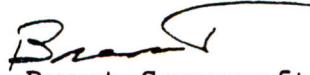
February 28, 1989

Dear Lloyd:

Thank you for your letter of January 26 concerning an interview of the President by Der Spiegel. This is certainly an influential periodical, and my personal view is that the President should at some point grant it an interview.

However, as you may imagine, there are at the moment many requests for interviews of the President from the European press. Marlin Fitzwater is working on an overall approach to these requests, and I have passed Der Spiegel's interest in an interview on to him.

With best wishes,


Brent Scowcroft

Lloyd N. Cutler, Esquire
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037-1420

WILMER, CUTLER & PICKERING

2445 M STREET, N. W.

WASHINGTON, D. C. 20037-1420

TELEPHONE (202) 663-6000

FACSIMILE (202) 293-0074,

293-5929, 429-4930, 429-9893

TELEX 440239 WCPI UI,

892402 WICRNG WSH

ABA NET ABA1354

SOURCE WCPOOI

LLOYD N. CUTLER

DIRECT LINE (202)

663-6100

JAN 27 1989

0198

EUROPEAN OFFICE

4 CARLTON GARDENS

PALL MALL

LONDON SW1Y 5AA, ENGLAND

TELEPHONE 011 (44) 839-4466

FACSIMILE 011 (44) 839-3537

TELEX 8813918 WCP LON

January 26, 1989

BY HAND

Honorable Brent Scowcroft
Assistant to the President for
National Security Affairs
The White House
Washington, D.C. 20500

Dear Brent:

Enclosed is a memorandum from Dieter Lange, a German partner in our law firm's London office, inquiring on Der Spiegel's behalf whether the ~~President would be willing to give an interview to Der Spiegel!~~

Dieter is a friend of the publisher. As you will see, when it interviews a world leader it allows the subject to edit the interview text before publication.

Although Der Spiegel angers as many of its readers as The Washington Post, everyone important in Germany reads it, and the interview would be a major news event in Western and Central Europe.

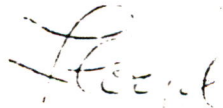
88 JAN 31 6:4:28

Honorable Brent Scowcroft
January 26, 1989
Page 2

Could we talk about this at your convenience? I have asked for English translations of the previous interviews with Gorbachev, Mrs. Thatcher and Rocard, and will send them along.

I have not raised this with anyone else in the Administration.

Best regards,



Lloyd N. Cutler

Enclosure

JANUARY 24, 1989

TO: LLOYD CUTLER
FROM: DIETER LANGE
RE: "DER SPIEGEL" - INTERVIEW WITH PRESIDENT GEORGE BUSH

As I mentioned to you yesterday, a leading European news magazine, "Der Spiegel", would like to have an interview with President George Bush.

"Der Spiegel" is Europe's most important political magazine published in the German language. It reaches 6 million readers. Most recently it has interviewed Mikhail Gorbachev, Margaret Thatcher and Michel Rocard.

An interview with President George Bush is obviously "Der Spiegel"'s top priority. There would of course be no limit as to the number of pages. "Der Spiegel" would almost certainly place President Bush's photograph on the cover.

One unusual feature of a Spiegel interview is that the text of the interview is subject to editing by the person interviewed prior to its publication. Any changes requested would be honoured.

Attached is a list of the types of questions and issues that the magazine would like to discuss with the President.

The interviewer would be the publisher, Rudolf Augstein, or the editor-in-chief for foreign affairs, Dr. Dieter Wild. Helmut Sorge, recently Der Spiegel's Washington correspondent and now its chief diplomatic correspondent, may assist, as he knows several members of the President's team from his tennis activities while in Washington.

I recommend that the President's staff gives serious consideration to granting such an interview. Although the magazine is at times considered to be more aggressive than "Time" and "Newsweek", all leading politicians and intellectuals in Germany and the other German speaking countries read the magazine. Its influence is considerable.

"Der Spiegel" would be happy to provide us with samples and translations of the interviews given by Mikhail Gorbachev, Margaret Thatcher and Michel Rocard.

Dieter G. Lange

Enclosure



Issues to be raised in an interview with the German
Newsmagazine DER SPIEGEL

1. Europe's fascination by the personality and policy of Gorbatschow - could it lead to a kind of irritation with the United States?
2. Suggesting the new era of détente will persist - could the West envisage deeper cuts in his military budgets? What about SDI?
3. After Afghanistan and Angola - how could the persisting conflicts, such as Middle East and Central America, be solved?
4. The forthcoming united European market - a possible "fortress Europe" vis-à-vis the United States?
5. Reagan's negative heritage, the huge US budget deficit - how could it be cut without rising taxes?
6. How could the new style of Governing differ from Reagan's?

SPRINGER-VERLAG RUDOLF AUGUSTEN GMBH & CO. KG
BRANCHENWEISE 18 - NOSTRACH 11 04 20
D-2200 HAMBURG 11 - TELEFON (040) 3007-0
TELEX 2182 477 FAX (040) 3007-247

BITZ UND REGISTERDRUCK HAMBURG HSB 81 786
KOMPLETTENTWURF RUDOLF AUGUSTEN GMBH
BITZ UND REGISTERDRUCK HAMBURG HSB 13 105
GESCHÄFTSSTÄDE RUDOLF AUGUSTEN ADOLF THESSALD

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0198

ACTION

February 10, 1989

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL *RB*
FROM: RUDOLF V. PERINA *RP*
SUBJECT: Der Spiegel Request for
Interview with the President

Lloyd Cutler has sent you a letter (Tab B) recommending that the President grant an interview to the West German news weekly Der Spiegel. This is perhaps the most influential news periodical in West Germany but also one which is sometimes very nastily anti-American. We do not think Der Spiegel should be given a scoop by being the first European periodical to get a major interview with the President. Rather, an interview would be appropriate prior to the President's first visit to the FRG and in conjunction with interviews to the more conservative wings of the German media.

We suggest that you pass this recommendation on to Marlin Fitzwater and respond to Lloyd Cutler with the letter at Tab A.

RECOMMENDATIONS

1. That you sign the memorandum to Marlin Fitzwater at Tab I. *Concur*

Approve ☒ Disapprove ☐

2. That you sign the letter to Lloyd Cutler at Tab A.

Approve ☒ Disapprove ☐

Attachments

Tab I Memo to Fitzwater
Tab A Letter to Cutler
Tab B Cutler Incoming

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 9/3/25

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1202

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

February 28, 1989

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: **ROBERT D. BLACKWILL**/LINTON BROOKS

FROM: PHILIP ZELIKOW/CONDOLEEZA RICE

SUBJECT: Secretary Baker's Speech in Vienna

Yesterday, February 27, Rice and Zelikow were invited to an informal meeting at State convened by Dennis Ross. Aside from them, attendance was limited to just a few people at State, with no one present from State's Bureau of European Affairs. The topic was the speech Secretary Baker will make next Monday, March 6, at the opening of the CFE and CSBM talks in Vienna.

Ross said that Secretary Baker wants to make a major speech that will offer a broad statement of how the United States envisions the future of Europe. He also wants the speech to include important attention-getting initiative(s). It is not clear what the speech will actually say about Europe's future (the first draft is still not ready). As for the initiatives, since no good ideas on conventional arms were at hand, and since everyone agreed on the need to stick to the allied script on our new CFE proposal, the group turned instead to chemical weapons. Ross commissioned a speech which will propose: (1) an accelerated pullout of our unitary chemical stockpile from the FRG, to be completed by 1990 instead of 1992 as originally planned; (2) US-Soviet agreement for each side to observe the destruction of chemical stocks by the other; and (3) an international conference of industrialized countries (the membership of the 'Australian Group' in the CD) to discuss restrictions on movement of CW precursor chemicals.

The action plan proposed by Ross was as follows: The speech would be drafted by COB Tuesday, February 28. It would be circulated on Wednesday, March 1 to other agencies. Baker would contact Admiral Crowe to encourage quick JCS acceptance. Someone (not named but presumably the President) would call Chancellor Kohl, all on March 1. Interagency disagreement is expected. Ross was confident that Baker would weigh in with the President to overcome these obstacles. Allies would be informed toward the end of the week.

~~SECRET~~

Declassify on: OADR

DECLASSIFIED
PER E.O. 13526

2009-0967-MR
MM 9/13/2016

Zelikow and Rice raised three main questions at the meeting:

- How does this vision of Europe and this CW initiative relate to the National Security Review on US-West Europe relations which is well underway? The answer was that the speech would bypass this process but would be consistent with conclusions that are emerging from it.
- Would this speech preempt some of the themes that the President hopes to address with other allied leaders at the NATO Summit in May? Here the feeling was that there would, hopefully, be plenty of other things left to say, but the focus of the Summit would be on resolution of the SNF issue and the 'Comprehensive Concept.'
- Was the opening of the conventional stability negotiations the appropriate site for announcement of a new initiative on chemical weapons? Ross explained that Secretary Baker feels strongly about the need to take the offensive and announce some new ideas; this is the area that seems most suitable for movement at this time.

We want to be sure that all of the above concerns are adequately addressed. We also believe, and the group was told, that we should insure that agencies have an opportunity to present their views before the Baker speech, if it makes new Administration policy. Nevertheless, we would like to be invited to such informal discussions at State in the future and therefore urge care in how Ross' information is handled over here.

Our overall view is that Secretary Baker's speech should not break new ground while our review process is still underway. The President should offer our definitive perspective on the future of Europe in the context of the NATO Summit.

As the guardians of the interagency process, we should try to prevent dealing with issues in a way likely to offend other agencies or be handled sloppily due to rushed timing. The accelerated removal and mutually inspected destruction aspects of Ross' CW initiative are ideas that were opposed by every agency except State last year. The international conference proposal was considered and rejected by General Scowcroft less than a month ago. If these ideas are sprung on the other agencies now, without adequate opportunity for interagency consideration, we will undermine the confidence in the process that this Administration is trying to restore.

The substantive questions about Ross' CW ideas are significant. The CFE/CSBM talks are the product of years of agonizing allied efforts to put together a common front. It would be inappropriate to use the talks now as a device for unilateral

announcement of a new initiative in a different security field, with only the barest NATO consultation beforehand. Last year the uniformed U.S. military which would carry out the CW removal said that the procedure, if accelerated, could be unsafe due to inadequate or nonexistent storage and destruction facilities available at this time in the US. The initiative could backfire if unfavorable allied reaction or publicity here at home gives the impression that the President acted in a hasty and ill-considered way.

Since it is possible these ideas might fall of their own weight over at State, and to protect our relationship with Ross, we suggest we wait to see what speech text State actually circulates before deciding how to proceed.

Don
Don Mahley concurs.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

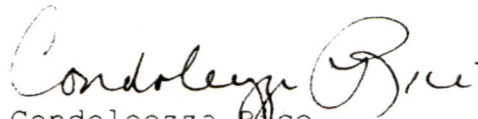
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For Gates

February 27, 1989

Dear Mr. Kalnins:

Mr. Gates has asked that I respond to your letter of February 22, 1989 and introduce myself to you. I am the new Director for Soviet and East European Affairs for the National Security Council staff. We are following events in Latvia closely and would be happy to receive any materials that you might deem useful for us. Again, thank you for your letter.

Sincerely,



Condoleezza Rice
Director
Soviet and East European
Affairs

Mr. Ojars Kalnins
Public Relations Director
American Latvian Association in
the United States, Inc.
400 Hurley Avenue
P.O. Box 4578
Rockville, Maryland 20850-0071

1144



AMERIKAS LATVIEŠU APVIENĪBA
American Latvian Association in the United States, Inc.

400 HURLEY AVENUE
P. O. BOX 4578, ROCKVILLE, MARYLAND 20850-0071
TEL.: (301) 340-1914

*Confidential - sent to you.
Rg.*

February 22, 1989

Mr. Robert Gates
Deputy National Security Advisor
National Security Council
The White House
Washington, DC 20500

Dear Mr. Gates,

As one of the representatives of the American Latvian Association who has long admired your keen understanding of the Soviet Union, I was especially pleased to learn that you have recently become one of President Bush's top advisors on Soviet policy.

In this regard, I turn to you with a request which, while it clearly reflects the interests of our organization and community, more importantly, could be of service to the President and the National Security Council.

As you know, in the last year developments in the occupied Baltic States have had a dramatic impact on events throughout the Soviet Union. The American Latvian Association, through various contacts and sources within Latvia, has had access to a great deal of information about developments in Latvia unavailable to most Western observers and analysts. We have been routinely providing this information to the State Department, the U.S. Congress, and during the past Administration, to the National Security Council and others in the White House. Many of the translations of documents and reports we prepare are sent directly to the U.S. Embassy in Moscow and the Consulate in Leningrad. I have even briefed several foreign service officers on developments in Latvia prior to their posting in Leningrad.

While I am not sure how the information we provide is channeled through various U.S. agencies, I understand that some of it has been used by the CIA as well.

Although my contacts with the State Department and Congress continue, I have yet to establish a contact with the new Administration and the National Security Council in particular. (We previously worked with Lisa Jameson at the NSC) I would like to provide this information to the appropriate persons at NSC, through whatever channels or contacts you deem most expeditious.

During the Reagan administration we also worked closely with the Public Liaison office, although at this point I am less concerned about photo opportunities or symbolic meetings, and more concerned about getting valuable information to the right people at the right time.

53 101 33

Lastly, I understand that the Administration is presently reviewing U.S. policies toward the USSR and will be presenting the President with recommendations shortly. We have been routinely assured by the State Department and previous administrations that the U.S. policy concerning non-recognition of Soviet rule in the Baltic States will continue, since the circumstances warranting that policy have not changed. We hope this remains the case in the Bush Administration.

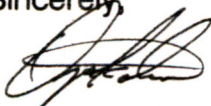
Our community does, however, recognize that significant changes have taken place in the occupied Baltic States, which may require a more "creative" U.S. policy toward the various informal groups and popular fronts that have developed. We have also noted signs of a new Soviet offensive designed to undermine or neutralize the longstanding U.S. position.

Clearly we are concerned about this Soviet attempt and have discussed its ramifications with the State Department. We would prefer to see a well planned counteroffensive to the apparent Soviet campaign, rather than a purely defensive reaction to a series of Soviet-instigated diplomatic brushfires. I have enclosed a copy of an article I wrote for "World & I" magazine which addresses this issue. Perhaps you and others at the NSC may find it useful.

I would sincerely appreciate it if you or someone else at the NSC could contact me in response to the abovementioned requests.

Congratulations on your new position, and good luck. I'm glad we've got people like you advising the President.

Sincerely,



Ojars Kalnins
Public Relations Director

P.S. If you need to do a "credibility-check" on me or the ALA, feel free to contact Ints Silins (Deputy Director, Bilateral Political Affairs, Soviet Desk) or Paul Goble (INR/SEE) at the State Dept.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

1096

February 27, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL *PB*

FROM: CONDOLEEZZA RICE *CR*

SUBJECT: George Liska's Request for a Meeting with You

The letter at Tab II is from Professor George Liska of SAIS who wants to meet with you concerning the Central European political situation.

We recommend that you send the reply at Tab I suggesting that he talk with Bob Blackwill and me.

RECOMMENDATION

That you sign the letter to Professor Liska at Tab I.

Approve _____ Disapprove _____

Attachments

Tab I Letter to Professor Liska
Tab II Incoming correspondence

THE WHITE HOUSE

WASHINGTON

Dear George,

Thanks for your letter of February 16. This is certainly an interesting time in Central Europe, and we are trying to take account of the rapidly moving events in our review. Please contact Ambassador Robert Blackwill, Senior Director for Soviet and European Affairs. He and Condoleezza Rice, Director for Soviet and East European Affairs, would like to meet with you to discuss your ideas.

Again thanks for the note.

Sincerely,

Professor George Liska
The Johns Hopkins Foreign
Policy Institute
School of Advanced
International Studies
1619 Massachusetts Avenue, N.W.
Washington, D.C. 20036-2297

FEB 21 1989

February 16, 1989

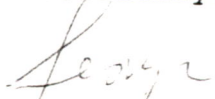
The Honorable Brent Scowcroft
Assistant to the President
for National Security Affairs
The White House
Washington, DC 20500

Dear Brent:

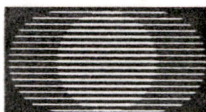
Now that, according to the Washington Post, Central Europe is to be the object of "serious study," the enclosed may be worthy of finding a place in your files.

At your convenience, you might perhaps even find the time for us to talk about the related issues in a mixture of Czech and Serbo-Croatian?

Cordially,



George Liska



SAIS 45TH ANNIVERSARY
Nanjing • Washington • Bologna

**1989: A TRULY
PRESIDENTIAL AGENDA**

George Liska

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

0866

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

February 27, 1989

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: STEPHEN P. FARRAR ^{SPF}
ROBERT D. BLACKWILL ^{RB}

FROM: JERRY W. LEACH ^{JW}
CONDOLEEZZA RICE ^{CR}

SUBJECT: Handling the No-Exceptions Policy

The "no exceptions policy" was announced by the United States on January 12, 1980 with minimal prior consultation with the allies. The policy meant that the U.S. would veto any licenses (or "exceptions") in COCOM, where unanimity is required, for exports of controlled goods or technologies to the Soviet Union. Prior to the announcement, our policy was to consider case-by-case exceptions to the general embargo.

Shortly after the announcement, we asked our COCOM allies to adhere to the policy formally. They would not do so officially for three reasons:

- o it was painful for them domestically for commercial reasons and because they did not want to be seen to be kowtowing to US dictates;
- o they were upset because they had not been consulted prior to the announcement; and
- o they regarded the policy as a "foreign policy" abuse of the COCOM system by the United States.

At the time, we presented the no-exceptions policy to our COCOM allies and to the public as a sanction in response to the Soviet invasion of Afghanistan. A subsidiary argument was that high technology exports inevitably helped the Soviet military and were not in the interests of the West. Nonetheless, all other governments saw Afghanistan as the primary reason for the imposition of the no-exceptions policy. They eventually gave unofficial, tacit support to the policy.

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Implementation

During the 1980s, three modifications weakened the policy somewhat. First, the policy was never used, except by us briefly, to stop the flow of equipment on the second tier of the control lists, i.e., less sophisticated equipment that requires a license from a national capital but not COCOM review. Second, we developed a list of stated exceptions to the no-exceptions policy. These included items for use in public health and safety, items in small quantities with low performance, and spare parts for previous exports. Third, in taking positions on COCOM cases, we have not used the explicit rationale of no-exceptions since 1986, although we have acted on the basis of the policy and been able to block most cases that have arisen.

Anticipating Soviet Withdrawal

All of our 15 COCOM partners, but particularly the UK, the FRG, France, Italy, Netherlands, and Belgium, served notice last fall that they expected us to drop the no-exceptions policy when the Soviets withdrew. This would reestablish the status quo ante--case-by-case COCOM review without prior assumption of denial.

Because he anticipated alliance pressure to revoke no-exceptions, Secretary Shultz discussed the matter repeatedly with Secretary Carlucci in December and January. No agreement was reached. DOD wanted no change at all, while State wanted to drop the policy officially but establish a tougher line on a case-by-case basis than we had before 1980. Commerce is likely to agree with State.

Six cases from UK, Belgium, and Japan are currently on the COCOM docket and are clearly intended as a test of our post-February 15 policy.

Secretary Baker's Views

The no-exceptions issue was brought up in London, Bonn, and (we think) The Hague on Secretary Baker's recent trip. His statement to Meet the Press on Sunday, February 19 indicated that he takes this to mean that the issue is not as high a priority for the Europeans as some have thought.

The Secretary seems to be looking for a way to extract concessions from the Soviets in return for a change of policy on our part, possibly as a part of a larger package which might include changes in Jackson-Vanik, GATT membership, or the like.

While we do not have a detailed report on the exchanges in London, the Secretary clearly floated the possibility of a change

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-3-

in the no-exceptions policy in return for Soviet concessions in Central America. This discussion prompted a demarche from HMG after the Secretary's return (Tab I) to Washington. The key points of the demarche are:

- a) that the no-exceptions policy should be dropped;
- b) disappointment that the US appears to envisage continuing the policy; and
- c) that introducing "extraneous political considerations such as Central America" would lead to a major row in COCOM.

COCOM by tradition does not use out-of-context or out-of-area linkage to resolve issues before it. This probably explains the British reaction above. Such linkage, however, is not impossible. It would have to be carried at the ministerial or head-of-government level, i.e. above the level at which COCOM business is normally conducted. The fact that COCOM business is not normally conducted at the cabinet level, e.g. Secretary Shultz almost never discussed COCOM issues in seven years, may have some bearing on why the issue was raised so few times with Secretary Baker.

In looking for concessions from the Soviets, by implication Secretary Baker is pursuing an approach which would work best if the USG is prepared to allow a substantial liberalization in the pattern of exports to the USSR. The discussion of no-exceptions in Washington to date, however, has not revolved around the concept of substantially liberalizing exports to the Soviets but around the concept of optical changes in policy, for alliance management purposes, which would have little or no impact on the pattern of exports to the Soviets.

Options

Our options appear to be as follows.

1. Leave the policy unchanged. This policy would be unpopular with our allies, possibly retarding our efforts to strengthen COCOM and shape a consensus on East-West relations in advance of the NATO Summit. Mrs. Thatcher, the most supportive ally in this regard, has publicly stated that she thinks that the no-exceptions policy should be dropped and so told Jim Baker. We could argue that there is no significant change in the Soviet threat or in the Soviet's active program of technology acquisition. If this option were selected, we would want to be seen as listening and consulting before a decision because part of the allies' frustration comes from the lack of real dialogue.

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-4-

2. Drop the policy officially but maintain the same tough approach to the cases as we have since 1986. This strategy calls for an appearance of change that would at least make us seem somewhat responsive to the allies. Public pressure would be diminished but the allies might view our behavior in COCOM as both devious and obstructionist. Very little difference in the pattern of actual exports to the Soviets would occur as a result of this change.

3. Drop the policy and go to case-by-case review in return for concessions. The question then is: concessions from our allies or concessions from the Soviets or both? If concessions from the allies, the clear candidate for linkage is stronger national export control systems in Europe and Japan. For several years, we have been seeking to get them to actually enforce their own export control laws. Enforcement is better in a few places--UK, Canada, Norway, France, and Japan--but it is far from fully satisfactory. Concessions from the Soviets might be in Nicaragua or human rights, but also might include on-site monitoring and inspection rights for Western high tech equipment sold to them. Concessions from COCOM partners probably implies only a small amount of liberalization of actual exports. Concessions from the Soviets implies a substantial change.

4. Drop the policy and return to case-by-case review without concessions. Unless done very skillfully, this would signal that we are returning to the pre-Afghanistan status quo ante. It would be likely to trigger a large number of export applications in Washington and in other Western capitals. We would still review each case but, presumably, veto far fewer than we do now. There would probably be favorable press but there might be opposition from those who would view it as the first move on a slippery slope toward much more technology transfer to the Soviet Union. The pattern of exports to the USSR would probably grow over time as the door is opened more and more widely by successive case approvals.

From the standpoint of bilateral relations with the Soviets, Moscow would obviously prefer Option 4 but might have some interest in Option 3 if our concessions were substantial enough. It would also profit from a major U.S.-European scrap over the issue.

In our judgment, the key to success of any option will be interagency unity in Washington and high-level participation and leadership. Key COCOM issues, which are inherently political, have been dealt with for far too long at too low a level in the bureaucracy.

Attachment

Tab I UK Demarche on No-Exceptions Policy

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UK Demarche
on No exceptions
following Baker visit
to London.

(I) WE HAVE PREVIOUSLY MADE CLEAR OUR VIEW THAT SOVIET WITHDRAWAL FROM AFGHANISTAN SHOULD BRING THE NO CES POLICY TO AN END,

(II) WE ARE CONCERNED THAT THE US NOW APPEARS TO ENVISAGE ITS CONTINUATION FOR QUITE UNRELATED POLITICAL REASONS.

(III) THE US SHARES OUR VIEW THAT THE KEY ROLE FOR COCOM IS TO PROTECT CRITICALLY SENSITIVE TECHNOLOGY,

(IV) COCOM CONTROLS WILL REMAIN EFFECTIVE, CREDIBLE AND DEFENSIBLE TO PUBLIC OPINION ONLY IF THEY ARE USED FOR CLEARLY STRATEGIC PURPOSES,

(V) TO INTRODUCE EXTRANEOUS POLITICAL CONSIDERATIONS SUCH AS CENTRAL AMERICA WOULD LEAD TO A MAJOR ROW WITHIN COCOM,

(VI) COCOM HAS ENOUGH ON ITS PLATE AND APPEARS TO BE MAKING AT ANY RATE SOME PROGRESS IN A NUMBER OF TARGETTED, CAREFULLY IDENTIFIED AREAS. WE WOULD NOT WANT COCOM BLOWN OFF COURSE,

(VII) GRATEFUL FOR CLARIFICATION OF US THINKING.

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Received 2/22/89

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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WITH CONFIDENTIAL ATTACHMENT

ACTION

February 25, 1989

MEMORANDUM FOR G. PHILIP HUGHES

FROM: CONDOLEEZZA RICE *CR*

SUBJECT: Memorandum of Conversation: General Scowcroft's
Meeting with Soviet Ambassador Dubinin

Attached at Tab I is the memorandum of conversation covering
General Scowcroft's meeting with Ambassador Dubinin on
February 17.

RB
Robert Blackwill concurs.

RECOMMENDATION

That you review and retain for record purposes the memorandum of
conversation at Tab I.

Attachment

Tab I Memorandum of Conversation

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THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

1009

MEMORANDUM OF CONVERSATION

SUBJECT: General Scowcroft's Meeting with Soviet
Ambassador Yuriy Dubinin

PARTICIPANTS: US
General Brent Scowcroft
Robert D. Blackwill
Condoleezza Rice (Notetaker)

USSR
Ambassador Yuriy Dubinin
Aleksandr Kuznetsov
Yevgeny Zolotov (Interpreter)

DATE, TIME February 17, 11:00 - 11:30 a.m.
AND PLACE: General Scowcroft's Office

Ambassador Dubinin transmitted a message from General Secretary Gorbachev to the President concerning the situation in Afghanistan. The Ambassador noted that the Soviet withdrawal was completed in accordance with the Geneva Accords' timetable and said that the letter to the President outlined some of President Gorbachev's ideas on the future of Afghanistan. The Soviet government believes that an international conference in parallel with the negotiations on the formation of a government would contribute to a peaceful resolution of the conflict.

General Scowcroft acknowledged the timely withdrawal of Soviet forces and told the Ambassador that the President appreciates the effort that it took to make certain the deadline was met. He said that the letter will be delivered to the President as soon as possible and that the USG would study the suggestions in it closely. General Scowcroft cautioned that our influence over the parties in Afghanistan is limited and that the question of Afghanistan's future is a matter for the Afghans to decide. The United States has no interest in the establishment of a regime that is hostile to the Soviet Union. The US is trying to ensure peaceful resolution of the conflict and establishment of a government broadly representative of the will of the people.

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Ambassador Dubinin added that with all due respect to the sovereign rights of Afghanistan, US-Soviet cooperation was essential to the Geneva accords and would be very important again at this critical juncture.

Several other issues were raised during the remainder of the meeting. The Ambassador noted that perestroika is proceeding with the support of the Soviet people. He expressed puzzlement at the statements of some in the West that the Soviet people do not support perestroika.

On the general theme of US-Soviet relations, the National Security Advisor was asked to characterize the comprehensive policy review that is now underway. General Scowcroft said that it is being conducted in a positive way. The goal is to look at the signs from the Soviet Union, whose process of internal change is viewed with interest in the US, and to see what we can do to develop as constructive a relationship as possible.

It was noted that Secretary Baker will visit Moscow in April and that the Vienna negotiations on conventional forces will soon be underway. Ambassador Dubinin asked about the Soviet proposal to resume negotiations on nuclear testing between February 23-28. General Scowcroft said that we would respond soon and noted that progress had been made in clarifying several technical matters that could facilitate negotiation.

Ambassador Dubinin asked how long it will be before the United States can return to START. General Scowcroft answered that we need to be comfortable with the treaty and with its prospects for ratification in the Congress but that the USG is moving forward as fast as it prudently can.

Ambassador Dubinin asked General Scowcroft to deliver a copy of Mrs. Gorbachev's message to the participants in the New York concert for Armenian relief to Mrs. Bush. They are jointly sponsoring the concert.

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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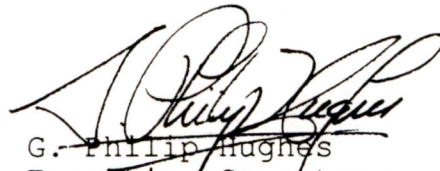
February 24, 1989

MEMORANDUM FOR MELVYN LEVITSKY
Executive Secretary
Department of State

SUBJECT: President's Response to Letter from Mikhail
Gorbachev (U)

A draft reply to Mikhail Gorbachev's letter to President Bush concerning Afghanistan is attached at Tab A. The letter restates the key elements of American policy and reminds Gorbachev that the Geneva Accords demand that the Afghans themselves decide their political future. The letter takes note of the timely withdrawal of Soviet forces from Afghanistan and asks the Soviets to carry out their pledge to aid generously in the reconstruction of that country. (S)

There is no reference to Gorbachev's suggestion that we convene an international conference on Afghanistan because the United States has argued consistently that the political settlement should be achieved by the parties in Afghanistan. (S)


G. Philip Hughes
Executive Secretary

Attachment:

Tab A Draft Letter

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Dear President Gorbachev:

I am in receipt of your letter of February 17 regarding Afghanistan. A long and unfortunate chapter in that country's history is hopefully ending. The United States government appreciates the timely withdrawal of your forces. I am aware that you met the deadline in spite of a complicated military and political situation in Afghanistan. We hope that you will continue to uphold the Geneva Accords, for any reintroduction of forces into or military action against Afghanistan would be viewed with alarm and dismay by the government of the United States and by the international community.

The next months will be crucial in laying the groundwork for the establishment of a peaceful and non-aligned Afghanistan. The pressing humanitarian needs of the country are felt acutely here in Washington and we encourage you to carry through with dispatch on your promise to aid generously the reconstruction of Afghanistan. I hope too that the Soviet Union will contribute to efforts to make the territory of Afghanistan, now covered with hidden land mines, safe for the civilian population. For our part, we will support vigorously the efforts of all who pledge their help to ease the pain of war for the Afghan people.

I agree with you fully that the political situation in Afghanistan is now coming to a critical stage. I believe that the interests of the United States and the Soviet Union are complimentary. You have nothing to fear from our policies. We too hold no selfish ambitions in Afghanistan. I can assure you that the United States harbors no interest in the establishment of a regime hostile to the Soviet Union on its border. The American objective, is, as it has always been, to ensure that the people of Afghanistan, who have suffered greatly for almost ten years, have the opportunity to determine for themselves their political future. As co-guarantors of the Geneva Accords, it is not our place to design a political solution or to develop a formula for governing Afghanistan. There has been too much interference from the outside already. We, the United States and the Soviet Union alike, are pledged to allow the Afghans themselves to find the path to secure, stable and non-aligned government.

In closing, let me say that I believe that this is an important time for U.S.-Soviet relations. The Soviet invasion and

occupation of Afghanistan was exceedingly harmful to our relationship. Now that it is ending, I am hopeful that our cooperation in the coming crucial period will set a standard of goodwill to which we can look as we move forward to address other problems before us.

Sincerely,

His Excellency Mikhail Gorbachev
Chairman of the Presidium of the Supreme
Soviet of the Union of Soviet Socialist
Republics
Moscow

Unofficial translation

His Excellency
George BUSH
President of the United States of America
The White House
Washington, D.C.

Dear Mr. President:

I write to you on a matter of particular importance - both from the viewpoint of general stabilization and improvement of the international situation and in terms of ensuring further steady development of Soviet-American relations. The settlement in Afghanistan has now become such a matter.

Our approach to this acute problem is well known and is not subject to short-term considerations. Having opted once and for all for peaceful political solutions, the Soviet Union - acting strictly in keeping with the Geneva Accords - has completed the withdrawal of its troops from Afghanistan. There is not a single Soviet soldier left in that country. We have kept our word, proceeding from the great responsibility and our sincere desire to provide a powerful impetus to the entire settlement process. And we have done it in spite of the clear violation of the Geneva Accords by Pakistan, despite the escalation of hostilities on the part of the opposition. With the withdrawal of our troops the Afghan settlement has got a unique chance. This chance must be used, and then the long-term peace prospects for the long-suffering Afghan people will become a reality. There exist solid conditions for such a turn.

These are both the readiness of the Government of the Republic of Afghanistan for a wide and open dialogue, for a constructive search for new forms and structures of power

provided there is just participation in it by all political forces and groups and the fatigue of the Afghan people from the war. What is encouraging is the growing understanding of the importance of a peaceful choice inside and around Afghanistan on the part of the neighboring states. It does matter to them which is going to be the path of future development of Afghanistan and what effect it may have on the situation in the region as a whole. Those are our impressions from the talks with the new government of Pakistan, the leadership of the P.R.C. and the Iranians. It is necessary to seek further mutual understanding precisely on this basis.

There is also a compromise plan for the Afghan settlement. Its main components are the convening of a representative council ("shura") for the subsequent establishment of a broad-based government, and rendering of international humanitarian and economic assistance to Afghanistan. It would be quite reasonable, in our view, if these actions were supplemented by a cease-fire and a termination of weapons supplies to the opposing sides and by establishing a broad inter-Afghan dialogue. Our contacts with the Afghan opposition, Pakistan and Iran involve all these important aspects of the settlement inside Afghanistan.

Regrettably, however, the scales have not yet been tipped toward peace. Among the opposition groups the voice of "the intransigent" is still prevalent. They have actually blocked the inter-Afghan dialogue, they do not accept a cease-fire, they continued, up to the very last moment, their military actions against the withdrawing Soviet troops, and are now trying to capture Kabul and other cities by exhaustion. In so doing, they knowingly doom the Afghan people to a protracted and bloody civil war.

Having complied with the Geneva Accords, the Soviet Union has done everything to contribute to moving the Afghan problem onto the track of peaceful political solutions. However, Geneva does not at all end with the withdrawal of the Soviet

troops. This is but one of the many elements of the settlement. A particularly great political and moral responsibility is resting now with other countries parties to the Geneva Accords, and it is the Pakistani factor that is coming to the fore, i.e. interference from the territory of Pakistan in the Afghan affairs.

A great deal of how the Afghan situation is going to evolve - either along the path of national concord and establishment of a broad-based coalition government, that is, as is called for in the relevant resolution of the Forty Third UN General Assembly session, or in a different direction, along the path of escalation of war and tensions in that country and around it - depends on the position of those who have access to, and influence with, armed opposition, who supports it with weapons supplies and financial assistance.

The USSR does not pursue any selfish objectives in Afghanistan that would run counter to the aspirations of the Afghan people or with legitimate interests of other states. We have repeatedly spoken, including at the last session of the UN session of the General Assembly, about our vision of the future of Afghanistan - peaceful, stable, neutral, and oriented to normal relations with all countries, above all with its neighbors

We believe that to formalize the neutral and demilitarized status of Afghanistan, it would be useful to convene a relevant international conference. Its preparation could be conducted parallel to the formation of a coalition government. This will not interfere with the establishment of new structures of power, but, on the contrary, will be creating a more favorable atmosphere for this. We do not exclude other options of providing guarantees of a peaceful future for Afghanistan, and are ready to listen to any ideas in this regard.

In the present situation, a US-Soviet mutual understanding in Afghan affairs is to play an indispensable role. Much because of this understanding parameters of the settlement have come into being, and we took those into account in taking a final decision on the troops withdrawal.

At any rate, today the Afghan settlement has a special meaning for US-Soviet relations. The compromise agreement between the USSR and the US, which opened the way for the Geneva Accords, has been a good example to follow in demonstrating reason and desire for peace in other hotbeds of international tensions. Now, too, parties to the conflicts in different parts of the world are primarily looking to us, and depending on what is going to prevail in mutual approaches of the Soviet Union and the United States to the Afghan problem - a desire for cooperation or an alienation - they will be making their own choices, either for the negotiating process, or for war.

Thus, we are doing everything we can. But we are also hoping for a more constructive position of the United States. Until recently, the US approach toward the Afghan settlement has resembled more the position of a bystander. The US has in fact contributed to the impression that it approves the policy line of "the intransigent" for a military solution. Does this line correspond to the long-term interests of the United States itself?

At present, there seem to have emerged indications of changes for the better. We took note of your recent statement about the desire of the United States to play a constructive role in the political settlement in Afghanistan. We note progress as compared with the position of distancing oneself, based on a premise that the Afghan problem is automatically resolved with the withdrawal of the Soviet troops.

Now it is essential to translate words into practical policies. The Afghan settlement offers a real opportunity to ensure in practical terms constructive continuity of the Soviet-American dialogue at the extraordinarily important starting phase in the forming of a new stage of the relationship between our two countries.

Sincerely,

Moscow

Kremlin

February 17, 1989

Mikhail GORBACHEV

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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February 24, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: CONDOLEEZZA RICE *CR*
SUBJECT: President's Response to Letter from Mikhail Gorbachev

A draft reply to Gorbachev's February 17 letter to the President is attached at Tab A. The memorandum at Tab I forwards the letter to the Department of State for their review and comment.

The letter restates the key elements of American policy and reminds Gorbachev that the Geneva Accords demand that the Afghans themselves decide their political future. The letter takes note of the timely withdrawal of Soviet forces from Afghanistan and asks the Soviets to carry out their pledge to aid generously in the reconstruction of Afghanistan. An unofficial version of the letter to the President is at Tab II.

RECOMMENDATION:

That you sign the memorandum to Melvyn Levitsky forwarding the Gorbachev draft letter of response to the Department of State.

Approve ☒ *CR* Disapprove ☐

Attachments:

Tab I Memorandum for Melvyn Levitsky
Tab A Draft Letter
Tab II Incoming

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

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February 24, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL *RB*

FROM: CONDOLEEZZA RICE *CR*

SUBJECT: Appointment for Jack F. Matlock, U.S. Ambassador
to the Soviet Union

Ambassador Matlock has requested a meeting with the President, with you and with several other members of the NSC staff (Tab III). He will depart on March 7 for Secretary Baker's meeting with Soviet Foreign Minister Shervardnadze in Vienna.

We recommend that Ambassador Matlock meet with the President, you, Bob Gates, and with the members of the Directorate for Soviet and European Affairs.

The memorandum at Tab I notifies the State Department of our intentions in regard to Ambassador Matlock. It requests that appointments be set up for him with Bob Gates, Bob Blackwill and myself while the Ambassador is in Washington. A schedule proposal at Tab II requests time on the President's calendar.

RECOMMENDATION

(1) That the memorandum to Melvyn Levitsky at Tab I be signed.

Approve _____ Disapprove _____

(2) That the schedule proposal at Tab II be approved.

Approve _____ Disapprove _____

Attachment:

Tab I Memorandum for Melvyn Levitsky
Tab II Schedule Proposal
Tab III Incoming

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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1030

MEMORANDUM FOR MELVYN LEVITSKY
Executive Secretary
Department of State

SUBJECT: Appointment Requests - Ambassador Jack F Matlock,
Jr.

We have recommended that the President meet with Ambassador Matlock. A scheduling request has been submitted and hopefully the President's schedule will allow such a meeting to take place during the March 2, 3 or 4 timeframe. Robert Gates, Robert Blackwill and Condoleezza Rice will be happy to see the Ambassador and request that appointments be scheduled.

G. Philip Hughes
Executive Secretary

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THE WHITE HOUSE

WASHINGTON

1030

SCHEDULE PROPOSAL

TO: JOSEPH W. HAGIN, II,, Director
Presidential Appointments and Scheduling

FROM: BRENT SCOWCROFT

REQUEST: Brief meeting with the President for
Ambassador Jack F. Matlock, U.S. Ambassador
to the Soviet Union

PURPOSE: The Ambassador would like to discuss his
views on the current situation in the Soviet
Union, including Moscow's perceptions of his
Administration and the Soviet agenda for
Vienna and beyond.

PREVIOUS
PARTICIPATION: The Ambassador was a Special Assistant to the
President for Soviet and European Affairs,
NSC, in the previous Administration. This
would be his first meeting with our new
President.

DATE & TIME: March 2, 3 or 4
DURATION: 30 minutes

LOCATION: Oval Office

PARTICIPANTS: Ambassador Matlock with the President

OUTLINE OF EVENTS: Brief discussion

REMARKS REQUIRED: None

MEDIA COVERAGE: None

RECOMMENDED BY: NSC

OPPOSED BY: None



United States Department of State

Washington, D.C. 20520

February 18, 1989

~~CONFIDENTIAL~~MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Appointment Requests - Ambassador Jack F. Matlock, Jr.

Jack Matlock, who has been our ambassador in Moscow since March 1987, will be in Washington March 2-5 for consultations and will be in Vienna for Secretary Baker's first meeting with Soviet Foreign Minister Shevardnadze on March 7. The Department recommends that he be put on the President's calendar for a brief meeting on March 2, 3 or 4.

In addition, Ambassador Matlock, who served on the NSC staff from 1983 until his appointment to Moscow, would like to see you, Bob Gates, Bob Blackwill and Condoleeza Rice, also on March 2, 3 or 4.

These would be Ambassador Matlock's first meetings with the President and the NSC staff since the new Administration took office. The President may find of interest the Ambassador's views on the current situation in the Soviet Union, including Moscow's perceptions of his Administration and the Soviet agenda for Vienna and beyond.

Melvyn Levitsky
Executive Secretary

DECLASSIFIED

PER DOS WAIVER, November 6, 2015

By SS NARA, Date 9/3/15~~CONFIDENTIAL~~ ; 11
DECL: OADR

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

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UNCLASSIFIED WITH
SECRET ATTACHMENT

February 24, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: CONDOLEEZZA RICE *CR*

SUBJECT: PCC Working Group for National Security Review

Please transmit the memorandum at Tab I with attachments to the addressee Executive Secretaries.

Attachment:

Tab I Memorandum to Executive Secretaries
Tab A PCC Draft Working Paper on the Soviet Union
Tab B CIA Input

UNCLASSIFIED WITH
SECRET ATTACHMENT

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

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20086

MEMORANDUM FOR

MR. MELVYN LEVITSKY
Executive Secretary
Department of State

MR. H. LAWRENCE SANDALL
Executive Secretary
Central Intelligence Agency

MS. EMILY L. WALKER
Acting Executive Secretary
Department of the Treasury

MR. GARY EDSON
Chief of Staff
U.S. Trade Representative

COLONEL GEORGE P. COLE, JR.
Executive Secretary
Department of Defense

CAPTAIN ANTHONY MANESS
Executive Assisant to
the Chairman
Joint Chiefs of Staff

MR. DAVE LYONS
Special Assistant to
the Secretary
Department of Agriculture

MS. ROBERTA RIFKIN
Executive Secretary
Arms Control and Disarmament
Agency

MR. CRAIG R. HELSING
Chief of Staff
Department of Commerce

MR. ARTHUR E. GREEN
Acting Executive Secretary
U.S. Information Agency

MR. DAVID HAUN
Executive Assistant to
the Director
Office of Management and Budget

SUBJECT: Working Group Meeting on National Security
Review No. 3 (3)

A meeting of the Policy Coordinating Committee Working Group on
Europe and the Soviet Union will be held to discuss NSR-3
(Comprehensive Review of US-Soviet Relations):

Date: February 24, 1989
Time: 1:00 p.m.
Location: Department of State, Room 6226
Agenda: Discussion of Draft Working Papers (2)

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Attendees will include Mr. Thomas Berger, Treasury/IM; Mr. John Woodworth, Defense, OSD/ISP; Mr. William Bailey, USDA/O/SEC; Mr. Richard Johnston, Commerce/ITA/IEP; Mr. Robert Blackwell, CIA/NIO/USSR; Admiral Jon Howe, CJCS; Ms. Roberta Rifkin, ACDA/D/EX; Mr. Michael Eisenstadt, USIA/EU; Mr. Andrew Stoler, USTR; Mr. Rodney Bennet, OMB/IAD; Dr. Condoleezza Rice, NSC.
(U)

Enclosed at Tabs A and B are draft working papers. (8)

G. Philip Hughes
Executive Secretary

Attachments

Tab A PCC Draft Working Paper on the Soviet Union
Tab B CIA Input

SECRET



S/S 8903954
United States Department of State

Washington, D.C. 20520

20086

February 23, 1989

SECRET/EXDIS

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Soviet Union PCC -- Draft Paper

We request the NSC Executive Secretary for the Soviet Union PCC transmit the attached draft of sections 4-6 of the U.S.-Soviet relations review paper. It will be discussed at the February 24 working group meeting. As noted in the cover memo, the full PCC will meet on Tuesday, February 28 at 2:30 PM.

Melvyn Levitsky
Executive Secretary

Attachment:

As stated.

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United States Department of State

Washington, D.C. 20520

February 23, 1989

SECRET/EXDIS (JCS treat as SPECAT EXCLUSIVE)

MEMORANDUM

TO: Treasury/IM: Mr. Thomas Berger
Defense/OSD/ISP: Mr. John Woodworth
USDA/O/SEC: Mr. William Bailey
Commerce/ITA/IEP: Mr. Richard Johnston
CIA/NIO/USSR: Mr. Robert Blackwell
CJCS: Adm. Jon Howe
ACDA/D/EX: Ms. Roberta Rifkin
USIA/EU: Mr. Michael Eisenstadt
USTR: Mr. Andrew Stoler
OMB/IAD: Mr. Rodney Bennet

FROM: Rozanne L. Ridgway, Chairman *WR*
Soviet Union PCC

SUBJECT: Soviet Union PCC -- Draft Paper

As announced at the February 22 PCC working group meeting, the working group will meet again on February 24 at 1:00 PM in the EUR conference room (State Department, room 6226). Attached for discussion is the second draft of sections 4-6 of the U.S.-Soviet relations paper.

This paper will be reworked and a new draft circulated on Monday. That draft will be discussed by the full PCC on Tuesday, February 28 at 2:30 PM in the EUR conference room; attendance will be limited to principals plus one.

Attachment:

As stated.

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U.S.-SOVIET RELATIONS REVIEW (second half)

(bridging language between first and second halves of paper)

As the foregoing suggests, the Soviets are likely to continue to be preoccupied with domestic reform -- and thus desirous of stability abroad -- for at least three-five years and probably ten. As a result, we face the greatest opportunities we have had in the post World War II era for pursuing our longstanding aim of a more stable and productive East-West relationship that is sustainable, less confrontational, and characterized by greater openness and freedom, both in political and economic terms. The new Soviet willingness to rethink traditional Soviet positions in international affairs, recognition of the limits, even drawbacks of the use of military force, and the severe resource squeeze that lies behind Soviet efforts to reduce the military burden combine to create favorable conditions unimaginable a short decade ago.

But Gorbachev's desire for a less confrontational relationship is a double-edged sword. As the perception of a Soviet "threat" diminishes, both rhetorically and to a lesser degree in actual terms, Alliance cohesion will face new challenges, and popular support -- particularly in Europe -- for military measures needed to ensure a strong Western defense will likely decline. Meanwhile, the U.S. is coming under increasing criticism for not "stepping up to the future" and for seeming to cede the initiative to Gorbachev. On the other hand, the existence of still very formidable Soviet forces and the lack of certainty as to the long-term nature of the Soviet reform effort argue for caution and against any irreversible changes that might undermine our security interests over the longer term.

Given these competing demands, our task is threefold: to maintain a strong military defense, which is essential for international stability; to seize those real opportunities that exist for furthering U.S. interests and bringing about a more stable East-West balance; and to articulate U.S. policy in such a way that will instill confidence in our leadership on the part of the Allies, Congress, and public audiences. This will require an overall policy that is at once even-handed, realistic and far-reaching, and which projects optimism, creativity and confidence. The West's ability to cope with the most difficult of challenges has been proved over the last four decades. The effort to translate current Soviet reform efforts into a more cooperative relationship that is lasting and sustainable will doubtless prove the greatest challenge yet.

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4. U.S. Policy Objectives in Relation to the Soviet Union

Overall U.S. Interests. U.S. policy toward the Soviet Union should be grounded in the consistent pursuit of our fundamental interests: maintaining effective deterrence of Soviet aggression; rebuffing Soviet efforts to influence Western Europe while decreasing their presence and domination in Eastern Europe; resisting direct and indirect efforts by Moscow to expand its influence in the Third World by force or the threat of use of force; promoting greater respect for human rights and an opening of Soviet society to Western ideas and values; cooperating where our interests coincide and there are mutual benefits.

We should press our interests across a broad agenda -- human rights, arms control, regional dialogue, transnational questions and bilateral relations -- and deny the Soviets the luxury of dining à la carte on an arms control-only menu. While making clear that actions in one area can affect the overall relationship, we should be careful about drawing specific "linkages," as it makes little sense to deny ourselves things that are in our interest in order to punish Moscow for misbehavior in other areas.

The basic goals of deterrence, containment and defense of human rights will remain the foundation of a sustainable policy toward the USSR; maintaining and strengthening our defenses and our alliances and friendships worldwide will remain its essential prerequisite. But the Soviet domestic difficulties and "imperial overstretch" present opportunities to set more positive goals -- pointing toward a more enduring demilitarization of the East-West relationship and a liberalization of Soviet society. Our goals are, perhaps, better viewed as "directions" than "ends," since progress will inevitably be gradual and uneven in a relationship that will remain adversarial and susceptible to crisis.

Human Rights/Domestic Liberalization. Over the long term we seek a major expansion of human rights and domestic liberalization within the Soviet Union. A Soviet Union that allows its people greater domestic freedoms and devotes more resources to meeting their needs poses less of a threat to the United States. We want a Soviet Union that increasingly measures its success by the standard of living and quality of life of its people, not by expansion abroad. To this end we should use the CSCE process and our bilateral dialogue to promote greater individual liberty and the rule of law in the USSR, and increased autonomy for non-Russian peoples.

In the immediate future, we want the Soviets to follow through on the commitments that made possible our agreement to a 1991 Moscow human rights conference. Over the longer term, we seek further institutionalization of the progress made and an expanding legal buttress for civil, political and economic liberties in the USSR: more liberal laws and bureaucratic practices, the secret ballot, an independent judiciary, a more open and critical press, a more pluralistic economy, flourishing unofficial organizations

and growing freedom of movement. Movement toward the functional equivalent of a multi-party system, even if the Communist Party were to retain its "leading role," would also be desirable.

Arms Control/Security. We should seek a significant restructuring of the Soviet military toward lower force levels and a truly defensive posture. Moscow's inward focus and resource crunch, as well as Gorbachev's and the Soviet military's rethinking of longstanding Soviet views on security issues, has created new opportunities to promote such changes. Arms control and a politico-military dialogue provide a mechanism for influencing Soviet decisions and may be increasingly useful, given budget limitations and Congressional and Allied concerns that may constrain our ability to field new weapons.

Our primary arms control objective is to enhance stability. Increased predictability is also important. Well-designed agreements can advance these goals by imposing limits on the Soviet military and complement our unilateral efforts to maintain an effective deterrent. At the same time, arms control must allow necessary U.S. modernization programs as well as an SDI effort to explore the feasibility of strategic defenses. We will need to consider what limits we can accept on U.S. forces in return for desirable constraints on the Soviet military; trade-offs will have to be carefully weighed. Our specific arms control aims:

- o proceeding from our strategic review, a verifiable START treaty providing for stabilizing reductions.
- o assuming we solve the verification problems, a global ban on chemical weapons; as an interim step, curbing CW proliferation and reducing the Soviet CW threat to NATO.
- o a more stable balance of conventional forces in Europe at lower levels, and the reduction in particular of the Warsaw Pact's capability to launch a surprise attack and conduct large-scale offensive operations.
- o new confidence-building measures to increase openness and transparency about Soviet military capabilities and reduce the risk of conflict as a result of miscalculation.
- o completion of the verification protocols for the Peaceful Nuclear Explosions and Threshold Test Ban treaties (PNET and TTBT); we will have to decide how to handle subsequent steps in the nuclear testing talks.
- o stricter controls on proliferation of nuclear and ballistic missile technologies.
- o across the board Soviet compliance with existing and future accords.

We should continue on-going military-to-military contacts in a manner commensurate with the overall political relationship. We should seek to establish a broader politico-military dialogue on defense policy and doctrine. This could be a vehicle to influence future Soviet doctrine and force structure decisions, and encourage a more defensive orientation.

Regional Dialogue. The Soviets appear ready to reduce their exposure abroad and loosen ties to certain clients (e.g. Angola, Afghanistan). We should promote further Soviet withdrawal from the Third World and test Soviet readiness to subordinate their client relationships to the goal of resolving regional conflicts. Where there are regional conflicts that might be eased by constructive Soviet behavior, we should take the initiative in designing strategies for conflict resolution and then challenge Moscow to make good on the promise of "new thinking."

Over the longer term we should seek to supplement the competitive East-West dynamic in regional conflicts with one in which the U.S. and USSR facilitate peaceful settlements among the contending local parties. In this regard, we must be careful to avoid a perception -- which Moscow may seek to foster -- of U.S.-Soviet condominium or run the risk of an angry Third World backlash: our efforts should thus aim at facilitating, not imposing, peace.

We have specific goals vis-à-vis the Soviets with regard to particular regional problems:

- o given our aim of an independent and non-aligned Afghanistan, ensuring that Moscow keeps its troops out and does not interfere in other ways (e.g. air attacks from USSR bases).
- o Soviet help in implementing the Angola/Namibia settlement and pressing for an internal settlement inside Angola.
- o a constructive but limited Soviet role in the Middle East peace process, with Moscow using its ties with Syria and the PLO to promote a realistic approach centered on direct talks.
- o Soviet reduction of military aid to Nicaragua and reining in the Sandinistas' destabilization of Central America.
- o Soviet pressure on Vietnam to continue withdrawing its forces from Cambodia and on North Korea to reduce tensions on the Korean peninsula.
- o Soviet assistance in meeting the humanitarian crisis on the Horn of Africa, while challenging the Moscow to press Ethiopia to improve its domestic and regional behavior.

We should also continue to make clear to Moscow through U.S. actions on the ground that any efforts to fuel armed conflict or promote anti-democratic forces in regional conflicts would risk greater costs than benefits to Soviet interests.

We will want to keep close track of the warming Sino-Soviet relationship, although the primary thrust of our policies with each of the Communist giants will remain bilateral. It is most unlikely that Moscow and Beijing want to -- or could -- return to the alliance of the 1950s. And the Chinese will likely insist that improvements in Sino-Soviet relations depend on better Soviet behavior in Asia.

Transnational Questions. The Soviets have paid rhetorical support to multilateral efforts to address global problems. We should seize on this to explore whether their professed concerns will be followed by tangible steps on transnational problems, where the sides share common interests:

- o counterterrorism: through its ties to the PLO, Syria and Libya, Moscow is in a position to provide significant help in the war against international terrorism.
- o narcotics control: with drug use an increasing concern inside the USSR, enhanced cooperation against international trafficking could benefit both sides.
- o environment: Soviet domestic environmental problems are serious and have an impact beyond Soviet borders.
- o disaster relief: the Armenian earthquake has interested Moscow in improving mechanisms to respond to natural disasters; we should use this to enhance cooperative efforts to meet future international disasters.

Bilateral Relations. The expanding areas of bilateral interaction (people-to-people, cultural and scientific exchanges, fora on legal and humanitarian issues, information talks) represent a safety net underpinning the larger U.S.-Soviet relationship, as well as provide a source for ideas for systemic change in the Soviet Union. We should continue to welcome cooperation in areas where the benefits will be clearly mutual. We should further expand such exchanges and increase the involvement of select non-governmental organizations as another mechanism for exposing the Soviet people to Western ideas.

There will be opportunities to strike bilateral agreements that serve particular U.S. interests. When we identify such agreements -- e.g. extension of the bilateral World Ocean and Atomic Energy agreements with some amendments, Pacific maritime boundary pact -- we should move forward. Over the long term we should be alert for other U.S.-Soviet bilateral endeavors that can serve specific U.S. interests.

On other bilateral issues, we need to decide on a course for ensuring a secure new Embassy in Moscow. In addition, we need to decide the question of opening a consulate in Kiev (in return for which the Soviets will open a consulate in New York), which offers the first opportunity to establish a post-war U.S. consulate in a

non-Russian area, the Ukraine. In the longer term, there may be utility to opening other consulates as a means of tracking developments in such areas as the Caucasus and Central Asia, and of projecting U.S. values and culture.

U.S.-Soviet trade will remain a relatively low priority. It is in our interest to expand mutually-beneficial non-strategic trade, including joint ventures. But we should not offer changes on human rights trade constraints in the short run. We should be clear that trade will proceed on commercial terms and that there will be no USG guarantees for joint ventures: we should not make it easier for Gorbachev to avoid the hard choices that perestroika requires.

Allied Compatibility. In pursuing our objectives, we must pay close attention to the concerns of NATO members, Japan and other allies and friends. To the extent we present a coordinated Western approach to the USSR, be it arms control or COCOM policy, the chances of reaching our goals will be significantly increased: the Soviets will take our approach with greater seriousness and have fewer incentives to try wedge-driving tactics.

Should the U.S. "Help" Gorbachev? The foundation of our approach toward the Soviet Union should be the pursuit of our own interests rather than expectations of the longevity of the Soviet leader or an analysis of Soviet global ambitions. Our ability to influence Soviet policy has limits. Our understanding of how the internal Soviet policy-making process works is, in many aspects, incomplete. Moreover, while it appears that Gorbachev has set important new directions to Soviet policy, it is too early to tell whether these represent a tactical retreat in view of the domestic problems now besetting the USSR or a more fundamental shift in the nature of the Communist regime. For these reasons, it would be inappropriate -- and difficult -- to design specific policies to "help" Gorbachev.

This is not to suggest we work against Gorbachev's reform efforts. We can and should adopt policies which encourage reforms in our interest, such as those in the direction of decentralization, economic freedom and a civilian-oriented economy. We should explore economic levers for encouraging U.S. business to direct their ventures in the USSR toward the privatized and even reform sectors of the economy. While we cannot expect to have a fundamental impact, our efforts may lead to some change at the margins.

5. Sources of U.S. Leverage over Soviet Policy

The U.S. has some leverage over Soviet policy. It is by no means unlimited but may be sufficient to tilt the balance of decision on key issues of interest to us, provided we use our leverage skillfully and consistently.

There are limits to our ability to affect internal change. Perestroika was necessitated and continues to be driven first of all by domestic factors, e.g. the Soviet economy's failure to produce and the lack of individual enterprise. Our leverage for affecting Soviet international behavior is greater, particularly where Moscow desires specific U.S. actions, be it limitations on U.S. strategic forces or our acceptance of the Soviets as a legitimate player in third area crisis resolutions.

Human Rights/Domestic Liberalization. The Soviets will have the primary say in how far and how fast the process of domestic liberalization goes. At the same time, the new Soviet openness to Western ideas and growing sensitivity to overseas and domestic opinion create opportunities for outside influence unprecedented since the 1920s. Gorbachev wants the Soviet Union to be seen as a civilized state that treats its citizens in accordance with established international standards; we should make clear to Moscow that our approach to the USSR will be based on the reality. The CSCE process offers a legitimate framework for pressing Moscow to move forward on human rights and domestic liberalization, as well as a forum in which the USSR can regularly be hauled into a court of its peers to account for its transgressions. The 1991 Moscow human rights conference -- and the question of our ultimate attendance -- provides a specific source of leverage.

While linkage has not proven a reliable tool in the past, the Soviets need to be constantly reminded that it is, nevertheless, a fact of political life: Soviet behavior on human rights clearly affects what is possible in other areas -- trade, exchanges, arms control. As in CSCE, it is possible to create leverage by insisting on steady, balanced (albeit not necessarily lockstep) progress in all areas of the U.S.-Soviet agenda.

Arms Control/Security. Moscow has traditionally regarded nuclear arms control as the central pillar of U.S.-Soviet relations, and Gorbachev appears to view an agreement on strategic forces as a priority. Aside from benefits to Soviet security, a START Treaty would be further evidence of his ability to deal effectively with the U.S. and would therefore be a political plus for him domestically. Gorbachev is not, however, under immediate pressure to conclude a Treaty and probably sees negotiations as a process which will take time.

The U.S. can enhance its leverage in arms control by maintaining active force modernization programs. Especially important will be continuing strategic force modernization, including selection and deployment of a survivable ICBM. If the Soviets see U.S. forces self-limited by budgetary constraints, they may be less anxious to achieve agreements. While funding of SDI proved an effective lever in getting the Soviets to seriously engage in strategic nuclear negotiations, its import has probably lessened as the Soviets have come to view a START Treaty as

advantageous on its own merit, and as they have come to better understand the pace of our program, the impact of Congressional limitations and the role of possible countermeasures.

Regional Dialogue. Moscow's desire to become a legitimate player in resolving certain regional conflicts provides us a measure of leverage in those areas where we are already a major actor and can offer the Soviets a chance to participate (as in the Angola/Namibia settlement). We should exploit this to encourage Moscow to play a constructive role. In other cases the existence of a bilateral or international "process" can provide the Soviets the necessary fig-leaf to cut their losses (as in Afghanistan).

Given the Soviets' desire to reduce the cost of their Third World involvement, U.S. support for internal democratic opposition forces and neighbors threatened by Moscow's clients can increase the costs of Soviet support for unpopular regimes. This creates incentives for Moscow to reconsider its client relationships. But our leverage in many regions is limited, and we need to be careful not to overplay our hand; the Soviets can independently assert themselves in settling some conflicts, such as Cambodia.

Transnational Questions. On a number of these questions (e.g. in the area of environment, disaster relief) the U.S. and USSR have common interests; the Soviets will thus be motivated to work with us in pursuit of mutual benefits. We may derive special leverage if there are issues on which we can offer particular assistance such as know-how on pollution control and earthquakes. Furthermore, we may gain leverage from Gorbachev's desire to show that his initiatives in this area can draw international support.

Bilateral Relations. Our leverage on bilateral issues will be issue-specific: where there are exchanges that provide mutual benefits, we will have grounds to deal with Moscow. We should expect the Soviets to seek to exploit our expanding contacts for purposes which will pose problems for us: espionage, illegal technology transfer, etc. We will need to be wary of attempts to take advantage of such contacts -- for example to acquire advanced Western technology -- as well as insist on the principle of reciprocity in all our bilateral dealings.

Western ideas, especially American, have begun to have a profound influence on Soviet thinking. Greater Soviet openness and Soviet interest in Western concepts present new possibilities for bringing U.S. influence to bear on Soviet internal debates through our information and cultural activities.

We have little economic leverage over the Soviets: U.S. trade with the USSR is of marginal significance given our human rights and national security concerns. It is likely to remain small, as opportunities for U.S. firms to make money are meager and the Soviets are reluctant to increase their borrowing. We do, however, retain some leverage as the Soviets are interested

in gaining access to Western high technology. Our participation in COCOM and our own restrictions provide a source of leverage at both the international and national levels.

6. Recommended Policies for the Short and Long Term

Secretary Baker's first meetings with Shevardnadze provide the opportunity to establish the new Administration's agenda for U.S.-Soviet relations. The following are recommended policies for pursuing that agenda, both in the short and long term (this paper does not examine questions such as START positions that are being addressed elsewhere). Possible U.S. initiatives are suggested; while they require more analysis than is possible in this paper, these options could add substance to a more energetic and activist U.S. approach toward the Soviet Union.

Human Rights/Domestic Liberalization. Human rights should remain at the top of the U.S.-Soviet agenda and the subject of high-level attention, e.g. by the President raising individual cases in exchanges with Gorbachev. Our aim should be to seek concrete results, not to embarrass the Soviets publicly.

While continuing to press emigration and individual cases, our focus should increasingly be on institutional changes to make the current reforms less easily reversible. In the short term, we can use the Paris human rights conference (May 30-June 23) to insist the Soviets fulfill the commitments made in return for our consent to a 1991 Moscow human rights conference, in particular that they implement the institutional reforms Gorbachev announced in December at the UN. And we should continue to underscore that our attendance at Moscow's much-desired conference assumes that they meet the highest standard; our final decision on attendance can and should be made close to the conference date.

Our exchanges with the Soviets on human rights should use both the CSCE process and bilateral channels. CSCE provides the framework in which we can push for detailed legal reforms, revised emigration regulations and other institutional changes. But our bilateral dialogue has proven to be the most effective channel in yielding actual results on human rights issues, given the Soviet preference for discussing sensitive problems confidentially.

Increasing the role of inter-parliamentary bodies and non-governmental organizations in our human rights dialogue would help create interest groups on both sides to guard against Soviet backsliding on their human rights commitments. We should support further development of the Congressional/CSCE Commission channel for discussing human rights and legislative issues; this could be increasingly important if the Supreme Soviet evolves into a real power center. Inter-parliamentary contacts at the republic level offer a means for introducing democratic ideas and perhaps fostering national/ethnic self-expression outside of Moscow.

Semi-official fora like the "rule of law" symposia, in which U.S. experts can impart Western ideas to their Soviet counterparts, are likewise worth preserving and expanding. Contacts by private U.S. organizations (perhaps with USG funding/assistance) may be the appropriate way to approach non-Russian nationalities, given Soviet sensitivity to outside interference and our non-recognition policy in the case of the three Baltic states.

Finally, even as we press the Soviets on human rights, we must think about how to manage the fruits of our success: the massive increase in emigration to the U.S. which has stretched our refugee program to the breaking point. In the short term, we will need to make the necessary decisions and secure legislative changes to maintain an "open door" for Soviet emigrants. Over the longer term, if Moscow eliminates most remaining barriers to emigration, we will need to consider the "normalization" of Soviet emigration to the U.S., while recognizing the political sensitivities of the question.

Arms Control/Security. As we reaffirm past positions or develop new ones we should reengage the Soviets on bilateral arms control issues. (Chemical weapons and conventional forces are already being addressed in ongoing multilateral fora.)

START. While the Soviets accept that we intend to take a hard look at our START position in our strategic review, Moscow will not hesitate to try scoring public relations points should there be public, Congressional or Allied concerns about a delay. A Presidential letter to Gorbachev could provide a reassuring reference -- and perhaps a general timetable -- for resumption of the talks. If warranted by the state of the review, it might also reaffirm certain elements of our START position. Some believe that, if pressures subsequently mount, one possibility is for START to resume to address technical questions while the U.S. delegation reserves on issues still under study in the review.

Once START resumes, bilateral Foreign Ministers' meetings, supported at key junctures by working groups combining negotiators and policy-makers from capitals, will remain critical to resolving major issues. We should, however, avoid falling into the habit of referring all disputed issues to Ministers for settlement.

Strategic CBMs. Following resumption, even under the best of circumstances, 12-24 months will be required to complete a START treaty. Some believe we should consider the possibility of certain confidence-building measures in the strategic area that would serve U.S. interests in the meantime. Some possible candidates: a ban on telemetry encryption during strategic missile tests; a ban on testing strategic ballistic missiles in a depressed trajectory mode; and the application of certain inspection measures in advance of an agreement. (Concerted negotiations on some of these might trigger undesirable Soviet counterproposals, which we would have to be ready to rebut.)

DST. Specific decisions on our approach to the Defense and Space Talks must await the strategic review's outcome, especially with respect to strategic defense programs. While, as with START, we could reaffirm our readiness to return to the talks when the review is completed, we may want to consider a more fundamental shift in our policy. DST was a price we paid for Soviet agreement to resume START, but indications are that the Soviet concern over SDI is waning. It thus may be possible to delink START from DST (and the ABM Treaty) and/or otherwise downgrade the DST forum.

Nuclear Testing. We should complete the work necessary to resume testing talks on an early basis. We do not conduct peaceful nuclear explosions, but we do adhere to the TTBT's 150 kiloton threshold; there have been questions about Soviet compliance with that limit. Completing the verification protocols and submitting the treaties for ratification is thus in our interest, and failure to finish the protocols would be politically damaging.

Our longer-term approach to testing -- specifically, how to handle subsequent stages of the talks which may deal with quotas or a lower threshold -- will have to reflect the outcome of the strategic review. It may be necessary to consider how to defer proceeding beyond the PNET and TTBT protocols, if we determine that further constraints on testing are not in our interest. However, President Reagan committed to move to the next stage of testing talks once PNET and TTBT have been ratified. Open repudiation of this would entail both a political price and a possible halt to the PNET and TTBT negotiations, as the Soviets consider the testing talks as a single process.

U.S.-Soviet CW Destruction Initiative. Negotiations in the Conference on Disarmament for a global chemical weapons ban will be protracted. We could propose to Moscow an interim bilateral understanding on mutual stockpile destruction, leading to significant cuts in the two countries' CW capability, accompanied by agreement to remove CW from Europe (which we will do by 1992 in any event). Such a proposal would underscore U.S. support for CW arms control; allow us to maintain a deterrent (safeguarding the binary program); and diminish much of the Soviet CW threat to NATO. Monitoring provisions required for such an accord could serve as proving grounds for an eventual global ban while avoiding some of the more complex problems associated with a full ban.

Bilateral progress on this score could be an important stimulus for attacking the problem of global CW proliferation. The very fact of progress would send a positive signal to other interested parties. Moreover, we could use an enhanced dialogue to press Moscow to exert greater pressure on Libya over their CW activities at Rabta.

Defense/Military Contacts. Military-to-military contacts should build on the progress already made, including an agreement on dangerous military activities (expected this summer), implementation of the two-year program of military-to-military

exchanges, and improved, reciprocal access by our military attaches in Moscow. We should be sensitive to Allied concerns and guard against Soviet efforts to exploit the dialogue to downplay the threat the Soviet military poses to Western security.

Strategy Talks. Some believe that, on a broader level, we could propose to the Soviets periodic, informal discussions on politico-military questions involving both Soviet civilian and military experts. Such a forum -- which would be separate from operational negotiations -- would provide an opportunity to explore Soviet thinking on issues such as the U.S.-Soviet balance, "reasonable sufficiency," the offense-defense relationship and ways to ensure strategic stability as we enter the next century.

The key U.S. objective in pursuing such a dialogue would be to get at those policy-makers actually formulating future Soviet force options -- that is, the political and military leadership. Ideally we could help shape their views in ways leading to a more defensive Soviet force posture in the future; at the least we could gain some valuable insights into where Soviet strategic thinking is headed. Such a dialogue might also reinforce the efforts of Soviet civilian experts to provide an alternative voice to that of the Soviet military.

Compliance. Our compliance policy must be based on: making clear to Moscow that the U.S. will accept nothing less than full compliance; having the capability to detect militarily significant noncompliance; and, when the Soviets are unwilling to address our concerns, developing appropriate responses that stand on their own and command public, Congressional and Allied support. We should aim to resolve compliance problems at an early stage and remove non-compliance disputes from contentious public exchanges. In this regard, we should consider how to make the SCC a more effective forum for resolving our concerns. In the near term, we must press Moscow to translate Gorbachev's UN statement regarding the illegal Krasnoyarsk radar into a specific proposal to meet our concerns, and reiterate that new strategic arms agreements cannot be concluded until Krasnoyarsk is resolved.

Regional Dialogue. The immediate objective of our regional dialogue should be to challenge Moscow to translate "new political thinking" into practical initiatives and actions to promote the settlement of regional disputes. We should continue the practice of regular experts talks on regions where U.S. and Soviet interests may come into conflict, proposing a new cycle at an early date. While the U.S. approach toward the Soviet Union on specific regional problems must derive from our overall policy toward the area, certain considerations can be identified now.

Afghanistan. While completion of the Soviet withdrawal has removed Afghanistan as a shadow over our bilateral relationship, the United States should make clear to Moscow that, steps such as cross-border bombing would quickly return it to the front burner.

We should remain ready for discussions with the Soviets on questions related to a political settlement and reconstruction, but maintain the necessary material support to the resistance in Afghanistan. In the longer term, following Kabul's fall, we have no strategic concerns in the normalization of relations between the Soviet Union and a truly independent, non-aligned Afghanistan.

The Middle East. We are better placed than the Soviets to work with the various protagonists, but Moscow's activism (e.g. Shevardnadze's February trip) is strengthening its hand as it presses its own Middle East agenda. We should offer the Soviets a limited role in the peace process, but condition their role on active Soviet efforts to achieve practical results, rather than just to ensure veto power over other parties' efforts or to champion unrealistic solutions.

Moscow has long viewed an international conference as its entrée into the process. The Soviets appear increasingly flexible on procedural questions and may be open to direct talks under a token UN Security Council or U.S.-Soviet umbrella; we should probe the extent of this flexibility. But Moscow must be made to understand that, in order to engage seriously in the process, it will have to bring pressure to bear on its regional interlocutors to move on substance in practical and realistic ways. Should the process produce results, we will want to give the Soviets a share of the responsibility in monitoring and implementation.

Africa. The Soviets aided our mediation efforts to achieve the Angola/Namibia settlement. We will want to keep Moscow involved in assuring the smooth implementation and verification of the settlement. Southern Africa should thus remain a major subject of our bilateral discussion. Moreover, we will want to continue to press the Soviets to use their influence with the MPLA to promote a political settlement providing UNITA with a share of power commensurate with its support inside Angola. To this end, and until national reconciliation is achieved, our military support for UNITA must continue.

The Soviets have expressed interest in cooperating on the Horn of Africa, where another of their clients -- Ethiopia -- is in trouble. While they may not have decided to disengage in Ethiopia, the Soviets show clear signs of disenchantment with Mengistu. We need to define a range of common interests in our talks, which first could focus on humanitarian relief for refugees and displaced persons. Such an effort could lay the necessary groundwork for future efforts to promote political solutions to the conflicts in the region. The centerpiece, however, will be testing whether and how hard the Soviets are willing to lean on Mengistu to moderate his behavior toward his neighbors, implement internal economic and political reforms, and negotiate an end to Ethiopia's internal wars including the withdrawal of Cuban forces.

Asia. We should urge Moscow to keep the pressure on Vietnam for early completion of its withdrawal from Cambodia. But the key issues on a Cambodian settlement now revolve more around Vietnam, China and the Khmer factions than the U.S.-Soviet aspect. On the Korean peninsula, U.S. and Soviet steps may be less important than the Pyongyang leadership situation as factors for reducing tension. Nevertheless, we should continue talking to the Soviets about Korea, encouraging them to proceed with their tentative contacts with Seoul and stressing the need for North Korea to act with restraint and activate a real North-South dialogue.

We should resist Soviet proposals for an Asian security conference along the lines of Helsinki. The parallel is inappropriate, and such Soviet proposals are invariably directed at cutting U.S. maritime strength in the Pacific, in which we have no interest. In the short term it is not necessary to discuss measures applicable to U.S. forces in the Pacific area: the Soviet desire to improve relations with Asian states may prove a strong incentive for cuts in their military presence (à la the December unilateral cuts) without reference to U.S. forces. But at some point, we might decide to respond to grand Soviet proposals with more modest measures, e.g. advance notification of exercises, observers, etc. after close consultation and coordination with our Asian allies,

Central America/Caribbean. We should reengage the Soviets early in a regional discussion focused on Nicaragua, testing whether they are prepared to cut the financial burden of aid to Nicaragua and reminding them that we have halted Contra funding but high levels of Soviet military aid continue flowing to the Sandinistas. An active and visible dialogue might spark concern in Nicaragua that a U.S.-Soviet deal was in the works over their heads, promoting tensions in the Moscow-Managua relationship.

A U.S. policy review that is continuing or leaves open our approach in this area in the immediate future may work to our advantage: Soviet uncertainty as to the review's outcome could prompt them to be more accommodating of our concerns, particularly if this is one of the first questions the Administration takes up in the U.S.-Soviet dialogue. Should we define our objectives vis-à-vis the Sandinista regime as something less than its removal (e.g. an end to the Soviet military supply relationship and to all armed subversion in the region), we may find the Soviets more cooperative.

Europe. The Soviets may seek to add Europe to our agenda of regional issues. We should deflect such efforts: CSCE and the conventional talks provide a practical framework for addressing European questions in terms of U.S. interests, and we should not discuss Europe's future without our Allies' participation. Moreover, we should not negotiate directly with Moscow on Eastern Europe. This would reverse four decades of consistent U.S. support for movement toward greater freedom and democracy in

Eastern Europe; and it would amount, in effect, to paying the Soviets to allow reforms they seem to accept in any case as necessary for the region's long-term stability.

Berlin is a special case; we hold the Soviets ultimately responsible for all questions involving the city, including the Berlin Wall. We should, with the British and French, press the Soviets to make good on their commitments to openness by improving the lot of those in the divided city.

Transnational Questions. There are a number of steps we could take to test Soviet willingness to cooperate in addressing transnational problems. We should use the first Ministerial meetings to establish mechanisms (or give a new impetus to existing ones) for discussing such questions.

On counterterrorism, while past discussions with the Soviets have yielded meager results, the recent trend in Soviet policy has been positive. Given our interest in testing Moscow's readiness to match words with deeds, we should take them up on their offer to hold consultations on counterterrorism, starting with an exchange of information on terrorist activities.

As for narcotics control, in the coming months we should move to implement our new bilateral Memorandum of Understanding through a State/DEA visit to Moscow and through steps to establish a working relationship between our respective narcotics authorities. We should also study ways to enhance U.S.-Soviet cooperation in multilateral fora.

With regard to the environment, Moscow has pushed ecological issues under the theme of "interdependence." We should challenge them to match rhetoric with real steps to study and control pollution. In our discussions with the Soviets, in both bilateral and multilateral fora, we should tie sharing of U.S. know-how to increased devotion of Soviet resources to fight the problem.

On disaster relief, the Federal Emergency Management Agency is reviewing a proposal to involve Soviets in disaster training exercises later this year. We could offer the Soviets assistance in developing an infrastructure to cope with natural disasters and urge them to participate in activities planned for the 1990s under UN auspices to foster cooperation in disaster prediction. We should publicize U.S.-Soviet discussions on disaster relief to recall the major U.S. contribution to the Armenian relief effort.

Bilateral Relations. We should work to encourage exchange programs not only for the concrete gains we may accrue, but as a means of spreading Western ideas: this includes expanding people-to-people, scientific and cultural exchanges.

One new step might be an "enterprise initiative," to encourage the development of market institutions in the Soviet Union. Given Soviet interest in fostering individual initiative in the

economy, we might propose a series of exchanges -- involving young people in particular -- to offer lessons in free enterprise. Americans would travel to the USSR to train owners of manufacturing or service cooperatives in business management techniques and help Soviet farm entrepreneurs rationalize their operations. Soviets could come to the U.S. to work on farms or with American companies (those considering joint ventures would be the best candidates). We could also consider setting up a management institute, with private financing, for Soviet coops and entrepreneurs. This initiative would require careful management to obviate counterintelligence concerns.

Such an initiative could easily encompass the broader themes of social and political reform, i.e. of training Soviets in the democratic experience. It could be used to expose Soviets first hand to the U.S. judicial system, the workings of federal, state and local governments, to the American mass media. It could serve as an umbrella to train Soviets in areas of transnational concern, such as environmental protection or natural disaster relief. These activities would be designed to reach out to the Soviet "successor generation." For this reason, we should continue to put special emphasis on student exchanges at the undergraduate and secondary school levels.

We may also wish to reexamine our policy on labor contacts. We deny Soviet labor officials visas to the U.S. on grounds that the Soviets have traditionally repressed independent labor unions and not permitted U.S. labor officials to meet with Soviet labor dissidents. The AFL/CIO has indicated it is ready to allow Soviet labor officials to come to the U.S. if the AFL/CIO can invite independent labor representatives as well. As a means of promoting a more independent Soviet labor movement, we might identify specific independent labor leaders and encourage the AFL/CIO to invite them as a quid pro quo for granting visas to official Soviet labor officials.

Decisions on our diplomatic presence in the Soviet Union must be made soon, particularly regarding the new Embassy building in Moscow and whether -- and how -- to move forward on the question of the Kiev-New York consulate exchange. Current legislation bars a Soviet consulate in New York pending establishment of a "fully secure, permanent" U.S. facility in Kiev, which will be difficult to achieve in the near term and may be more than we need in terms of our main goal (establishing a U.S. presence in the largest non-Russian Republic). If we overcome legislative and administrative obstacles, a small unclassified post could be established relatively quickly.

In the longer term, we may wish to consider establishing small unclassified consulates in other parts of the USSR (as we have done in China). This would signal non-Russian national groups that we recognize them as distinct from the Great Russians, and provide consular services to Americans and the

growing number of Soviet tourists and refugees. The first candidate (after Kiev) would be the Caucasus (Tbilisi or Yerevan), followed by Central Asia (Tashkent) or Vladivostok.

In the short term, we should continue to press the Soviets for agreement on the opening of reciprocal cultural centers in Moscow and Washington, especially if we can resolve questions concerning the venues (buildings) for such centers. If we are successful, we should move quickly to consideration of cultural centers (America Houses) in various regions around the country. Such centers could set the groundwork in some cases for consulates later in these areas.

Our non-recognition policy precludes establishment of consulates in Lithuania, Latvia and Estonia. In this case, we should continue to explore with emigré groups other possibilities for raising the U.S. profile, such as bringing more USIA cultural programming, including exhibits, to the Baltic Republics or encouraging non-official U.S.-Soviet conferences there, as was done in the second Chautauqua conference in 1987.

While it is likely to remain a relatively low priority, U.S.-Soviet economic relations is an area in which we will face contradictory pressures; we are likely to find ourselves defining policy on a case-by-case basis. We should continue our policy of expanding mutually beneficial non-strategic trade, including joint ventures, on strict commercial terms -- consistent with our human rights and security concerns.

With respect to our allies, our goals must include maintaining a consensus on key issues like lending to the USSR and COCOM. We should hold the allies to the Summit Seven formula endorsing expanded economic relations with the East on commercial terms and consistent with Western security interests. EC President Delors may be interested in shaping a common European approach that meets our interests, and we might also work with the allies to seek greater transparency in lending to the East, but we must also convince Congress of the need to move in tandem with other Western countries if the lending policy is to work. Possible Congressional efforts to force the allies to be more forthcoming can only work against us. We hold firmly to a fundamental opposition to controls on capital and the belief that intervention in what should be market-based decisions is mistaken.

In COCOM, beyond the near-term task of arriving at a decision on our "no exceptions" policy, we should continue to consult with our allies on the broader issue of streamlining and strengthening export controls. (Some believe that an urgent near-term issue is the "no exceptions" policy. Unless quickly resolved, this issue could needlessly increase frictions with our Allies and adversely affect our ability to control Soviet access to high technology. Others believe that there is no urgency on "no exceptions." While individual governments are pushing for a quick reversal, there is no immediate requirement in COCOM.)

In the bilateral context, we should continue to remind the Soviets that a waiver of the Jackson-Vanik Amendment depends on greater and institutionalized opportunities for emigration from the USSR. Over time, we will see if current Congressional and public murmurings in favor develop into the strong consensus needed for granting a waiver to Jackson-Vanik. If it does, we may want to consult with Congress and interested private groups with a view to defining what must be done to qualify for a waiver and eligibility for Most Favored Nation (MFN) status. This must include institutionalization of free emigration and travel. If a waiver and MFN are granted, it should be for one year at a time, and government-financed credits should not be resumed.

We can continue our support for mutually beneficial, non-strategic trade through the Joint Commercial Commission (JCC) and its working groups on key economic sectors. We should push there for the Soviets to make the structural changes necessary that would facilitate business. Such changes might include assurances for joint venture partners regarding arbitrary exchange rate shifts, reasonable tax and tariff treatment, reduction of bureaucratic controls, and freedom of movement for Soviet employees who might travel abroad for training or other business purposes. Such changes would be consistent with our effort to encourage liberalization of the Soviet economy.

The interest of American firms in the Soviet market is growing as a result of Gorbachev's reforms; they will increasingly seek government support vis-a-vis the Europeans, Japanese and other competitors. We should be prepared to support the efforts of American firms where they are consistent with U.S. policy.

We should discourage the Soviets from expecting changes in our opposition to their participation in the GATT, IMF and World Bank. We should even continue to avoid discussions with the Soviets about what they must do to be eligible for membership in these organizations. In the longer term we might be ready for discussions if the Soviet economy becomes more compatible with free market norms, and provided the Soviets stop politicizing other functional international organizations (ILO, ICAO) and give credible assurances they will not politicize GATT and the international financial institutions.

In the medium and longer term, continued improvements in the overall relationship and growing economic ties might argue for considering a government-to-government investment treaty, which would require the Soviets to make extensive commitments on issues like national treatment, arbitration of disputes and remittance of profits. Such difficult adjustments would be a major step forward for market mechanisms in the Soviet Union and smooth the way for American investment there. If we want to seize the initiative on this, we could propose to the Soviets, once again, consultations regarding the need for a government-to-government investment treaty, which could underline the need for further market reforms before we would consider formal negotiations.

23 February 1989

SOVIET FOREIGN AND DOMESTIC OBJECTIVES UNDER GORBACHEV

The dramatic changes in approach to the West under Gorbachev are driven by reinforcing domestic and foreign objectives:

- Domestically, Soviet leaders see their overriding goal for the next decade as arresting internal decline and modernizing the Soviet political and economic system, laying the basis for improved economic growth and competitiveness further down the road. They want to create an era of reduced tensions and expanded relations with the Western powers that will facilitate this task.
- Equally important, these changes are viewed as essential in their own right for strengthening Moscow's international position, reviving its sagging credentials as a superpower, and improving its ability to compete with the West for influence.

Searching For A "Halfway House". When it first came to power the Gorbachev leadership appeared to believe that simply through massive doses of investment in industrial machinery and streamlining the rigidly centralized political and economic institutions would be sufficient to revive the economy and restore Soviet competitiveness. They have since come to the conclusion, however, that only a wholesale rejection of the Stalinist experience and its replacement with a more decentralized structure will suffice to achieve their objectives. Discarding many tenets of traditional Soviet ideology and borrowing ideas from the Western experience, they are attempting to create a "halfway house" between the Stalinist past and modern Western societies -- introducing elements of a market economy, a more pluralistic political system, and a less repressive society but maintaining the leading role of the communist party and a firm hand on the tiller.

They are working without any obvious game plan or any assurance that such a hybrid will work. Gorbachev himself said "not even Jesus Christ knows" how this will all turn out. Some -- fewer now than before -- doubt Gorbachev really wants to change things. Considerably more believe he does but question whether it can be done. And some say, despite the difficulties, don't rule it out. Whichever view turns out to be correct, most analysts believe the Soviets will be occupied with this endeavor at least until the end of this century and probably well beyond.

Seeking A Less Confrontational Relationship. Their preoccupation with internal renewal compels the leadership toward a flexible and assertive diplomacy designed to create an international environment that is less confrontational and threatening to the West and the USSR:

- Abroad, they want to undermine the USSR's enemy image that has cemented Western unity, fueled support for defense programs, justified US military presence, and sustained resistance to expanded cooperation with the East. They hope thereby to create conditions that will encourage downward pressures on Western defense spending and modernization programs and will facilitate Western assistance for the effort to reform and modernize the Soviet economy.

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- At home, they want to undermine the siege mentality that -- nurtured by exaggerated fears of the West -- has inhibited efforts to control defense budgets, introduce liberalizing reforms, and engage the West more seriously in arms control and economic cooperation.

Just how extensive an accommodation with the West should be sought is a matter of some dispute in the Soviet leadership. There is a widespread consensus in support of a temporary retrenchment in foreign and defense policy and a "breathing space" from competition with the West. But many reformed-minded leaders, including Gorbachev and Foreign Minister Shevardnadze, appear to want to go well beyond that. They are attempting to play down zero sum thinking and the class-conflict analysis of Marxism-Leninism, substitute new doctrinal precepts which emphasize areas of potential cooperation between the socialist and the capitalist world, and shift the competition to a political and diplomatic plane.

This clash of views is mirrored in disputes among US analysts over the significance of Soviet "new thinking." Some argue that it represents a tactical shift that will revert to form 5 to 10 years hence while others believe the Soviets may be seeking a fundamental change in the East-West competition. Many believe that in any event these policies if carried forward will affect lasting changes in the competition whether or not that is the intention of the current leadership.

Mid-term Foreign and National Security Policy Objectives. There is substantial agreement that Moscow's objectives over the next 3-5 years flow directly from its longer term goals. For Moscow:

- Reducing tensions and expanding relations with the United States and Western Europe will dominate its agenda, hoping to reduce U.S. influence and slow the modernization of NATO's conventional and tactical nuclear arsenal, but not expecting to "decouple" the United States from Europe.
- Moving China to a more equidistant position between East and West will be a key objective, improving Soviet security and making it easier to draw down Soviet forces and reduce defense spending.
- Lowering the priority of the Third World in Soviet policy, avoiding military involvement in regional disputes that could put its East-West agenda at risk and attempting to scale back the flow of military and economic aid to the Third World. Moscow will attempt to expand its regional political influence through greater diplomatic activism, while trying to translate the impression of a declining Soviet threat into reduced support for a U.S. military presence.

Moscow's Tools. The Soviets will continue to integrate their defense, arms control, economic, public diplomacy, and intelligence efforts in pursuit of these domestic and foreign objectives.

- While maintaining a strong and modern military posing a serious threat to the West, the Soviet leadership appears to have decided that its security can be assured with a smaller force, less expensive to maintain and less of an immediate offensive threat to the West.

Moscow wants the direct economic benefits that reductions will bring, as well as the downward pressure on Western defense efforts they may bring indirectly. The leadership almost certainly intends to go beyond the cuts already announced or agreed to by Gorbachev, but just how far may not be clear even in Moscow. (DOD does not expect further unilateral cuts).

- Arms control will be used to manage the arms competition, facilitate the effort to reduce defense spending, and burnish Moscow's image in the West. Further unilateral reductions are possible and even likely as a means to kick-start negotiations and extract some near-term economic savings. Moscow's concern to maintain at least a rough parity with the West, however, will insure that negotiated arrangements remain the preferred option.
- Moscow attaches high priority to expanding trade and economic ties with the West to support perestroika. They expect trade to increase slowly but steadily over the next decade. We expect the Soviet program of legal and illegal acquisitions of high technology goods with defense applications to continue at least at its present level.
- Public diplomacy will remain a major weapon for improving Moscow's image and competitive position, keeping the West on the defensive and under pressure, compensating for military retrenchment, and disguising a weakened Soviet domestic condition. Gorbachev will continue to adopt some of our initiatives as his own, add new Soviet points to them, and wrap them in sweeping rhetoric to dramatize the change in Soviet thinking. He calculates that the West will be forced to go along or risk appearing reluctant to give up the Cold War.
- Foreign intelligence activity will almost certainly increase under these conditions as Soviet diplomatic activity grows, relations improve and the threat appears to subside. Active measures and disinformation will continue to play a role, especially where the potential gain outweighs the political risk of exposure, but the Soviets will be more cautious about this than in the past and more responsive to Western concerns about it.

THE SOVIET INTERNAL SCENE

Significant changes have already taken place under Gorbachev. The economic and political system built by Stalin has been largely discredited and the idea of reform has gained widespread legitimacy. Regime repression has decreased, civil liberties have expanded in both a de facto and de jure sense, and glasnost has created a pluralism of views if not of institutions. The momentum for systemic change in the economic sphere has slowed markedly in recent months, however, while in the political sphere the regime is encountering enormous difficulty in managing change without losing control of the process. We cannot predict the course of events with confidence nor can Soviet leaders themselves.

What Has Changed

Human Rights. The regime has moved cautiously but steadily to improve the USSR's human rights performance.

- There has been a veritable explosion of information available to the Soviet public, but the regime still has a monopoly over ownership and operation of the mass media.
- The regime has permitted informal grassroots citizen organizations to proliferate while working assiduously to co-opt them and continuing to denounce and harass groups that openly identify themselves as opposition political parties.
- Public demonstrations have burgeoned although last July's regulations are being used to prevent many nationality protests and force has been employed selectively against them.
- Despite continuing restrictions, emigration has increased, restrictions on dissemination of religious literature have eased, and active persecution has generally declined.
- While the repressive organs remain in place, the administration of justice has become more equitable, many political prisoners have been released, and more emphasis placed on the importance of the rule of law.

Reform of Political Institutions. Gorbachev has won approval for measures that reduce the power and size of the party apparatus and expand political participation within both party and state institutions, while simultaneously enhancing his own personal power.

- Party control over propaganda, personnel appointments in other institutions, and economic management is being loosened.

At the same time, Gorbachev's initiatives to beef up the powers of state institutions could enable him to circumvent opponents in the party to get approval for his policies.

- The Supreme Soviet, which previously met only twice a year to rubber-stamp party decisions, is to be transformed into a permanently functioning legislature and the presidency is to have broad -- although as yet ill-defined -- authority.

Electoral reforms offer the potential of mobilizing previously unrepresented groups, creating channels through which their interests can be expressed, and making officials more accountable to their constituencies.

- While traditional heavy-handed orchestration of the results has been much in evidence, at the lowest rungs of the system popular initiative has increased.

Finally, while making clear that no opposition party will be tolerated, Gorbachev has legitimized a degree of diversity and dialogue within the party.

Economic Reform and Priorities. While Gorbachev has thoroughly discredited the old system, the command economy remains intact:

- There is still a high degree of central planning, prices are set by the state, not the market, and competition between enterprises is minimal.

Increased reliance on private initiative (long-term leasing of land by families, and cooperatives) has been approved in principle but has run up against controversy in the Politburo and in some cases popular hostility.

Gorbachev's economic strategy, moreover, has suffered from overly optimistic assumptions:

Through 1988 growth has averaged no better than under Brezhnev and shortages of consumer goods have become rampant.

A sharply escalating and highly inflationary budget deficit is imposing serious unanticipated constraints on the leadership.

- By the early 1990s Moscow will need to divert ever larger shares of investment to the energy sector to avert debilitating shortages, thus posing an additional obstacle to Gorbachev's entire economic program.

Faced with mounting popular cynicism over the regime's ability to improve consumer welfare, Gorbachev has made a mid-course correction intended to build public support before proceeding with the more risky reforms.

- Resource allocation priorities in the 1989 Plan have been shifted, with across the-board increases for consumer goods and services.
- Resources are being diverted from defense, and defense-industrial ministries have been tasked with major increases in the production of consumer durables and equipment for food processing and light industry.

Concern to alleviate consumer distress may cause the leadership to seek short term imports of consumer goods to get the USSR through a difficult period.

Foreign Economic Policy. The USSR stands to gain both politically and economically from an expanded role in the world economy. Most of the near-term benefits would be political, as Moscow's participation in world economic forums and increased links to non-Communist trading partners would help press the point that the Soviet Union is more than just a military superpower, and possibly lay the groundwork for Western concessions on trade controls and credit policies. Moreover, Moscow could use its platform in international economic bodies to press for initiatives -- like debt relief -- that would curry favor with Third World countries at considerably less cost than by doling out scarce resources to win over client states. By the mid-1990s, Moscow's increased exposure to Western business practices, market pressure, and technology through such vehicles as GATT membership, ruble

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convertibility, joint ventures, and special economic zones would begin to contribute to improving the Soviet economic engine. But how quickly Moscow benefits economically will hinge, for the most part, on its progress in overhauling the domestic economy.

Resistance

-- Gorbachev, is running the risk of undermining the old foundations of regime rule -- Marxist-Leninist ideology, hegemony of the party apparatus, police coercion, priority of military prerogatives, subordination of individual opportunity to social security -- before solid new foundations are built.

- While his agenda has enthusiastic supporters, particularly among intellectuals, expectations have risen faster than the regime's ability to deliver, and his program, however radical, is not revolutionary enough to please many of them.

-- At the same time, Gorbachev's reforms are antagonizing orthodox elements of the bureaucracy and society who feel personally threatened by them and many also fear that the instability and economic turmoil being unleashed will damage the country as a whole.

-- Gorbachev's policies threaten entrenched interests in the party and government bureaucracy and many are working quietly to sabotage the reform process; their clout, however, is limited and over time the continuing purge will make them less important.

Factory managers are also dubious that perestroika will benefit them and unfamiliar with the sink or swim milieu into which they are being thrown; industrial workers are fearful that their jobs and few real benefits will be taken away.

Within the leadership itself, Gorbachev gained some running room with his victory at the September plenum. But Ligachev and Chebrikov remain and continue to speak out against "excesses" of reform, while Zaykov and Medvedev increasingly are hewing to a more conservative line.

Yet no one would support a full fledged retreat to Brezhnevism and most would be loath to risk a move against Gorbachev unless the nationality problem got totally out of hand or the economy was on the verge of collapse. Gorbachev's success in shaking up the political and military leadership has in any case diminished the chances of a coup against him.

The Nationality Problem

As throughout Soviet history, the effort to loosen up and decentralize has touched off strife among ethnic groups, unleashed separatist strivings in the non-Russian republics, and challenged the regime's determination to preserve Russian hegemony. While elements of a strategy are evolving, the regime has had difficulty coming up with a coherent policy.

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All three of the Baltic republics are seriously challenging Moscow's rule.

- Gorbachev has made concessions to local interests -- purging old line republic leaders and agreeing in principle to a sharp increase in republic autonomy -- in hopes of coopting moderate nationalists. He is trying to use Baltic reform initiatives to demonstrate to others the economic effectiveness of perestroika.
- But his policy constitutes a large gamble because the loyalty of the new Baltic leaders is not assured; all of the republic parties have taken actions in recent months in defiance of Moscow decisions.
- As the Russian minority in the Baltic republics organizes to protect its interests, there is a growing risk that ethnic fissures in Soviet society will coalesce with political fissures in the Soviet leadership.

The situation in the Caucasus, while different in character, is almost equally disturbing from Gorbachev's perspective.

By assuming direct control over the disputed Nagorno-Karabakh province Moscow has put itself in the position similar to the British in Northern Ireland and is likely over time to become a major target for nationalist attacks and quite possibly of terrorism.

Maintaining the loyalty of native elites at least in the larger, more populous areas such as the Ukraine and Central Asia -- which have been relatively quiescent so far -- would appear to be a sine qua non for the success of Gorbachev's reform program.

- The chances of a separatist movement gathering momentum in Ukraine, which has a history of resistance to Russian rule, are not insignificant.

But Gorbachev may be learning from experience, going to great pains to avoid unnecessarily antagonizing the Ukrainian elite and keeping Ukrainian party leader Shcherbitskiy in place until a suitable heir is found.

On balance, we believe the regime retains the ability and the will to keep its minorities from pulling the country apart. As Gorbachev goes down the reform path, however, he will face a constant struggle and will have to draw on all of his considerable political skills to avoid a serious crisis.

CHANGE IN SOVIET FOREIGN AND MILITARY POLICY

As in domestic policy, Gorbachev has made major foreign policy shifts in pursuit of his broader objectives. Among the more significant moves are: the turnabout on INF, acceptance of on-site inspection, the withdrawal from Afghanistan, new flexibility in resolving some Third World conflicts -- Kampuchea and Southern Africa -- and most recently, and perhaps most importantly, the announcement of unilateral cut-in Soviet forces, defense budget, and production on the order of 10-20 percent.

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Cumulatively, these major policy changes have allowed Moscow to break out of the policy cul-de-sac that had paralyzed Soviet policy by the mid-1980s, and enabled Gorbachev to engage the U.S., Western Europe and China in a more productive and constructive dialogue.

They have also been a public relations triumph, improving the Soviet image dramatically, altering the West's perception of threat, causing some disarray within NATO over how to respond, and adding to existing pressures in the West to lower defense spending, slow defense modernization, and seek a broader accommodation with the East.

Keeping The Heat On The West. We expect Gorbachev to continue on his foreign policy course for at least the next 3 to 5 years, and probably the next 10. His highest priority will remain management of the US relationship, although Europe will play a central role in the effort.

To sustain this momentum and the perception of Soviet "initiative", Moscow will invite maximum Western media exposure for every phase of the recently announced Soviet and East European force cuts.

The Soviets may well announce new unilateral cuts -- in their SNF forces, for example -- to step up the pressure for accommodation even further.

Moscow will press hard for reductions in U.S. naval and air forces.

While there will be some exceptions; emigration of Jews and Germans will remain high and institutional protection of human rights will probably improve.

These moves in Europe will be complemented by efforts to improve relations in the Far East:

- Building on the normalization of Sino-Soviet relations, a border agreement with China is likely in the next 3 years as is further progress toward removing Cambodia as a thorn in relations. A further draw down in Soviet forces on the Chinese border beyond that already announced is also probable within five years. Moscow does not believe, however, that an alliance relationship can be restored, or expect the Chinese to cut back on their Western ties.

Soviet relations with Japan will continue to lag those with China. But Moscow wants to gain Japanese participation in Soviet economic modernization and over the next 10 years will probably cut a deal on the Northern Territories to gain it -- and to decrease Japan's incentive for maintaining a large US military presence.

In the Third World, Moscow will work hard to prevent conflicts in this area from damaging its much more important agenda with the West.

Frictions with clients will likely increase as Moscow presses them to improve performance and expand economic links to the West. Over the long term, Soviet bonds to these states could weaken, especially if the need for Soviet military assistance diminishes.

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Building on its role in Angola and Cambodia, Moscow will become increasingly engaged in the search for a Middle East peace, pressuring its clients to do the same and -- over the mid term -- reestablishing relations with Israel.

While not abandoning Nicaragua, Moscow's desire to promote an image of restraint in Latin America and encourage the West to build ties to Managua will cause Soviet aid levels to decline somewhat over the next few years, particularly if the insurgency ends. The Soviets will continue to urge most Latin American revolutionaries to eschew armed struggle and to work within broad opposition fronts to gain power through the political process, although Cuba will continue to aim and train guerrillas with at least tacit Soviet support.

Moscow's biggest changes probably will be manifested in more pragmatic and economically productive relations with the NICs in Asia and Latin America as well as with pro-Western Arab states like Egypt and Saudi Arabia.

Military Policy

A good deal of Gorbachev's success abroad can be attributed to his rethinking of long-held military policies and beliefs. Soviet military capabilities to be sure have increased, and thus far there is no direct evidence that major weapon systems already in production or advanced stages of development have been either cancelled or delayed. Gorbachev's recent force reduction announcement, however, suggests that Soviet perceptions of regional military requirements indeed may be changing, and that the reduction of Soviet and Warsaw Pact forces that is scheduled to occur in the next few years will result in a diminished threat to both NATO and China.

- The cuts in Central Europe are most significant because the pullout of standing divisions and especially the large reduction of tanks would virtually eliminate as a plausible contingency any short warning attack against current NATO forces. (DOD believes that these cuts, while reducing the plausibility of such an attack, do not eliminate the possibility).
- The magnitude of the other announced Soviet reductions -- especially the manpower cuts in the Far East -- imply that additional reductions in force structure and weapons will be forthcoming.
- The announced cuts of almost 20 percent in defense procurement will necessarily slow the rate at which the smaller forces are modernized.
- Even more dramatic restructuring and cuts may be contemplated over the longer term (10 years) but this issue remains controversial in the elite and the military and the prospects are thus uncertain.

Even with the announced cuts the Soviet military will retain an immense war-fighting capability. Its forces are large, modern, and numerically superior to NATO forces in some areas. Fully mobilized Warsaw Pact forces would pose a significant immediate military threat to NATO. If the cuts are

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implemented, however, -- and we believe they will be -- the Soviets will have to take longer to prepare for an offensive against NATO and Soviet capabilities for multi-theater war will be more limited.

Arms Control

Arms control is central to Gorbachev's effort to reduce the burden of defense, cut his forces, and at the same time reduce the Western threat to Soviet security. He has consistently shown himself capable of bold, unexpected actions to seize the initiative from the West, often through direct personal intervention, and we should expect more of the same.

Conventional Arms Control. A significant agreement in this area would provide Gorbachev with the greatest economic benefit as well as signal that Soviet intentions to dominate Europe militarily are a thing of the past. Moscow prefers to negotiate mutual force cuts with NATO, but recognizes that the complex issues involved would take years to negotiate. Gorbachev's recently announced unilateral cuts demonstrate that he believes some Soviet goals can be accomplished by moving alone.

- This approach already has yielded results in Western Europe, where NATO efforts to find support for funding expensive new force modernization have been complicated by growing public perception of a diminishing Soviet threat.
- As the new conventional talks begin, Moscow is likely to employ a two track approach: offer large, asymmetric cuts in the talks to appeal to public opinion and to undercut Western arguments for excluding aircraft, while concurrently announcing further unilateral cuts to reinforce pressure on NATO to respond in kind or change its negotiating positions.

Having made such large unilateral cuts, however, they are likely to take a tough stance at the talks on what Moscow insists is the West's superiority in air and naval forces.

START and Defense and Space. START will remain a top priority, given the centrality of strategic weapons to the U.S.-Soviet relationship and Moscow's concern about the U.S. ability to outpace the USSR in an unrestrained strategic defense and high technology competition. The Soviets believe they can meet their strategic requirements as effectively as with current forces if both sides implement 50 percent reductions in strategic forces while agreeing to severe constraints on ballistic missile defenses.

Soviet officials have made it clear that, while they understand the new administration's need to review its strategic options, they are hoping for a rapid resumption of the START negotiations and resolution of outstanding issues. There is good reason to expect initiatives to pressure the U.S. if Moscow perceives delay or a retreat from previously agreed positions on our part. These could include, in rough order of probability:

- Relaxing direct linkage between a START agreement and the ABM Treaty, while pressing for a formal reaffirmation of the ABM treaty and

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counting on U.S. domestic pressures to limit development and deployment of SDI. (INR believes this is unlikely)

- Accepting declaratory limits on SLICMs, again looking to U.S. domestic constraints on SLICM deployments.
- Unilaterally cutting 10 percent of their old strategic launchers (SS 11, SS 17), at little cost to security.

Agreeing to completely and verifiably dismantle the Krasnoyarsk radar, but in the context of a 9-10 year U.S. commitment to the ABM Treaty

Announcing that the SS-18 force will be cut unilaterally by up to 50% as a START Treaty would require - analogous to the 7 December announcement of cuts in tanks (INR and the National Intelligence Officer for Strategic Programs do not believe the Soviets will make significant unilateral cuts in the SS-18 force.)

Eliminating the Moscow ABM system, most likely as a Soviet quid pro quo for U.S. acceptance of constraints on SDI.

Once START is concluded, they will almost certainly propose even more radical cuts, possibly including MIRVs and heavy missiles.

Nuclear Testing. The Soviets are better positioned than the United States to live with tighter constraints on nuclear testing. They may well push for further reductions in the number and yield of nuclear tests to support their ultimate goal of achieving a comprehensive test ban and hampering SDI research.

- It has already suggested that the sides restrict themselves to as few as three or four explosions per side per year, with a maximum yield of one kiloton for each explosion.

The Soviets will probably press for creation of a test ban working group with a negotiating mandate at the spring 1989 Conference on Disarmament session.

- While it can't be ruled out, the failure of their unilateral testing moratorium in 1987 to generate the necessary pressure for the United States to follow suit makes another such gesture unlikely.

Chemical Weapons Given the President's stated views on the subject, Gorbachev will likely press the West to complete a global convention banning chemical weapons (CW) as soon as possible and proposing more stringent measures to prevent CW proliferation. Moscow knows that verification issues will be difficult to resolve but could best be resolved by:

- Unilaterally declaring their CW holdings and locations and agreeing not to move them.
- Inviting Western observers to their recently established CW destruction facility at Chapayevsk.

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Eastern Europe: The Achilles Heel. This is the biggest foreign threat to Gorbachev's foreign and domestic policy agenda. Gorbachev clearly believes the East European regimes must implement political and economic reform to reduce Moscow's burden and avert instability. To this end, he has afforded those regimes significant latitude for reform, while setting general parameters of permissible action that include continued membership in the Warsaw Pact and CECA. This is a high wire act that, if anything, has raised tensions in the region.

-- Gorbachev faces resistance from conservatives both at home and in the leadership in East Germany, Bulgaria, Czechoslovakia, and Romania, while -- on the other hand -- worrying about the degree to which events on Hungary and Poland may move beyond the limits of even his tolerance.

-- Analysts are divided about the likelihood of another Soviet military intervention in East Europe. Some analysts believe that developments such as the inability of a regime to maintain domestic control or a government decision to withdraw from the Pact would prompt Moscow to intervene, albeit reluctantly.

-- Any major blow-up in Eastern Europe that led to a crackdown or Soviet intervention would bolster Gorbachev's orthodox critics, raise tensions with the West, and almost certainly undermine his entire domestic and foreign policy agenda.

If this high hurdle can be traversed over the mid term, there is some possibility that Gorbachev might propose over the long term a new "solution" for Europe that would effectively detach his broader policy agendas from the inherent instability and unpredictability of change in Eastern Europe.

His proposed three phase program for the disarmament of Europe -- culminating in the dissolution of the NATO and Pact alliances -- implicitly suggests that a nearly complete loosening of Moscow's hold on Eastern Europe could be effected if a similar loosening of the Atlantic relationship occurred.

- The other key element of this scheme would be the reduction of any major military threat from either East or West in Europe.

Prospects for Success.

We believe Gorbachev is in for the long haul and is not likely to be dissuaded from his reform course by setbacks along the way. The process he has set in motion--if it continues--is likely to change irrevocably the nature of Soviet society and international behavior. But change on this scale will take years, if not decades, to take root.

Moscow has scored some relatively quick gains in the international arena, where the political resistance is not as great, and the returns are more immediate. Foreign gains will be limited by persisting economic and political weaknesses, but the benefits will be widely appreciated at home and a source of support for reform-minded leadership.

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Progress is likely to be far more problematic on the domestic front in the short term (3-5 years):

- To a large extent the leadership is flying blind -- it has no guiding game plan, lacks critical information about the economy and society, and is bewildered about how to proceed.
- A tactical retreat is already evident on economic reform, aimed at buying time to build consumer support while resolving the current financial imbalance.
- The odds are against any substantial improvement in the Soviet economy. The Soviets will not be able to narrow the technology gap with the West, and gains in particular areas will not be self-perpetuating since incentives for dynamic technological innovation are likely to remain weak (DOD believes the Soviets will do better than this in some selected military technologies). Some modest improvements on the consumer front are possible.
- Continuing economic problems will probably increase pressures on Moscow to press for rapid movement in arms control, constrain defense spending, and move more quickly to elicit assistance from the West. Political instability may lead to some tightening up on contacts between Soviet citizens and the West, the resumption of some jamming of Western broadcasts, and tighter constraints on glasnost.
- On balance, however, we believe the leadership will stay the course over this period despite the certainty of bad news on the home front.

Gorbachev's death or removal would almost certainly lead to some retrenchment, but the impetus to reform would continue:

- The new leader would most likely be a compromise candidate and moderate reformer (such as Moscow party chief Lev Zaykov). He would probably share the same broad goals on foreign policy and economic reform as Gorbachev, but endorse some pulling back from political reforms that threaten the leading role of the party and with greater emphasis on order and repression in selected areas.
- Especially in the event of escalating political and economic turmoil, there is some chance that Gorbachev would be replaced by a clearly more conservative figure such as party secretary Ligachev or Chebr[ilov]. Such a leadership would be likely to pursue a far more cautious approach to economic and political reform at home and less concessionary -- but not necessarily more confrontational -- policies toward the West.

Over the longer term, the fate of the leadership's new directions on foreign policy will be closely tied to the success of the domestic reform effort.

- We believe the chances are better than even that, under the influence of the endemic problems Gorbachev is addressing, the reform effort will proceed over the next decade. There is a widespread consensus

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In Moscow that a return to the policies of the past is out of the question. Progress is likely to be halting. Temporary retreats or a new, more radical thrust are possible and even likely. The USSR will not become fully integrated into the world economic or political order or cease to seek international changes potentially threatening to the West. But it is likely to display continuing movement in current directions, thereby becoming a more manageable adversary, sometimes partner, and safer neighbor for the West.

- There will remain a risk of the USSR reverting to draconian autocracy, political repression, and economic orthodoxy during the next decade, but we believe the chances are relatively small. The longer Gorbachev and the reform impulse last, the more difficult and wrenching - even bloody - would be any full-blown reversal. A catastrophic failure of the reform effort or a serious threat of regime collapse would make this outcome more likely. Such a shift would probably bring to power a more xenophobic leadership, increasing repression in Eastern Europe and increasing tensions with the West. But internal preoccupations and economic weakness would probably still limit the regime's appetite for foreign adventures.

- More extreme possibilities -- a democratic revolution or disintegration of the Soviet empire -- are not to be ruled out, but the chances are remote.

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