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From the Private Secretary

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PRIME MINISTER'S MEETING WITH THE SOVIET FOREIGN MINISTER

The Prime Minister had a two hour talk this evening with the Soviet Foreign Minister. Mr Shevardnadze was accompanied by the Soviet Ambassador and Mr Krasnov. The Foreign Secretary was also present.

Introduction

The Prime Minister welcomed Mr Shevardnadze, saying that there was a lot to talk about. Events were moving very fast. She had just read his speech earlier in the day in Brussels, which dealt with a number of the most important issues. She wanted to say again that the great changes we were witnessing in Eastern Europe would not have happened without Mr Gorbachev. She asked Mr Shevardnadze to convey her warm regards to him and Mrs Gorbachev.

Mr Shevardnadze said that Mr Gorbachev had been very keen for him to come to London and meet the Prime Minister at what was a crucial moment of great responsibility. Both Mr and Mrs Gorbachev had asked him to give the Prime Minister their best regards and say how much they were looking forward to her visit in June. That would be a very important event. The Prime Minister's dialogue with Mr Gorbachev was a very special one, indeed unique in its profound analysis of the problems and issues we all faced.

Mr Shevardnadze's visit to Brussels

Mr Shevardnadze continued that he would like to give his impressions of his meeting with EC Foreign Ministers and his visit to NATO. With the EC, he had signed an important agreement on economic and commercial relations, which should lead to a considerable increase in co-operation. He had enjoyed his dinner with the Twelve Foreign Ministers. Indeed, he was beginning to regard himself as the Thirteenth member. He had also been very pleased with his discussions at NATO. His visit had been a unique occasion, and he had been moved almost to tears by the warmth of the reception he had received from the staff at NATO Headquarters. It had all been very different from the Soviet idea of what NATO was like. It was this which had led him

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to say at his press conference that he was confident the Cold War was over. ⁶

Mr. Shevardnadze continued that he and the Secretary-General had agreed that NATO and the Warsaw Pact could be important instruments for stability. Until recently, people had talked of disbanding Alliances. That might still be a prospect, but for now they were very necessary. He had also agreed with the Secretary-General that there was a good prospect of completing the CFE negotiations next year. He had found support, too, for discussion of military doctrines between NATO and the Warsaw Pact. He had proposed that this might be at the level of Chiefs of Staff. In reply to the Prime Minister's question whether he envisaged only a technical discussion or a much broader re-assessment of military strategy on both sides in the light of the reductions which would flow from CFE, Mr Shevardnadze indicated that he had more of the former in mind. Each side needed to understand the other's military thinking and the nature and purposes of the military equipment which it held. This was an essential first step to eliminating equipment which would give either side an offensive capability.

Developments in Eastern Europe

The Prime Minister said that she wanted to develop a broader thought. Change in the Soviet Union had touched off a chain reaction in Eastern Europe. None of us quite knew where it would lead. To an extent, governments were not in control. Events were being dictated by people on the streets. In these circumstances, it was very important to keep existing structures and Alliances. That gave the background of stability against which we could feel our way forward. In this context, she had been interested by the Soviet proposal for a Summit meeting of Helsinki countries. In her view, any such meeting must be prepared in detail and a communiqué negotiated in advance. One should never rush into these things, but always bear in mind how others might see the purpose of such a meeting. There was a risk that you could end up with changes to existing structures which would actually increase instability. Mr Shevardnadze agreed that a CSCE meeting should not be an end in itself. Mr Gorbachev's idea was that completion of the CFE talks would be an opportunity for all heads of government to meet and discuss the next phase of reductions in Europe. This would be much more difficult and sensitive. Of course, heads of government would only be asked to set guidelines.

The Prime Minister said that it would take a time to implement a CFE agreement and we should not rush into further reductions. NATO would want to retain a mix of conventional and nuclear weapons at sufficient levels to deter attack from anywhere. Mr Shevardnadze said that nuclear weapons were a separate issue. He knew the Prime Minister's approach and philosophy about them. She wanted a minimum nuclear deterrent to continue to exist. The Soviet Union had been thinking a good deal about this, and they had no objection to beginning talks on the basis of the Prime Minister's position. If NATO wanted to agree on minimum deterrence, the Soviet Union was ready for this, although the levels should be lower than at present. Any

movement towards abolition of nuclear weapons should be step by step. But the task of the Vienna negotiations was more to reduce conventional weapons. A CSCE Summit should discuss that, as well as the general European situation and the problem of assuring stability. In a brief exchange on the timing of a possible CSCE Summit, Mr. Shevardnadze observed that there were still difficult problems to be resolved in the CFE negotiations, which could take the greater part of next year to settle.

Mr. Shevardnadze said that the leaders of East Germany, Czechoslovakia and Bulgaria should have started on reforms two years ago. If they had done that there would have been no detonation, no turmoil. Mr. Gorbachev had tried to persuade them of this. His motto was, when we act too late, we lose. Poland had been different. There, it was the economy which was the trouble. The Soviet Union welcomed Western help and support. But the assistance which the Soviet Union itself gave was substantial and should not be over-looked. The Prime Minister asked how the Soviet Union would deal with requests for the removal of Soviet troops from Czechoslovakia. Mr. Shevardnadze said the situation in Czechoslovakia and Hungary was very different. The Soviet Union had already reduced its forces in Hungary very substantially and was perfectly ready to negotiate about those in Czechoslovakia. His prediction was that some Soviet forces would remain there but most would withdraw. The Prime Minister commented on the good impression made by the Hungarian Prime Minister, Mr. Nemeth. Mr. Shevardnadze agreed that he was an intelligent, bold and courageous person. He expected him to remain in place. Hungary's prospects had been made easier by the fact that reform had already been started years ago by Kadar. He himself recalled going to Hungary more than 15 years ago to study Hungarian reforms.

The German question

The Prime Minister said this led on to the German question. Her line, which she thought was shared by most West European leaders, was that the most important thing was to get democracy and economic reform within existing borders. That in itself was a massive task. We could not deny the principle of self-determination to which we had all subscribed at one time or another. But Mr Shevardnadze would have seen how the communiqué of the Strasbourg European Council had hedged this about with references to existing Alliances and Treaties, the 4-Power arrangements for Berlin and the Helsinki Final Act. Mr Shevardnadze's speech had been on similar lines, talking of self-determination within existing borders. She knew from her talk with him in September that Mr Gorbachev was worried about the possibility of German reunification and she understood that. It was sometimes necessary to remind our German friends that the rest of us had sensitivities too.

Mr Shevardnadze said that Mr Gorbachev had informed him fully of his talks with the Prime Minister. The Soviet Union did indeed have grave anxieties and concerns in relation to the German problem. Of course there were problems elsewhere in Eastern Europe too. He did not rule out the possibility of disorder in Poland. For the time being the government had the

situation under control, with the support of the church, Solidarity and the communist party - a veritable consensus. But if the very drastic austerity programme really began to bite, half a million people could be thrown out of work. No one could rule out the possibility of demonstrations, and one Polish politician had even suggested to him there could be a military coup in some circumstances. But the problem of East Germany was different. It was one of national feeling, indeed chauvinism, which could lead to destabilisation. This was being aggravated by some in West Germany. In particular, the third of Chancellor Kohl's ten points had been a provocation, demanding change in East Germany's political and economic system and virtual subordination to the FRG. Just as worrying was the failure to accept the eastern borders of Germany and do anything to clarify the judgment of the constitutional court. Politicians passed from the scene, but judgments remained.

The Prime Minister said that the basic text in these matters must be the Helsinki Final Act and we should all go on saying that. We must encourage those on both sides who spoke for stability and security. The whole issue was highly sensitive in West Germany because of the approaching elections. But the main risk seemed to come from the East German side. If the East German economy continued to deteriorate, people might just conclude that the easiest way to restore prosperity was by joining the FRG. We needed to slow down this sort of process. One attraction of a CSCE Summit ahead of the German elections next year would be to enhance the consensus in Europe in favour of maintaining present borders. Mr Shevardnadze agreed that it would be important to re-confirm Helsinki principles and protect stability. Nonetheless, the situation was potentially alarming. What would happen if the GDR suddenly voted for reunification? What would come next? The Soviet Union had forces in East Germany but it was unthinkable that they would shoot. He had posed seven questions about German reunification in his speech. No one had yet provided satisfactory answers. What would happen to the Warsaw Pact and NATO if reunification took place? What would become of 4-Power responsibility for Berlin? What would be the consequences for the whole structure of Europe?

The Prime Minister agreed that these matters needed to be thought through. But our whole tactic had to be to avoid that situation arising suddenly and unexpectedly. This was one reason why she objected to people saying that reunification was inevitable. We had to go on putting the case for maintaining stability and security and for taking things very steadily. We were not doing too badly so far. Mr Shevardnadze agreed with the Prime Minister that a CSCE Summit next year could have an important sobering-up effect on the Germans. But we should also think about other possible steps in the context of the Four-Power arrangements. The recent meeting of Ambassadors had been a useful signal. Although he had not yet discussed this with others, he wondered whether the time had not come to re-establish such meetings on a regular basis. If the situation became more tense it might even be necessary for Foreign Ministers to meet. He would like the Prime Minister's views. He thought that Mr. Gorbachev would also write to President Bush about it.

The Prime Minister said that the Soviet initiative to call a 4-Power meeting at Ambassador level had been very timely and very effective in drawing attention to Four-Power responsibilities. She thought it right to keep the meetings at Ambassador or Deputy level. To escalate them to the level of Foreign Ministers might only aggravate nationalist feelings in Germany, although she would not discount the possibility of discreet Four-Power Ministerial contacts in the margins of other meetings if the need arose. Her fear was that if opposition to German reunification was too obvious it would only provoke the Germans rather than slow them down. Ambassadors should continue to meet, but we should not move to a higher level for now. But of course we should watch the situation very carefully and be prepared to consult at any time. Another argument which she found very effective was to say that nothing must be done which risked undermining Mr Gorbachev's position, because this would put the reforms in Eastern Europe in jeopardy. We must not let a period of greater friendship unleash greater friction.

Mr Shevardnadze came back to the point that the situation in East Germany was different from that elsewhere in Eastern Europe because of the factor of nationalist feeling. He very much agreed that Britain and the Soviet Union should keep in touch. Chancellor Kohl's visit to East Germany was a worry. He wanted to tell the Prime Minister in confidence that Mr Gorbachev had sent a special letter to Chancellor Kohl yesterday, with a categorical request to use his influence to prevent destabilisation. The Prime Minister said this would have had a considerable impact on Chancellor Kohl. She agreed that the two governments should keep in close touch and said that Mr Shevardnadze could always come by if he was passing close to London. There was a greater need for diplomacy than ever before.

Mr Shevardnadze referred to discussion of European issues at the US/Soviet Summit in Malta. It had been agreed to have a fuller discussion when the two Presidents met next summer. He wanted to draw attention to the very important statement which Mr Gorbachev had made in Malta when he had said: "We no longer regard the United States as our adversary." The Prime Minister said that we agreed with the United States in supporting observer status for the Soviet Union in the GATT. She thought there was still widespread misunderstanding in socialist countries of how the capitalist system worked. The more contacts there could be in the economic area the better.

Situation in the Soviet Union

Mr Shevardnadze said he would like to say a word about developments in the Soviet Union. Mr Gorbachev had wanted him to say again to the Prime Minister how much her support for his policies of reform was appreciated. The Soviet Union was going through a very difficult period. Existing structures had operated for decades. Changing minds and attitudes was very difficult. People outside the Soviet Union said there must be price reform. It was easy to say, but millions would suffer if there was, and there could be a social explosion. It had to be done step by step and by persuasion. But he genuinely felt that there was now a change of mentality. The Prime Minister said

that Mr Gorbachev had achieved a fantastic amount since 1984. Speaking from experience, she could say that the first ten years were the worst. Mr Shevardnadze said that people wanted immediate results. That simply was not possible. Some very difficult decisions had to be taken. Some people in the West painted a dire picture of the Soviet Union, predicting even a total collapse. That was well beyond the bounds of reality. The great thing was that changes were in train which could not be reversed. The Prime Minister urged Mr Shevardnadze not to be daunted. Greater freedom of speech always led to louder complaints. She was confident that Mr Gorbachev would get through. He was a remarkable personality. Mr Shevardnadze commented that, although he would not say it if Mr Gorbachev was present, the Soviet Union was lucky to have such a man at this juncture.

The Prime Minister and Mr Shevardnadze discussed briefly the line they would take in speaking to the press. You will have received the transcripts of this. The Prime Minister concluded by repeating our invitation to Mr Ryzhkov to visit Britain next year and our condolences on the death of Dr Sakharov.

I am copying this letter to Brian Hawtin (Ministry of Defence), John Gieve (Treasury) and Sonia Phippard (Cabinet Office).

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