<u>Main content of the conversation of</u> Comrade A.N. Yakovlev with U.S. Secretary of State James Baker

September 13, 1991

I received U.S. Secretary of State James Baker at his request. During the conversation, he stated the following:

We, in the U.S., are pleased, said James Baker, at how the August events in the Soviet Union ended and the political prospects that have emerged so far. From our interactions with representatives of all of the union republics, except Georgia, which we have had these days in Moscow, it would seem that all the republics understand the need to preserve the integrity of the union and a single economic space. At the same time, it seems that in the very near future you will need to decisively implement two things, without which the interest of the republics in the Union Treaty may be undermined.

First, it is necessary to conclude an economic agreement as quickly as possible in the coming weeks, and to put forth a credible plan for moving toward a market economy. It should be a dramatic plan, without indulgence or deviation of any kind from market principles. [A plan d]esigned to use the recommendations of the IMF and IBRD [World Bank], and to cooperate with them. When it all happens, the West in general and the United States in particular will be able to start providing assistance, for which they are, in principle, ready.

Second, all political issues related to changes in relations inside the Union will have to be resolved. We understand, James Baker said, that this is much more difficult and will take time; and that the economy should come first. But here too some action should be started soon, otherwise the interest of the republics in preserving union ties, which they are demonstrating now, will begin to decline under the influence of the economic situation and political instability; these ties will disintegrate, and it will be impossible to hold them together: the Yugoslav variant will come.

At the present time, the political issues that made it difficult for American public opinion to agree to provide assistance to the Soviet Union have been removed. I am referring in particular, James Baker said, to issues like the Baltics or Cuba. Today's joint statement on Afghanistan will also have a positive impact. The West is ready to help. However, in the United States, 70 percent of the population still believe that "we need our money more at home."

The United States will be able to provide more humanitarian assistance this winter than last year, provided there is no change in debt repayment practices—"otherwise it would limit our practical options." The United States is also ready to provide technical assistance. A significant increase [in the assistance], however, requires a clear plan for the shift to a market economy in the USSR and a solution to the question of how political power is distributed in the country. For U.S. public opinion, the ability of the American government to show that now, when the United States is reducing its military spending, it is also being reduced in the Soviet Union where the share of military spending in the country's GDP is several times higher than in the United States would also be extremely important. In the United States, opponents of the treaties on strategic arms reductions, as well as reductions of armed forces and arms in Central Europe, have recently raised the point that it is unclear who in the USSR can and should ratify these agreements, and how.

In the course of the conversation, James Baker repeatedly returned to emphasizing the need for a speedy economic and political agreement on the new structure of the Union. We welcome the prospects opened by the revolution in the USSR, he repeated, but the Soviet Union has no more than two or three months left before the start of its irreversible disintegration. After the republics are forced to act independently, if that happens, it will be difficult to reassemble them again. For now, all of them, even Ukraine, are in favor of concluding an economic agreement, provided that the aid coming from outside will be distributed fairly among the republics. Some of their concerns, particularly in Ukraine, were caused by what they perceive as a Russian tendency to dominate over the Center. The sooner an economic union is concluded, the lower the costs of separatism and nationalism will be, even if the republics gain full political independence.

James Baker noted as a positive moment that there was no issue of control over nuclear weapons by the republics, and that all the republics were in favor of maintaining a unified Armed Forces in the country. Only Ukraine reserves for itself the possibility of control over some part of the ground forces.

He drew attention to his statement made in Washington in early September, the essence of which is that the political and economic changes taking place in the USSR are the business of the Soviet Union itself. But the United States hopes that in the process of implementing these changes, everyone in the USSR will adhere to the five well-known principles enshrined in the Helsinki agreements, one of which is respect for any external and internal borders and their change only by peaceful means. The international community is now able to assist to make sure, said James Baker, that all transformations in the USSR proceed in accordance with these principles. Under these conditions, the Center would be wise to be guided by what has already been signed in international agreements and for the union republics to abide by this approach in their own actions.

James Baker also elaborated on the desirability of creating a mechanism to control the collection and distribution of Western aid, in which both the Center and the republics of the USSR would be represented, as well as representatives of non-governmental and public organizations from Western countries; and which would allow for "transparency" in reporting and control. Such a mechanism would not only be useful in practice, but would also make it possible to convince the republics that they are receiving their fair share of aid. On the other hand, it would also be important in terms of support for assistance from public opinion in Western countries. The republics should also have their say in determining specific programs for such assistance.

13.9.91 [Signature- A. Yakovlev]

Translated by Sarah Dunn for the National Security Archive [Source: GARF, Alexander Yakovlev collection Fond 10063]