

Meeting of the State Council of the USSR

October 11, 1991

Gorbachev. Good afternoon. There are many of us [here]. We do not have Niyazov, he ended up somewhere in the depths of the continent, and Ter-Petrossian is not here—he wanted to come, but they have an election campaign there. No, comrade Akayev, they have elections tomorrow. In general, we can work, so if you don't object, I declare the meeting open.

Now let's move on to the agenda. Please.

Kravchuk. For today I propose only two issues: the Treaty on the Economic community and on the draft Agreement of the [Soviet] republics on the food security program.

These are currently the most pressing, the most important issues. They must not only be discussed but be somehow resolved today. Move everything else to another meeting. Firstly, we received some documents, just as with the previous assignment, only today. They are right here, on the table, and we are not ready to discuss them. Secondly, there are more important things to do today. These two I suggest...

Gorbachev. How do the other comrades see it?

Karimov. Right, I am in support.

Gorbachev. Comrade Kravchuk is introducing a proposal to limit the discussion to the first two issues. Firstly, on the Economic Community Treaty and on the draft Agreement of the sovereign republics (states) on food security.

Voices. Right.

Gorbachev. And I would also ask for your consent to discuss a third issue. If you read how it is formulated, then I think you will agree. It says here: "On the procedure for further work on the draft Treaty on the Union of Sovereign States." As you remember, we agreed with you and on the basis of this agreement the work was carried out, with your consent, by me, Boris Nikolaevich [Yeltsin], and the experts. And we sent this draft. Therefore, we now need to agree on how we will continue to work on this document. The issue is not that we will today discuss this project in full, but agree on the procedure for working on it.

Yeltsin. A compromise.

Gorbachev. Yes. You probably noticed that it is clearly stated here: about the procedure for further work. That is, we will still have to go along the path of joint work and go through some stages, at which point we will discuss it as an independent issue in full. And today we will come to an agreement, because we need to move this issue forward. By the way, this is based on what was adopted at the extraordinary Congress of People's Deputies. And it was said there in the form of a resolution (yes, by the way, and in our joint statement): "To speed up work on the Treaty on the Union of Sovereign States." So, everything is logically connected. Do you think so? Yes? Can we agree with this?

Voices. We can.

Gorbachev. And then what about the rest of the issues—remove them? Okay?

Voice. A draft appeal to the heads of state shall be attached. Before that, it would be nice to approve the information adopted on disarmament issues. The position of the State Council, how it will be...

Gorbachev. Well, here it is, let's come to an agreement. We thought that all the preliminary work that was carried out, was clearly known, understood. But from the point of view of what is next, and in connection with the fact that the delegation from the United States of America was here, in order to be aware of the world's reaction to this process, we intended to provide this information. I will not hold back: we wanted to show what this was with charts ... And we had in mind that the fifth issue would be an exchange of views on proposals for reorganizing the state security agencies so that the approaches would be known to the comrades for the sake of further completion of the work. Okay?

Voice. We are ready for this, too.

Gorbachev. We just need to consult with the State Council. Okay, so, the first, and the second, and the third—we have agreed. I am putting forward a fourth issue for approval: "Information in connection with the President's Statement." We thought that we would hear comrades Shaposhnikov and Pankin. What do you think? Or should we make a decision depending on how much time we have left?

Voices. Yes, yes.

Gorbachev. In this way? Good. Fifthly, on the reorganization of the state security agencies, in the same way?

Nazarbayev. Are we going to make a decision?

Gorbachev. No, an exchange of views. It's just that you and I created a commission in connection with the fact that the Congress made a decision to reorganize the state security bodies. Comrades would need to express their views here, clarify your position, and make final proposals on this score.

Karimov. Mikhail Sergeevich, what Leonid Makarovich [Kravchuk] said should be taken as a basis. You persuaded us on the third issue, I agree with this, and on the rest of the issues, I think, if there is time, to just exchange views and hear your information, but not discuss it.

Gorbachev. Beyond the agenda?

Karimov. Yes.

Gorbachev. So, yes?

Karimov. Yes, yes, and only this way

Gorbachev. Good. Are we agreed on this? Good. Let's reach an agreement. We have an important meeting today, and I want to say a few words before our further work, before we move on to discussing the agenda. Are we going to make a televised record of this meeting of the State Council, or will we limit ourselves to the usual information in the usual order, as we have until now?

Voice. As always.

Gorbachev. As always. We will not broadcast it in full?

Voice. No.

Gorbachev. No! So, Okay? Thank you, comrades from the television [services].

What I wanted to say briefly, as an introduction: I really, comrades, think that in general we have gathered for a very important meeting of the State Council. I think we all understand this, and I attach the utmost importance to it. I am motivated to do this by the serious apprehension that exists in society about how the situation is developing in our country, how the processes are going, and how we are behaving in this real situation. Society follows the activities of the State Council and the activities of the current union, and the republican and other structures very closely.

When, after the putsch, we faced the threat of the collapse of the state, the economy, and the disintegration of society, I must say that then both the leaders of the republics and the President, understanding their responsibility and realizing their role, managed to prevent the development of worst-case scenarios and came to the Congress with a joint statement.

I think that it was thanks to this [fact] that we were able to make fundamental decisions at the Fifth Congress of the People's Deputies of the USSR. We did the right thing then, although it was not easy, and we all remember that heated discussion. Society supported the results of this Congress and supported the position of the leaders of the republics and the President.

We decided then on the main issues: on the need to accelerate preparations for the signing of the Treaty on the Union of Sovereign States; and the Congress adopted this: on the conclusion of an Economic Treaty, and on the preservation and reform of the unified Armed Forces; we reaffirmed our political, external economic obligations and adopted a declaration of rights.

With these very documents, the Statement and what the Congress adopted on the basis of it, we have created a basic structure. On that basic structure, the Economic Treaty and the Food Agreement have now been prepared. We are about to resume work on the Treaty on the Union of Sovereign States. Through [our] joint efforts, a boost was given to all these processes.

But, I think, speaking about this, while stating that all this is positive—it is very important—we cannot ignore the fact that the situation is now such (and this is how I assess it) that we are losing time. We are losing time. And this causes great concern in society. I would not want—and I express my point of view on this matter in no uncertain terms—for our work on the fundamental documents, on the basis of which the country, republics, and society should develop, to become hostage to some opportunistic processes and political passions. And this is again the case.

In short, we have a great responsibility, people are worried whether the State Council will lead to the adoption of these fundamental documents or will our affairs again acquire the character of some form of running in place. Anyway, I must say that risks of disagreements and even of backsliding have appeared. If that happened, we must be frank, it would, I think, cause serious criticism in the society directed at us, in relation to the activities of the State Council, where the Center and the republics are united, and for which everyone has high hopes at this crucial stage.

Therefore, today the issues that we will discuss allow us, in general, to move this process forward, to respond to people, and remove their anxiety and concern. Frankly, the time has come to take firm positions and express them. People should know, they have the right to know this, and we should act in this way at this State Council. Moreover, it seems to me that someone is

trying, generally speaking, to pit us against each other, to spread suspicions. This is also the case. We must remove it, comrades. The State Council must fulfill the mission for which it was created.

I would very much like us to work productively at this State Council, with an understanding of the enormous responsibility that the very development of our society dictates. You know, I am in such a mood, I will say frankly, that until we resolve these main issues here, until we reach some common positions, we should not leave. We cannot keep society in such a state. It cannot resolve any specific [частные] issues. It all comes down to a lack of clarity, to the failure to resolve these fundamental issues.

This is what I wanted to say and I invite you, dear friends, to work thoroughly on today's agenda.

Now I must give the floor to Comrade Grigory Alekseyevich Yavlinsky. I would treat it as engaging in a final exchange of views on the Economic Community Treaty.

Nazarbayev. Which version?

Gorbachev. I think the version, which you brought from Alma-Ata.

Nazarbayev. The one that you sent on the 9th, the last one? Yes?

Gorbachev. Yes, yes, yes, yes.

Please, Grigory Alekseyevich. How long do you need?

Yavlinsky. I think about thirty minutes.

Gorbachev. Please. If you need thirty take thirty.

[...]

...**Gorbachev.** Good. Please, any questions? Or shall we not ask more questions now?

Karimov. May I ask one question?

Gorbachev. Please.

Karimov. Grigory Alekseyevich, in Alma-Ata we ...

Gorbachev. Please stay seated...

Karimov. ... spoke on this topic. You do not deny that today the level of each region, each republic is different? And taking the example of Germany, when they merged with the GDR, it is clear that without some kind of stabilization fund, without providing assistance to those regions, republics, where the standard of living is so low, it would immediately ... As you said here—I agree that—free prices, free economic ties, that is the important direction. But when

we implement this system, release prices freely, operate freely—without borders, without anything—would this not lead to a situation where those republics, which today sharply lag behind others, might be put in an absolutely unequal position? And they will remain so with their low potential, in terms of both technology and production, and standard of living. And they will stay that way.

The example of Germany, I repeat, when the GDR, the most developed republic among the former socialist republics, became part of Germany, it found itself in such a position: thousands of unemployed, millions of unemployed. How do you see this issue?

Yavlinsky. I have several thoughts on the subject. The first thought is that to preserve the republic as it is now, well, let's say, this is it: we do not sign any agreements and we start it all over in a different way. To preserve the situation currently existing in the republic is a very terrible and disastrous thing to do. This is my first thought. It will not provide any solution. It will not answer the question that you, esteemed President, put absolutely correctly.

The second thing. In this Treaty, as it is now, in the form in which you signed it, there is an answer to this question—that such-and-such an opportunity is open, such-and-such an opportunity is not closed, you just need to consider how to do it. In principle, when large capitalist countries provide assistance to less developed countries, they provide it in order to expand their own opportunity, expand their own market, and provide themselves with sales opportunities in that region.

This is how economic policy always works. And to create the conditions there so that [the policy] itself could work. And so that products could be taken out of there at the most competitive price. These are really serious economic issues, but they are of a strategic nature. I stand by the point of view that this issue may well be resolved, because, as far as I know, Belarus has raised the issue of the Chernobyl accident point-blank, because it is such a disaster that nobody knows when it will ever end, or if it will not end. Armenia is raising the issue of the earthquake. So, these are the issues that need to be addressed.

In this case we are talking about Uzbekistan. If you look at a map of mineral resources, it is easy to see that such a concentration of minerals and such a lineup of the entire periodic table, as in Uzbekistan, is hard to even imagine. The issue is to get the right price fairly, allow people to extract and export them normally. The Treaty sets out mechanisms and how to implement

them. This is a matter of specific agreements. I am convinced that these issues can be resolved by mutual agreement without adversely affecting the other republics.

Mutalibov. Do you rule out the effectiveness of direct [economic] relations between the republics? In your speech, you mentioned that in 1991 the republics failed to work in harmony with each other. My point of view is this: the republics need to interact with each other [directly]. And this is the main thing today.

Yavlinsky. If republic “A” concludes an agreement with republic “B” on the supply of timber to republic “B,” and of bricks from republic “B” to republic “A”, this means that both governments must establish a state-guaranteed order, including the price upon which the governments have agreed. But those who make the bricks, if they want, can sell them for whatever price they want and to whom they want. This is the market. And the state-guaranteed order is an abuse of the manufacturer. Inter-republican agreements on general economic relations, or the economic sphere, are one issue, and inter-republican interactions on natural supplies is another. Over the past year, as you know, almost no inter-republican deliveries have been carried out. Enterprises want state-guaranteed orders, but under different terms.

Voice. This includes the idea of the free movement of resources without tariffs.. In conditions of scarcity and monopoly, we create excellent conditions for black marketeers and speculators.

Yavlinsky. Neither tariffs nor customs will resolve this issue. Especially since they are now one-sided. Frankly, they are usually [established] in relation to Russia. And what if Russia takes such steps? Imagine then your own market for, say, the production of technology. Or if Russia is not satisfied with the re-export of its oil products? The Economic Treaty stipulates that special agreements will be developed on the special list of goods and how to achieve the removal of these restrictions.

Voice. On the evening of September 28, when our experts were working, everything was agreed upon. But after that, changes were made. Further, the republics are starting to centralize their resources and limiting market relations. But in these documents there is over-centralization in the allocation of resources, in particular in the Food Agreement.

Yavlinsky. The Treaty is presented as it was agreed upon and initialed in Alma-Ata. We have a transcript. Ukraine added special suggestions. It is not yet integrated into that document. Armenia had some suggestions. Some of the suggestions are such that they would require an

associated membership. We studied the Ukrainian considerations. We can find mutually acceptable solutions there. Several Russian suggestions improved the Treaty considerably—they were adopted. That is why this document is different from the one that was drafted with the experts. If we cut more substance from this Treaty, we should not sign it then. It would discredit even the possibility itself of common economic reforms and the possibility of economic agreements.

Kravchuk. Here on every page [it says] “volume of supplies”: to whom and how much? And not in rubles, but in tons. Is our economic agreement separate from the food agreement?

Yavlinsky. First we conclude the Economic Treaty and then we draft the [Food] Agreement; how else? We will agree on it in principle. I understand what my colleagues have in mind: one wants to eat before the Treaty is signed. And it is not all clear with the Treaty ...

Yeltsin. Russia states that it will sign the Treaty. The main suggestions were taken into account. We would like to sign the Treaty sooner. The lack of clarity affects the economic state of our enterprises. We would like to have all the agreements envisioned by this Treaty before the ratification of the Treaty by the Supreme Soviet.

Gorbachev. There are 15 or 18 of them.

Yeltsin. Second. It is high time to stop the financing of entities not covered by this Economic agreement, and in general, of all the bodies, unless Russia delegates their functions to the Center.

Gorbachev. In the economic sphere?

Yeltsin. Yes, in the economic sphere. And the rest will be decided by the political and the general Treaty. And the last thing. The direct subordination of the republican banks to the central bank—this is not being well received. We need a more flexible form of inter-relations. And I would like to say one more time that we are ready to sign the Economic Treaty.

Gorbachev. You have no doubts about October 15?

Yeltsin. No.

Gorbachev. To the contrary, do you confirm it?

Yeltsin. Yes, it is confirmed.

Gorbachev. Leonid Makarovich?

Kravchuk. Yes, Mikhail Sergeyevich, we support the idea—not the idea, but the document itself, the signing of it. I share Boris Nikolayevich’s idea that we should have all the

documents before ratification. And stop the resuscitation of those bodies, because the Cabinet of Ministers no longer exists, but the ministries still exist, and people receive paychecks. And I absolutely agree about the Bank too.

Gorbachev. I think that when you introduce the proposal about the Bank, you have in mind that the Bank should be working within the system of a common market. Coordination is a different issue.

Kravchuk. There is the treaty of the commonwealth where all the republics are independent in the economic sphere. There can be no one in this treaty who would have centralizing functions.

Nazarbayev. I am glad to hear what Boris Nikolayevich has just said. There was concern in the republics regarding some statements of different trends. Kazakhstan adheres firmly to the positions of the Alma-Ata agreements. We must not lose time. Every day is valuable. Grigory Alexeyevich, how long will it take to prepare those 19 agreements?

Yavlinsky. It depends on the expression of political will. I think given such serious political support, we could prepare the main agreements in a month-and-a-half.

Gorbachev. We could put the question this way: from those 17, we pick 5 without which we cannot go for ratification. And the other ones could be done a bit later since they regulate specific spheres.

Grigory Alexeyevich, you always ask for two-three months and we give you two-three weeks. And it all works out well. Just now you asked for a month-and-a-half. How long would you need, if you created a group? We are talking to you ...

Yeltsin. Following this principle—a week-and-a-half.

Yavlinsky. Let's do this: one month and 10 agreements.

Gorbachev. Well, Okay. We should study this question then. The wishes of the comrades are clear: a Treaty that is not supported by a system of these agreements cannot be presented for ratification.

Nazarbayev. But why then ... Eight republics said in Alma-Ata that they were ready to sign [the Treaty] by October 15. We, three republics, signed it in Baikonur in your (addresses Yavlinsky) presence. I spoke about it with Boris Nikolayevich. And now what? We should wait every month for 10 [agreements]? I counted—there are 18 of them in one case, and 7 more

in another case. 25 altogether. When is that gonna happen? Are we going to sign the Economic Treaty or are we going to wait?

Gorbachev. We should sign [it], and [refer to] Supreme Soviets for ratification.

Yavlinsky. We will do everything possible to do it very quickly. But after today's conversation we should state very clearly and unequivocally that the Treaty will be [signed] ...

Gorbachev. I think, and let the comrades say it too, that the Alma-Ata agreement remains in force. No later than [October] 15.

Nazarbayev. Those who are ready, must sign on the 15th—eight, or five, or four republics. Because how long can we go on like this! Just imagine that we all broke up into separate states. Then, in order to live, we would have to join an economic agreement. We will have to gather together and make decisions—because the pipelines and the railroads go through all the republics. Nobody has an army. In any case, Leonid Makarovich, we would have to sit down [and draft] bilateral agreements and search for a mechanism of interaction. Because these treaties are not being implemented.

Mikhail Sergeyevich, I strongly confirm my position and I am calling on everybody who is ready to state their firm position today. It is already embarrassing to leave this building and to come home. Those who need to think [more], let them think. If that's what it takes, then the chairmen of Councils of Ministers should stay here today, work out these agreements and start to live. What are we doing? Everything is in free fall, everything is stopping ...

Yesterday I gathered 47 directors of enterprises and 58 businessmen of Kazakhstan. We talked for four hours. And now everything is coming to a halt. And again, there will be 1.5 to 3 months ... We are not making any progress.

Gorbachev. I make a clear distinction: sign before the 15th, and have the agreements before the ratification.

[....]

[Source: Mikhail Gorbachev, *Sobranie sochinenii*, v. 29, (Moscow: Ves Mir, 2021)

Translated by Sarah Dunn and Svetlana Savranskaya for the National Security Archive]