

Record of Conversation between Mikhail Gorbachev and James Baker

February 9, 1990

Gorbachev: At the beginning of this part of our talk I would like to add to what has been said about the all-European meeting in the year 1990.

Judging by numerous signs, the situation in Europe is leaping out of our control. That is why this top-level meeting will help to channel the processes. These developments, if directed in democratic evolutionary forms, could bring favorable results for the West and for the East.

I had a thought: our prediction that the world will change, and change dramatically and in many areas, turned out to be correct. And it is a very good coincidence that at the same time relations between the world's two most powerful and influential countries are in a favorable phase. This is important for the present and stock for the future.

We can still do a good deal right now; it will be more difficult later. I have said that our countries are "doomed" to cooperate. We need to make this cooperation stable. There are no insurmountable conflicts between us. We must strive to place the existing conflicts within the framework of cooperation.

Now I would like to say a few words to you about the plenum and the situation in our country.

Baker: Yes, that would be very interesting.

Gorbachev: In addition, we could exchange views on the German question and on Afghanistan. If you would like to discuss something else in this composition, I would have no objection. Perhaps we will discuss Central America.

The plenum was very important for us. We have come to a stage of perestroika where it is time to provide answers to many of the questions. Positions are beginning to crystallize in society, movements have become visible, and a major realignment is underway. It is not easy to understand all of this....

From the right and from the left, even with different aims, there is pressure on the center. We have come to the conclusion that it is necessary to accelerate the economic reform.

Before us the problem arose of creating a mechanism that would allow [us] to regulate monetary income more strictly. We came to the conclusion that we cannot avoid reforming the [system of] price formation. We will have to take some unpopular measures.

For that we need to regroup our power, particularly in its highest echelons. A stronger mechanism for implementing decisions is necessary. In connection with this the question arose of creating an institute of presidential power and broadening the government's resources. This is needed to keep the situation in check.

We need to quickly adopt laws dealing with the demarcation of powers between the republics and the Union--laws that must broaden the powers and rights of the Union. The election process and the formation of governmental bodies will almost be complete by March 4. The new governmental bodies must have a legal basis to function. As for relations between the republics and the center, the matter at hand concerns a perestroika for our federation. There is a great diversity of approaches to the question of reforming our federation. It must be said that we are behind here and events have preceded our decisions. Much will have to be done. The resolution for all these questions is in the platform that we adopted at the plenum.

There are many discussions surrounding the question of the party and its new role. This issue has stirred strong passions, which is quite understandable. In its former role, the party was the framework of the governing structure. And these are not just institutions, these are real living people. That is why the process of realigning power to favor the Soviets and the economic organs, and returning the party to its role as a political organization is proceeding so painfully. The statement that the party renounces its power monopoly and that it will earn its right within a democratic process rather than it being fixed in the Constitution, did not come easily for everyone. But in general we approved such an approach.

Baker: Will article 6 of the Constitution be revoked?

Gorbachev: That is not the plenum's prerogative. However, we decided that the party will produce a legislative initiative to revise this article.

Discussions about reforming relations of production and property questions were also very heated. These are very important links in the perestroika process. In the outcome of the discussion, the plenum confirmed and radicalized our approach toward this aspect of perestroika. A resolution on moving up the dates for the party congress has also been passed. A realignment and renewal of power is taking place, which allows perestroika to continue and develop.

I have been asked what would happen to my posts in the party and in the government. I answer that in general I am for separating these posts, but not right now. If we took this step right now, two centers of power would form. This would not strengthen but weaken the process of perestroika. Even with the emergence of new political organizations in the arena, the CPSU will remain a major influence. For now there is a logic to combining the two posts.

Unusual work on the idea of creating presidential power will emerge in the near future. I don't know how it will go. Maybe passions will heat up again. However, the mood in society is favorable to such a decision.

Right now we are going through a critical point on our journey. I mean the economic situation and ethnic relations.

In connection with this, I would like to say that I properly appreciate the president's and your position with respect to the processes going on in our country, your position supporting perestroika. I consider this to be very important.

Baker: I thank you for this very condensed, but comprehensive summary.

I already said to Mr. Shevardnadze that we have taken a firm stand in support of perestroika and your efforts. We seek to assist you with our policies. In particular, we aim to do everything that we can in order to provide stable international conditions for the fulfillment of your plans. We hope that your domestic policy will continue to be aided by evidence of the productive development of Soviet-American relations, and by [both] sides' achievement of important agreements in the sphere of arms reductions and limitations. You are probably aware that although our administration took it slowly for the first four-five months, now we are not only ready but full of resolve to move the arms limitation process forward.

The proposals we have brought to Moscow are evidence of that. I said to your minister that in conditions of deep and rapid change in the world there is a danger that we may fall behind events and our efforts could be depreciated if we do not act decisively.

Gorbachev: I agree with you.

Baker: Allow me to say a few words on the economic questions.

One aspect troubles me very much, and I spoke about this almost a year ago when speaking with your minister. An economy can be either command or market. There is not some third system that would function effectively.

In connection with this it is very important that you have decided to create a new price formation system. I am glad to hear about this decision. However, it will not be easy to arrive at this system. Before it can be implemented it will be necessary to take certain steps. I have in mind at least two steps. The first is liquidation of the surplus money supply. This can be done in different ways. As I understand, you are already implementing some measures, such as selling apartments to individuals. As far as I know, you are considering the options of a devaluation, of issuing bonds backed by gold, etc. I think all of this should be done before you introduce a new price formation system. Otherwise you risk facing 1,000-percent inflation.

And secondly: before introducing a new price system, it is necessary to create a protective social mechanism that would secure the interests of the poorest layers of society. These steps will reduce, although not eliminate completely, the population's discontent due to the price reform.

I do not want to appear as a lecturer here, but sometimes the finance minister in me wakes up; that is a position I held some time ago. So there is my free advice; I hope it is worth something to you.

In a word, we want your efforts to be successful. And if somewhere in the course of events you feel that the United States is doing something undesirable to you, without hesitation call us and tell us about it.

[....]

Baker: [...] This morning I had a detailed discussion of the German question with Minister Shevardnadze. I would also like to hear your thoughts on this matter.

Gorbachev: I would like to hear you [on this issue].

Baker: Firstly, this process is going much faster than anyone would have expected last year, even in December of last year. During the past week I met with the foreign ministers of Great Britain, France, and the FRG. All of them are of this opinion.

On March 18, the people of the GDR will vote in their elections. The overwhelming majority will be for unification, and they will elect leaders who support the idea of German unification. Soon the two German states will start discussions on the internal aspects of unification, such questions as the unification of the governments, parliaments, a common capital, common currency, an economic union. All of this is going on de facto.

The Soviet Union's concern is well known to me, I spoke about it with the minister. At the same time we take your recent statement and E.A. Shevardnadze's speech in Brussels in December of last year as the expression of your understanding of the fact that unification is inevitable. The most important thing is for this process to take place under stable conditions and to ensure the prospect of stability. We believe that this requires a framework and a mechanism for resolving questions related to the external aspects of unification. At the same time, creating such a mechanism must be approached very carefully in order not to cause an outburst of German nationalism. Its creation should not be started until the two Germanys begin discussing unification's internal aspects.

With the French and the Germans we have initiated a preliminary discussion of the possibility of creating a "two + four" mechanism, without aiming at an agreement yet.

Gorbachev: I wanted to ask you, what do you think about the possibility of a "four + two" mechanism?

Baker: I think that it would be better to have a "two + four" mechanism. I explained to Mr. Shevardnadze why, in our opinion, a four-sided approach will not work. I think that the idea of using the CSCE process is also difficult to realize since it would be too cumbersome. I would

also like to point out that I do not have confirmation from the FRG side that the Germans will agree to the “two + four” approach.

It goes without saying that when developing an approach to the external aspects of unification it is necessary to a certain degree to consider the concerns of Germany’s neighbors. Therefore it is quite possible that the CSCE forum could be used for the ratification of agreements developed within the framework of the “two + four” mechanism.

We fought alongside with you; together we brought peace to Europe. Regrettably, we then managed this peace poorly, which led to the Cold War. We could not cooperate then. Now, when rapid and fundamental changes are taking place in Europe, we have a propitious opportunity to cooperate in the interests of preserving the peace. I very much want you to know: neither the president nor I intend to extract any unilateral advantages from the processes that are taking place.

Some other details. We indeed are not speaking in favor of Germany being neutral. The West Germans have also said to us that they do not consider such a decision to be satisfactory. I would like to explain why.

If Germany is neutral it does not mean it will not be militaristic. Quite the opposite, it could very well decide to create its own nuclear potential instead of relying on American nuclear deterrent forces. All our West European allies and a number of East European countries have made it known to us that they would like the United States to keep its military presence in Europe. I do not know whether you support such a possibility. But I would like to assure you that as soon as our allies tell us that they are against our presence, we will bring our troops home.

Shevardnadze: I do not know about your other allies, but a united Germany may demand it.

Baker: If that happens, our troops will return home. We will leave any country that does not desire our presence. The American people have always had a strong position favoring this. However, if the current West German leadership is at the head of a unified Germany then they have said to us they will be against our withdrawal.

And the last point. NATO is the mechanism for securing the U.S. presence in Europe. If NATO is liquidated, there will be no such mechanism in Europe. We understand that not only for the Soviet Union but for other European countries as well it is important to have guarantees that if the United States keeps its presence in Germany within the framework of NATO, not an inch of NATO’s present military jurisdiction will spread in an eastern direction.

We believe that consultations and discussions within the framework of the “two + four” mechanism should guarantee that Germany’s unification will not lead to NATO’s military organization spreading to the east.

These are our thoughts. Perhaps a better way can be found. As of yet, we do not have the Germans' agreement to this approach. I explained it to Genscher and he only said that he will think it over. As for [French Foreign Minister Roland] Dumas, he liked the idea. Now I have given an account of this approach to you. I repeat, maybe something much better can be created, but we have not been able to do that yet.

Gorbachev: I want to say that in general we share this way of thinking. Indeed, the process has begun and is underway. And we need to try to adjust to the new reality. A mechanism is needed that would assist stability in Europe--a very important center of world politics--in remaining undisturbed. Of course we have some differences in looking at this situation. I think there is nothing terrible in that. The most important thing is not to approach this situation in too simplistic a manner.

Firstly, we want the situation in Europe to improve. The situation cannot be allowed to worsen as a result of what is taking place. We need to think about how to act under conditions of the new reality. A question arises: what will this Germany be like? How will it tend to act in Europe and the world? These are fundamental questions. And as we see it, they are perceived differently in, say, Paris, London, Warsaw, Prague, Budapest.

Baker: I understood that.

Gorbachev: Yesterday I spoke with Jaruzelski on the phone. He knows that you are in Moscow right now; he also knows that Kohl and Genscher are arriving tomorrow. Considering this, Jaruzelski expressed his opinions on a number of questions, about Germany in particular. And Germany is a real question for a Pole! He thinks that contact should be maintained and we should consult on this question. He expressed the opinion that the presence of American and Soviet troops in EuropeEurope is an element of stability.

In Czechoslovakia and Austria there is apprehension that powers might develop in a unified Germany that would lay claim to the 1938 borders--the Sudeten region, Austria. Of course, today such claims are not being voiced. But what will happen tomorrow? And in France and Great Britain the question arises: will they remain major players in Europe? In short, it is easier for us in this situation due to the mass and weight of our countries. Kohl and his team are speaking to us with an understanding of what that means.

Baker: I agree.

Gorbachev: Thus, it is necessary to proceed delicately and with consideration, understanding the national feelings of the people and not hindering them, but aiming to channel the process. As for a "four + two" or "two + four" mechanism that would rest on an international-legal foundation and provide an opportunity to consult with each other and evaluate the situation, maybe following our exchange of opinions we should continue consultations with our partners in the West and the East--you as you see fit, and we correspondingly. That does not

yet mean that we have an agreement, but we should continue to seek one. You said that the FRG did not express agreement with this approach. As for Modrow, judging by our talks with him it seems that he will support such an approach. Tomorrow we can ask Kohl what he thinks about this.

Baker: That would be good. But I would like to voice one precaution.

Even if we have a chance to convince the Germans to support the ‘two + four’ approach, this should only be done after March 18, only after the GDR’s self-determination, and after they begin discussing the internal aspects of unification. Otherwise they will say that the four powers’ pressure is unacceptable, and unification is solely a German question. Our approach provides that unification’s internal aspects are indeed a matter between the two Germanys. However, the external aspects must be discussed with consideration of Germany’s neighbors’ security interests; they must be acceptable to them. Besides that, we must discuss Berlin’s status. If we approach the matter in that way there is a chance that the Germans will agree to the proposed mechanism.

I must once again admit that I did not discuss this at all with the chancellor, and Genscher did not give me an answer. He only said that he will consider this approach. I think that he will approve it. But with the chancellor it is a different matter: he is a candidate in the forthcoming elections.

Gorbachev: This is a very important factor that leaves its imprint on the situation.

Baker: Such are the whims of democracy. He will have to act very carefully in order not to create the impression in Germany that he is handing the question of Germany’s unification over to others.

Gorbachev: I would like to tell you about the symposium that was recently organized by the Evangelical academy and which was attended by representatives from all the FRG and GDR parties and groups, with the exception of Modrow’s party. As a result of the discussion most of the participants spoke in favor of the confederation. The GDR representatives emphasized that the two Germanys’ economic convergence does not have to mean a sell-out or colonization of the GDR. They said they do not want to be spoken to like little children.

The second conclusion was that unification must take place only on the territory of the present-day FRG and GDR, respecting existing boundaries, and keeping the two parts of Germany members of NATO and the Warsaw Treaty.

At the same time there were differences of opinion. Some FRG and GDR representatives spoke in favor of making the future Germany a neutral state. However, the majority of representatives of the two countries spoke in favor of preserving membership in the two unions, which would change from military to new political structures.

[Willy] Brandt's speech was the most surprising. He asserted that no one should hinder Germany's self-determination. He said that the Germans should not wait for the CSCE process, that the all-European convergence should not precede Germany's unification but the other way around--Germany's unification should take place earlier. He rejected a confederation and spoke in favor of a federal German state. At the same time the West German part of this federation must remain in NATO. As for the former GDR--it needs further consideration.

Many FRG representatives criticized Brandt for fueling German nationalism, and for trying to get ahead even of Kohl.

The speech by the renowned scholar, [Carl Friedrich] Weizsäcker (brother of the current FRG president), was very interesting. He said that it is necessary to avoid aggravating German nationalism for many reasons, one of them being that it could lead to a wave of nationalism in the Soviet Union. He understands what a reminder of the past war means for a Soviet person. He also emphasized that an outburst of nationalism in the USSR could become a threat to perestroika. The more Germans shout for unification, the more it implicates the neighbors. In Europe, Weizsäcker stressed, Auschwitz has not been forgotten.

The writer Günter Grass emphasized that a unified Germany has always been a breeding ground for chauvinism and anti-semitism. The economic costs of unification were also discussed. A number was given: in the next 8-10 years the economic price of unification will amount to 50 billion marks. The speakers emphasized that when the Germans find out about this they will think thrice whether unification is worth it.

This is the interesting mosaic of opinions. I told you about it in such detail because I think that in the end we should not fall under a wave of emotion, we should not yield to this pressure and move away from considerations and predictions about what all this could mean and how to channel this process. There are powers in both German states that see the danger. This is important. I would ask you to tell the president that we want to stay in contact with you, to exchange information and, if necessary, ideas about this problem.

Baker: I will do that without fail. I would like you to understand: I am not saying that we should yield to a wave of emotion. But I think that soon Germany's internal integration will become a fact. In these circumstances our duty before all people and our duty for the sake of peace in the world is to do everything possible in order to develop external mechanisms that will secure stability in Europe. That is why I proposed this mechanism.

As for the economic price of unification, most likely this question will be discussed during the election campaign. However, I think that it will be swept over by the emotional outburst, by people's striving to unite and be together.

I want to ask you a question, and you need not answer it right now. Supposing unification takes place, what would you prefer: a united Germany outside of NATO, absolutely independent

and without American troops; or a united Germany keeping its connections with NATO, but with the guarantee that NATO's jurisprudence or troops will not spread east of the present boundary?

Gorbachev: We will think everything over. We intend to discuss all these questions in depth at the leadership level. It goes without saying that a broadening of the NATO zone is not acceptable.

Baker: We agree with that.

Gorbachev: It is quite possible that in the situation as it is forming right now, the presence of American troops can play a containing role. It is possible that we should think together, as you said, about the fact that a united Germany could look for ways to rearm and create a new Wehrmacht, as happened after Versailles. Indeed, if Germany is outside the European structures, history could repeat itself. The technological and industrial potential allows Germany to do this. If it will exist within the framework of European structures this process could be prevented. All of this needs to be thought over.

Much in what you have said appears to be realistic. Let us think. It is impossible to draw a conclusion right now. You know that the GDR is closely tied to us, and the FRG is our primary trade partner in the West. Historically, Germany and Russia have always been strong partners. We both have the possibility to make an impact on the situation. And we could use these possibilities when we develop a rational approach that considers our and other countries' interests, when we develop a corresponding mechanism. We should not underestimate these possibilities. Of course, right now the matter is complicated by the election campaigns and the intensity of emotions that are heating up society right now. We will watch the situation and think about how to act.

[...]

Gorbachev: By the way, with respect to trade and economic collaboration between our countries, it is good that some large-scale projects are being discussed right now. I am speaking about collaboration in using the Baikal-Amur Railroad, in building a fiber-optic communications line, and in the joint construction of aircraft. These are interesting plans. If they are realized, our collaboration will reach a new level. Here once again, it seems, the problem of COCOM will arise. If it does not then we are speaking about the technologies of yesterday.

Baker: Right now we are analyzing the COCOM rules. We intend to reconsider them so that, metaphorically speaking, the walls would be higher but there would be fewer of them. But I would like to say that at the same time we realize the pressure you are facing from some conservatives for your policies.

Gorbachev: Yes, it is a struggle for power.

Baker: I said to Eduard yesterday: in April, May, and June last year, when I started saying for the first time that we want to help perestroika, that we trust Gorbachev and Shevardnadze, American conservatives attacked me with criticism. But now, when we are reconsidering the COCOM rules and discussing the possibility of your participation in international financial organizations, the same conservatives are saying: why do the Russians give Cuba MIG-29s? Of course, Cuba is not a threat to the U.S. But it is a certain threat to some small democratic countries in Central America. Castro continues to export revolution. There is only one person he criticizes more often than Bush, and that is Gorbachev.

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