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~~SECRET/SENSITIVE~~

MEMORANDUM OF CONVERSATION

Time: 10:55 am to 12:35 pm, Wednesday, December 9, 1987
Place: Oval Office

Participants

U.S.

THE PRESIDENT

The Vice President

Secretary Shultz
Secretary Carlucci

Sen. Baker
NSC Advisor Powell

EUR/SOV Director Parris
(Notetaker)
NSC Staff Member Ermarth
(Back-up Notetaker)

Mr. Zarechynak
(Interpreter)

U.S.S.R.

GENERAL SECRETARY GORBACHEV

FornMin Shevardnadze
Politburo Member Yakovlev

CPSU Secretary Dobrynin

Shevardnadze Aide Tarasenko
(Notetaker)
MFA Officer _____
(Back-up Notetaker)

Mr. Palazhchenko
(Interpreter)

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The meeting was preceded by a ten minute one-on-one with only interpreters present.

THE PRESIDENT opened by noting that the day before had been a proud one. But as the General Secretary himself had said, the two leaders had to keep working.

The President said he wanted to return to some of the subjects the two had talked about in their first meeting, especially the relationship between strategic offense and defense. The two sides' experts had met the day before on START and had had a good discussion. The U.S. had stressed two important issues: verification and counting rules. On verification, our ideas

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built on what we had learned from the INF negotiation. Counting rules were also important. Issues like sublimits could not be decided until we knew exactly how different types of weapons were to be counted. However, the President was encouraged by Soviet willingness to compromise between 4800 and 5100 ballistic missile warheads. Were it possible to come to agreement on this, the President would be prepared to be forthcoming on an ICBM sublimit. (Gorbachev made a note at this point.)

The President noted that the Soviet side had also discussed sea-launched cruise missiles and had suggested new ideas for their verification. The General Secretary had also expressed a readiness to examine verification of mobile missiles. The U.S. appreciated Gorbachev's suggestions, and, while we had some doubts, we were willing to study his concepts.

Moving to a discussion of the U.S. defense and space position, the President noted that the arms control working group was taking up these issues that day. Each side seemed to understand the other's position on START, but this wasn't true in Defense and Space. The President wanted to urge that the two sides move together in a direction in which they were already going separately.

Specifically, he indicated that, if it were possible to agree on a treaty reducing strategic arsenals by 50 percent and preserve the opportunity for effective strategic defenses, the two sides would stand on the threshold of a new and stronger regime of strategic stability. Offensive nuclear weapons had helped to keep the peace for over forty years. But now it was necessary to look to the future. The President and Gorbachev held awesome responsibilities. Their only means to avoid nuclear war was to be prepared to strike each other's homeland with devastating consequences, not only for their countries, but for the world. Their successors, and, more importantly, their peoples, deserved better. For his part, the President wanted to strengthen peace by finding new ways to save lives rather than threaten to avenge them. Providing a better, more stable basis for peace was the central purpose of SDI.

The President pointed out that effective defenses against ballistic missiles could strengthen stability in a number of ways. First, they would significantly increase uncertainty about whether missiles could penetrate defenses to destroy the other side's capability to retaliate. This would become even more important after a 50 percent reduction in strategic offensive arms.

Second, defenses would provide an alternative to accepting massive devastation if a missile were ever launched in error or against either side by another country.

Third, defenses could reinforce arms reductions. Fifty percent reductions, combined with increasingly effective defenses, could offer a real hope of protecting people, not just weapons.

Finally, defenses would underwrite the integrity of arms reductions by reducing the advantages of cheating.

In short, the President noted, the combination of effective defenses and a 50 percent reduction in strategic arsenals would establish a whole new concept of strategic stability. It would be the measure people in the U.S. held most important -- by removing any incentive to strike first in a crisis. But it would also improve stability by the measure the Soviet military held most important-- by ensuring that neither side could be surprised by the military advances of the other. Thus we could improve strategic stability by both U. S. and Soviet standards.

The President observed that he had noticed Gorbachev's March 1, 1987 remarks in Pravda, which focused on the issue of deployment. The President considered that the right approach. He was therefore prepared to negotiate with Gorbachev a period during which neither side would deploy strategic defenses beyond those permitted by the ABM Treaty. The length of the period could be agreed once the terms were settled. At Reykjavik, Gorbachev had talked of ten years. The President believed it would be possible to agree on the length of the period once the terms were settled.

Moreover, in order to reassure Gorbachev that the Soviet Union would not be surprised by events during the non-deployment period, the President was also prepared to commit to a package designed to increase predictability for both sides. He would ask Carlucci to describe that package in a moment. In brief, however, the President was offering Gorbachev predictability during a non-deployment period of certain length. In return, the President needed to protect the existing U.S. -- and Soviet -- right to conduct, in the words of Marshal Grechko, "research and experimental work aimed at resolving the problem of defending the country against nuclear missile attack." Both sides needed a clear right to deploy defenses after that period.

The U.S., then, was seeking a separate, new treaty of unlimited duration that could go into effect at the same time the START treaty went into effect. This second treaty would contain a period during which both sides would commit not to deploy

defensive systems currently prohibited by the ABM Treaty. After that period of time, both sides would be free to deploy such defenses without further reference to the ABM Treaty, after giving six months notice of intent to deploy. During the non-deployment period, both sides would have the right to pursue their strategic defense programs, conducting research, development and testing, including testing in space, as required. Their negotiators in Geneva could explain in detail the U.S. concept of deployment.

As Gorbachev would see, the President was trying to create a future in which the two sides would have reduced strategic offensive arms by 50% and could pursue their respective strategic defense programs as common elements in a new regime which Gorbachev had called "strategic stability." In that context, the President had taken special note of the General Secretary's interview with Tom Brokaw the week before, in which Gorbachev had acknowledged the existence of a Soviet analogue to SDI. This was a step in the right direction.

This then, was a summary of the U.S. position, the President concluded. He would ask Secretary Shultz to comment in further detail.

SECRETARY SHULTZ handed out a Russian text of what he described as elements on which negotiators in Geneva might build.

First, he noted, there would be a period of time during which both sides would commit not to deploy defensive systems currently prohibited by the ABM Treaty. The Secretary noted in this connection the President's remark that it would be possible to agree on an appropriate time period.

Second, after that period, both sides would be free to deploy defenses not currently permitted by the Treaty after giving six months notice of an intent to deploy and without any further reference to the ABM Treaty.

Third, during the non-deployment period, both sides would have the right to pursue their strategic defense programs, conducting research, development and testing, including testing in space, as required.

Fourth, to enhance strategic stability, promote predictability, and ensure confidence that prohibited deployments were not being undertaken during the non-deployment period, the U.S. proposed that the two sides meet regularly to do three things:

-- Exchange programmatic data and briefings on each side's

strategic defense programs;

- Arrange for agreed mutual observation of strategic defense tests and visits to strategic defense research facilities;
- Arrange for intensive discussions of strategic stability to begin not later than three years before the end of the non-deployment period.

The Secretary added that all of this should be seen in light of the fact that the period in question would span several Presidential terms. The relevant research would be going on. No one could tell what the situation would be at the end of the period. The two sides would, however, have an opportunity to discuss matters in the context of what was taking place at the time.

The Secretary suggested that Carlucci briefly describe the type of confidence building measures (CBM's) the U.S. had in mind under its proposal.

SECRETARY CARLUCCI explained that such CBM's would be designed to give each side the predictability it needed. The U.S. had earlier put proposals for "open labs" on the table in Geneva, but had received no response. There were other things which could be done. There were things which would make it possible to observe research in space. The U.S. would be prepared to open up such facilities as Livermore Labs and Stanford Research; the Soviet side might be prepared to open up its own facilities, such as those which produced chemical lasers.

With respect to joint observation of actions in space, the U.S. was aware of the Soviet near-space vehicle. We had our shuttle. If, for example, the U.S. sought to conduct a sensor experiment in space, the Soviet near-space vehicle could be maneuvered close enough to satisfy Moscow that no offensive weapon was being tested. Such activities could be undertaken without compromising the security or integrity of the programs involved on either side. Carlucci noted that Marshal Akhromeyev was scheduled to visit him at the Pentagon that afternoon. Carlucci had invited Gen. Abrahamson to brief him in detail on U.S. space defense CBM ideas.

THE PRESIDENT, noting that Gorbachev had probably heard enough from U.S. representatives, invited the General Secretary to share any reactions.

GORBACHEV said that he did, in fact, have a few words in response. First, he could not on the level of principle

support the proposal the President had just outlined. The thrust of that proposal was to invite the Soviet Union to join the U.S. in undertaking a kind of SDI program. Gorbachev had said before Moscow had no intention of developing its own SDI; he had even urged the President to renounce the program. If the U.S. proceeded, the Soviet side had made clear it would develop a response. But that response would take a different path from SDI.

What then, were the proposals of the Soviet side? The ABM regime had worked well for fifteen years. True, some concerns had been expressed with respect to compliance with the Treaty, including in the recent past. But a mechanism for dealing with such problems existed in the Standing Consultative Commission (SCC), which had worked well in the past. Such concerns could be discussed and removed. But in fact both sides had basically observed the Treaty in the past.

But now we were entering a new phase, a phase of reducing strategic offensive arms. Not only would it be necessary to continue to observe the ABM Treaty, it should be strengthened -- as had been agreed at Reykjavik -- through a commitment not to withdraw from the Treaty as strategic offensive arms were reduced. On the basis of such an approach, which presumed an interpretation of the Treaty consistent with that which had been used since Day One of its existence, it would be possible to begin work on the specifics of reducing strategic arms by 50%.

The President, Gorbachev noted, had himself said that SDI was not up for negotiation. If he were now proposing to structure the two leaders' discussion of strategic offensive arms reductions by linking that subject to SDI, Gorbachev had to say it would be a slow process. It would take time first of all just to define SDI. Space was a new area for both countries; there were no criteria for making judgments. Both sides would be groping in the dark. Such an approach would lead the dialogue down a blind alley.

Gorbachev underscored that he objected in principle to SDI. If America wished to pursue the program, that was its business -- to the extent its activities were consistent with the ABM Treaty.

But if there was a real desire for accommodation on both sides, the Soviet approach was a practical one. Taking into account the U.S. desire to implement SDI, Moscow simply proposed that neither side use its right to withdraw from the Treaty for ten years. Two to three years before the end of that period, there

could be a discussion of what to do next. If the U.S. had decided to deploy SDI, it could say so. But during the ten years of the period the Soviet side would have the assurance that, while strategic offensive arms were being reduced, the U.S. would observe the ABM Treaty and not use its right to withdraw. This was something the two sides could agree on.

As for SDI research, it could continue, and the U.S. could decide what to do after ten years. If the U.S. were to violate the ABM Treaty during that period, the Soviet side would be released from any obligation to continue reductions, and would have the right to build and perfect weapons, as well as to cancel its anti-satellite (ASAT) moratorium. But that would occur only if the U.S. decided to deploy SDI.

The Soviet Union, for its part, did not want a new sphere for the arms race. It did not want to deploy SDI. Moscow did not know what, precisely, it wanted to do in the areas involved.

Therefore it proposed a straightforward approach: 50% reductions in strategic offensive arms; agreement on a period of non-withdrawal; observance of the Treaty as it had been observed in the past. As for SDI, the U.S. could do research. Should it ultimately decide to deploy, that would be up to the U.S., but after the termination of the withdrawal period. This proposal would make it possible to implement 50% reductions in strategic weapons in the context of non-withdrawal from the ABM Treaty, and to continue research. Before the end of the ten year period, there could be a discussion.

For the Soviet side, it would be less expensive to explore ways other than through SDI-type deployments to ensure its security. Thus, SDI was not acceptable from a political standpoint; it was not acceptable from a military standpoint (as it was destabilizing); it was not acceptable from an economic standpoint. It could wear out the Soviet economy. It was up to the U.S. to decide if SDI made sense for itself in economic terms; the Soviet Union had decided it did not. Should the U.S. decide to deploy SDI at the end of a non-withdrawal period, Gorbachev warned, the Soviet side would have to respond. But that response would be less costly than SDI.

Gorbachev suggested in conclusion that the two sides seek a solution which enabled the U.S. to develop SDI, but would do so in a way which did not make SDI an obstacle to progress in the reduction of strategic arms. Gorbachev had outlined the Soviet proposal for guaranteeing peace. For the U.S., the answer was SDI. For the Soviet Union, the answer was different: nuclear

disarmament; maintenance of the ABM regime; and no extension of the arms race to space.

THE PRESIDENT volunteered an answer of his own. It was possible to proceed immediately with 50% reductions. Any other options were years ahead for both sides. It would be better not to link the two concepts. The discussions thus far had revealed some common ground. Let the working groups go to work. But one issue should not be made hostage to the other.

As for SDI, the President offered a counterargument to Gorbachev's suggestion that the program would step up the arms race. The President saw it as essential to the realization of the dream of a non-nuclear world. The secret of nuclear weapons was spreading inexorably. If the U.S. and Soviet Union ever reached the point where they had eliminated all their nuclear arms, they would have to face the possibility that a madman in one country or another could develop a nuclear capability for purposes of conquest or blackmail. The situation was not unlike that after agreement had been reached to ban the use of poison gas. People had kept their gas masks. There would always be a need for a defense. The U.S. and Soviet Union could eliminate their nuclear arsenals without fear of nuclear attack by other countries if they had a reliable defensive shield.

In this context, the President had been encouraged by Gorbachev's acknowledgment of a Soviet program akin to SDI. He was grateful for Gorbachev's words because a future based on an ability to counter any attack would be based on real stability, not the stability that came from the ability to destroy.

GORBACHEV observed that the American press had distorted the thrust of his remarks to Brokaw. He had not said that the Soviet Union had its own SDI. He had said that the Soviet Union was engaged in many areas of basic research, including some covered on the U.S. side by SDI. He had not gone beyond this. He had added, moreover, that the Soviet Union would not deploy SDI, and had urged the U.S. not to do so. The Soviet Union would find a different path. The U.S. would not draw the Soviet Union into an SDI program.

On the other hand, if the U.S. wanted to reduce strategic arms, it would have to accept a ten-year period of non-withdrawal from the ABM Treaty. At the end of that period, the U.S. could decide what it would do. The Soviet side could accept that, although it was definitely against SDI.

As for prospects for a START agreement, Gorbachev expressed his readiness to cooperate and respond to the major U.S. concerns. Moscow was ready to reduce heavy ICBM's by 50%. As for sea launched cruise missiles (SLCM's), he had yesterday shared his ideas on verification with the President. He was also ready to look again at the sublimits question. So, he was ready to work to achieve a treaty. But if the President wanted to link that process to SDI, if it had to involve SDI, there would be no START treaty either with the President or his successors.

SECRETARY SHULTZ asked if he might describe a possible work program, in view of the previous discussion. Both sides, he noted, seemed to be committed to achieving a START agreement. Work was already underway among experts.

The Secretary clarified that the President did not mean to suggest that a START treaty be linked to Soviet acceptance of SDI. In fact, he had said there should be no linkage to anything.

GORBACHEV interjected that a START treaty had to be linked to the ABM Treaty.

THE SECRETARY continued that the question was not one of whether the Soviet Union liked or did not like SDI. Neither side could tell the other how to see to its own defense. But the proposal Gorbachev outlined seemed on the surface not to be inconsistent with what the U.S. wanted.

For its part, the U.S. side believed that the proposal the President had made was consistent with the ABM Treaty. Mr. Gorbachev might not agree with that assessment. But the point was that it made no sense to set out down a certain path when both sides knew they did not agree on what, superficially, they seemed to agree on. The President had proposed a means of ensuring that their we were sure what we meant.

The Secretary recalled that the Soviet side had asked for predictability. The President's proposal would guarantee that there would be no deployments against the Soviet Union for a certain period. The President had said it should be possible to agree on the number of years such a period would last. He had also said that, when the period ended, either side could do what it chose.

The question remained, what would happen in the meantime? We had tried to get at that question through the means that Carlucci had described. These would give the Soviet side confidence in what the U.S. was doing. We would hope Moscow

would reciprocate by permitting similar access.

The President's proposal had also incorporated the Soviet idea that, before the end of the agreed period, there would be agreement in advance to discussions of the situation created as a result of strategic reductions and the results of research to that point. This discussion would take place several years in advance of the end of the period. While each side would have the right to do what it wished at the end of the period, this discussion would allow both to take into account facts which had emerged in the interim. This could have an impact on the ultimate results.

So, the Secretary continued, the President's proposal was not an effort to link Soviet acceptance of SDI to a START treaty -- even though we could not understand why Moscow was opposed to SDI. Rather, it was an attempt to give the Soviet side greater confidence that it understood what was going on on the U.S. side. But to agree on radical reductions of strategic arms, based on an understanding of the status of the ABM Treaty both sides knew in their bones was not shared, made the U.S. side uncomfortable and was probably unwise. That was why we hoped that Akhromeyev would listen to what Abrahamson had to say. Who knew? Perhaps the two of them would come up with something new.

GORBACHEV asked why the U.S. could not accept the Soviet formula: 50% reductions in strategic arms; a ten-year non-withdrawal period; discussion two to three years before the end of that period on what to do next. This was a simple approach. There was no reason to encumber the discussion of 50% reductions.

SHEVARDNADZE interjected that it was important to consider another factor -- if the President were to pay a return visit to Moscow, there had to be a decision on what such a visit might produce. Shevardnadze had been operating on the assumption that the purpose of the visit would be to sign an agreement on 50% reductions in strategic arms in the context of the preservation of the ABM Treaty for an agreed period, as he and the Secretary had publicly stated. This had been the basis for all their discussions. If the two sides started to open up philosophical questions about what might happen years from now, the President's visit could not be crowned by signature of an agreement.

That was why it was critical, Shevardnadze said, to define the parameters of observance of the ABM Treaty in the context of 50% reductions. If the question were consigned to experts, there would never be a decision. A key issue was to decide on

the duration of the non-withdrawal period. Another was limits on SLCM's. The size of those limits and their verification could be discussed, but a decision was needed.

Finally, Shevardnadze continued, there could be no question of the INF Treaty becoming the end of the process. It could not stop. Nuclear proliferation was a growing problem, which made it all the more important to maintain the momentum of nuclear arms reductions. The President's visit could provide a major stimulus to this effort. As for SDI, it was not and had not been a subject for discussion. Secretary Shultz had made clear it was the President's program. But there was a need to clarify certain questions or there would be no START agreement.

DOBRYNIN reiterated Gorbachev's point that the ABM Treaty had worked well for fifteen years. Now the U.S. seemed to be proposing that, at the Washington summit, the two leaders in effect announce that this treaty of unlimited duration would cease to be. That was the effect of the President's proposal: there would be three years of negotiations, and then there would be an open arms race.

THE PRESIDENT pointed out that the Soviet side was forgetting something. Prior to Gorbachev's assuming office, there had been violations by the Soviet side of the ABM Treaty. The Krasnoyarsk radar was the principal example. But there were other differences of interpretation. We believed that the Treaty allowed research into weapons which it did not specifically address. The Treaty had dealt with ABM interceptor missiles; it did not ban research into and development of other systems not even envisioned at the time. SDI clearly was covered by the clause which covered other physical principles. It was not an interceptor missile. But there were real questions of when the Soviet side would begin to abide by the ABM Treaty.

SECRETARY SHULTZ proposed that he seek to outline areas where broad agreement seemed to exist.

First, the two sides agreed on the concept of a period of time -- as yet undecided -- when there would be no deployment of antiballistic missile systems beyond what was permitted by the ABM Treaty. There was agreement that, at the end of the period, either side could do what it chose to do. The U.S. had sought to pick up on the Soviet proposal that there should be agreement in advance that the two sides would discuss problems of strategic stability well before the period ended.

Where there was no agreement was on the question of what

actions could be undertaken during the period in question. The U.S. would have no problem agreeing to the formula, "the ABM Treaty, as signed and ratified," because it considered its SDI program to be consistent with that concept. The Secretary said that he had heard that Gorbachev was tired of hearing Grechko quoted back to him, but stressed that that was part of the record. The point he was making was that the two sides differed on such questions of interpretation.

GORBACHEV interjected that these differences had emerged only in 1983. Prior to that, there were no differences, as Congressional hearings and Pentagon reports made clear. Only after SDI had been proposed did the U.S. seek to make the Treaty fit the program. A lawyer had been found to make the case. But, as Bismarck had said, a lawyer could be found to justify anything. What was going on was obvious to everyone. The U.S. should have more respect for the Soviet side than to expect that they would not see through this.

If the U.S. wanted 50% reductions, Gorbachev reemphasized, there had to be a commitment of 10 years on the ABM Treaty. There would be nothing on SDI before that in any case. The issue was not that complex. But the U.S. side was trying to make things "foggy."

THE PRESIDENT replied with some feeling that it was not he who was making things foggy. He wanted to make things clear. He did not want to talk about links to SDI, but about 50% reductions, about how the Hell the two sides were to eliminate half their nuclear weapons. He wanted to talk about how the two leaders could sign an agreement like the one they had signed the day before -- an agreement which had made everyone in the world so damned happy it could be felt in the room at dinner the night before. "Let's get started with it," he concluded.

GORBACHEV said he was ready. The two leaders should make clear that they were working on agreed reductions and were making progress. They should also indicate that, as they began this important process, they reaffirmed their commitment not to withdraw from the ABM Treaty for ten years. This should not be a problem. The period could be for nine years if that would help.

THE SECRETARY suggested that the issue be set aside for a moment. He felt there had been some progress. There was agreement on the concept of a certain period. There was agreement on what should happen at the end of that period. The two sides were not there yet on actions were to be permitted during that period, but that could be worked. But there was

clear agreement on the need for major cuts in strategic arms. Indeed, the Secretary had felt electricity on this point. That was the place to start.

GORBACHEV said he would like to return for a moment to the issue of SLCM's. If this question were not resolved, he warned, there could be no agreement. The Soviet side had outlined clearly its position. What was the U.S. stand on this issue?

THE PRESIDENT said he thought this was a matter for experts. GORBACHEV said that they would be unable to do anything without guidance from the top.

SECRETARY SHULTZ reminded Gorbachev that the U.S. had problems with the verification of SLCM's. The General Secretary had said the day before that the Soviet side had some ideas for dealing with verification. We were ready to study them. If we could be satisfied that they were workable -- and that was a big question -- this would be a realistic basis for proceeding. At this point, the Secretary concluded, he was not in a position to respond to Gorbachev's proposal for a SLCM ceiling of 400 missiles.

GORBACHEV noted ironically that the U.S. had no answer on this and other issues he had raised, only more demands of the Soviet side. But this was not the kind of momentum that was needed. The U.S. was simply squeezing more and more concessions out of its partner. Verification of SLCM's should be more of a problem for Moscow than Washington, Gorbachev pointed out, in view of the U.S. advantage in numbers of SLCM's. Once there was agreement on a number, the verification problem could be resolved. If it proved impossible to satisfy the U.S. on verification, the Soviets would remove their insistence on a numerical limit.

SECRETARY SHULTZ repeated that the U.S. would study the Soviet SLCM proposals.

GORBACHEV replied, "good," adding that the conversation had been a good one. It had made it clearer what both sides wanted. Gorbachev emphasized in closing this phase of the discussion the importance he attached to reductions of strategic arms -- a key issue in the relationship, and one which required a responsible approach from both sides. Obviously, no agreements were possible except on the basis of equality.

THE PRESIDENT said jocularly that he, for one, had no desire to

come to Moscow to be disappointed.

GORBACHEV said he had not meant to suggest any linkage. If the President wished to come to Moscow without a START agreement, he would be welcome. But he should say so. For his part, Gorbachev felt that there was, in fact, a common understanding that the visit should be marked by the signing of an important document. The Soviet side wanted to push toward that goal. If the President was operating from a different set of assumptions, all he had to do was say so. The Geneva negotiators would probably be just as glad to spend their time playing soccer. But Gorbachev assumed that the Administration shared his assessment that an agreement was possible. The President's visit would be an important one; but if he wished to finesse the question of a treaty, he should say so.

SECRETARY SHULTZ observed that Gorbachev had heard with his own ears what the President had said on that count. For himself, he could assure Gorbachev that, whenever he (the Secretary) went off to meet with Shevardnadze, the President made clear in no uncertain terms what he wanted the Secretary to accomplish. The Secretary thought the President had made his views on a START agreement pretty clear to the General Secretary as well a moment before.

GORBACHEV acknowledged that this was important. But one had to decide beforehand in building a bridge whether it should go across a divide or alongside it. The Soviet approach was that there should be a good treaty by the time the President came to Moscow. If there was another view in Washington, it would be best to make that clear. In Russian, Gorbachev recounted, there was a saying: "If you respect me, don't make a fool of me. Tell me what you want."

THE SECRETARY quipped that he hoped this didn't mean GORBACHEV was giving up. GORBACHEV replied that, on the contrary, that was why he had urged against any link between START and SDI. There should be a good treaty by the time of the President's visit.

THE PRESIDENT said he thought that was what he, himself, had said earlier. He had said that the two sides should be seeking to eliminate strategic weapons. So one objective, whether or not the U.S. deployed SDI, would be 50% fewer missiles. But this should only make the two sides more interested in defense, since they would both become more vulnerable to other nuclear states.

GORBACHEV replied that it would be a long time before that was

a problem, since even after a 50% reduction, the U.S. and U.S.S.R. arsenals would still vastly outweigh those of other states.

Responding to a suggestion by Secretary Shultz, THE PRESIDENT suggested a brief discussion of regional issues. These issues, he noted, would greatly influence the long-term character of the two sides' relations and their immediate future as well.

Afghanistan was at the top of the U.S. list. There were more Soviet troops in that country than when the President had entered office. The U.S. and Soviet Union had had extensive discussions about Afghanistan. We understood each others' point of view. The President welcomed Gorbachev's declarations of intent to withdraw. But it was long since time to act on these declarations. This would signal the beginning of a new era in East-West relations and in international affairs generally.

The nature of the conflict meant that a settlement depended mainly on the Soviet Union, the President continued. The U.S. would do its part to help if the Soviet Union actually withdrew. The U.S. and other governments could help assure that Afghanistan did not become a threat to Soviet security. The U.S. was prepared to do its part to ensure the emergence of a neutral and non-aligned Afghanistan. It was time, now, here, at the summit, to set dates certain for the starting and ending of the withdrawal of Soviet forces, so that all troops were out by the end of 1988.

The President said he also wanted to address the Iran-Iraq war. The two sides needed to return to the pattern of cooperation which was reflected in their joint support for UNSC Resolution 598. The President was worried that subsequent Soviet policies were a departure from that cooperation, that they encouraged Iranian intransigence and belligerence. The day before, the Iraqi foreign minister had said that Iraq accepted Resolution 598 in all its parts. Iran was still undercutting the process. Now was the time for the President and Gorbachev to lend their weight to the process for the sake of the potential impact on the Iran-Iraq war, and for the sake of the dignity and future status of the Security Council itself. The U.S. and Soviet Union should be moving forward together on a second resolution. But since Iraq was going along with the UN, a boycott of Iran could help end the war.

Finally, the President mentioned Berlin, which he felt could be the site of positive developments. The President said he felt Gorbachev could and should tear down the Wall that day. But,

in any case, the U.S. and Soviet Union should take smaller, practical steps to ameliorate the division of the city and to symbolize their mutual desire to overcome the division of Europe in a humane and stabilizing way. The U.S. had been working with the British and French on such proposals, and would soon present them to the Soviet Union. The President hoped for a positive response. He also urged that there be an end to shooting incidents involving the two sides military liaison mission activities -- acknowledging that such actions did not take place on Gorbachev's orders:

GORBACHEV noted that his list of priority regional questions coincided perfectly with that of the President. In general terms, he continued, Moscow was convinced that -- whether in Central America, Kampuchea, Afghanistan or the Middle East -- there was increasing support for regional political settlements. This new phase showed up in expanded contacts between opposing groups, in an upturn in political reconciliation, in a search for coalitions. A situation was developing, in short, where U.S. - Soviet cooperation could produce results. Indeed, if the two leaders could express their willingness to work together to resolve some of the issues involved, it could have a major impact.

On Afghanistan, Gorbachev noted, the Cordovez process had produced agreement on instruments regarding non-interference, on guarantees by the U.S., U.S.S.R., Pakistan and -- desirably, at least -- Iran. There was also agreement on the return of refugees; although this was primarily a matter for Afghanistan and Pakistan, the U.S. and U.S.S.R. could make a contribution. The withdrawal of troops was the only remaining issue.

On that point, Najib had made a proposal -- on which Moscow had been consulted -- that Soviet forces be withdrawn within twelve months, with a provision that this timetable could be reduced. But the start was linked to the process of national reconciliation, specifically with the establishment of a coalition government.

It was up to the Afghans to decide the composition of that government. As for Moscow, it shared the view that Afghanistan should be independent and nonaligned. The Soviets recognized that Afghanistan could not be considered a "socialist" country. There were too many non-socialist characteristics: a multi-party system, tribalism, capitalists and clerical elements. The Soviets were realists. They did not want to try to make Afghanistan socialist.

They could not, of course, be indifferent to the situation

there. There was a 2,000 mile common border. But he could assure the President that the Soviet Union wanted no bases in Afghanistan, nor any presence which would affect the strategic situation in the region. Instead, it wanted to complete the process of withdrawal on the basis of negotiation and national reconciliation.

The Afghan government, Gorbachev said, was taking a realistic approach. It had expressed its willingness to share up to 50% of government portfolios, including that of prime minister, with the opposition. The U.S. and Soviet Union could not make the necessary trade-offs. But if the Soviet side used its influence in Kabul, and the U.S. worked through those with whom it was in contact -- and, Gorbachev noted matter of factly, he knew the President had received opposition leaders -- it might help the two groups become reconciled to one another.

As for the withdrawal of Soviet forces, Gorbachev said that two events should coincide: the onset of withdrawals; and the end to "your" transfer of arms and financing of the opposition. From Day One of the withdrawal, Gorbachev volunteered, Soviet forces would engage in no operations except in self-defense. If the President could agree on that, the U.S. and Soviet sides could cooperate to resolve the problem. Moscow had no intention of seeking to leave behind a regime acceptable to itself alone. It would have no problem with a non-aligned and independent government. So perhaps he and the President should reach a "gentleman's agreement" that the Soviets would talk to Najib, and the U.S. to the opposition.

THE PRESIDENT said that the problem with the scenario Gorbachev had described was that one side would be left with the army, while the other would have to give up its arms. The resistance could not be asked to do this. All the Afghan people should have the right to settle matters peaceably. One side should not have a monopoly of force.

GORBACHEV reiterated that an early solution to the Afghan problem was now possible. He suggested that the issue be discussed further by experts. THE PRESIDENT agreed.

On the Iran-Iraq war, GORBACHEV said he saluted U.S. - Soviet cooperation in the adoption of UNSC Resolution 598. Such cooperation was to be valued all the more because it was so rare. The question now was how to move things in the region in the direction of a settlement. The President knew what kind of people "those guys" in Iran were. It was not a simple matter.

The Soviet Union, for its part, had no desire to create

problems for the U.S. in the region. Moscow sought instead a means which would enable the U.S. to move away from its current exposed position without harm to its interests. The Soviets had no interest in seeing things get out of control, or in seeing U.S. economic and other interests in the region suffer. The fact that there was a convergence of U.S. and Soviet interests on this point should help them to find mutually acceptable approaches.

What the Soviets feared, on the other hand, was a situation in which the Iranians felt themselves to be cornered and resorted to extreme measures. The Iranian leadership's ability to inspire their population to remarkable efforts had been proven. The Islamic fundamentalism to which they appealed transcended the Gulf conflict.

The Soviets therefore felt that every effort should be made to exhaust the potential of UNSC 598. If Moscow became convinced that nothing else would work, it would accept a second resolution. But Iran's capacity for rash actions if pushed into a corner had to be kept in mind.

Gorbachev therefore suggested that a "real" force be established on behalf of the UN to implement 598. This would allow the U.S. to reduce its presence without prejudice to its image or interests. The resolutions provision for resort to "impartial bodies" might also have some potential. In conjunction with use of the UN military staff committee it might prove an effective means of dealing with the situation.

In any case, Gorbachev reiterated, Moscow had no desire to undermine American prestige or interests in the region. Rather, it wanted to work with the U.S. to determine if there means which had not been exhausted to ensure full implementation of 598. If all else failed, he repeated, the Soviet Union would support a second resolution. But Gorbachev felt that the first still had untapped potential.

In a final comment on the Gulf, Gorbachev pointed out Iran's proximity to Iran, noting that, were Moscow to press too hard on the war with Iraq, it could complicate the Soviet position in Afghanistan.

SECRETARY SHULTZ said he hoped it would be possible to discuss this issue further later in the afternoon, or at some other point during the General Secretary's visit. GORBACHEV agreed.

Responding to THE PRESIDENT's reminder that the two leaders needed to join their wives, GORBACHEV indicated he had one

additional point to raise. Handing the President a folder, he recounted that North Korean leader Kim II Sung had asked that he convey to the President a personal message on the establishment of a "buffer zone" on the Korean peninsula. Gorbachev said he would not read the four-point proposal, which, he emphasized, Kim had asked be closely held. The initiative had not been shared with all members even of the North Korean leadership.

THE PRESIDENT accepted the folder.

SECRETARY SHULTZ used the opportunity to urge that Gorbachev consider a positive reference in any joint statement to the Olympic movement.

GORBACHEV replied that Moscow wanted the Olympic games to take place, but urged that some events be held in the North. The International Olympic Committee was working on the issue. It should not become a political question.