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WITHDRAWAL SHEET

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Withdrawer

JET

4/20/2005

File Folder

MATLOCK CHRON SEPTEMBER 1986 (9/9)

FOIA

F06-114/5

Box Number

18

YARHI-MILO

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ID Doc Type	Doc	ument Descriptio	n	No of Pages	Doc Date	Restrictions
8563 MEMO	MAT	LOCK/DOBRIANSI	KY TO POINDEXTER	1	9/29/1986	B1
	RE C	HAUTAUQUA CON	NFERENCE			
	R	11/29/2007	NLRRF06-114/5			
8565 MEMO	SAM	E TEXT AS DOC #8	3563	1	9/29/1986	B1
	R	11/29/2007	NLRRF06-114/5			
8572 TALKING POINTS		KING POINTS RE M ILOFF	MEETING WITH	1	ND	B1
	R	11/29/2007	NLRRF06-114/5			
8566 MEMO	ON "S		XTER RE ARTICLES INDUSTRIAL MIGHT" RY SPENDING" BY	2	9/30/1986	B1
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8567 MEMO		LOCK TO POINDE: I BORIS RUMER	XTER RE MEETING	2	3/25/1986	B1 B3
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8570 CABLE	PRES ICLE	IDENT-GORBACH AND	EV MEETING IN	1	ND	B1
	R	11/29/2007	NLRRF06-114/5			

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA] B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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WITHDRAWAL SHEET

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MATLOCK CHRON SEPTEMBER 1986 (9/9)

FOIA

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YARHI-MILO

					1804	
ID Doc Type	Doc	ument Description	n	No of Pages	Doc Date	Restrictions
8573 TALKING POINTS	SAMI	E TEXT AS DOC #8	572	1	ND	B1
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8574 TALKING POINTS	SAMI	E TEXT AS DOC #8	572	1	ND	B1
	R	11/29/2007	NLRRF06-114/5			
8568 MEMO	MATI ITEM		KTER RE BREAKFAST	1	9/30/1986	B1
	R	11/29/2007	NLRRF06-114/5			

Freedom of Information Act - [5 U.S.C. 552(b)]

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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 27, 1986

MEMORANDUM FOR SALLY KELLEY

FROM:

RODNEY B. MCDANIEL BOG for

SUBJECT:

Reply to Letter on Germans in the Soviet Union

At Tab A is a reply for signature by an appropriate White House staffer to Mr. Gary K. Stark. Mr. Stark wrote to the President to announce formation of "Americans for Soviet Germans," a group devoted to the plight of the German minority in the Soviet Union.

At Tab B is the State Department's original draft reply. At Tab C is Mr. Stark's original letter.

Attachments

Tap	A	wnite	House	керту	to	Stark	
			The second secon				

Tab B State draft response to Stark with NSC changes

Tab C Letter from Stark

Draft Reply

Letter on Americans for Soviet Germans

Dear Mr. Stark:

Thank you for your letter of July 24 concerning the formation of <u>Americans for Soviet Germans</u>. Your organization's aim of drawing attention to the plight of Soviet Germans is a commendable one.

Let me assure you that the U.S. Government is also concerned over the difficulties experienced by Soviet Germans. We have been deeply disappointed to see the number of exit visas fall from 9,626 in 1976 to only 406 in 1985. As part of our efforts, we consult closely with the Government of the Federal Republic of Germany and are supportive of its efforts on behalf of Soviet Germans. In international human rights fora, U.S. representatives have worked to secure the rights of minorities, including those of Soviet Germans.

President Reagan and U.S. Government officials across the board have pressed the Soviets to permit the exercise of basic human rights. In a broader context, we have repeatedly urged the Soviet Union to honor its commitment in the Helsinki Final Act "to deal in a positive and humanitarian spirit with the applications of persons who wish to be reunited with members of their family."

Thank you again for writing.

Sincerely,

Draft Reply

Letter on Americans for Soviet Germans

Dear Mr. Stark:

Thank you for your letter of July 24 concerning the formation of Americans for Soviet Germans. Your organization's aim of drawing attention to the plight of Soviet Germans is a commendable one.

President Reagan and U.S. Government officials at all

levels have pressed the Soviets to permit the exercise of basic

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human rights. It is distressing that the Soviet Union does not

the Soviet Union

honor its commitment in the Helsinki Final Act "to deal in a

positive and humanitarian spirit with the applications of

persons who wish to be reunited with members of their family."

Let me assure you that the U.S. Government is aware the difficulties experienced by Soviet Germans. We have been deeply concerned to see the number of exit visas fall from 9,626 in 1976 to only 406 in 1985. We consult closely with the Government of the Federal Republic of Germany and are supportive of its efforts on behalf of Soviet Germans. In international human rights fora, U.S. representatives have worked to secure the rights of minorities, including those of Soviet Germans.

I_read your letter with great interest, and I hope you will keep me informed of your efforts. Thank you again for writing.

Sincerely,

5341 Bransford Drive La Palma, CA 90623 July 24, 1986

434468

Mr. Linas Kojelis Assistant to the President Office of Public Liaison The White House Washington, DC 20500

Dear Mr. Kojelis:

The news media and the Congress are currently in a frenzy over South Africa. We are bombarded with minute details of the statements of dissidents, like Bishop Tutu, condmring our president and urging all sorts of aggressive actions against the Republic of South Africa.

Unnoticed, during all of the clamor the Soviet Union blythely continues its oppression of its minorities. Offensive as aparteid is it does allow emigration to those who chose it, which the Soviets do not.

One Soviet minority that has long suffered, virtually, unnoticed is the Soviet Germans. That group of about 2-million persons has been subjected to all sorts of persecution and discrimination. They were primary targets of Stalin's campaign to liquidate the 'Kulaks" in which thousands were killed. Tens of thousands lost their lives in the deliberate starvations in the Ukraine. During WWII the Soviet Germans were forcibly relocated to central asia where they struggle for survival today, while hoping to emigrate.

The Soviet Germans have been denied the right to emigrate and return to their ancestral homeland like the Soviet Jews. Yet the media and public officials do not include them in their condemnations of Soviet policy on emigration. To draw attention to their plight I have formed an organization called <u>Americans for Soviet Germans (ASG)</u>.

There are about 2-million American citizens of German-Russian background in the United States. They care about distant relatives left behind but have not been active in their behalf. Americans for Soviet Germans hopes to serve as a focal point for the friends and families of Soviet Germans to voice their concerns. I have been a strong supporter of President Reagan and his policies and hope he will take cognizance of our efforts and share in our goal of human rights for Soviet Germans.

Sincerely,

Hair K Stark

AMERICANS FOR SOVIET GERMANS (A,S,G)

WHO ARE WE? We are an alliance of Americans who wish to express concern over the human rights abuses inflicted upon all minorities in the Soviet union, particularly, the two-million ethnic Germans.

WHAT ARE OUR GOALS?

- 1. To inform the American citizenry and our leaders of the oppressions suffered by the Soviet Germans.
- 2. To urge our political leaders to work with West Germany in a cooperative effort to focus on Soviet German human rights and to promote free emigration for those who wish to return to their ancestral homeland, Germany.

WHAT ACTIVITIES WILL BE UNDERTAKEN?

- 1. Information about Soviet Germans will be gathered and disseminated through media outlets.
- 2. Politicians will be informed of Soviet German issues.
- 3. Books and articles written about Soviet Germans will be promoted to better inform the American public.
- 4. Prominent Americans of German background and German-American organizations will be called upon to take a stand for Soviet German human rights.
- 5. Legislation will be promoted to honor the accomplishments of Germans from Russia in America.
- 6. Efforts will be made to include the Soviet German human rights issue in future bi-lateral negotiations with the Soviets.
- 7. Regarding human rights as universal, we intend to work with groups representing other oppressed minorities toward our common goals.

AMERICANS FOR SOVIET GERMANS P.O. Box 6185 Buena Park, CA 90622

ASK ABOUT ASG *

- ASG ABOUT THE MOST UNPUBLICIZED PERSECUTED ETHNIC GROUP
- ASG ABOUT THE DELIBERATE,
 MASS STARVATION INFLICTED
 UPON THEM
- ASG ABOUT THE CAMPAIGN TO LIQUIDATE THE "KULAKS"
- ASG ABOUT THE INFAMOUS "OPERATION KEELHAUL"
- ASG ABOUT FORCED RELOCATIONS AND SLAVE LABOR
- ASG ABOUT DENIAL OF HUMAN RIGHTS AND THE RIGHT TO EMIGRATE
- ASG ABOUT SEPARATED FAMILIES
- ASG ABOUT RELIGIOUS PERSECUTIONS
- ASG ABOUT THE SOVIET GERMANS

WASG = AMERICANS FOR SOVIET GERMANS
CALL (714) 523-2252

THE WHITE HOUSE OFFICE

REFERRAL

AUGUST 12, 1986

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DRAFT REPLY FOR SIGNATURE OF: WHITE HOUSE STAFF MEMBER

DESCRIPTION OF INCOMING:

ID: 434468

MEDIA:

LETTER, DATED JULY 24, 1986

TO:

LINAS KOJELIS

FROM:

MR. GARY L. STARK 5341 BRANSFORD DRIVE LA PALMA CA 90623

SUBJECT: AMERICANS FOR SOVIET GERMANS

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE (OR DRAFT) TO: AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

> SALLY KELLEY DIRECTOR OF AGENCY LIAISON PRESIDENTIAL CORRESPONDENCE

RECORDS MANAGEMENT ONLY

	CLASSIFICAT	ION SECTION	
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CPn - Presidential Correspondence		MEDIA CODES:	
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n - 2 - Ronald Reagan		D - Official docume	ent
n - 3 - Ron n - 4 - Dutch		G - Message H - Handcarried	
n - 5 - Ron Reagan		L - Letter	
n - 6 - Ronald		M - Mailgram O - Memo	
n - 7 - Ronnie		P - Photo	
CLn - First Lady's Correspondence		R - Report	
n - 0 - Unknown n - 1 - Nancy Reagan		S - Sealed T - Telegram	
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CBn - Presidential & First Lady's Corre	espondence	Gludy	
n - 1 - Ronald Reagan - Nancy Rea	gan		

s/s # 8624883

UNCLASSIFIED

(Classification)

DEPARTMENT OF STATE EXECUTIVE SECRETARIAT TRANSMITTAL FORM

		Date: September 16, 198
FOR:	VADM JOHN M National Sec The White Ho	curity Council
Reference	<u>e</u> :	
	To: Linas K	ojelis From: Gary K. Stark
	Date: July	Subject: Formation of Organiza-
	tion America	ans for Soviet Germans
	WH Referral	Dated: August 8, 1986 NSC ID# 434468 (if any)
		The attached item was sent directly to the Department of State
Action Ta	aken:	
	XX	A draft reply is attached.
		A draft reply will be forwarded.
		A translation is attached.
		An information copy of a direct reply is attached.
		We believe no response is necessary for the reason cited below.
		The Department of State has no objection to the proposed travel.
		Other.
Remarks:		Micholas Platt Executive Secretary
Remarks:	XX	A draft reply will be forwarded. A translation is attached. An information copy of a direct reply is attached. We believe no response is necessary for the reason cited below. The Department of State has no objection to the proposed travel. Other.

UNCLASSIFIED (Classification)

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 26, 1986

ACTION

MEMORANDUM FOR RODNEY B McDANLEL

FROM:

JACK F. MATLOCK

SUBJECT:

Reply to Letter on German Minority in the Soviet

Union

At Tab I is a memo from you to Sally Kelley forwarding a reply (at Tab A) to a letter announcing the formation of "Americans for Soviet Germans," a group devoted to the plight of the German minority in the Soviet Union.

At Tab B is State's original draft reply with some editing. At Tab C is the original letter from Mr. Gary Stark.

RECOMMENDATION

That you sign the memo at Tab I, forwarding the reply for signature by an appropriate White House staffer.

Approve Disapprove _____

Peter Sommer and Judyt Mandel concur.

Attachments

Tab I Memo from McDaniel to Kelley

Tab A White House Reply to Stark

Tab B State draft response to Stark with NSC changes

Tab C Letter from Stark

Charle

THE WHITE HOUSE

WASHINGTON

September 29, 1986

Dear Mr. Kintner:

Thank you for the invitation to the Washington Institute's conference "The Struggle Over 'Peace.'" You have some outstanding individuals on your tentative schedule; I'm sure they will give excellent presentations. Unfortunately, the press of business will make it impossible for me to attend. Thank you, however, for the invitation.

Sincerely,

John M. Poindexter

Mr. William R. Kintner
The Washington Institute
for Values in Public Policy
Suite 200
1667 K St., NW
Washington, DC 20006

6585

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 23, 1986

LIMITED OFFICIAL USE

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

SIGNED

FROM:

JACK F. MATLOCK TEM

SUBJECT:

Invitation to Conference on "The Struggle Over

'Peace'"

After your decision not to go, we asked around the NSC staff to see if anyone else cared to attend the Conference on "The Struggle Over 'Peace'" on October 1-2. We have had no takers. Ray Burghardt also reports that the sponsoring "Washington Institute" is a Moonie organization.

At Tab I is a letter from you to the Institute, regretting the invitation.

RECOMMENDATION

That you sign the Detter at Tab I regretting the invitation to the conference. \(\cap\)

Approve

Disapprove____

Steve Sestanovich and Bob Linhard concur.

Attachments

Tab I Poindexter Letter

Tab A Invitation to Poindexter and conference brochure

Prepared by: R. Scott Dean

LIMITED OFFICIAL USE

DECLASSIFIED

White House Guidelines, August 24, 1997

NARA, Date

NARA, Date



T H E W A S H I N G T O N I N S T I T U T E

September 3, 1986

Vice Admiral John M. Poindexter, USN Assistant to the President for National Security Affairs National Security Council The White House Washington, DC 20506

Dear Admiral Poindexter:

Enclosed are brochures and registration cards for a conference on The Struggle Over 'Peace' that I am organizing for The Washington Institute. It will be held on Wednesday and Thursday, October 1 and 2, at the Sheraton Grand Hotel on Capitol Hill. I would like to take this opportunity to invite you and any appropriate members of your staff to attend.

As you can see from the tentative conference agenda, a very distinguished group of scholars and policymakers will be tackling some very serious issues confronting our foreign policy establishment. We seem to be witnessing a resurgence in the ongoing Soviet campaign for "peace," and there is a real need for US policymakers to come to grips with it. We must understand it, review the policy options available to us, and set a course that will place freedom and the democratic tradition on the offensive for generations to come.

Please note that the conference schedule presently lists only those individuals who have confirmed their participation, thus far, with The Washington Institute. When the list is complete, the Institute will send you a final conference agenda.

Registration cards must be received at The Washington Institute by September 24. If you should have any questions regarding the conference, please contact Elaine Kradjan, program administrator for the Institute, at (202) 293-7440.

I am looking forward to a very stimulating conference and hope that you and members of your staff will be able to join us.

Sincerely,

William R. Kintner Conference Chairman

WRK:cm Enclosures



CONFERENCE ... OVERVIEW

TENTATIVE CONFERENCE SCHEDULE

The Struggle Over "Peace"

Soon after its founding in 1917, the Soviet Union brought its first "peace" campaign to the world. The Sixth World Congress of the Communist International, meeting in 1928, resolved that the peace policy of the USSR "provides the best basis for taking advantage of the antagonisms among the imperialist states. . . .[It] does not imply that the Soviet State has become reconciled with capitalism. . . .It is merely a more advantageous form of fighting capitalism. . . ." Soviet peace initiatives would appear to be another form of war.

Many US foreign policy experts believe that the Soviets are currently implementing another major peace offensive. Strong indicators include the publication last December of A Time for Peace by Mikhail Gorbachev, a full page ad in The New York Times on February 5, 1986, entitled, "Nuclear Disarmament by the Year 2000," and frequent remarks to influential Americans visiting Moscow that the scheduled meeting between Gorbachev and President Reagan must produce positive results.

Soviet peace initiatives are designed to influence western public opinion. Experts anticipate that the emerging offensive is aimed at opinions and policies on arms control and disarmament and on regional issues such as Central America. The US will be portrayed as a menace to humanity whose plans for a strategic defense against Soviet ICBMs could lead to the end of civilization.

Will US policymakers recognize the peace initiative as it develops? Will they counter with effective policy? Can the United States take the offensive in "The Struggle Over 'Peace'"? This conference will examine these questions.

Wednesday, October 1, 1986		Thursday, October 2, 1986			
8:00 Registration Continental Breakfast			8:00	Registration Continental	
9:00	Panel I	"The Issue of Moral Equivalence Between the Superpowers" AMBASSADOR CHARLES	9:00	Panel V	"Democratic Vulnerability to the Soviet 'Peace' War Propaganda, Active Measures and
	÷	LICHENSTEIN The Heritage Foundation DR. CONSTANTINE MENGES Former Special Assistant to the			Disinformation" ARNAUD DE BORCHGRAVE The Washington Times MAX SINGER
10:30	Coffee Break	President for National Security Affairs			The Potomac Organization, Inc. DR. GERALD L. STEIBEL Freedom House
10:45	Panel II	"Peace Plan or Ploy — Is Gorbachev's Plan to Eliminate All Nuclear Arms by the End of the			DR. RAY S. CLINE CSIS
		Century a Peace Initiative of Historic Significance?"			AMBASSADOR ROMUALD SPASOWSKI Former Polish Ambassador to the
		DR. RICHARD PIPES Harvard University			United States
		DR. RICHARD THORNTON Institute for Sino-Soviet Studies	10;30 10;45	Çoffee Brea Panel VI	"Coping with the Soviet 'Peace'
		The George Washington University LESLIE H. GELB The New York Times			War" DR. MORTON KAPLAN (CHAIRMAN)
12:30	Luncheon	Speaker: Ambassador Malcolm Toon Former US Ambassador to the Soviet			The University of Chicago
		Union			DR. PAUL SIGMUND Princeton University
2:15	Panel III	"Strategic Defense and Western Security"			DR. EUGENE V. ROSTOW
		BRIG. GEN. ROBERT RICHARDSON, USAF RET.			DR. RICHARD BISSELL Executive Director, The Washington Quarterly
3:45	Coffee Break	High Frontier	1:00	Luncheon	Speaker: Senator John Tower
4:00	Panel IV	"Central America in the Struggle for Peace"	2:30	Conclusion	
		DANIEL JAMES Author, Editor and Journalist		-	

NOTE: A complete list of panelists will be sent to all registrants

prior to the conference

LT. GENERAL GORDON SUMNER

AMBASSADOR CURTIN WINSOR, JR.

Former Chairman, Inter-American

Defense Board

Bom

National Security Council The White House

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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 29, 1986

CONFIDENTIAL

INFORMATION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM:

JACK F. MATLOCK PAULA DOBRIANSKY

FROUR DODKIRNSK,

SUBJECT:

The Chautauqua Conference

In our view, the Chautauqua Conference, which was recently held in Riga, Latvia, performed two important functions. First, it provided us with a useful opportunity to review a broad range of issues germane to US-Soviet relations. The USG participants (Matlock, Palmer) delivered formal speeches and participated in numerous lengthy exchanges. These discussions enabled us to communicate our views cogently to the Soviets and to rebut various misconceptions about US policies. While the Soviet learning curve on US-Soviet matters has improved, most Soviet officials are remarkably ignorant about the US and our policies. Enhancing their knowledge about the US does not guarantee more benign Soviet policies. However, it does tend to mitigate against Soviet blunders based on a misreading of our views and intentions.

Second, the conference served as a useful public diplomacy forum. It was well covered (by Soviet standards) in the Soviet media. Soviet national news allocated several minutes per day to discuss the conference and Latvian television devoted approximately two-four hours a day. Although the coverage was selective, the very fact that a conference of this nature was publicized seemed to be viewed by the Soviet people, who are rather adept at reading between the lines, as an affirmation that US-Soviet relations are not bad -- thus, countering Soviet propaganda about an imminent Western threat. Also, the essence of our Baltic non-recognition policy got through to the Latvian people and was extremely well received.

In addition, the conference exposed numerous Soviet non-governmental participants to American views. Undoubtedly, the majority of the Soviet participants was carefully pre-selected by the authorities. Nevertheless, the US participants were able to meet and talk with other people who came to the conference site. The Latvian-Americans on the trip established contacts not only with their relatives, but with the Latvian populace.

CONFIDENTIAL Declassify: OADR

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BY 61 NARA DATE!/79/67

5375

Matlock

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 29, 1986

MEMORANDUM FOR SALLY KELLEY

FROM:

RODNEY B. McDANIEL Bot for

SUBJECT:

Follow-up Reply to Congressional Letter on Slave

Labor Goods from the Soviet Union

Last June 130 House members wrote to the President asking him to enforce prohibitions against entry into the United States by goods made by slave labor in the Soviet Union. Will Ball sent them an interim reply last July.

At Tab A is State's draft follow-up reply with NSC changes.

Attachments

Tab A Follow-up reply to House Members

July draft for interim reply to House Members June 27 Letter from House Members Tab B

Tab C

Dear Steny:

This is in further response to the letter of June 27 1986, from you and colleagues concerning a proposed ban on importations of goods produced by Soviet forced labor.

As you know, the President shares your deep concern over the human rights situation in the Soviet Union, and the Administration currently has under review, the circumstances surrounding the possible application of section 307 of the Tariff Act of 1930 to Soviet goods produced with forced labor that may be exported to the United States. We must be careful to ensure that any action taken in this area is factually supportable and legally defensible in any court proceedings that may follow.

I assure you that his Administration shares your resolve that we, as a nation, must do everything possible, consistent with our own laws, to convince the Soviets to abolish their forced labor system. On behalf of the President, I want to thank you for your continued interest and concern regarding the Soviet human rights issue?

With best wishes,

Sincerely,

William L. Ball, III
Assistant to the President

The Honorable
Steny H. Hoyer
House of Representatives.

July 16, 1986

Dear Steny:

On the President's behalf, I would like to thank you for your June 27 letter regarding provisions of the 1930 Tariff Act prohibiting the importation into the United States of goods made by slave labor.

We share your concern over the human rights situation in the Soviet Union, and appreciate receiving your comments on the 1930 Tariff Act as it relates to certain goods produced in the Soviet Union. Your recommendations are being shared with the President's advisers who are currently reviewing this matter to ensure that your thoughts are included in discussions pertaining to forced labor goods. You will be receiving an additional response in the near future.

With best wishes,

Sincerely,

William L. Ball, III
Assistant to the President

The Honorable Steny H. Hoyer House of Representatives Washington, D.C. 20515

WLB/KRJ/ech (7WBG)

cc: w/copy of inc to Ed Fox, Cong Affrs., State - for DRAFT response in coordination with Treasury.

cc: w/copy of inc to Mike Hudson, Cong Affrs., Treasury - for coordinated DRAFT response with State.

cc: w/copy of inc. to NSC Secretariat - FYI

Lette tra le puipes

4017200

Congress of the United States

House of Representatives

Washington, D.C. 20515

J622659

June 27, 1986

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We are writing to urge you to direct the Treasury Department to enforce provisions of the 1930 Tariff Act prohibiting the importation of goods into the United States made by slave labor. We understand the Treasury Department has concluded an investigation of the origin of certain goods which may have been produced by forced labor in the Soviet Union — tea and wood products among others — and is currently reviewing the possibility of taking action against certain products. We want to encourage you to hold the line on human rights repression by barring these goods from entry into the United States.

Recently, Soviet dissident Anatoly Shcharansky estimated that there may be as many as 13 million people serving in the forced labor system in the Soviet Union and said it is very difficult to find anything in the Soviet Union which does not include forced labor.

We must take a stand on this issue. It is the law, one which must be enforced and one behind which we must firmly stand. It is not a bargaining chip or a matter for diplomatic negotiation — it's the law and we must insist that it be enforced without compromise.

If we respond to no other voice, we should heed Shcharansky's admonition: "Weak agreements only make those suffering behind the Iron Curtain more despondent. They are taking the tough line on the front; the least Western diplomats can do is to remember them in between the caviar and cocktail parties." (Wall Street Journal, June 4, 1986).

We must enforce existing trade laws prohibiting forced labor goods from entering the United States and we urge your quick action.

Sincerely,

Steny H. Hoyer

Frank R. Wol

The President June 27, 1986 Page Three	1
John g. Rowland	1/ Che
Rep. John G. Rowland	Rep. Michael G. Oxley
Rep. Alex McMillan	Rep. Carles Moorhead
Rep. Lawrence Coughlin	Rep. Connie Mack
Dep. James V. Halsen	Rep_Dlympia Snowe
Ny things	Jos Mlen
Rep. Henry J. Hyde	Rev. John McCain
B. John McKernan, Jr.	Rep. John Hiler
John Miller	Rep. Dan Coats
Rep Gorge C. Wortley	Rep. Pat Roberts
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Rep. Robert K. Dornan	Rep. Dan Schaefer

The President June 27, 1986 Page Four

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Rep. Steve Solarz

The President June 27, 1986 Page Five Rep. Martin Frost ease Rep. Clay Sha Rep. Ron Marlenee loyd Spence

James Scheuer Silvio Conte William O., Lipinski Rep. Tom Kindness Rep. Stan Parris John Bryant Rep. Helen Delich Bentley Tom Bliley Rep. George Gekas Robert S. Walker Rep.

Rep. Andy Jacobs

The President June 27, 1986 Page Six Re Richard Ray Rep. David Martin Rep. Herbert H. Bateman Larry /smith/

Rep. Phil Crane

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The President June 27, 1986 Page Seven

Page Seven	
Hamilton Fish, Jf.	Rep. Ron Coleman
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Rep. Toby Roth	Rep. Rod Mandler Muller
Rep. Cecil (Sec) Heftel Rep. Larry E. Craig	Rep. Bill Archer Rep. Marjorie S. Holt
Rep. Vic Pazio	Reg. Harry Reid
Rep. Ike Skelton	Rep. Gary L. Ackerman
Rep. William of Hughes	Rep. Charles Pashayan, Jr.
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The President June 27, 1986 Page Two

Rep. Rep. Matthew J. Rinaldo Rep. Peter Kostmayer Rep. Thomas J. Manton Rep. Dennis Eckart Rep. Hank Brown Rep Edward R Roybal Rep. Neal Smith ep. Joe Barton Rep. Marvin Leath Rep. Den y Smith Rep. Bill Gradison Norman Sisisk erry J. Hopkins



UNCLASSIFIED (Classification)

DEPARTMENT OF STATE EXECUTIVE SECRETARIAT TRANSMITTAL FORM

	Date September 19, 1986
For:	VADM John M. Poindexter National Security Council The White House
Refe	rence:
	To: President Reagan From: Representative Steny Hoyer
	Date: June 27, 1986 Subject: Urge you to direct the
	Treasury Department to enforce provisions of the 1930 Tariff Act.
	WH Referral Dated: July 22, 1986 NSC ID# 408726 (if any)
	The attached item was sent directly to the Department of State.
Acti	on Taken:
	XX A draft reply is attached.
	A draft reply will be forwarded.
	A translation is attached.

An information copy of a direct reply is attached.

We believe no response is necessary for the reason

The Department of State has no objection to the

Remarks:

cited below.

Other.

proposed travel.

Nicholas Platt xecutive Secretary

S/S 8622659

UNCLASSIFIED (Classification)

1622659

THE WHITE HOUSE OFFICE

REFERRAL

JULY 22, 1986

TO: DEPARTMENT OF STATE ATTN: ED FOX

ACTION REQUESTED:

DRAFT REPLY FOR SIGNATURE OF: WHITE HOUSE STAFF MEMBER

REMARKS: ALSO REFERRED TO TREASURY / MIKE HUDSON

DESCRIPTION OF INCOMING:

ID:

408726

MEDIA: LETTER, DATED JUNE 27, 1986

TO:

PRESIDENT REAGAN

FROM:

THE HONORABLE STENY H. HOYER U.S. HOUSE OF REPRESENTATIVES

WASHINGTON DC 20515

SUBJECT: URGE YOU TO DIRECT THE TREASURY DEPARTMENT TO ENFORCE PROVISIONS OF THE 1930 TARIFF ACT PROHIBITING THE IMPORTATION OF GOODS INTO THE U.S. MADE BY SLAVE LABOR. STATE THAT TREASURY HAS COMPLETED AN INVESTIGATION OF THE ORIGIN OF CERTAIN GOODS WHICH MAY HAVE BEEN PRODUCED BY FORCED LABOR IN THE SOVIET

UNION, AND IS CURRENTLY REVIEWING THE

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE (OR DRAFT) TO: AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

THE WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

TA 004

INCOMING

DATE RECEIVED: JULY 02, 1986

NAME OF CORRESPONDENT: THE HONORABLE STENY H. HOYER

SUBJECT: WRITES URGING DIRECTING THE TREASURY

DEPARTMENT TO ENFORCE PROVISIONS OF 1930 TARIFF ACT PROHIBITING IMPORTATION OF GOODS

INTO THE U.S. MADE BY SLAVE LABOR

	ACTION	DISPOSITION	
ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACT DATE CODE YY/MM/DD		
WILLIAM BALL REFERRAL NOTE:	ORG 86/07/02		76 5
GGTREFERRAL NOTE: WITH E	17/1/2012	166	_
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MAIL USER CODES: (A)	(B)(C		
******************* *ACTION CODES: * DISPOSITION *A-APPROPRIATE ACTION *A-ANSWERED *C-COMMENT/RECOM *B-NON-SPEC-R *D-DRAFT RESPONSE *C-COMPLETED *F-FURNISH FACT SHFET *S-SUSPENDED *I-INFO COPY/NO ACT NEC* *R-DIRECT REPLY W/COPY * *S-FOR-SIGNATURE * *X-INTERIM REPLY *	*TYPE 1 EFERRAI, * * (* * * * * * * * * * * * * * * * * * *

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL PEFERENCE (ROOM 75, OEOB) EXT-2590 KEEP THIS WORKSHEET ATTACHED TO THE OPIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

THE WHITE HOUSE

WASHINGTON

July 14, 1986

MEMORANDUM FOR:

WILLIAM L. BALL, III

FROM:

KATHY RATTE JAFFKE

SUBJECT:

Slave Labor Goods

Attached for your approval is a draft interim response to 130 House Members who wrote to the President urging strict enforcement of laws prohibiting the importation of goods made by slave labor.

Both NSC and Treasury have called asking that they be included in the preparation of the substantive response.

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 23, 1986

ACTION

SIGNED

MEMORANDUM FOR JOHN M. POINDEXTER

FROM:

JACK F. MATLOCK RSO A JEM

SUBJECT:

Follow-up Reply to Congressional Letter on Slave

Labor Goods from the Soviet Union

At Tab I is a memo from Rodney McDaniel to Sally Kelley forwarding State's follow-up reply to 130 House members who wrote to the President last June. They asked him to enforce prohibitions against entry into the United States by goods made by slave labor in the Soviet Union. The draft reply, with our changes, is at Tab A.

RECOMMENDATION

That you authorize Rod McDaniel to sign the memo at Tab I, forwarding the follow-up reply to the House Members.

Approve MG

Disapprove

Attachments

Tab I Memo from McDaniel to Kelley

Follow-up reply to House Members Tab A

July draft for interim reply to House Members Tab B

Tab B Tab C June 27 Letter from House Members

Cham 3V

THE WHITE HOUSE WASHINGTON

Dear Mr. Tyroler:

Thank you very much for the invitation to your seminar on October 1 and 2 covering US-Soviet relations and arms control. It sounds as if it will an interesting seminar. Unfortunately, the press of business here makes it impossible for me to attend.

Thank you again, though, for the invitation.

Sincerely,

Mr. Charles Tyroler II Director Committee on the Present Danger 905 Sixteenth St. N.W. Washington, DC 20006

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 29, 1986

CONFIDENTIAL

INFORMATION

MEMORANDUM FOR JOHN M. POINDEXTER

Natl Sec Advisor has seen

FROM:

JACK F. MATLOCK PAULA DOBRIANSKY (7)

SUBJECT:

The Chautauqua Conference

In our view, the Chautauqua Conference, which was recently held in Riga, Latvia, performed two important functions. First, it provided us with a useful opportunity to review a broad range of issues germane to US-Soviet relations. The USG participants (Matlock, Palmer) delivered formal speeches and participated in numerous lengthy exchanges. These discussions enabled us to communicate our views cogently to the Soviets and to rebut various misconceptions about US policies. While the Soviet learning curve on US-Soviet matters has improved, most Soviet officials are remarkably ignorant about the US and our policies. Enhancing their knowledge about the US does not guarantee more benign Soviet policies. However, it does tend to mitigate against Soviet blunders based on a misreading of our views and intentions.

Second, the conference served as a useful public diplomacy forum. It was well covered (by Soviet standards) in the Soviet media. Soviet national news allocated several minutes per day to discuss the conference and Latvian television devoted approximately two-four hours a day. Although the coverage was selective, the very fact that a conference of this nature was publicized seemed to be viewed by the Soviet people, who are rather adept at reading between the lines, as an affirmation that US-Soviet relations are not bad -- thus, countering Soviet propaganda about an imminent Western threat. Also, the essence of our Baltic non-recognition policy got through to the Latvian people and was extremely well received.

In addition, the conference exposed numerous Soviet non-governmental participants to American views. Undoubtedly, the majority of the Soviet participants was carefully pre-selected by the authorities. Nevertheless, the US participants were able to meet and talk with other people who came to the conference site. The Latvian-Americans on the trip established contacts not only with their relatives, but with the Latvian populace.

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The President has seen

THE WHITE HOUSE

WASHINGTON

September 30, 1986

UNCLASSIFIED

WITH LIMITED OFFICIAL USE ATTACHMENT

MEETING WITH NICHOLAS DANILOFF

DATE:

October 1, 1986

LOCATION:

Oval Office

TIME:

4:00 p.m. - 4:15 p.m.

FROM:

JOHN M. POINDEXTER WY

I. PURPOSE

To welcome Daniloff back to the US, and to accept thanks for obtaining his release.

II. BACKGROUND

Will provide opportunity to show your personal involvement in freeing Daniloff. Will also provide an opportunity to ask Daniloff about his experience while imprisoned by the Soviets.

III. PARTICIPANTS

The President
Mrs. Reagan
Donald Regan
John Poindexter
Jack Matlock
Nicholas Daniloff
Mrs. Ruth Daniloff
Miranda Daniloff
Caleb Daniloff
Mortimer B. Zuckerman (Cha

Mortimer B. Zuckerman (Chairman, Editor-In-Chief US News and World Report)

David R. Gergen (Editor, US News and World Report)

IV. PRESS PLAN

Photo opportunity of President standing with Daniloff family in Oval Office.

V. SEQUENCE OF EVENTS

Greet Daniloffs, Zuckerman and Gergen. Photo opportunity. Accept thanks for securing his release.

Prepared by:
R. Scott Dean
cc Vice President

Don Regan

Attachment

Tab A Talkin

Talking Points (LIMITED OFFICIAL USE)

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OF CLASSIFIED ENCLOSURE(S)

LIMITED OFFICIAL USE

TALKING POINTS

- -- Welcome back.
- -- We worked hard to get you back. We've done so without allowing the Soviets to equate you with Zakharov.
- -- Tell me about what it was like while the Soviets held you hostage.
- -- Are there any other comments you would like to make on your experience?

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BY CV NARA DATE 11/79/07

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

UNCLASSIFIED

September 30, 1986

WITH LIMITED OFFICIAL USE ATTACHMENT

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM:

JACK F. MATLOCK

SUBJECT:

Meeting Memorandum for Nicholas Daniloff

Attached at Tab I and Tab A are the Meeting Memorandum and Talking Points for the President's meeting with Nicholas Daniloff, his family, Mort Zuckerman, and David Gergen.

RECOMMENDATION

That you approve the Meeting Memorandum at Tab I and Talking Points at Tab A.

Approve

Disapprove

Attachments:

Tab I Meeting Memorandum

Tab A Talking Points (LIMITED OFFICIAL USE)

Tab II Clearance List

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 30, 1986

LIMITED OFFICIAL USE WITH CONFIDENTIAL ATTACHMENT

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BY ______ NARA DATE 11/79/07

INFORMATION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM:

JACK F. MATLOCK

SUBJECT:

Articles on "Soviets' Secret Industrial Might" and

"Soviet Military Spending" by Boris Rumer

Attached at Tab A are two articles by Boris Rumer on extra Soviet industrial capacity and trends towards increased military investment. Rumer was in Soviet economic management before he emigrated eight years ago and is a perceptive observer of the Soviet scene. He is now with Harvard's Russian Research Center. Because Rumer's English is still not the best and his tendency to build up his case slowly, you decided last spring not to meet with him personally, but rather to follow his more significant articles as they appeared. Rumer has recently sent us the two attached articles.

In the first article, "Soviets' Secret Industrial Might," (Tab A) Rumer makes the following points.

The Soviets tend to underestimate their own industrial potential.

As a result, the West should not assume that a sharp drop in military spending is the only practical way to reinvigorate the Soviet economy.

When Andropov told the Soviet minister for steel to increase production or else, steel production rose dramatically in 1983.

The steel industry could do this because practically every Soviet factory underestimates its production capacity. They do this: 1) so government planners won't overcommit them, 2) so they can produce on short notice if the government suddenly asks them to overfulfill their plan (e.g., for Lenin's Birthday), and 3) so they can keep some production on the side for barter with other plants to get things unavailable officially.

Each ministry knows about these low estimates, but shares the same interests as the plants so it has no normal reason to challenge plant figures. The ministry also wants to appear to be using its resources fully, so it accepts plant declarations that they are producing at, e.g., 98% capacity.

LIMITED OFFICIAL USE WITH CONFIDENTIAL ATTACHMENT

In his second article, "Soviet Military Spending--It's Going Up, Despite Weak Soviet Economy" (Tab B), Rumer notes the following.

Gorbachev's promise to find a response to SDI should not be seen as a bluff.

Gorbachev's calls for technological progress appear to be primarily for modernizing Soviet defense industry.

Gorbachev's high goals for machine-building and his statement that just under 60% of 1981-85 machine building was for the military suggest that the Soviets are gearing for increased defense spending. This comes after a sharp slowdown in defense investment in 1976-85.

Several former key executives from the military-industrial complex hold important positions under Gorbachev--including the Kremlin's number 3 man, Heavy Industry Secretary, Lev Zaikov, so defense needs are represented in high policy circles.

I have sent Rumer a letter thanking him for the articles.

Attachments

Tab	A	"Soviets' Secret Industrial	Might," Christian Science
		Monitor of Sept. 23, 1986	
Tab	В	"Soviet Military Spending,"	Christian Science Monitor
		of September 24, 1986	
Tab	C	My memo to you of March 25,	1986 on my conversation
		with Rumer.	

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Soviets' secret industrial might

Managers create slack in system so they can up production on demand

By Boris Rumer

Special to The Christian Science Monitor

Although the Soviet economy is unquestionably in severe straits, its inherent potential is not well known, even to the Soviet government itself.

Among Western analysts it is widely believed that the only practical way for the Soviet Union to reinvigorate the economy is by reducing military spending.

The economy's potential has been exhausted, they say, and the situation is so severe that the Soviet generals must accept a sharp drop in military spending during the current Soviet five-year plan (1986-90).

This, however, is not necessarily true. Soviet sources tend to

overstate the achievements of their economy, but they underestimate its industrial potential.

There is a case in which this has

already been proved.

ANALYSIS

One of the greatest problems the Soviet economy faces is the country's shortage of steel. Production began to fall in 1979, and many industrial enterprises stood idle because they lacked the metal. But in 1983, steel production shot up.

The increase came about because of an explicit threat from then-Soviet leader Yuri Andropov to Ivan Kazanets, the minister of the Soviet steel industry: Increase steel production or expect the fate of a number of other ministers — dismissal.

A group of workers signed an open letter published in the Communist Party daily Pravda a month after Andropov's rise to power, taking Mr. Kazanets to task: "We have been unable to make shipments of products to critical start-up industrial and agricultural projects, the Western Siberia oil and gas complex, residential projects, and public services. It is incomprehensible to us, Ivan Pavlovich, why management in the steel industry has so little regard for the fulfillment of the state plan and delivery contracts."

'Similar letters were printed in Pravda during the Stalin purges in the 1930s. They were clear signals that the addressee was about to be arrested. Of course, the letter to Kazanets did



Soviet worker: in a crunch, he could produce much more

not carry the macabre implications of the Stalin era. But it was a clear ultimatum, and presented the managers of the steel industry with a sudden crisis, not unlike the kind of challenge that would test an army's state of preparedness.

Fortunately for Kazanets, the steel industry passed the test with flying colors — with an increase of 5.3 million tons, which brought steel production for 1983 to an unprecedented 152.5 million tons.

There is no way that Andropov's tightening of the screws could, by itself, have produced the surge in output. The sufficient potential for production had to exist in advance.

A key fallacy of the Soviet government is thus exposed. The government agrees to take enterprises at their word when they say that they use their productive capacities at a very high level and even touts this as one of the advantages of the Soviet economic system. Soviet technical and economic literature

Please see **SOVIET** next page

Europe opts for more autonomy in space

Tensions with US spur new projects and set the stage for competition

By Peter Marsh

Special to The Christian Science Monitor

London

As the space program in the United States faces its greatest challenges since Sputnik, new tensions have developed in the US-West European collaboration on space ventures.

The result, observers say, may be to strengthen the move in Europe away from dependence on the US, especially in the important area of manned missions. Frustration at having to rely on the US to put people into orbit, a sense of disillusionment with the US space program, and a feeling that Europe has the technological strength to increase its own efforts are all factors pushing the region toward greater space autonomy.

Independence, however, has a price, and West European governments will have to boost substantially their spending on space technology.

Western Europe has its own Ariane rocket to launch satellites and other unmanned payloads, but relies on the US space shuttle for manned projects. The grounding of the shuttle fleet after the Challenger explosion in January will delay European programs dependent on the shuttle for an uncertain period.

Shuttle flights are planned to resume in 1988, but they are likely to be reserved largely for US government missions, such

Chatting with andinance siturana in I atm

SOVIET from preceding page

frequently reports that the steel industry's production capacity is almost totally (96 percent to 98 percent) utilized.

This is not the case. A government survey of steel-plant capacities done in the late 1960s is the most reliable information available on this point. The researchers found, after studying almost every Soviet steel plant, that the majority of them had deliberately underestimated their production capacity. The plants then—falsely—reported to Gosplan (the State Planning Committee) that they ran their plants at almost 100 percent of their capacity. Gosplan, in turn, accepted these figures and made them the basis for subsequent planning.

This is not an isolated situation. Yakov Kvasha, an authority on Soviet industrial statistics and a leading expert on industrial capacities, noted in 1970 that "without exception there are rather significant amounts of reserve production capacity in every sector of Soviet industry."

Gosplan knows of the deliberate understatement of production capacities; it is an open secret. But no one wants to establish the industry's true potential.

Why? The steel ministry, no less than the steel plants themselves, is interested in maintaining and building up production reserves. There are three reasons:

• Enterprises need room for maneuver-



Truck plant in Volga region: Soviets have hidden production capacity for decades

ing, so that government planners don't commit them to produce more than they are capable of producing.

 Plants must be able to produce on very short notice, in case the government asks them to overfulfill their plan for some special occasion, such as Lenin's birthday or the anniversary of the October Revolution.

• Barter is essential to the Soviet economy, so managers must have at hand a certain amount of unreported production to trade with their fellow managers in other parts of industry for goods that are in short supply and that they can't get through official channels.

If production capacities were reported objectively, the true potential of most enterprises would be seen to be much higher, and the Soviet government would demand that the slack be tightened up.

Also, it would be clear that the plants are not operating on the high level suggested by Soviet statistics — that, in fact, their performance would be comparable to that of the United States steel industry in its bad years — an embarrassing admission for Soviet officialdom.

The same situation can be found in all branches of industry — machine-building, chemical production, construction materials, and so on. Every Soviet industrial enterprise creates and conceals its real production capacities. This has been endemic to the Soviet economy from the very beginning.

Thus, the ability of Soviet industry to do more than Soviet planners expect of them is of considerable significance and could be quickly exploited in the event of a crisis. US specialists generally underestimate the Soviet industrial potential. In a crisis, the economy could perform much better than it does now, without any change to the existing system.

First of two articles. Next: defense spending.

Boris Rumer is a research associate at Harvard University's Russian Research Center.

ARMS from page 1

war.

• The political decision actually to risk a broad arms control agreement — including on the US side willingness to restrain "star wars" — has not yet been made in either capital, and would be the last piece to fall (or not to fall) into place.

Thus, the proposed limits on strategic nuclear warheads are 8,000 (Soviet offer of last June) and 7,500 If agreed on, 30 percent reductions would, for the first time in nuclear arms control, cut ballistic missile warheads rather than just block their expansion. This would hardly diminish today's overall nuclear arsenals, of course, since air- and sea-launched cruise missiles of substrategic range will shortly be expanding. And even in ballistic missile warheads alone — given the rapid increase in arsenals in the 1980s — ceilings of 8,000 would bring the US back only to its 1979 level (the year the unratified SALT II treaty was signed) and would allow Moscow an expansion of 50 percent-plus over its 1979

Mr. Gorbachev to prefer today's imperfect deal to tomorrow's open-ended arms race.

Both sides agree that if any deal is going to be struck within the next decade, it probably has to be struck in the next few months, before the US presidential campaign heats up. Hence the urgency of the just-opened round of Geneva negotiations and superpower maneuvering toward a second summit.





Negros sugar cane field: island's over-dependence on sugar fueled the poverty

In Philippines, sugar barons seek ways to combat insurgency

Negros's poverty proves fertile ground for guerrillas

LETTER

FROM

NEGROS

By Clayton Jones

Staff writer of The Christian Science Monitor

Bacolod, Philippines

Had he not been appointed mayor of a Philippine city last March, Victor Puey might have spent next week in Japan or Taiwan racing motor boats.

Instead, the landowner-turned-activist will be organizing a small farmers' cooperative on Negros, the most impoverished island in the Philippines.

His city of Sagay (population 108,000) includes more than 6,000 malnourished

children being fed under an emergency UNICEF project. "I may sell the boat," he

er throbate in the hille "

says, opening his wallet to display its picture. "If we don't fill these people's stomachs, they will join the [comeating one meal a day instead of three," she says. "And instead of rice, they eat bananas or sweet potatoes."

She, like many Filipinos, listened carefully to hourly radio reports on President Corazon Aquino's trip to the United States for the past nine days. The Negrenese are especially keen to know if the US Congress will allow a higher import quota for Philippine sugar, after low-

ering it over the past decade.

But any change in Negros these days revives old political tensions. Raising the quota, for instance, "would merely further the feudal system," says Negros's Roman Catholic bishop, Msgr.

Antonio Fortich. The cigar-smoking activist is known as "Commander Tony" for his recent attempt to persuade rehals to

Soviet military spending

It's going up, despite weak Soviet economy

By Boris Rumer

Special to The Christian Science Monitor

Soviet leader Mikhail Gorbachev's promise to find a response to President Reagan's Strategic Defense Initiative should not be seen as a bluff.

Some Western analysts have suggested that the Soviet Union will have to decrease military spending because of its

serious economic problems. It is also said that, under Mr. Gorbachev, the Soviet military is weak, since the current defense minister is not a voting member of the ruling Politburo.

But such views ignore important facts.

In the first place, several former executives in the military-industrial complex hold key positions in Soviet economic planning under Gorbachev. They include the Kremlin's No. 3 man, Heavy Industry Secretary Lev Zaikov; the chairman of the state plan-



Zaikov: influential on military spending

ning committee, Nikolai Talyzin; the overseer of Soviet machine building, Ivan Silayev; and the chairman of the state committee for supply and procurement, Lev Voronin.

Second, Gorbachev is trying to accelerate the growth and quality of machinery production with an 80 percent increase in investment under the current Soviet five-

year plan (1986-90). In the past, the only times such increases occurred were between 1934 and the outbreak of World War II, when new arms programs were being developed in anticipation of conflict with Nazi Germany, and between 1966 and 1975, when there was explosive growth in arms production.

By contrast, when Soviet resources were concentrated on improving the domestic economy (in rebuilding the economy after the devastation of World War II and in a

Please see ARMS next page

Crack in China's 'iron rice bowl'

No more guaranteed employment, Peking says, in bid to boost productivity in factories

By Julian Baum

Staff writer of The Christian Science Monitor

Peking

China has taken the most definite step so far toward smashing the "iron rice bowl" system of permanent employment ers' children will no longer automatically fill positions left vacant by their parents.

Additional regulations have also been issued stipulating the grounds for firing employees. These include refusal to accept a routine job transfer and wasting

ARMS from preceding page

housing-construction boom during the Khrushchev era), the share of machine building in total investment fell to its lowest point.

During Joseph Stalin's pre-war arms buildup, the machine-building industry's share of investment within Soviet industry was 31 percent, It went up to 34 percent during the war, and dropped to 14 percent during the housing boom.

Gorbachev said in May last year that the goals of the Soviet economy today are like those on the eve of World War II, when "it was felt that the threat to the socialist state was increasing," and that a drive to increase Soviet preparedness for war was under way. Indeed, under the current five-year plan, the share of investment in machine building will likely jump to around 30 percent.

An editorial this April in the Soviet Journal of Military History, the mouth-piece of the Ministry of Defense, noted: "The party views the level of development of the economy as one of the decisive factors in strengthening the defensive capability of the state ... and

ensuring military victories. In this light, the Communist Party has decided on a broad program for increasing investment in the basic branches of heavy industry."

Clearly, there is a close link between the development of new arms programs and sharp increases in machine-building investment. But just how important is arms production in this investment?

Gorbachev himself revealed the key to this question in June 1985, when he told a meeting of the Communist Party Central Committee that investment in the civilian sector of the machine-building industry amounted to around 5 percent of the total volume of investment in the productive sphere of the economy in the previous five-year plan (1981-85).

The publication of Gorbachev's statement in the open press is an event without precedent. Looking at official statistics on investment in the machine-building industry in the light of Gorbachev's remark, the production of military machinery in 1981-85 consumed just under 60 percent of the total machine-building investment.

The figure is striking and came as a surprise to leading American experts with whom I discussed this matter. Their previous estimates were within the range

of 35 percent to 40 percent.

What can be expected in this five-year plan? Will the Soviets maintain or even increase this level of spending?

During the three post-Stalin decades, the average annual rate of growth in machine-building investment was 9 percent in 1956-65, 12 percent in 1966-75, and 3.5 percent to 4 percent in 1976-85. Since about 60 percent of this investment went to defense, it was quite obvious that the decrease in investment over the last decade would hurt the defense sector.

The heavy investment between 1966 and 1975 sharply increased the military's machine-building ability. But one has to allow four to five years for research, development, testing, and construction of weapons systems. Because of this lag, the increased investment continued to be felt through the entire 1976-85 period, but not thereafter. Thus, the spurt in investment from 1966 to 1975 helped to fund the upgrading of arms systems and to create new weapons in the next decade.

However, the investment echo of those years had died away by the time Gorbachev came to power. The sharp slowdown in investment in 1976-85 created a serious threat to the Soviet Union's military

strength. Never in the post-Khrushchev era had the defense industry been so hard pressed for investment funds.

The need was urgent. The new Soviet leaders saw that, unless they moved quickly, the United States would gain military superiority over them. There was only one course of action: They must make a strong infusion of investment in defense machine building.

They chose the only path open to them: reducing spending on goods and services. The regime is secure enough that it does not have to fear the reaction of the Soviet population. Thus, Gorbachev's calls for technological progress appear to be primarily for the purpose of modernizing the Soviet defense industry so that it can create a response to SDI.

It is not prudent for the US to assume that the Soviet leaders will back away from new defense programs.

The pattern of current Soviet spending suggests just the opposite.

Second of two articles.

Boris Rumer is a research associate at Harvard University's Russian Research Center.

SUGAR from preceding page

night help the island make a transition to other crops.

In the meantime, however, he and about 20 other plantation owners and businessmen have banded together to fight a spreading insurgency. The new poverty has proven to be fertile ground for recruitment by the hand's 600 to 800 guerrillas in the communist New cople's Army (NPA).

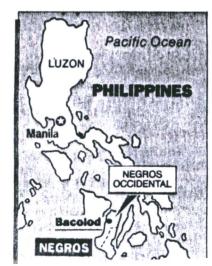
"If it's war they want, it's war they'll get," says Mr. edesma, who admits his group is supported by Armano Gustilo, a Negros "warlord" under ousted President Erdinand Marcos. Mr. Gustilo, now being investigated y the Aquino government on various charges, has been enied permission to leave the country.

The group, known as the Foundation for Peace and emocracy, plans to "fight communism on the communism on the communism of the

tactics, he added: "The radical left is organizing its front organizations; why should they begrudge others who do the same?"

The foundation also opposes a proposal, awaiting Mrs. Aquino's approval, for land reform in the main sugar-growing province on the island, Negros Occidental.

Originally to be mandatory but later made optional at the request of landowners, the plan calls for the government to buy 40 percent of a plantation where the owner cannot pay off debts to government banks. An estimated 70 to 90 percent of Negros's landowners are heavily indebted to the tune of a total of \$250 million.



sure, most landowners will go along, he says. Also, landowners only need 60 percent of their land to meet present and projected sugar demand.

Still, the plan would be a test for nationwide land reform, promised by Aquino and proposed in a constitution now being drafted. But redistributing what little arable land remains may be easier than helping and training farmers to till their new-found land.

"Half our problem is how to contain the backlash from landowners," says Agrarian Reform Minister Henerson Alveres. "The other half is that many of our people still live in the 16th century."

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CONFIDENTIAL

March 25, 1986

INFORMATION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM:

JACK F. MATLOCK

SUBJECT:

Meeting with Boris Rumer

I met with Boris Rumer of Harvard's Russian Research Center today. The editor of the Christian Science Monitor had recommended him to you (quite accurately in my view) as a perceptive observer of the Soviet scene. Rumer was in economic management before emigrating from the Soviet Union eight years ago.

In Rumer's view, the recent Party Congress and the five year economic plan it adopted suggest two important conclusions: the Party has yet to come to grips with the country's real economic problems, and Gorbachev still faces stiff opposition among the ruling elite.

Rumer described the five year plan as a "bluff", full of internal contradictions and unrealistic growth projections. Indeed, it is so unrealistic in its goals that Rumer was tempted to call it a "provocation" intended to "set up" Gorbachev, and perhaps others, to take the blame when targets are not met. What the plan in fact does, according to Rumer, is to increase the commitment to the "machine building" sector (i.e. military spending) at the further expense of consumer goods and services. Despite Gorbachev's public pronouncements, there will not be adequate funds to refurbish Soviet industry to prepare it for any sort of "technological revolution."

Rumer speculated that Gorbachev would like to address real economic problems, but is being prevented by political opposition. He was particularly struck by a Yeltsin speech sharply criticizing corruption in the Party and even publicly admonishing Pravda. Such attacks, he reasoned, cannot help but reflect and aggravate deep divisions within the ruling circles. He even suggested that some of the new Politburo members (Ligachev, Ryzhkov, Yeltsin) may not be blindly loyal to Gorbachev, and may have ambitions and agendas of their own. Who is lined up with whom, however, is difficult to say.

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BY LW NARA DATE 3/14/1/

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I agree with Rumer that the newly adopted five year plan is fraught with contradictions and is in no way a blueprint for reform. I think it is going a bit far to suggest it is a "setup" (Gorbachev is too savvy for that), but believe there may be merit in Rumer's view that Gorbachev still faces real opposition. Rumors in Moscow suggest Grishin's ouster was extremely difficult, and Politburo member Kunayev was bitterly attacked in Pravda even after his reelection as Kazakstan party boss. The new Party Central Committee, chosen at the recent Congress, does not represent a clean sweep of old Brezhnevites. Such old guard loyalists as Nikolay Tikhonov (former Premier) and Nikolay Baibakov (former head of the State Planning Commission) remain in place.

While none of this adds up to an immediate threat to Gorbachev, it does suggest that he still faces a significant political struggle to get his programs implemented - perhaps more of a struggle than we would have anticipated several months ago.

* * * *

You might find a meeting with Rumer interesting if you were not pressed for time. However, his English is still not the best and he sometimes needs to switch to Russian to get his points across clearly. He also has a tendency to build up his case slowly and tangentially, which requires considerable patience in extracting his overall judgments. Given the restraints on your schedule, you will probably find it more efficient to get his views from his articles, one of which is forthcoming shortly in Problems of Communism.



HARVARD UNIVERSITY RUSSIAN RESEARCH CENTER

Adam B. Ulam, Director

Marshall I. Goldman, Associate Director

Archibald Cary Coolidge Hall 1737 Cambridge Street Cambridge, Massachusetts 02138 (617) 495-4037 Telex: 4948261

26 September 1986

The Honorable Jack F. Matlock National Security Council The White House Washington, DC

Dear Ambassador Matlock:

I am sending copies of two articles that I just did for the Christian Science Monitor. While they lack the detail of scholarly writing (such as the Problems of Communism piece I sent you recently), I thought you might find them of interest.

I should add that I followed your performance in Latvia with care and fascination. I was immensely impressed by the way you handled an extremely difficult job.

I have been focusing my energy on economic development (and, more broadly, the internal situation) with the USSR. If I can be of any help to you or your colleagues, please let me know. I would be delighted to contribute in any way I can.

Sincerely yours,

Bond Ruent

BR/rdb Boris Rumer

Enclosures

CONFIDENTIAL

NIACT IMMEDIATE Telegram to:

ACTION: NATO Capitals; USNATO, Cairo, Tel Aviv, Tokyo, Seoul,

Beijing, Canberra, Islamabad

INFO: All Diplomatic Posts

SUB: Meeting of President and Gorbachev in Iceland

1. At 10:00 A.M. Washington time today, the President made the following announcement:

(quote)

- 2. Action posts should immediately brief the highest available officials of the host government, using the following talking points:
- -- The meeting will be a private and informal session to review the agenda for General Secretary Gorbachev's trip to the United States.
- -- Mr. Gorbachev proposed the meeting, making it clear that it is not to take the place of his visit to the United States, but is for the purpose of making concrete preparations for his meetings in the United States.
- -- The President accepted Mr. Gorbachev's proposal since he wished to stress his commitment to real progress in U.S.-Soviet relations.
- -- We consider it symbolically important that Mr. Gorbachev suggested holding the meeting on the soil of a member of the NATO Alliance. We are most appreciative of the willingness of the Government of Iceland to make their facilities available for the meeting.
- -- The upcoming meeting does not imply any change in U.S. substantive positions previously conveyed to our friends and Allies.
- -- The President will, of course, address the key issues across the range of the U.S.-Soviet agenda: regional conflicts, arms control, human rights and the expansion of contacts.
- -- Since this will be a preparatory meeting, no agreements are expected.

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BY ON NARADATE 11/29/07

- -- (for Allied governments only) We will continue to keep the Allies informed as we prepare for the meeting, and will continue to consult with them on the issues which may arise.
- 3. INFO posts may, at their discretion, draw on the points above (except the last) in briefing host governments.

SECRET NODIS separate TELEGRAMS
AMMEDIATE TO LONDON, PARIS, ROME, BONN, OTTAWA, TOKYO

EYES ONLY CHIEF OF MISSION

SUB: President-Gorbachev Meeting in Iceland

REF: (other cable)

You should be aware that the President has already communicated the points in reftel to Prime Minister Thatcher [insert appropriate name for addressee; Paris should read President Mitterand and Prime Minister Chirac], therefore briefings will be appropriate only at lower levels, or upon request.

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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

UNCLASSIFIED WITH LIMITED OFFICIAL USE ATTACHMENT

September 30, 1986

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM:

JACK F. MATLOCK

SUBJECT:

Meeting Memorandum for Nicholas Daniloff

Attached at Tab I and Tab A are the Meeting Memorandum and Talking Points for the President's meeting with Nicholas Daniloff, his family, Mort Zuckerman, and David Gergen.

RECOMMENDATION

That you approve the Meeting Memorandum at Tab I and Talking Points at Tab A.

Annxorra	Disapprove
Approve	DISABBLOVE

Attachments:

Tab I Meeting Memorandum
Tab A Talking Points (LIMITED OFFICIAL USE)
Tab II Clearance List

THE WHITE HOUSE

WASHINGTON

UNCLASSIFIED WITH LIMITED OFFICIAL USE ATTACHMENT

MEETING WITH NICHOLAS DANILOFF

DATE:

October 1, 1986

LOCATION:

Oval Office

TIME:

4:00 p.m. - 4:15 p.m.

FROM:

JOHN M. POINDEXTER

I. PURPOSE

To welcome Daniloff back to the US, and to accept thanks for obtaining his release.

II. BACKGROUND

Will provide opportunity to show your personal involvement in freeing Daniloff. Will also provide an opportunity to ask Daniloff about his experience while imprisoned by the Soviets.

III. PARTICIPANTS

The President
Mrs. Reagan
Donald Regan
John Poindexter
Jack Matlock
Nicholas Daniloff
Mrs. Ruth Daniloff
Miranda Daniloff
Caleb Daniloff
Mortimer B. Zuckerman (Chairman, Editor-In-Chief US News and World Report)

David R. Gergen (Editor, US News and World Report)

IV. PRESS PLAN

Photo opportunity of President standing with Daniloff family in Oval Office.

V. SEQUENCE OF EVENTS

Greet Daniloffs, Zuckerman and Gergen. Photo opportunity. Accept thanks for securing his release.

Prepared by: R. Scott Dean

Attachment

Tab A

Talking Points (LIMITED OFFICIAL USE)

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OF CLASSIFIED ENCLOSURE(S)

LIMITED OFFICIAL USE

TALKING POINTS

- -- Welcome back.
- -- We worked hard to get you back. We've done so without allowing the Soviets to equate you with Zakharov.
- -- Tell me about what it was like while the Soviets held you hostage.
- -- Are there any other comments you would like to make on your experience?

LIMITED OFFICIAL USE

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NLRR FUB-114/5 # 6573

BY ON NARA DATE 11/29/09

MEETING WITH NICHOLAS DANILOFF

Accompanied by:

WIFE:

RUTH

DAUGHTER:

MIRANDA

SON:

CALEB

US NEWS & WORLD REPORT:

MORTIMER ZUCKERMAN

DAVID GERGEN

- -- WELCOME BACK.
- -- WE WORKED HARD TO GET YOU BACK. WE'VE DONE SO WITHOUT ALLOWING SOVIETS TO EQUATE YOU WITH ZAKHAROV.
- -- TELL ME WHAT IT WAS LIKE WHILE THE SOVIETS HELD YOU HOSTAGE.
- -- ARE THERE ANY COMMENTS YOU WOULD LIKE TO MAKE ON YOUR EXPERIENCE?

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NLRR FOB-114/5 # 8574

BY GV NARA DATE 11/29/07

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

CONFIDENTIAL

September 30, 1986

INFORMATION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM:

JACK F. MATLOCK

SUBJECT:

Breakfast Item

Cap Weinberger has asked that Daniloff be added to the agenda for tomorrow's breakfast. Presumably, Shultz will provide a run-down on the negotiations.

Regarding our stance toward those of the 25 who have not yet left New York, you may wish to express the following views:

- We must hold absolutely firm that <u>all</u> of the 25 we named be out by October 14.
- 2. If Shevardnadze should ask reconsideration of particular names (rather unlikely), response should be that we will consider (if Shevardnadze has been told that we would), but no change should be made unless FBI and CIA concur that another name can be substituted with equivalent effect.
- 3. Bottom line has to be that the 25 named by us must leave by October 14.

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