

Ronald Reagan Presidential Library  
Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Crippen, Dan L.: Files  
**Folder Title:** [Soviet Union: Trade & Economics] (3)  
**Box:** 10

---

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** CRIPPEN, DAN (CHIEF OF STAFF): FILES

**Withdrawer**

**File Folder** [SOVIET UNION - TRADE AND ECONOMICS] (3 OF 3)

KDB 1/18/2012

**Box Number** 10

**FOIA**

F97-066/22

COHEN, D

25

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127674	CABLE	MOSCOW 13726 (011456Z JUN 88) <b>R 3/3/2017 STATE WAIVER 11/6/2015</b>	2	6/11/1988	B1
127671	CABLE	MOSCOW 14409 (091225Z JUN 88) <b>R 3/3/2017 STATE WAIVER 11/6/2015</b>	2	6/9/1988	B1

The above documents were not referred for declassification review at time of processing

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]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Dan

call me  
on this

I think we  
need to

think about  
my economic

P.R. notion some

more



# Poll Finds Less Optimism in U.S. On Future, a First Under Reagan

By STEVEN V. ROBERTS *2/21/88*  
Special to The New York Times

WASHINGTON, Feb. 20 — For the first time since Ronald Reagan became President more than seven years ago, the American public generally does not believe the nation's future will be better than its present or its past, according to a New York Times/ CBS News Poll.

The poll asked 1,663 people from Jan. 17 to Jan. 21 to rate the past, the present and the future on a scale from 1 to 10, with 10 being the most optimistic. The results were level, virtually identical for each of the three categories: The past had a mean rating of 5.8, the present 5.73, and the future 5.84.

An ability to convey optimism about the future has always been one of Mr. Reagan's principal political assets. And on three previous occasions in his Presidency, when Americans were asked the same question, they consistently viewed the nation's future more positively than its present.

The survey, which defined the past as five years ago and the future as five years ahead, found a continuation of Americans' historical optimism about their personal futures, an outlook apparently tied to confidence in their abil-

ity to control their own destiny. But it also found uneasiness about the outlook for their nation unmatched since the most troubled days of the Carter Administration.

### Deep-Seated American Trait

Richard E. Neustadt, Douglas Dillon Professor of Government at Harvard, pointed out that confidence in the future is a deep-seated American trait, closely tied to the conviction that economic opportunities for the next generation will continue to expand. Accordingly, he added, a loss of national confidence has usually been tied to economic uneasiness and a sense that the possibilities for future prosperity are shrinking.

"My guess is that this measure is very sensitive to perceptions of the

*Continued on Page 28, Column 1*

in 1984 by Dr. Byron K. Lichtenberg; in 1983, while at the Massachusetts Institute of Technology, he became the first American non-astronaut to fly aboard the space shuttle.

### Tests to Start Next Year

In interviews last week, company officials declined to discuss details of the Soviet contract or to name the clients who want to use the Mir station, although they did say these included pharmaceutical companies. A two-page statement on the accord said the space experiments could aid American pharmaceutical, biotechnology and chemical companies.

The agreement calls for flights of protein crystallization experiments aboard Mir beginning next year. The commercial tests would be largely self-contained and would require minimal tending by Russian astronauts, company officials said.

A Commerce Department official, speaking on the condition of anonymity, said: "Obviously, the Soviets want to test the waters. If this works they will market Mir aggressively. We have spoken to many corporate researchers who are frustrated by the lack of ac-

*Continued on Page 32, Column 3*





Continued From Page 1

economy," Professor Neustadt said. "Most immigrant generations have done better, on the average, than preceding generations, and they were still able to hope for something better for their children.

"There is enough reality in that experience," he added, to set Americans apart.

The connection between economics and optimism was clearly demonstrated by the survey. Of those who rated the future below the national average, only 43 percent said the economy was very good or fairly good. Of those who rated the future above the national average, 77 percent said the economy was very good or fairly good.

Interviews with about two dozen people who participated in the survey reinforced the connection. Many of them linked their rising pessimism to the stock market collapse last October, the growing visibility of foreign imports and a general fear that America is no longer in control of its economic destiny.

As Rick O'Brien, the owner of a fence-building business in Alabama, put it: "I think we're being run too much by foreigners. We're a second-rate nation now."

Mr. Reagan gets some of the blame for this trend. Only 43 percent of those surveyed approved his handling of the economy, down from a high of 58 percent in June 1984.

But to many Americans he has been such a source and a symbol of national confidence that they fear a political future without him. "Reagan represents all the things that people like to cling to, but not the future," said Professor Neustadt, an expert on the Presidency.

A darkening national mood could have an important impact on the race to succeed Mr. Reagan, according to political analysts in both parties, but the implications are not yet completely clear.

### Some Express Fatigue With Administration

In some cases, voters who backed Mr. Reagan four years ago express a sense of disappointment and fatigue with the Administration and are looking for a change of leadership. One of them is Alessa Gallimore, the wife of an electrical engineer in Gloucester County, Va., who summed up her feelings this way: "It's sort of like living with your husband. After a while it's not the same as it was in the beginning. Things happen, as most of us know. After any President serves eight years, you're ready for something fresh, for some new ideas."

Wendy Levey, who runs a day care center in Manhattan, is dismayed about the nation's future and blames what she describes as an "extremely depressing and upsetting" decline in educational standards.

The poll findings are particularly striking because Americans are a historically optimistic people, confident in their ability to shape the future. As Robert Squier, a political consultant to Democratic candidates, put it, "The wonderful thing about Americans is that they can look up from the bottom of the worst hole and describe the daylight."

### The Historic Groundings Of National Optimism

Professor Neustadt traces this national trait to several historic causes: an absence of a feudal tradition, a plethora of free and open land, a steady growth in productivity.

"Americans have no sense of tragedy," the professor said. "The national experience, except for blacks, has not been a tragic experience."

That national experience has bred a belief that progress is not only possible but inevitable. And in their personal outlook, as opposed to their national one, many people still express a mood of confidence.

In the Times/CBS News survey, Americans rated their personal future at 7.87 on the 1-to-10 scale, more than 2 full points above the ranking they gave

## How the Poll Was Conducted

This New York Times/CBS News Poll is based on telephone interviews conducted Jan. 17 to Jan. 21 with 1,663 adults around the United States, excluding Alaska and Hawaii.

The sample of telephone exchanges called was selected by a computer from a complete list of exchanges in the country. The exchanges were chosen so as to insure that each region of the country was represented in proportion to its population. For each exchange, a random sample of telephone numbers was selected to provide access to both listed and unlisted residential numbers. The numbers were then screened to limit calls to residences.

The results have been weighted to take account of household size and number of residential telephones and to adjust for variations in the sample relating to region, race, sex, age and education.

In theory, in 19 cases out of 20 the results based on such samples will differ by no more than three percentage points in either direction from what would have been obtained by interviewing all adult Americans. On the question that asked respondents to rate the future of the country on a scale of 1 to 10, the margin of sampling error was 0.12; that is, in 19 cases out of 20 a mean finding of 5.84 would be no lower than 5.72 and no higher than 5.96. The potential error for smaller subgroups is larger.

In addition to sampling error, the practical difficulties of conducting any survey of public opinion may introduce other sources of error into the poll.

personal terms is also up. Those surveyed rated their individual past at 6.55 and present at 7.2.

Young people from 18 to 29 years old looked forward to the future with more optimism than any other group, rating their personal future at 8.36. People 64 and older dropped to 6.97.

Others whose personal future ratings topped 8 on the scale included those who earn more than \$35,000 a year, those with some college education, and Republicans. Whites were significantly more optimistic about their future than blacks, but there was no meaningful distinction by sex.

### On Being Better Than the Average

The key reason for the difference between the overall national and personal future ratings seems to be that Americans still believe they can plan and regulate their own lives, even while the

## A number of economic issues deeply trouble Americans.

national economy and popular culture appear to be spinning out of control.

As a paper salesman in Kalamazoo, Mich., put it: "If you can control your own situation, anybody ought to say, 'I can outperform the rest and be better than average.' With my ability, I'll be one step ahead of things. I won't sit back and wait for them to happen."

Virginia Vachon, a junior high school teacher in Cumberland, R.I., is bothered by the impact of foreign-made cars on the national economy. But she can save money for her own children's education, she says, and try to guarantee their future against disaster. "I'm looking to what's coming down in the long run," she said.

But the uneasiness concerning the future of the nation as a whole is unmistakable, and it seems to run across the political spectrum. As in the personal ratings, those with higher incomes and more education tend to be more optimistic. Republicans are more upbeat

women are gloomier than men. But distinctions based on age or race, which are quite prominent in the personal ratings, dissolve on the national question.

The political importance of national pessimism was demonstrated in November 1979, when inflation was soaring and confidence in President Carter was plunging. At that time, people rated the future at 4.3 on a 10-point scale, as against 4.83 for the present and 6.48 for the past. Less than a year later, Mr. Reagan swept Mr. Carter out of office.

There are various sources of discontent about the future. Mike Akright, a tool designer in Eagle Mills, N.J., said by

affair, the Democrats would win the White House. "They have a tendency to support welfare and the social system a bit heavier than they should," he said, "and they don't look out for American companies the way the Republicans do."

### Market Makes Impact On Public Confidence

But a good deal of the current unease stems from the fear that after five years of steady growth, the economy is about to start slumping. "We're going to go through one of those teetering times," said the paper salesman in Kalamazoo.

For many Americans, the stock market collapse last October crystallized their concerns, and Administration opinion polls confirm the market's lingering impact on public confidence. "It's fair to say," said a senior White House official, "that we have seen continual concern since the stock market fell from people who are really not sure where things are going. There's a sense of unease out there."

Mrs. Vachon, the Rhode Island teacher, said that her family's small investment in mutual funds had "taken a real nosedive" since the stock market tremor and added, "I think it's made a lot of impact on a lot of people."

Wendell Childers, who works for the telephone company in Barbersville, W.Va., said his worries about the economy had been aggravated by the national debt. "No business, no matter what it is, can run in the red," he asserted. "There's no way."

While national unemployment rates remain low, joblessness is still a problem in some areas, and Daratha Marsh's husband, an airplane mechanic in Alabama, has been laid off since October. "The American dream has crashed," she said.

Marcia Walters's husband is still working as a machinist in McPherson, Kan., but her view of the future has been clouded by apprehension. "I hope everything goes well, but you don't know," said Mrs. Walters, who left her secretarial job to rear two children. "His job depends on the situation of the economy."

### 'What Do We Have But Quick-Food Stands?'

Probably the most disturbing economic trend to many voters is the spread of imported goods. When people find stores flooded with foreign-made products, they worry about the loss of American jobs.

James Reis, a retired state employee in Waukesha, Wis., put it this way: "All our production has gone offshore. What do we have left in this country but quick-food stands?"

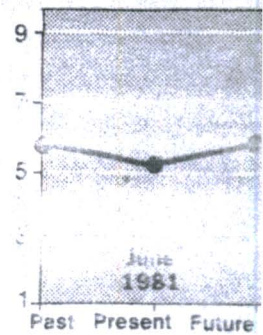
Mr. Reis noted that Waukesha, once a center of the metal foundry industry, had now altered its economic base. "There is no more industry," he said. "The foundries are gone, the machine shops are gone. Now we have huge office complexes, and their major function is handling imports from Korea or Taiwan or whatever."

Beyond the loss of jobs, Americans fear the loss of the nation's economic power and national pride.

"People are grasping to keep up their living standards, but I'm not sure possible anymore," said Mrs. Walters. "I think trade is a little out of hand. We consume so many products from overseas that it's really going to hurt us."

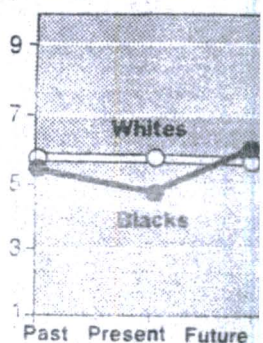
## THE NATIONAL MOOD Uncertainty N

Using a scale from 1 to 10 to show how respondents they were five years before age ratings of U.S. by to



## ... And Among Some Groups

Average ratings of U.S. in January 1988 sample.



Mary Jane Tyson, a retiree operator in Wilkes-Barre, Pa., says the younger generation is too materialistic and irresponsible. "They're taking everything, their designer clothes, their cars, their homes, their mothers of three. I'm just worried for when these young ones take over our country."

Some people trace their pessimism to the outlook for foreign policy and support for the rebels in Nicaragua. "What's our goal?" Mary Jane asks. "I'm more apprehensive about the spread of terrorism and worries me that no one knows what to do."

To many, these fears are aggravated by the frustration they feel about the current crop of President candidates.

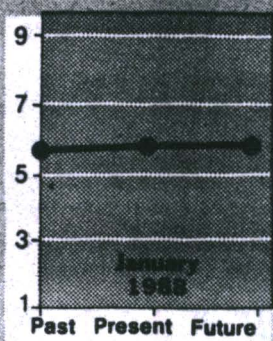
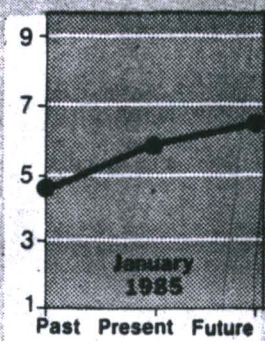
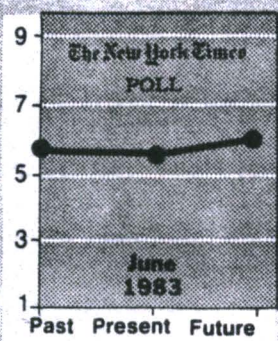
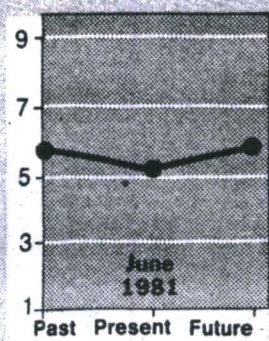
"We have a real vacuum of leadership in our country," asserts Ogden, a teacher in Okeechobee. "None of these guys has impressed me. Nobody has grabbed me and said: 'That's what I believe. That's what I want to see in a President.'"



THE NATIONAL MOOD

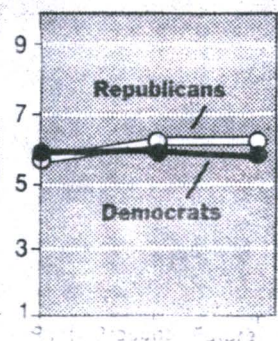
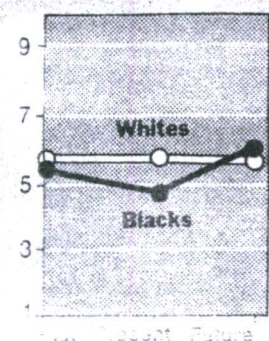
Uncertainty Near End of Reagan Years . . .

Using a scale from 1 to 10, with 1 being the worst possible situation and 10 the best, the following charts show how respondents rated "the way things are going in the United States" at the time of the poll, how they were five years before and how they would be five years hence. Top row of charts represents average ratings of U.S. by total sample in polls of June 1981, June 1983, January 1985 and January 1988.



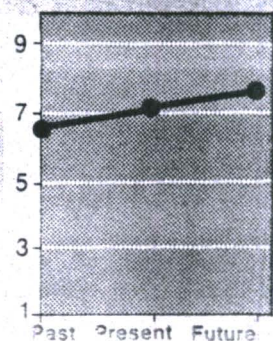
. . . And Among Some Groups . . .

Average ratings of U.S. by key subgroups in the January 1988 sample.



. . . But More Optimism For Personal Lives

Average ratings of the way things are going in their own lives by total respondents in the January 1988 sample.



The New York Times / Feb. 21, 1988

Mary Jane Tyson, a retired machine operator in Wilkes-Barre, Pa., says the younger generation is too materialistic and irresponsible. "They're given everything, their designer jeans and all," said the mother of two and grandmother of three. "I'm just frightened or when these young ones begin to take over our country."

Some people trace their pessimistic outlook to foreign policy matters. Mrs. Machon worries about American support for the rebels in Nicaragua and others. "What's our goal?" Mrs. Gallimore apprehensively watches the spread of terrorism and says, "It worries me that no one knows quite what to do."

To many, these fears are accentuated by the frustration they feel over the current crop of Presidential candidates.

"We have a real vacuum of leadership in our country," asserted David Ogden, a teacher in Okeechobee, Fla. "None of these guys has impressed me. Nobody has grabbed me and made me say: 'That's what I believe. That's what I want to see in a President.'"

A SPECIAL OFFER FOR NEW CUSTOMERS ONLY

CUSTOM-MADE SUITS  
CUSTOM-MADE SHIRTS

- Men's suits, custom made and individually styled in Grade Six tailoring, America's finest, \$495 to \$645.
- Four shirts, custom made to individual measurements in a wide selection of cotton-rich broadcloths and oxfords, \$158. Our 51st year of giving more without charging more.

Est. 1937



The Custom Shop

Shirtmakers Tailors

5th at 50th / Lex. at 50th / B'way at 39th / B'way at Liberty / Madison at 44th / 6th at 55th, Manhasset, Hackensack, Short Hills and Hartford. Westchester use Stamford's Town Center, Exit 8. Plus 61 branches coast-to-coast. (212) 223-3600. Advertising test for new customers only: Present this ad for a 10% discount. Expires March 6. S-1.



~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

SYSTEM II  
90272

DECLASSIFIED

White House Guidelines, August 28, 1997  
By COB NARA, Date 1/19/02

March 25, 1988

MEMORANDUM FOR

MR. DONALD GREGG  
Assistant to the Vice President  
for National Security Affairs

MR. JAMES FRIERSON  
Chief of Staff  
U.S. Trade Representative

MR. MELVYN LEVITSKY  
Executive Secretary  
Department of State

MR. L. WAYNE ARNY  
Associate Director for  
National Security and  
International Affairs  
Office of Management and Budget

MR. ROBERT ZOELICK  
Executive Secretary  
Department of Treasury

MR. H. LAWRENCE SANDALL  
Executive Secretary  
Central Intelligence Agency

COL. WILLIAM M. MATZ  
Executive Secretary  
Department of Defense

RADM JOSEPH C. STRASSER  
Executive to the Chairman  
Joint Chiefs of Staff

MR. GERALD J. MCKIERNAN  
Chief of Staff  
Department of Commerce

SUBJECT: PRG Meeting on U.S.-Soviet Joint Commercial Commission  
~~(S)~~

There will be a PRG meeting on the U.S.-Soviet Joint Commercial Commission at 3:30 p.m. on Tuesday, March 29, 1988 in the White House Situation Room. An agenda for the meeting is attached. ~~(S)~~

for *Robert H. Pento*  
Paul Schott Stevens  
Executive Secretary

Attachment

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

SYSTEM II  
90272

DECLASSIFIED

Sec. 3.4(b), E.O. 12958, as amended

White House Guidelines, Sept. 11, 2006

BY NARA 605, DATE 1/19/12

POLICY REVIEW GROUP MEETING

Tuesday, March 29, 1988

Situation Room

3:30-4:30 p.m.

U.S.-SOVIET JOINT COMMERCIAL COMMISSION

Agenda

- I. Introduction.....John D. Negroponte  
(5 minutes)
- II. Overall Relationship and its  
Economic Dimension.....State  
(10 minutes)
- III. Intelligence Assessment.....CIA  
(10 minutes)
- IV. U.S. Objectives for JCC.....Commerce  
(5 minutes)
- V. Technology Security Concerns.....Defense  
(5 minutes)
- VI. Discussion.....All Participants  
(20 minutes)
- VII. Summary.....John Negroponte  
(5 minutes)

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~



DECLASSIFIED

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

127674

Authority State Waver 11/6/13  
NARADATE 8/3/2017

PAGE 01 OF 02

PR: CRIPPEN  
SIT: VAX

<PREC> ROUTINE <CLAS> ~~CONFIDENTIAL~~ <DTG> 011456Z JUN 88

FM AMEMBASSY MOSCOW

TO RUEHC/SECSTATE WASHDC 5685  
INFO RUEHLN/AMCONSUL Leningrad 7142  
RUEHDC/USDOC WASHDC  
RUEHXC/EASTERN EUROPEAN POSTS  
RUEHBS/AMEMBASSY BRUSSELS 5038

~~CONFIDENTIAL~~ SECTION 01 OF 03 MOSCOW 13726

PASS WHITE HOUSE/SITROOM: CRIPPEN  
USDOC FOR 4231/IEP/EUR/OEESA/USSR/JBROUGHNER  
USDOC FOR 3233/USFCS/FO/RM/EUR/TROSEN  
BRUSSELS ALSO FOR USEC

GATT

E.O. 12356: DECL: OADR

TAGS: ECON UR

SUBJECT: IVANOV DISCUSSES SOVIET FOREIGN  
ECONOMIC POLICY

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.

>BEGIN SUMMARY<

2. SUMMARY: IN A MAY 30 MEETING WITH WHITE HOUSE  
ECONOMIST DR. DANIEL CRIPPEN, IVAN D. IVANOV, DEPUTY  
CHAIRMAN OF THE STATE FOREIGN ECONOMIC RELATIONS  
COMMISSION:

-- SUGGESTED MECHANISMS FOR INCREASING BILATERAL  
TRADE POTENTIAL;

-- DISCUSSED SOVIET PLANS FOR MORE ACTIVE  
PARTICIPATION IN INTERNATIONAL MONEY MARKETS TO  
OFFSET LOSSES FROM DOLLAR-DENOMINATED EXPORTS;

-- RAISED THE POSSIBILITY OF CREDITOR  
COOPERATION IN MANAGING LDC DEBT BY TRADING  
OBLIGATIONS;

EXPLAINED SOVIET POLICY TOWARD GATT, AND  
STATED THAT THE SOVIET UNION WOULD BE READY TO APPLY  
FORMALLY FOR MEMBERSHIP IN 2-3 YEARS;

-- DECLARED THAT A CONVERTIBLE RUBLE WOULD NOT  
BE POSSIBLE UNTIL AT LEAST THE LATE 1990'S AND THEN  
ONLY IF SEVERAL PRECONDITIONS HAVE BEEN MET;

-- GAVE HIS VIEW THAT JOINT VENTURES (EXCEPT  
COMBUSTION ENGINEERING) ARE GENERALLY  
UNDERCAPITALIZED AND COUNSELED AGAINST EUPHORIA  
ABOUT JOINT VENTURES ON THE PART OF WESTERN  
BUSINESSMEN;

-- EXPLAINED HOW THE NEW LAW ON COOPERATIVES WAS  
ADOPTED AND INDICATED THAT THE CONTROVERSIAL TAX  
SCHEDULE WILL DEFINITELY BE AMENDED. END SUMMARY.

>END SUMMARY<

3. ON MAY 30 ASSISTANT TO THE PRESIDENT DR. DANIEL  
CRIPPEN, ACCOMPANIED BY ECONCOUNS, CALLED ON DEPUTY  
CHAIRMAN IVAN D. IVANOV OF THE STATE FOREIGN  
ECONOMIC RELATIONS COMMISSION TO DISCUSS THE  
DIRECTION OF SOVIET FOREIGN ECONOMIC POLICY. DR.  
CRIPPEN OPENED THE DISCUSSION BY ASKING ABOUT  
BILATERAL TRADE PROSPECTS. IVANOV RESPONDED THAT

US-SOVIET TRADE DOES NOT REFLECT THE SIZE OF OUR TWO  
ECONOMIES AND SHOULD BE EXPANDED, THOUGH THE SOVIET  
UNION'S LONG-TERM INTENTION IS TO REDUCE ITS IMPORTS  
OF GRAIN, NOW THE MOST IMPORTANT COMMODITY IN  
BILATERAL TRADE. IVANOV MENTIONED AN EXHIBIT OF  
SOVIET EXPORT GOODS TO BE HELD IN THE U.S. IN  
DECEMBER AND SAID THAT HIS COMMISSION SHARPLY  
CRITICIZED THE INITIAL PLANS FOR THE EXHIBIT AS  
OUTMODDED. THE COMMISSION HAS SUGGESTED THAT THE

RANGE OF PRODUCTS SHOULD BE BROADENED, AND THAT NOT  
ONLY FTO'S BUT ENTERPRISES AND EVEN COOPERATIVES  
SHOULD BE REPRESENTED. ACCORDING TO IVANOV, THERE  
ARE ALREADY 10 COOPERATIVES IN MOSCOW, MOSTLY  
DEALING WITH "INTELLECTUAL GOODS" SUCH AS SOFTWARE,  
THAT HAVE THE RIGHT TO ENGAGE IN FOREIGN TRADE. IN  
RESPONSE TO DR. CRIPPEN'S QUESTION ON WHAT KIND OF  
MECHANISM IVANOV WOULD ENVISAGE TO EXPAND BILATERAL  
TRADE POTENTIAL, IVANOV REFERRED TO THE SWISS "WORLD  
ECONOMIC FORUM," AN ORGANIZATION THAT REGULARLY  
BRINGS TOGETHER 60-70 WESTERN BUSINESSMEN AND SOVIET  
REPRESENTATIVES IN A PARTICULAR INDUSTRY. ACCORDING  
TO IVANOV, 5 SUCH MEETINGS HAVE ALREADY TAKEN PLACE,  
AND ANOTHER ONE IS PLANNED. IVANOV FAVORS THIS KIND  
OF MEETING OF INDUSTRY SPECIALISTS, AND WOULD OPPOSE  
FORMALIZING THE PROCESS OR BRINGING IN GOVERNMENT  
OFFICIALS.

4. IVANOV STATED THAT THE SOVIET UNION HAS LOST 3  
BILLION RUBLES OVER THE LAST THREE YEARS BECAUSE ITS  
BT  
#3726  
BT

~~CONFIDENTIAL~~ SECTION 02 OF 03 MOSCOW 13726

PASS WHITE HOUSE/SITROOM: CRIPPEN  
USDOC FOR 4231/IEP/EUR/OEESA/USSR/JBROUGHNER  
USDOC FOR 3233/USFCS/FO/RM/EUR/TROSEN  
BRUSSELS ALSO FOR USEC

GATT

E.O. 12356: DECL: OADR

TAGS: ECON UR

SUBJECT: IVANOV DISCUSSES SOVIET FOREIGN  
EXPORTS ARE MAINLY DENOMINATED IN DOLLARS WHILE ITS  
IMPORTS ARE DENOMINATED IN OTHER CURRENCIES. ONE  
WAY TO REDUCE SUCH LOSSES WOULD BE TO OPERATE IN THE  
WORLD, AND U.S., MONEY MARKETS. THE RECENT SWISS  
AND WEST GERMAN BOND ISSUES REPRESENT A STEP IN THIS  
DIRECTION.

5. ON LDC DEBT, IVANOV COMMENTED THAT THE SOVIET  
UNION HAS FEWER BAD LOANS THAN THE U.S., BUT STILL  
HAS SOME OUTSTANDING LOANS THAT DEBTOR COUNTRIES  
CANNOT OR WILL NOT REPAY. THE FORMER SOVIET POLICY  
TOWARD THESE LOANS OF "WAIT AND SEE" HAS GIVEN WAY  
TO A DESIRE TO BE REPAYED. CREDITOR COUNTRIES COULD  
COOPERATE BY TRADING OBLIGATIONS (AS PRIVATE BANKS  
HAVE DONE) TO HOLD PAPER FROM COUNTRIES THEY PREFER  
TO DEAL WITH; OR BY SELLING THE PAPER ON SECONDARY  
MARKETS.

6. GATT: IVANOV CLAIMED THAT SOVIET DESIRE TO JOIN  
THE GATT IS WIDELY MISUNDERSTOOD IN THE U.S. AS A  
PLOY TO CIRCUMVENT U.S. REFUSAL TO GRANT MFN  
STATUS. HE POINTED OUT THAT THERE ARE MANY

COUNTRIES, INCLUDING LDC'S, WHICH DO NOT GRANT FULL  
MFN TREATMENT TO THE SOVIET UNION. THIS WAS TRUE OF  
SOME EUROPEAN COUNTRIES TOO BUT HE EXPECTS THE  
FORTHCOMING AGREEMENT BETWEEN CMEA AND THE EC TO  
LEAD TO FULL-SCALE TRADE AGREEMENTS INCLUDING MFN.  
IVANOV THEN PROCEEDED TO RESPOND TO THE MOST  
COMMONLY HEARD ARGUMENTS AGAINST SOVIET MEMBERSHIP  
IN THE GATT:

-- ON THE CHARGE THAT THE SOVIET UNION WOULD  
POLITICIZE THE GATT, IVANOV CLAIMED THAT THE SOVIET  
UNION KNOWS THAT THE GATT IS AN ECONOMIC, NOT A  
POLITICAL, BODY. THERE IS AMPLE OPPORTUNITY IN THE  
UNGA FOR THE SOVIET UNION TO EXPRESS ITS POLITICAL  
VIEWS.

ONCE IN THE GATT, THE SOVIET UNION WOULD NOT  
SEEK TO FORM A SUBGROUP OF SOCIALIST COUNTRIES,  
BECAUSE THE SOCIALIST COUNTRIES' INTERESTS DIFFER.  
NEITHER DOES THE SOVIET UNION, WHICH IS TRYING TO

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

## WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

MAKE ITS FOREIGN TRADE SECTOR RUN ALONG WESTERN LINES, WANT TO BE TIED TO THE POLICIES OF A STATE-TRADING BLOC WITHIN THE GATT.

-- IN RESPONSE TO THE ARGUMENT THAT THE GATT COULD NOT ABSORB SUCH A LARGE ECONOMY AS THE SOVIET UNION'S, IVANOV POINTED OUT THAT IT WILL NOT BE ASKED TO DO SO. FOREIGN TRADE REPRESENTS ONLY 4 PERCENT OF SOVIET GNP, AND ONLY HALF OF THAT IS WITH GATT MEMBERS, A VOLUME TOO SMALL TO DISRUPT THE GATT.

IVANOV MAINTAINED THAT THE SOVIET UNION IS NOT NOW READY TO PREPARE A MEMO FORMALLY REQUESTING GATT MEMBERSHIP. IN 2-3 YEARS, THE SOVIET FOREIGN TRADE SECTOR WILL HAVE BEEN REFORMED SUFFICIENTLY TO JUSTIFY A FORMAL APPLICATION TO THE GATT. IN THE MEANTIME, IVANOV SAID, THE SOVIET UNION WOULD BE PREPARED TO HAVE CONTACTS WITH EUROPEAN COUNTRIES AND THE U.S. TO EXPLORE ITS FOREIGN TRADE POLICIES AND TO LISTEN TO ADVICE.

7. IN ANSWER TO DR. CRIPPEN'S QUESTION ON RUBLE CONVERTIBILITY, IVANOV ACKNOWLEDGED THAT THE RUBLE WILL NOT BE CONVERTIBLE UNTIL AT LEAST THE LATE 90'S AND THEN ONLY IF SEVERAL PRECONDITIONS HAVE BEEN MET: PRICE REFORMS, "INTERNAL CONVERTIBILITY" (THE ABILITY TO BUY GOODS FREELY ON THE DOMESTIC MARKET), AND A COMPETITIVE EXPORT SECTOR. (COMMENT: IVANOV'S TIMETABLE, THOUGH MORE REALISTIC THAN SOME OTHER SOVIET ECONOMISTS', STILL SEEMS OVERLY

BT

#3726

BT

~~CONFIDENTIAL~~ SECTION 03 OF 03 MOSCOW 13726

PASS WHITE HOUSE/SITROOM:CRIPPEN

USDOC FOR 4231/IEP/EUR/OEESA/USSR/JBROUGHNER

USDOC FOR 3233/USFCS/FO/RM/EUR/TROSEN

BUSSELS ALSO FOR USEC

GATT

E.O. 12356: DECL: OADR

TAGS: ECON UR

SUBJECT: IVANOV DISCUSSES SOVIET FOREIGN OPTIMISTIC. IT WILL TAKE MORE THAN A DECADE TO ACHIEVE AT LEAST THE LAST TWO OF IVANOV'S

PRECONDITIONS. END COMMENT.) IN THIS CONTEXT, IVANOV MENTIONED THAT CONSIDERATION IS BEING GIVEN TO ALLOWING ENTERPRISES THAT HAVE FOREIGN EXCHANGE TO TRADE IT TO OTHER ENTERPRISES FOR RUBLES AT WHATEVER EXCHANGE RATE THEY AGREE UPON. IVANOV COMMENTED THAT SUCH AN EXCHANGE RATE WOULD NOT BZJA GOOD INDICATION OF THE REAL VALUE OF THE RUBLE ON THE WORLD MARKET (IT WOULD UNDERVALUE THE RUBLE) BUT SUCH CURRENCY TRADING ARRANGEMENTS WOULD STILL BE ADVANTAGEOUS FOR SOVIET ENTERPRISES.

8. TURNING TO JOINT VENTURES, IVANOV COMMENTED THAT IT HAS BECOME VERY FASHIONABLE TO STICK THE JOINT VENTURE LABEL ON TRANSACTIONS THAT REALLY DO NOT MEET THE DEFINITION. HE COUNSELED AGAINST EUPHORIA ON THE PART OF WESTERN FIRMS ABOUT THE PROSPECTS FOR JOINT VENTURES IN THE SOVIET UNION. IN HIS VIEW, MOST JOINT VENTURES NEGOTIATED TO-DATE (EXCEPT THE COMBUSTION ENGINEERING DEAL) ARE UNDERCAPITALIZED. IVANOV DID MENTION THE POSSIBILITY OF MAKING SALARIES FOR SOVIET JOINT VENTURE PERSONNEL AN "ENCLAVE" NOT SUBJECT TO SOVIET WAGE REGULATIONS. THIS WOULD ALLOW JOINT VENTURES TO PAY EMPLOYEES WHAT THEY'RE WORTH, AND WOULD REMOVE ONE OF THE WESTERN PARTNERS' CHIEF CONCERNS ABOUT JOINT VENTURE MANAGEMENT.

9. DR. CRIPPEN TURNED THE DISCUSSION TO THE

DOMESTIC ECONOMY, ASKING ABOUT THE ADOPTION OF THE NEW LAW ON COOPERATIVES LAST WEEK. IVANOV DESCRIBED THE FAILURE TO PASS THE LAW DURING THE FIRST TWO DAYS OF THE SUPREME SOVIET SESSION AS "UNUSUAL." THE MAIN ISSUE WAS THE TAXATION SCHEDULE WHICH HAD BEEN "INADMISSABLY" ISSUED IN MARCH, BEFORE PASSAGE OF THE LAW. THE PROBLEM NOW IS HOW TO CHANGE THE TAX RATES WITHOUT CHANGING THE REST OF THE LAW. IVANOV LEFT NO DOUBT THAT THE TAXATION SCHEDULE WILL BE REVISED TO REFLECT THE VIEWS OF THE SUPREME SOVIET. (COMMENT: IN A MEETING LATER THE SAME DAY (SEPTEL) INSTITUTE OF ECONOMICS DIRECTOR LEONID ABALKIN ALSO DECLARED THAT THE TAXATION SCHEDULE FOR COOPERATIVE ENTERPRISES IS TO BE AMENDED, TO BE MADE LESS PROGRESSIVE. END COMMENT.) IVANOV NOTED THAT THE NEW LAW PLACES NO LIMITS ON COOPERATIVE ENTERPRISES, THOUGH TO EXPECT TO SEE THEM IN HEAVY INDUSTRY WOULD BE UNREALISTIC.

10. COMMENT: BASED ON THIS MEETING, IT APPEARS THAT IVANOV REMAINS COMMITTED TO A THOROUGH OVERHAUL OF THE SOVIET FOREIGN ECONOMIC SECTOR. WHETHER, WHEN AD TO WHAT EXTENT HIS IDEAS WILL BE IMPLEMENTED IS AN OPEN QUESTION. SEVERAL OF THE MORE PRAGMATIC IDEAS HE MENTIONED --

INTER-ENTERPRISE FOREIGN CURRENCY TRADING, COOPERATION WITH WESTERN CREDITORS ON LDC DEBT, A SALARY "ENCLAVE" FOR JOINT VENTURE PERSONNEL -- MAY NOT BE PUT INTO PRACTICE ANYTIME SOON. END COMMENT.

11. Leningrad minimize considered.

MATLOCK

BT

#3726

~~CONFIDENTIAL~~



DECLASSIFIED

Authority State Water 11/6/15

~~CONFIDENTIAL~~

127671

~~CONFIDENTIAL~~ NARA DATE 2/3/2017 WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02

PRT: CRIPPEN  
SIT: VAX

<PREC> ROUTINE <CLAS> CONFIDENTIAL <DTG> 091225Z JUN 88

FM AMEMBASSY MOSCOW

TO RUEHC/SECSTATE WASHDC 6432  
INFO RUEHLN/AMCONSUL LENINGRAD 7286  
RUEHDC/USDOC WASHDC  
RUEHXE/EASTERN EUROPEAN POSTS

~~CONFIDENTIAL~~ SECTION 01 OF 02 MOSCOW 14409  
USDOC FOR 4231/IEP/EUR/OEESA/USSR/JBROUGHER  
USDOC FOR 3233/USFCS/FO/RM/EUR/TROSEN  
PASS WHITE HOUSE/SITROOM: CRIPPEN  
E.O. 12356: DECL: OADR  
TAGS: ECON, UR, PGOV, PINR  
SUBJECT: ABALKIN DISCUSSES COOPERATIVES, PARTY  
CONFERENCE

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.  
>BEGIN SUMMARY  
2. SUMMARY: IN A MAY 30 MEETING WITH WHITE HOUSE  
ECONOMIST DR. DANIEL CRIPPEN, DIRECTOR OF THE  
INSTITUTE OF ECONOMICS LEONID ABALKIN:  
-- DESCRIBED THE ADOPTION OF THE NEW LAW ON  
COOPERATIVES AND DECLARED THAT THE CONTROVERSIAL  
TAXATION SCHEDULE WILL BE REVISED TO BE MADE LESS  
PROGRESSIVE;  
-- EMPHASIZED THE POLITICAL IMPORTANCE OF THE  
SUPREME SOVIET'S FAILURE TO PASS THE NEW LAW ON  
SCHEDULE;  
-- DESCRIBED THE HOPED-FOR IMPACT OF COOPERATIVES ON  
THE STATE SECTOR;  
-- GAVE HIS OPINION THAT THE PARTY CONFERENCE WILL  
FOCUS ON THE NEED TO IMPLEMENT THE ECONOMIC REFORMS  
ALREADY UNDERWAY RATHER THAN RECOMMENDING NEW  
MEASURES;  
-- LISTED THREE OBSTACLES TO ECONOMIC REFORM,  
INCLUDING THE RELATIVELY NEW PHENOMENON OF  
"OPPOSITION FROM BELOW." END SUMMARY.  
>END SUMMARY

3. A MEETING MAY 30 BETWEEN ASSISTANT TO THE  
PRESIDENT DR. DANIEL CRIPPEN (ACCOMPANIED BY  
ECONCOUNS) AND DIRECTOR OF THE INSTITUTE OF  
ECONOMICS LEONID ABALKIN FOCUSED ON THE NEW  
LEGISLATION ON COOPERATIVE ENTERPRISES, THE ROLE OF  
COOPERATIVES IN THE ECONOMY AS A WHOLE, AND THE  
UPCOMING PARTY CONFERENCE.

4. ON THE NEW COOPERATIVE LEGISLATION, ABALKIN  
AGREED WITH DR. CRIPPEN THAT THE ADOPTION OF THE LAW  
WAS "NOT ROUTINE." IN FACT, HE SAID, IT HAD BEEN A  
VERY LONG TIME SINCE A SUPREME SOVIET SESSION FAILED  
TO APPROVE A DRAFT LAW ON SCHEDULE. IN GENERAL,  
ABALKIN SAID, THE NEW LAW IS PROGRESSIVE. IT WAS  
DRAFTED IN SIX MONTHS BY A COMMISSION OF ECONOMISTS  
AND LAWYERS WHO CONSULTED WITH SOME OF THE 150,000  
SOVIETS WHO HAVE ALREADY JOINED COOPERATIVE  
ENTERPRISES. (THE NUMBER OF PRODUCTION CO-OP

MEMBERS HAS INCREASED TEN-FOLD IN THE PAST YEAR.)  
[LIKE ALL LEGISLATION, HOWEVER, THE NEW LAW CONTAINS  
COMPROMISES THAT PROVED CONTROVERSIAL. AFTER TWO  
DAYS OF DISCUSSION, INSTEAD OF ADOPTING THE DRAFT,  
THE SUPREME SOVIET APPOINTED A COMMITTEE TO DEAL  
WITH THE ISSUES THAT HAD BEEN RAISED, MOST NOTABLY  
THE TAXATION SCHEDULE ANNOUNCED IN MARCH. THE  
COMMITTEE DECIDED THAT THIS TAXATION SCHEDULE WILL  
BE ABOLISHED AND REPLACED WITH A NEW, LESS

BURDENSOME ONE, WHICH, ACCORDING TO ABALKIN, CLEARED  
THE WAY FOR PASSAGE OF THE LAW ON THE THIRD DAY OF  
THE SESSION.

5. ABALKIN STRESSED THAT THE INFLUENCE OF PUBLIC  
OPINION IS A NEW FACTOR IN SOVIET POLITICS. HE  
COMPARED THE SUPREME SOVIET'S ACTION ON THE  
COOPERATIVE LEGISLATION TO THE DECISION IN 1987 NOT  
TO DIVERT THE SIBERIAN RIVERS (A DECISION REPORTEDLY  
INFLUENCED BY ENVIRONMENTALLY-CONCERNED CITIZENS.)

6. IN RESPONSE TO DR. CRIPPEN'S QUESTION, ABALKIN  
DESCRIBED THE POSITIVE INFLUENCE COOPERATIVE  
ENTERPRISES ARE EXPECTED TO EXERT ON THE SOVIET  
ECONOMY AS A WHOLE. COOPERATIVES WILL INCREASE  
SUPPLIES OF CONSUMER GOODS AND SERVICES, RAISE  
QUALITY STANDARDS AND CREATE CONDITIONS OF  
COMPETITION FOR STATE ENTERPRISES. ABALKIN  
ACKNOWLEDGED THAT COOPERATIVES ARE MOST ACTIVE IN  
THE CONSUMER AND CONSTRUCTION SECTORS (RATHER THAN  
IN INDUSTRIAL PRODUCTION). HOWEVER, HE MADE A  
DISTINCTION BETWEEN COOPERATIVE OWNERSHIP, WHICH  
WILL NOT, AS A RULE, BE FOUND IN HEAVY INDUSTRY, AND  
BT  
#4409

BT

~~CONFIDENTIAL~~ SECTION 02 OF 02 MOSCOW 14409  
USDOC FOR 4231/IEP/EUR/OEESA/USSR/JBROUGHER  
USDOC FOR 3233/USFCS/FO/RM/EUR/TROSEN  
PASS WHITE HOUSE/SITROOM: CRIPPEN  
E.O. 12356: DECL: OADR  
TAGS: ECON, UR, PGOV, PINR

SUBJECT: ABALKIN DISCUSSES COOPERATIVES, PARTY  
COOPERATIVE ORGANIZATION OF LABOR (I.E., BRIGADE  
CONTRACTS) WHICH BRINGS COOPERATIVE PRINCIPLES TO  
THE FACTORY FLOOR OF STATE-OWNED ENTERPRISES.  
DR. CRIPPEN FOLLOWED UP ON THE RELATION BETWEEN THE  
STATE AND COOPERATIVE SECTORS, ASKING WHETHER  
COOPERATIVE ENTERPRISES RELY ON THE STATE FOR  
WHOLESALE GOODS. ABALKIN REPLIED THAT THE CURRENT  
SITUATION IS CONFUSING. CO-OP RESTAURANTS, FOR  
INSTANCE, MAY NOT BUY FROM STATE STORES OR FARMS  
(THOUGH THEY MAY CONCLUDE CONTRACTS WITH COLLECTIVE  
FARMS), WHILE CO-OPS IN THE MANUFACTURING SECTOR MAY  
PURCHASE SUPPLIES FROM STATE ENTERPRISES.

7. IN RESPONSE TO DR. CRIPPEN'S QUESTION, ABALKIN  
SAID THAT THE NEW COOPERATIVE LAW WILL BE APPLIED  
NATIONWIDE AND WILL OVERRIDE LOCAL REGULATIONS. HE  
EMPHASIZED, HOWEVER, THAT COOPERATIVE ENTERPRISES  
WILL CONTINUE TO OPERATE ALMOST EXCLUSIVELY IN LOCAL  
MARKETS AND DEPEND ON LOCAL GOVERNMENTS FOR THEIR  
CHARTERS, WORKPLACES, AND OTHER ARRANGEMENTS.  
ABALKIN COULD ENVISAGE EVENTUAL ASSOCIATIONS OF

CO-OPS IN VARIOUS CITIES, BUT NOT INTEGRATION INTO  
THE CENTRALLY-PLANNED SUPPLY NETWORK.

8. DR. CRIPPEN THEN TURNED THE DISCUSSION TO THE  
UPCOMING PARTY CONFERENCE. ABALKIN SAID THAT TWO  
BASIC ISSUES WILL BE DISCUSSED AT THE CONFERENCE:  
RESTRUCTURING OF PARTY AND GOVERNMENT ORGANIZATIONS  
AND REFORM OF ECONOMIC MANAGEMENT. HE COMMENTED  
THAT HE HIMSELF HAS LONG MAINTAINED THAT ECONOMIC  
REFORM IS IMPOSSIBLE WITHOUT POLITICAL REFORMS, AND  
THAT THE TIME IS NOW RIPE. ON THE ECONOMIC SIDE,  
ABALKIN'S VIEW IS THAT THE CONFERENCE WILL (AND  
SHOULD) FOCUS ON THE IMPLEMENTATION OF THE REFORMS  
ALREADY UNDERWAY RATHER THAN RECOMMENDING NEW ONES.  
THE NEXT PARTY CONGRESS (IN 1991) CAN ADDRESS THE  
ISSUE OF THE NEXT STAGE OF REFORMS, BUT ONLY IF THE  
FIRST STAGE HAS BEEN REALIZED.

9. ASKED ABOUT OBSTACLES TO REFORM, ABALKIN LISTED  
THREE:

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

## WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

-- THE CENTRAL BUREAUCRACY AND APPARATUS;  
-- THE RELATIVELY NEW PHENOMENON OF "OPPOSITION FROM BELOW", WHICH HE ASCRIBED TO THE ESSENTIAL CONSERVATISM OF HUMAN BEINGS; AND  
-- THE IDEOLOGICAL CONCERN THAT PERESTROYKA MEANS MOVING AWAY FROM SOCIALISM.

THE FIRST OBSTACLE IS OBVIOUS AND, COMPARED TO THE LAST TWO, RELATIVELY EASY TO OVERCOME. HOWEVER, ABALKIN SAID, SINCE A REVOLUTION IS UNDERWAY, IT NECESSARILY ENTAILS A LONG AND DIFFICULT STRUGGLE.

10. ON THE IMPACT OF JOINT VENTURES ON ECONOMIC REFORM, ABALKIN DIFFERENTIATED BETWEEN RESTRUCTURING OF ECONOMIC MANAGEMENT, WHICH WILL NOT BE AFFECTED BY JOINT VENTURES, AND RESTRUCTURING OF THE ECONOMY ITSELF, WHICH WILL BE. BY RESTRUCTURING OF THE ECONOMY ITSELF, ABALKIN SAID HE MEANS SUCH AREAS AS TECHNOLOGICAL PROGRESS, RESOURCE-SAVING, MANAGEMENT TECHNIQUES, MARKETING AND COMPETITIVENESS, IN ALL OF WHICH JOINT VENTURES HAVE A ROLE TO PLAY.

11. LENINGRAD MINIMIZE CONSIDERED.

BROWN

BT

#4489

~~CONFIDENTIAL~~