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The Great Transition

American-Soviet Relations
and the End of the
Cold War

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The intense collaboration between Shultz and Shevardnadze in resolving the Zakharov-Daniloff issue and clearing the way for a summit was very important in developing both personal mutual trust and a conviction that many problems could be dealt with only by the two foreign secretaries.⁹⁷ There was even an immediate payoff: as a result of the successful turn in negotiations of September 9–20 on the Zakharov-Daniloff incident and the planned summit, Shevardnadze was able to give a green light to signature of an important agreement on confidence- and security-building measures.

The negotiations of the Conference on Disarmament in Europe (CDE) in Stockholm under the CSCE process received relatively little attention in the United States. Launched in January 1984, they received a boost during 1986 when the Soviet Union, in a series of steps, reluctantly agreed to set aside naval and air activities, and above all to accept far-reaching verification provisions including on-site inspection. On September 22, the Stockholm Document on confidence- and security-building measures was signed.⁹⁸

Another indication of growing contact with a spirited exchange of views was an international Chautauqua conference held in Jurmala, Latvia, September 15–18. Like the more formal and important Stockholm agreement, this too was overshadowed in public attention by the Zakharov-Daniloff affair.⁹⁹

Even after resolution of the Zakharov-Daniloff incident, and following the Reykjavik summit (to which we shall turn presently), espionage and security issues continued to complicate relations for some time. On September 2, the extremist Jewish Defense League, not satisfied with picketing an appearance under the cultural exchange program of the Moiseyev Dancers at the Metropolitan Opera House in New York, discharged a tear gas grenade in the auditorium. U.S. Information Agency Director Charles Z. Wick subsequently apologized, but in Soviet eyes the action reflected badly if not on American interest in developing cultural relations, then at least on American ability to carry them out.

On October 6, the State Department announced the establishment of an Office of Disinformation Analysis and Response to study Soviet “active measures” of disinformation and American countering measures.

American security investigators discovered in September that the new U.S. Embassy chancery under construction in Moscow was riddled with previously undiscovered listening devices. A Senate report in mid-October confirmed the seriousness of that situation and criticized laxity by the State Department in overseeing the construction.

97. The one key associate on whom Shevardnadze relied in this effort, then one of several deputies, was in 1991 to become his successor—Aleksandr Bessmertnykh. On the “bonding” effect of this experience for Shultz and Shevardnadze, see Oberdorfer, *The Turn*, pp. 179–82.

98. See chapter 13.

99. Shultz had to override hard-line opposition to American participation in the Chautauqua meeting because of the Daniloff affair. Shultz, *Turmoil and Triumph*, p. 736.

Meanwhile, at the height of the Zakharov-Daniloff affair, on September 17, the administration had tightened the screws on the drawdown of Soviet diplomatic and UN personnel, ordering twenty-five named officers from the Soviet UN mission out of the country. The Soviet Union retaliated by expelling five American diplomats from the Soviet Union in mid-October. The United States upped the ante by expelling five Soviet diplomats, and fifty more to reduce the number of the Soviet diplomatic personnel to equal the U.S. total of 251.¹⁰⁰ The Soviet Union, in return, expelled five more American diplomats and withdrew all 260 Soviet employees of the U.S. Embassy in Moscow, including the residence service staff as well as clerks, drivers, and all others. At this point, on October 23, both sides called a halt to the mutually debilitating exercise.

The Zakharov-Daniloff affair and other flare-ups of espionage and security issues did not derail the movement toward a new summit focused on arms control. As President Reagan later said in his memoir: “I don’t believe the crisis over Daniloff’s seizure ever brought either of us close to canceling the summit in Reykjavik. I think both Gorbachev and I felt the stakes were too high and acted cautiously to avoid torpedoing in advance whatever prospects we had of success in Iceland.”¹⁰¹

The Reykjavik Summit

The Reykjavik summit, cautiously advanced as an “interim summit” or preliminary meeting before the “real” summit in Washington foreseen at Geneva, was seen as such a routine working session that Nancy Reagan did not even accompany her husband on the trip. Yet the two-day weekend of meetings between Reagan and Gorbachev at Reykjavik became a startling and far-reaching exploration of possibilities for the drastic reduction or even elimination of nuclear weapons. The attempt, despite major efforts by both sides and unexpected agreements on many aspects of the problem, failed over the issue of strategic defenses. Some saw the results as a spectacular missed opportunity;

100. Almost all of the expelled Soviet Embassy and UN mission diplomats were intelligence officers, and the measure did severely impede Soviet intelligence activity. A Soviet KGB officer formerly serving in their Washington Embassy, Major Sergei Motorin, had been discovered to be a spy for the United States and was arrested in Moscow in early 1986. His arrest removed the reason for restraint on disclosure of the extent of American knowledge of Soviet intelligence personnel. This American intelligence penetration of the KGB was not, however, disclosed by either side for several years. See Michael Dobbs and R. Jeffrey Smith, “From Inside the KGB: A Tale of Incompetence,” *Washington Post*, February 21, 1993, pp. A1, A26.

101. Reagan, *An American Life*, p. 674.

others as a perilous near disaster. For better or worse, the meeting was a historic near miss.

Gorbachev did not have a consensus in the Soviet leadership that would permit him to go to Washington for the regular summit meeting to which he had readily assented in Geneva. He had expected at least some forward movement on arms reductions by the American side. But as the months passed and the anniversary of Geneva drew nearer, it became clear that although Reagan was prepared to negotiate on his own terms, he was not disposed to seek a real compromise. And Gorbachev could not afford a second summit, much less going to Washington for it, without some substantial agreement. Reagan, however, could easily wait for the Soviet Union to come over to his terms. He was prepared for a summit with or without an arms agreement, and he would gain domestically either by showing that the Soviets had accepted his position or that they had not and that he would stand firm until they did. At the same time, Gorbachev needed a summit as well as an arms agreement to justify the changes in Soviet foreign and security policy that he considered necessary. Reagan did not plan any changes in policy and did not need a summit; he could easily rest on his open invitation and blame Soviet recalcitrance for the absence of one.

Gorbachev proposed the Reykjavik working summit because its risks and costs were less risky for him than a ceremonial visit to the United States, but he was still taking something of a gamble. He still needed to break the logjam and start new movement in the arms negotiations, and he correctly saw that the only way to do that was by engaging President Reagan personally. As Gorbachev and his advisers saw it, Reykjavik would be an interim summit but one where they would present a package with enough contingent concessions and new approaches to attract Reagan's interest. Gorbachev did not expect to negotiate the terms of an agreement with Reagan, still less to sign one, at Reykjavik, but his target was an agreement of the two leaders on substantive joint guidelines for their negotiators that could reactivate the process. To engage the president's personal attention and, it was hoped, gain a more favorable hearing, Gorbachev planned to propose his new package of proposals at the meeting itself. For this reason, the Soviet side did not follow the usual procedure of presummit disclosure of new proposals. But they did emphasize the nuclear arms issues.

President Reagan was relaxed about the forthcoming meeting. He expected some Soviet movement toward his positions. The American side did not have new proposals to advance. The Americans anticipated a new Soviet position on intermediate-range missiles, and preparation was focused on that area. The Soviet side in the arms talks had most recently discussed "token" INF deployments on the two sides in Europe, with a freeze on the existing Soviet deployments in Asia. The U.S. proposal prepared for Reykjavik would have seen 200 INF missile warheads for each side: 100 each in Europe, and 100 each in the non-European USSR and the United States. To deflect Soviet (and con-

gressional) proposals for negotiating a comprehensive test ban, the administration was preparing to submit the two limited-testing agreements of 1974 and 1976 for ratification, with reinforced verification. On the key subject of strategic offensive and defensive arms, the president intended to stand pat and see what Gorbachev would propose. The U.S. response would be worked out later in Washington.

These differences in aim and in expectations were evident in the makeup of the delegations. Gorbachev was accompanied not only by Raisa, undeterred by the prospect of a brief working summit in wintry Iceland, but by a large phalanx of political and military advisers. To the complete surprise of the American side, the chief Soviet negotiator turned out to be Marshal Sergei Akhromeyev, chief of the General Staff and first deputy defense minister. The United States had a much more limited delegation with no senior military representatives.

In the opening meeting (initially Gorbachev and Reagan alone, later joined by Shevardnadze and Shultz) Gorbachev took the initiative and laid out his package: a comprehensive set of proposals on strategic arms, intermediate-range missiles, and space weapons. He also urged a ban on nuclear testing. Although based on familiar Soviet positions, each part of the package contained some new concessions. On strategic missiles, Gorbachev accepted an equal 50 percent cut in the central systems, ICBMs, SLBMs, and heavy bombers, and for the first time agreed to include the Soviet heavy (SS-18) missiles in the cuts. That night, Marshal Akhromeyev made the further concession of applying a full 50 percent cut to these heavy ICBMs.) The Soviet side also reluctantly agreed to exclude all American forward-based shorter-range systems capable of striking the Soviet Union from the "strategic forces" to be counted and limited.

On space and defensive systems, Akhromeyev reduced the proposed ABM Treaty nonwithdrawal commitment from fifteen to ten years (half the distance to Reagan's seven and one-half years, proposed in his letter of July 25). He dropped the Soviet demand that SDI research be banned, although he insisted such research be limited to the laboratory (coming much closer to the traditional narrow interpretation of the ABM Treaty). On INF, he dropped the demand that British and French weapons be frozen at existing levels, proposed U.S. and Soviet INF in Europe, and agreed to negotiate a limit on INF in Soviet Asia and the United States. He also dropped the earlier Soviet call for an immediate end to nuclear testing, while urging negotiations toward a comprehensive ban.

Although Reagan was wary about curbs on the SDI, Shultz (and some others, including Paul Nitze) were impressed with Gorbachev's concessions.¹⁰²

¹⁰² The sweeping extent of the Soviet concessions was even greater, and had been more difficult to agree upon in Moscow than the Americans recognized. Marshal Akhromeyev, for example, in his posthumous memoir, has revealed that he contemplated resigning as chief of the General Staff over Gorbachev's decision to agree to equal

Reagan's presentation was by comparison weak, and Gorbachev expostulated over the "shopworn goods," old positions. Other subjects were also discussed, but none of any real significance. It was agreed that experts would meet that night.

A marathon meeting, with some intermissions to seek new instructions, lasted all night. Marshal Akhromeyev, chairing the Soviet group, was in full command of his delegation. Paul Nitze, on the American side, was more chairman of a collective delegation. The two expert teams made major progress on strategic arms reductions mainly because Akhromeyev was prepared to make decisions and concessions. No real advance was made on space weapons.

The next morning, Reagan and Gorbachev picked up where the experts had stopped and went on to agree on zero INF missiles in Europe, and 100 INF warheads each in Soviet Asia and the United States. The SDI, or issue of space weapon testing, remained intractable. The American delegation was prepared to consider a ten-year period of nonwithdrawal from the ABM Treaty but wanted compensating agreement that at the end of that time each side would be free to deploy ABM defenses. The Soviets were adamant; after all, the ABM Treaty is of unlimited duration; they envisaged the purpose of a ten-year commitment as reinforcement, not as a grace period before withdrawal. There was agreement to make the 50 percent cut in offensive arms during a five-year period.

During the lunch period, Shultz, Shevardnadze, and members of the two delegations met to continue efforts. During this period (through notes and whispered consultations) the American delegation came up with an idea Shultz advanced on a personal basis: introducing in this new context the idea of elimination of *all* ballistic missiles in the second five-year period, after the 50 percent cuts. But there was no change on space weapons. Reagan was quite prepared to accept the idea of elimination of all ballistic missiles (ICBMs and SLBMs) in ten years. Perle for Defense supported it; the representative from the Joint Chiefs of Staff, Lieutenant General John Moellering, was noncommittal. Gorbachev, when they met, was ready to "see and raise" the ante. He proposed eliminating all strategic nuclear weapons in the ten-year period. Reagan agreed, saying he would be ready to eliminate *all* nuclear weapons in ten years; Gorbachev agreed at once.

The proposed deal, however, collapsed over the terms of observance of the ABM Treaty. Gorbachev, clearly at the edge of his mandate from Moscow, continued to insist on limiting ABM research to the laboratory, and Reagan would not agree in effect to gutting the SDI. Reagan finally literally broke up the meeting over this issue—leaving up in the air what, if any, elements of

force levels dropping any compensation for American forward-based systems and NATO allied offensive arms capable of striking the Soviet Union. See S. F. Akhromeyev and G. M. Kornienko, *Glazami marshala i diplomata* (Through the Eyes of a Marshal and a Diplomat) (Moscow: Mezhdunarodnyye otnosheniya, 1992), pp. 108–09.

newfound agreement on many aspects of the arms issue could be salvaged and whether there could be any partial agreement.¹⁰³

Reykjavik was an intense encounter, and the immediate let-down of failure caused disappointment and anger that was evident to the two thousand waiting media representatives. Nonetheless, within hours both sides were speaking not only of disappointment but also of great steps forward. In part this may have been psychological rebound; in part, on the American side, it was a defensive maneuver to avoid letting the blame for failure and missing a great

103. This account of the Reykjavik summit is based on interviews with several members of the U.S. and Soviet delegations. For informed accounts see Shultz, *Turmoil and Triumph*, pp. 751–80; Oberdorfer, *The Turn*, pp. 183–207, and *The Reykjavik Process: Preparation for and Conduct of the Iceland Summit and Its Implications for Arms Control*, Report of the Defense Policy Panel of the House Committee on Armed Services, 99 Cong. 2 sess. (Government Printing Office, 1987), pp. 1–23. And on the Soviet side, see Akhromeyev and Kornienko, *Glazami marshala i diplomata*, pp. 108–20.

Of particular value, the most complete record now available is the full Soviet transcript of the Gorbachev-Reagan sessions at Reykjavik, published by the Gorbachev Foundation in Moscow. See "From the Gorbachev Archives: Discussions of M. S. Gorbachev with R. Reagan at Reykjavik, October 11–12, 1986," *Mirovaya ekonomika i mezhdunarodnyye otnosheniya* (The World Economy and International Relations), nos. 4, 5, 7, 8 (April, May, July, August 1993).

Gorbachev was constrained by a Politburo decision establishing his negotiating position for the Reykjavik negotiations. Although he had dominated the Politburo decisionmaking and had great latitude (for example, on the discussion of strategic arms reductions and even elimination of nuclear weapons), the collective decision on ABM testing constraints meant that he did not have a free hand on that issue. No one knows whether he would have been prepared to make a further compromise if there had not been this constraint, but at the least it reinforced any reservations he may have had. I have discussed this issue with a number of Gorbachev's close associates (including Anatoly Chernyayev, his foreign policy aide; Aleksandr Bessmertnykh, the deputy foreign minister; Sergei Tarasenko, Shevardnadze's closest adviser; and Pavel Palazhchenko, Gorbachev's interpreter at Reykjavik). All express some uncertainty (and somewhat differing personal estimates) on whether Gorbachev had leeway for further compromise on this issue. Palazhchenko, for example, emphasized that Gorbachev had to be mindful of the Politburo consensus; he was, after all, "General Secretary, and not Emperor" (comment in a discussion on February 27, 1993). Marshal Akhromeyev, in his posthumously published memoir, noted that the decisions on the position to be taken at Reykjavik had been collective and unanimous, and that "it was agreed [*dogovoreno*] to hold firmly to the position that the ABM Treaty must be strictly observed by the parties in the form that it had been signed in 1972" (Akhromeyev and Kornienko, *Glazami marshala i diplomata*, p. 110). Gorbachev did not, however, use that formulation, but hewed to the established position of no ABM testing of space-borne systems except in the laboratory. Tarasenko (in discussion on February 27, 1993) said that Shevardnadze blamed Akhromeyev for not making clear to Gorbachev that there was a further "fallback," and this may be what he had in mind. It is, however, highly likely that the Politburo decision used the language of no testing except in the laboratory. Anatoly Dobrynin will cite the precise terms of the Politburo guidance for the meeting in his forthcoming memoir.

opportunity fall on Reagan's SDI. Two days after the summit, Reagan declared: "Believe me, the significance of that meeting at Reykjavik is not that we didn't sign agreements in the end; the significance is that we got as close as we did. The progress that we made would've been inconceivable just a few months ago."¹⁰⁴

The Reykjavik near-agreement on eliminating all nuclear weapons (or all strategic nuclear weapons, if Reagan's offhand acceptance of the broader goal is set aside), or even all ballistic missiles—the U.S. proposal, reaffirmed as such after the meeting—came as a great surprise to everyone and a shock to many. In particular, U.S. allies were stunned by the apparent readiness of the American president to give up nuclear deterrence without any advance consultation. (The Joint Chiefs of Staff shared this dismay.) Short of that ultimate step, there was also some alliance grumbling, but divided views, over the U.S. readiness to agree to elimination of all INF missiles in Europe (particularly because in presummit consultation the U.S. representatives had declared the intention to retain a level of 100 as preferable to zero). But the allies were reluctant to appear to oppose progress in arms reductions, and there had been no agreements finally reached. It did, however, shake President Reagan's credibility as a stalwart of alliance defense and reinforce earlier indications of the priority he gave to acting unilaterally on the basis of his view of U.S. interests.

Gorbachev was deeply upset by the failure to shake Reagan on the ABM Treaty issue. At the same time, members of the Soviet delegation have said that he was impressed by Reagan's readiness to agree to zero INF missiles in Europe and even to entertain the idea of elimination of all nuclear weapons. Tactically, although Gorbachev gave vent to his disappointment and the failure of the American side to come prepared with some concessions to match those he offered, he too, like Reagan, had a stake in not letting it seem that the meeting had been a failure. In attempting to understand what to him seemed to be Reagan's inconsistency between a real desire for nuclear disarmament and a stubborn insistence on the SDI, Gorbachev reverted in his spontaneous Reykjavik press conference to his view that Reagan was "being held captive by this [military-industrial] complex" and hence "not free to take such a decision" strengthening the ABM Treaty at the expense of the SDI.¹⁰⁵ He said he received this impression from changes in Reagan's position after the breaks for consultation. This impression was undoubtedly reinforced after the meeting when the American administration first tried to deny that Reagan had ever

104. "Meeting with Soviet General Secretary Gorbachev in Reykjavik, Iceland. Remarks in a Meeting with Officials of the Department of State and the U.S. Arms Control and Disarmament Agency," October 14, 1986, *Presidential Documents*, vol. 22 (October 20, 1986), p. 1387. For a more defensive argument on the priority to the SDI, see his "Address to the Nation. October 13, 1986," *ibid.*, pp. 1375–79.

105. "Press Conference of Mikhail Gorbachev," *Pravda*, October 14, 1986.

agreed to eliminating all strategic nuclear weapons and then two weeks later when the Geneva arms talks resumed and the United States withdrew its own proposal for eliminating all ballistic missiles in ten years.

Gorbachev, before departing from Reykjavik, stressed in this same initial press conference that a Washington summit could not be permitted to fail. What, he asked rhetorically, "would people think in the Soviet Union, in the United States, and all over the world. What sort of political leaders are heading those two great nations on which the fate of the entire world so greatly depends? They . . . have already held their third meeting but they cannot agree on anything. I think this would be simply a scandalous outcome with unpredictable consequences."¹⁰⁶ Gorbachev repeated his judgment about the controlling influence of the American military-industrial complex in a major television address to the Soviet people after his return to Moscow.¹⁰⁷

The Politburo met on October 14 and issued a statement approving the positions taken by Gorbachev and focusing on the adamant U.S. stand on the ABM Treaty as "the sole cause" of the failure to reach agreement. The Reykjavik meeting was, nonetheless, hailed as "an important event in international life." The Politburo affirmed that "negotiations must continue" and that "it would be a fatal step to pass by the historic chance for cardinal solutions to the problems of war and peace. Everything must be done to make use of this chance."¹⁰⁸

Although many commentaries continued to emphasize the American unreadiness to reach momentous agreements, the summit later was seen as having been an important step forward. Indeed, eight months later—even before a new breakthrough—one leading spokesman went so far as to describe Reykjavik as "a landmark in the development of the world."¹⁰⁹

The Aftermath

Whatever the later evaluations of the Reykjavik summit, in its immediate aftermath U.S.-Soviet relations and prospects for accord did not improve. As already noted, soon after the summit the United States reactivated the confrontation over espionage by expelling fifty-five Soviet diplomatic personnel. That action led Gorbachev to make a third television address on Reykjavik

106. *Ibid.*

107. "General Secretary of the CC of the CPSU M. S. Gorbachev on Soviet Television," *Pravda*, October 15, 1986.

108. "At the Politburo of the CC of the CPSU," *Pravda*, October 15, 1986.

109. Valentin Falin, "Studio 9," Moscow Television, June 4, 1987; see FBIS, *Soviet Union*, June 5, 1987, p. cc 2.

and its consequences. Gorbachev, on October 22, referred to his earlier expressions of hope that after reflecting on the unfinished business of Reykjavik, President Reagan would resume the dialogue constructively. But, he acknowledged, "Something quite different occurred. Beside the distortions of the whole picture of the Reykjavik talks . . . actions have been taken in recent days [the 55 expulsions] which, from a normal human viewpoint, simply look wild after so important a meeting at the level of the top leadership of the two countries." He continued, asking in reference to the United States:

What sort of government is it, what can be expected from it on other matters on the international scene; what degree of unpredictability will its actions reach? It turns out that it not only has no constructive proposals on the key questions of disarmament, but it does not even have the desire to maintain an atmosphere essential for the normal continuation of a dialogue. . . . Every time a ray of light appears in attitudes toward the major questions of Soviet-U.S. relations, toward the settlement of questions that involve the interests of the whole of humankind, a provocation occurs calculated to wreck the possibility of a positive solution and to poison the atmosphere.¹¹⁰

This strong rhetorical stand was accompanied by a tightening of the strings on the "package" of concessions offered by Gorbachev at Reykjavik. This served two purposes: to defend against charges in Moscow that Gorbachev had given away too much for nothing in return and to restore some bargaining leverage with the United States while the Soviet side determined just what smaller package the United States *was* prepared to agree on.

Shultz and Shevardnadze met in Vienna on November 5–6 to try to pick up the pieces of the unfinished arms negotiation. In sharp contrast to Reykjavik, the entire top level of the U.S. political-military team traveled to Vienna, while the small Soviet team of experts was headed by Deputy Foreign Minister Viktor Karpov. Neither Marshal Akhromeyev nor any other senior military man was there. There was bitter disagreement over just what had been tentatively agreed on at Reykjavik as well as over the quid pro quo conditions for various concessions by one side or the other. By that time, not only had the Soviets decided to tighten the strings on their package approach but the United States had sought to pocket the Soviet concessions made at Reykjavik and moreover retreated from its own proposal on banning ballistic missiles. At the same time the United States continued to press such demands as subceilings on strategic forces. The result was a completely unsuccessful meeting.

The occasion for the meeting between Secretary Shultz and Foreign Minister Shevardnadze was a session at the level of foreign ministers of the CSCE. Although both men addressed the arms negotiations issue (in a rather confrontational manner) at the open CSCE meeting as well as in their private talks, the United States also launched heavy criticism of the Soviet Union's

110. "Speech on Soviet Television by M. S. Gorbachev, General Secretary of the CC of the CPSU," *Pravda*, October 23, 1986.

human rights practices, with Shultz citing President Reagan, "A government that will break faith with its own people cannot be trusted to keep faith with foreign powers."¹¹¹ Shevardnadze responded with an attack on the American expulsions of Soviet diplomats, saying it was "immoral to initiate a 'battle of expulsions' to suit one's election strategy or to placate 'hawkish' friends." He also argued Soviet support for human rights—including the right to work and free education, medical care, and social welfare—and proposed that a CSCE meeting on human rights be held in Moscow.¹¹²

By the time of the Shultz-Shevardnadze meeting, although only three weeks had elapsed since Reykjavik, two developments had begun to weaken and to distract the American side. On November 4, the Republicans lost control of the Senate in the midterm elections, portending a focus by a lame-duck Republican administration on the next presidential election. On the day before, and far more important in weakening the Reagan administration, a story appeared in a Beirut weekly disclosing covert American dealings providing arms to Iran for release of American hostages held in Lebanon. This story was soon substantiated, and it also became known that some of the financial returns from these dealings were then used illegally to support the Nicaraguan contras.

The Iran-contra story need not be reviewed here in any detail, but it became important to American politics and policy in several ways that had an important impact on U.S.-Soviet relations. First of all, it absorbed the attention of the Reagan administration. It became a continuing drama that would last through the remainder of his term. As the scandal unfolded, it soon led to resignations and shifts in the senior White House staff. In the first month alone, President Reagan's popularity declined in the polls from an approval level of 67 percent to 46 percent, with widespread belief in a cover-up and a loss of credibility of the president as well as members of his administration occurring.¹¹³

The tangled tale of official and semiofficial U.S. dealings with Israeli, Iranian, Saudi, American, and other arms dealers, intelligence agents, and international "operators" involved many senior officials. Among those directly implicated were former national security advisers Robert C. McFarlane and Vice Admiral John M. Poindexter (fired on November 24, along with his loose cannon National Security Council [NSC] staff associate Lieutenant Colonel Oliver North), and also CIA Director William Casey and others. Secretary of State Shultz and Secretary of Defense Weinberger, in contrast, had been

111. "Pursuing the Promise of Helsinki," address by Secretary Shultz at the Vienna CSCE meeting on November 5, 1986, *Department of State Bulletin*, vol. 87 (January 1987), p. 49.

112. "On the Meeting at Vienna, Speech of E. A. Shevardnadze," *Pravda*, November 6, 1986.

113. See Richard J. Meislin, "President Invites Inquiry Counsel; Poll Rating Dives—46% Approve Reagan's Work, Down 21 Points," *New York Times*, December 2, 1986, p. A1.

opposed to dealings proposed and were not fully informed as they nonetheless went forward. The initial focus was on trading arms to Iran, despite contravening American law and policy, in the hope of effecting release of Americans held hostage in Lebanon. Although this story was quickly traced back to 1985, its roots went back to 1980–81 when the new administration—and some of its members—had secretly approved or acquiesced in Israeli arms shipments to Iran (even before the inauguration).¹¹⁴

Only a month before the Iran arms deal became known, a contra support airplane had been shot down over Nicaragua on October 5 and a crew member captured. The extensive improper role of senior NSC staff members and some CIA officials in this supply of arms to the contras in contravention of the law was beginning to unfold when it was revealed that some of the ill-gotten profits from arms sales to Iran were being siphoned off and fed into this illegal support of the contras (and, briefly, commingled with a secret Swiss bank account for U.S. and Saudi aid to the Afghan *mujahedin* as well, which was covert but not contrary to American law).

The most serious casualty of this hemorrhage of disclosures of secret and sometimes illegal activity was the decline in credibility of the administration with the American people. The credibility of the United States, and in particular the Reagan administration, also suffered in the world. Allies, who had been startled by American unilateralism on arms and strategy as evidenced in the Star Wars SDI and at Reykjavik, were being subjected to a deceitful American double standard. While loudly lecturing them on the need to maintain strict arms embargoes against terrorist states such as Iran, the United States was quietly burrowing deep in such dealings. The purported idealism of the crusade for a free world was also not enhanced, although President Reagan continued to broaden this summons, declaring in a speech on November 18 that as Americans we were “true to our heritage of helping to hold out freedom’s hand” and that it was “in our interest to stand with those who would

114. Michael Ledeen, who had alerted the Reagan administration in 1981 on alleged Soviet intentions to test its mettle (see chapter 1, footnote 50), and in 1981–82 on alleged Soviet involvements in international terrorism including the papal assassination plot (chapter 1, footnotes 45 and 47, and chapter 3, footnotes 27, 29, 30, 32), also played a signal role in generating the secret arms deal with Iran. Then a consultant to the NSC staff on antiterrorism, he met in Israel in April 1985 with the shady Iranian intelligence operative and arms merchant Manucher Ghorbanifar, and in May with Israeli Prime Minister Shimon Peres. To them, he represented himself as an emissary from the White House, while to the NSC staff he appeared as an emissary conveying proposals from the Israeli government and the Iranian go-between. See Charles R. Babcock, “Ledeen Seems to Relish Iran Insider’s Role,” *Washington Post*, February 2, 1987, pp. A1, A16; Stephen Engelberg, “A Consultant’s Role in the Iran Affair,” *New York Times*, February 2, 1987, p. A13; Shultz, *Turmoil and Triumph*, pp. 793–94; and for his own account, Michael A. Ledeen, *Perilous Statecraft: An Insider’s Account of the Iran-Contra Affair* (Charles A. Scribner’s Sons, 1988).

take arms against the sea of darkness.”¹¹⁵ Although the rhetoric soared, and furthermore was delivered in a speech before the Ethics and Public Policy Center, to many it sounded hollow in light of revelations of surreptitious American sales of arms to Iran to use against its own people as well as Iraq, and with the proceeds to buy arms covertly to supply insurgents against the recognized governments of Nicaragua and Afghanistan.

The Soviet leaders were less surprised and shocked by the Iran-contra revelations than were many others. Relations between the Soviet Union and the United States were not directly or necessarily involved. There were, however, some disquieting aspects of the affair from their standpoint. First of all, it reinforced concerns over doing business with the Reagan administration. The Soviet Foreign Ministry spokesmen stressed “duplicity” and said the affair “shows once again that the present [U.S.] administration is an extremely unreliable partner in international affairs.” On the whole, although the Soviet Union did exploit the matter for propaganda, it did not give it major attention. Moreover, to cite the Foreign Ministry spokesman again, there were concerns that the U.S. administration “may resort to any risky action for the purpose of diverting attention from the inquiry into the scandal.” And, said the spokesman, “we hope that the U.S. side will not take any rash actions which would complicate the already acute international situation,” citing possible direct U.S. action against Nicaragua or Syria.¹¹⁶

The Soviet Union also had another, unexpressed, concern. A senior Soviet official later told me that President Reagan’s speech of November 18, cited above, had been read in Moscow as ominous, portending a possible new thrust of the Reagan Doctrine against the socialist commonwealth in Eastern Europe. No one in the West had given it that interpretation, including its drafters (as they assured me). But on rereading the speech through apprehensive Soviet eyes one can readily see the reason for Soviet concern, even if unfounded. Reagan had referred yet again to “three decades of Soviet adventurism around the world,” but he did so while posing the question about whether the Western failure to assist the Hungarian Revolution thirty years before “with arms” had been the correct reaction. “Can anyone truly say,” he asked, “it was in fact in our interest to stand by, hands folded, at the dying of the light in Hungary?”¹¹⁷ Although he then raised and answered the question in the negative for Afghanistan, Angola, and Nicaragua, he had posed the question initially and untypically with respect to Eastern Europe. Moreover, his exam-

115. “Ethics and Public Policy Center. Remarks at the 10th Anniversary Dinner,” November 18, 1986, *Presidential Documents*, vol. 22 (November 24, 1986), p. 1581.

116. “Pyadyshev Holds Foreign Ministry Conference,” TASS, Radio Moscow, December 11, 1986, in FBIS, *Soviet Union*, December 12, 1986, p. cc 1.

117. *Presidential Documents*, vol. 22 (November 24, 1986), p. 1581.

ples of justified successful recent action were Libya and Grenada, direct uses of U.S. military power. And he had said, "We have no choice about the nature of the conflict, only about whether or not we recognize its nature" in introducing his reference to Hungary.¹¹⁸ No doubt he meant that reference to be commemorative and rhetorical, but it did raise concern in Moscow.

The United States did, in some other ways, harden its position toward the Soviet Union. On November 21, Secretary of the Treasury James A. Baker III replied on behalf of the administration to a question posed earlier by conservative Representative Jack Kemp, stating for the first time that the United States would actively oppose any application by the Soviet Union for membership in the World Bank or the International Monetary Fund.¹¹⁹ Until pressed to take a clear stand, the administration, although not prepared to support Soviet entry at that time, had in fact preferred to keep its options open.

Some American cooperative actions continued, including routine consultations on possible scientific and other exchanges with the Soviet Union. Other actions, however, were directed against the Soviet Union, including continued implementation of the Reagan Doctrine (the first Stingers shot down a Soviet aircraft over Afghanistan in October), and assertive military exercises. In September—at the height of the Daniloff crisis—a U.S. naval battle group, for the first time featuring the nuclear-missile-armed battleship USS *New Jersey*, passed through the Kuril Islands into the Sea of Okhotsk for an exercise simulating an attack on Soviet bases.

Meanwhile, the Soviet Union continued to develop relations with other powers. The Soviet Union sought in particular to activate relations with the countries of Asia.¹²⁰ In July, Gorbachev visited the Soviet Far East and made a major speech in Vladivostok addressing Asia and the Pacific area, especially China. He also sought, without success, to interest Asian countries in a security arrangement more or less analogous to the European CSCE process. In contrast to Brezhnev's call four years earlier for an Asian security arrangement transparently directed against China and the United States and its Asian alliances, Gorbachev urged inclusion of both China and the United States. Gorbachev also signaled initial steps to meet all three obstacles to improving relations that China had specified earlier. In January, Shevardnadze had visited Japan, and in November Gorbachev visited India.

The Soviet Union also moved to disengage from Afghanistan, although most observers in the West at that time remained skeptical.¹²¹ Such disengage-

118. *Ibid.*, p. 1580.

119. Hobart Rowen, "Baker: U.S. Would Oppose Soviet IMF Bid," *Washington Post*, November 22, 1986, p. C1.

120. See chapter 14 for more complete discussion of this subject.

121. See chapter 15. In mid-December 1986, Gorbachev summoned the new Afghan leader Najibullah to Moscow to tell him the Soviet Union would be withdrawing its troops from

ment would serve Soviet internal political purposes, as well as remove an irritant in relations with the United States, China, and many Asian and Middle Eastern countries. Pursuant to a promise made by Gorbachev at Vladivostok in July, six Soviet regiments were withdrawn from Afghanistan in the fall. There were, however, indications that the Soviet military had manipulated force movements in a way that circumvented the purpose; in the United States, this undercut the political signal Gorbachev had intended and even raised skepticism about his broader intentions.

With an eye to the Middle East, the Soviet Union took the first step toward restoring consular relations with Israel, and Foreign Minister Shevardnadze met with Israeli Prime Minister Shimon Peres in September when both men were in New York for the UN General Assembly.

Although no major steps were taken in regard to Europe, the Soviet Union was preparing to improve relations with the countries of Western Europe and, most significant for the long run, to establish a new relationship with the socialist countries of Eastern Europe.

Following a routine meeting of the government leaders of the member states of the Council of Mutual Economic Assistance (CMEA) in Bucharest, Gorbachev suddenly called an unplanned meeting of the party leaders of these countries in Moscow on November 10–11. Gorbachev used this occasion to inform the Eastern European communist leaders that they must take steps to restructure their own rule and gain legitimacy, and that the Soviet Union could no longer be expected to keep them in power. Without of course using the term (never one officially recognized), he was telling them that the Brezhnev Doctrine was dead.¹²² Although the underlying basic change in Soviet policy would not become clear to the world for three years, it was a fundamental change. By the close of the decade it would lead to an end of communist rule in Eastern Europe, of the Warsaw Pact, of the division of Europe, and of the Cold War.

On December 11, the NATO foreign ministers meeting in Brussels issued their response to the Budapest Appeal of June and called for two sets of negotiations: one a new follow-on to the Stockholm agreement on further confidence and security-building measures, the other a negotiation between members of the NATO and Warsaw Pact alliances to eliminate disparities in major conventional arms from the Atlantic to the Urals and to establish conventional forces stability at lower levels. This led to new negotiations beginning early in the next year.

Internal developments in the Soviet Union included a preview of the ethnic unrest that within a few years would become a major internal political

Afghanistan within a year and a half to two years, whatever the outcome of the UN-sponsored negotiations.

122. Soviet debate and Politburo decisions leading up to this new policy line, and later development of the new position before its full unveiling in the fall of 1989, are discussed in chapter 13.

problem. The forced retirement of Politburo member Dinmukhamed Kunayev as party chief in Kazakhstan in December and his replacement by Gennady Kolbin, a party official from Russia, not Kazakhstan, gave rise to riots with ethnic overtones (as well as instigation and exploitation of the whole affair by local party conservatives). The volatile mixture of traditional versus reformist political considerations, central versus republican authority, and ethnic frictions fueled by growing economic problems was later to become a powerful factor in political instability in the Soviet Union. This was not, however, recognized at the time, and the possible warning signal was not adequately appreciated in Moscow.¹²³ At the end of 1986, political power in the USSR was stable, and the new leadership headed by Gorbachev was consolidating its hold.¹²⁴ Reagan's domestic troubles appeared at the time to be greater.

Soviet internal social change in 1986 as in 1985 had been focused on economic discipline, "acceleration" (the key word in this period), and initial references to a broader concept of "restructuring" (*perestroika*). Besides releasing such leading dissidents and Jewish émigrés as Anatoly Shcharansky in February and Yury Orlov (in settling the Daniloff affair) in September, and allowing them to go abroad, a major step was taken in December with the release of Academician Andrei Sakharov from internal exile in Gorky. Major changes in internal political life, however, remained for the near future.

American-Soviet relations at year's end remained in the slump into which they had fallen after the failure of the Reykjavik summit and of subsequent efforts by each side to revive arms negotiations on its own terms. In December, Jack Matlock, a career diplomat who had specialized in Soviet affairs (and since 1983 served as the Soviet expert on the NSC staff), replaced Arthur Hartman, who was retiring after seven years as the American ambassador in Moscow. This did not, however, portend or reflect any change in policy.

123. Shortly after these events, a Central Committee official (Nikolai Shishlin) told me that they had made a mistake in handling the replacement of Kunayev, primarily in bringing in an outsider from the Russian Republic rather than a local official. Kolbin was considered a Russian, although he was an ethnic Chuvash, but he was neither Kazakh nor had he lived in Kazakhstan. This was recognition of part of the problem, but only part. At the same time, the decision had not been capricious or thoughtless. The reason for bringing in an outsider *was* to break the pattern of local patronage and corruption.

124. While Gorbachev played a key role, and was clearly first among the leaders, most of his colleagues were not his selections or still less "his" men. As new and more far-reaching decisions on internal and external relations were faced, differences and divisions appeared among these leaders. Within a few years most of the new leaders of 1985–86 would follow their Brezhnevite predecessors into retirement. (Only in December 1986, on the occasion of what would have been Brezhnev's eightieth birthday, was the former leader first criticized by name in *Pravda*.) During 1985–86 substantial changes were made in the Ministry of Foreign Affairs under Eduard Shevardnadze's guidance. The changes among party officials most concerned with foreign relations took place to a greater extent than in most other areas and institutions. Shevardnadze was one of Gorbachev's closest associates.

When the American administration proposed an exchange of televised greetings between Reagan and Gorbachev, as had been done the year before, it was rebuffed as not warranted by the state of relations. "Why," asked Soviet Foreign Ministry spokesman Gennady Gerasimov, "should we create any illusions about our relations?"¹²⁵ On that sour note the year ended.

125. See Gary Lee, "Soviets Reject New Year's TV Exchange," *Washington Post*, December 31, 1986, p. A1.

Reagan did broadcast a New Year's message to the Soviet people on the Voice of America, with the hope it would not be jammed (it was not). In it he regretted the rejection of the offer of an exchange of television greetings and referred to "common hopes" as well as "enormous differences between our two systems." "New Year's Message," December 31, 1986, *Presidential Documents*, vol. 22 (January 5, 1987), pp. 1681–83.