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FM EAST BERLIN  
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FROM PRIVATE SECRETARY

ECONOMIC HELP FOR THE SOVIET UNION

ADVANCE COPY

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1. THE SECRETARY OF STATE HAD A BRIEF WORD WITH BAKER IN BERLIN TODAY ABOUT ECONOMIC HELP FOR THE SOVIET UNION. THE SECRETARY OF STATE SAID THAT THE DIFFICULTIES THE RUSSIANS WERE MAKING OVER THE 2+4 MIGHT IN THE END BOIL DOWN TO A DEMAND FOR MONEY. THE FRENCH AND THE GERMANS WERE ALREADY PRESSING THE CASE FOR ECONOMIC HELP TO THE SOVIET UNION. WHAT WAS THE AMERICAN VIEW?

2. BAKER SAID WE HAD TO CONSIDER THE ISSUE VERY SERIOUSLY, NOT LEAST BECAUSE THE FRENCH AND GERMANS WERE INDEED PRESSING. THE US FACED MANY LEGAL DIFFICULTIES. THERE WAS LEGISLATION PREVENTING THEM FROM GIVING CREDIT TO COMMUNIST COUNTRIES AND THERE WAS A PROBLEM OVER CUBA (PRESUMABLY FUNDS BEING SENT TO THE SOVIET UNION WHILE THE SOVIET UNION IS STILL GIVING AID TO CUBA).

3. IN ADDITION, THE AMERICANS WERE VERY CONCERNED AT THE POINT WE HAD BEEN MAKING, IE THE DANGER OF POURING MONEY DOWN A BLACK HOLE. THE SECRETARY OF STATE STRESSED THE IMPORTANCE OF REACHING A COMMON US/UK VIEW BEFORE HOUSTON.

4. COMMENT. THE SECRETARY OF STATE WOULD LIKE TO KNOW MORE ABOUT THE US LEGISLATIVE BLOCK ON FUNDS GOING TO THE SOVIET UNION. HIS CONVERSATION WITH BAKER OPENS THE WAY TO DETAILED DISCUSSION WITH THE AMERICANS ON AID TO THE SOVIET UNION INsofar AS THIS IS NOT HAPPENING ALREADY.

RAMSDEN

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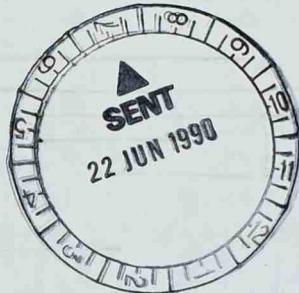
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