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OD(80) 26th Meeting

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CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held in the
Prime Minister's Room, House of Commons on
WEDNESDAY 10 DECEMBER 1980 at 3.00 pm

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the
Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Foreign
and Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon John Nott MP
Secretary of State for Trade

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries
and Food

SECRETARIAT

Mr R L Wade-Gery
Mr R M Hastie-Smith
Mr W N Wenban-Smith

SUBJECT

POLAND

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POLAND

Previous Reference OD(80) 21st Meeting, Item 2

The Committee considered a note by the Chairman of the Official Group on Economic Assistance to Poland (OD(80) 74) to which was annexed a report by officials analysing the main problems in responding to Polish requests for economic assistance and setting out the issues on which immediate decisions were required.

In discussion it was noted that at the meeting of the European Council on 1-2 December, Heads of Government had stated their willingness to meet, insofar as their resources allowed, the requests for economic aid made to them by Poland. Polish financial difficulties were certain to persist for a long period; there were limits to the economic help which the West could provide, and such help might not in itself suffice to avert a Soviet invasion. But economic collapse would make an invasion more probable; the potential consequences of an invasion were so serious as to justify substantial efforts in any direction which would minimise the danger; and there would, conversely, be great advantage to the West if political liberalisation in Poland were to survive.

In further discussion the following points were made -

- a. The Poles had asked Britain for the equivalent in 1981 of £160 million to refinance outstanding credits (plus special arrangements in respect of 3 large projects) and £120 million of new credit, as well as further assistance for 1982 and 1983. It would be unwise to commit the United Kingdom to assisting Poland beyond the first half of 1981; and even within that time scale the credit should be offered in tranches, in order to minimise exposure in the event of a Soviet invasion. But the Poles would be severely disappointed at an offer limited to so short a time compared with their requests; and it might therefore be a political mistake to limit the amount of assistance to as little as two-thirds of what the Poles had requested.

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3. Invited the Foreign and Commonwealth Secretary, in consultation with the Chancellor of the Exchequer, to arrange for the instructions to British representatives at the forthcoming discussions among creditor countries to be based on paragraphs 4ii-iv of OD(80) 74.

4. Instructed the Secretary of the Cabinet to arrange for officials to report further to the Committee on the options for British policy on economic assistance for Poland in the period beyond the first half of 1981, as soon as was practical in the light of developments including discussions among creditor countries and with the Polish authorities.

Cabinet Office
11 December 1980

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MEMOS
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