



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

*You may like to see
the assessments at B (political)
and C (economic)*

12 August 1981

Dear Willie,

MAD 13/ VIII.

POLAND

It was agreed in the margins of the Cancun meeting at the beginning of this month, very largely at Lord Carrington's instigation, that Political and Economic Directors and representatives in the Polish Debt negotiations should meet quickly to produce an overall political and economic assessment of the Polish crisis. The Foreign Ministers set out the terms of reference for this joint assessment in an agreed note issued after their meeting (Annex A).

The meeting took place in Paris on 7/8 August. Discussion was conducted in two groups, one political, the other economic. Ewen Fergusson was our representative in the political group, while Peter Mountfield (Treasury) and Richard Evans represented us in the economic discussions.

Both groups produced agreed assessments. The political paper (Annex B) draws attention to the importance of doing all that we can to sustain the Polish renewal, both for strategic and for moral/humanitarian reasons, and stressed the impact upon Western public opinion if Western governments were perceived to be standing idly by while the Polish situation deteriorated and Soviet control was reasserted. The economic paper (Annex C) makes clear the very serious economic crisis confronting the Poles, the size of their hard currency 'gap' in 1981 and their need for additional short term credit.

/As you

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SECRET
BURNING BUSH



As you will have seen from the Lord Privy Seal's minute of 10 August to the Chancellor of the Exchequer, we are now considering what action we should take in the light of the papers prepared in Paris. I shall keep you informed.

I am copying this letter and its enclosures to John Wiggins (Treasury) and to David Wright (Cabinet Office).

Yours ever

Michael Arthur

M A Arthur
Private Secretary to the
Lord Privy Seal