

SECRET

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30. 3.82

THE GOVERNOR

Copies to Mr Loehnis o/r
Mr Balfour
Mr Holland
Mr Sangster
Mr Somerset
Mr P J Bull o/r

HUNGARY

ADL rang me from New York last night as arranged. I brought him up to date on the day's developments, particularly the favourable news from Washington. He in turn told me that he had managed to see Harry Taylor. The main news was that Taylor was very disappointed to hear that the current BIS operation was only for a total of \$100mn. He apparently went so far as to say that, if that was all, it could be counter-productive and would certainly not stop the rot. It reduced his chances of putting together what apparently was something like \$10mn each from 25 banks who were already well committed.

Taylor had said he would welcome any help Henderson could give with Clark but ADL and I agreed that it might well now not be appropriate to waste Henderson's powder and shot if the Washington atmosphere was as Walsh had reported. However, I left him to make his own mind up on whether to urge the Ambassador to see Clark after the meetings he will have in Washington today with Leland, Volcker and others, together with Walsh.

Apparently Morse saw Taylor a couple of days ago in New York and will be fully in the picture when he comes in this morning to talk to the Governor, which is very helpful.

Cwm

30 March 1982