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TO PRIORITY F C O  
TELEGRAM NUMBER 290 OF 29 JANUARY

MY TELNO 250: POLISH DEBTS

1. ECONOMIC MINISTER HAD A TALK ABOUT THIS AT A LUNCH WITH LELAND TODAY. LELAND SAID THAT AS FAR AS THE TREASURY WERE CONCERNED, HE SAW NO SENSE IN QUOTE DECLARING UNQUOTE A DEFAULT. FOR PRACTICAL PURPOSES, THE POLES WERE ALREADY IN DEFAULT. MAKING A FORMAL STATEMENT TO THAT EFFECT DID NOT ACHIEVE ANYTHING MORE. BANK EXAMINERS WOULD ANYWAY NOW START INSISTING ON APPROPRIATE PROVISIONS BEING MADE FOR BAD DEBTS. HE ASSUMED THAT, WHETHER DEFAULT WAS DECLARED OR NOT, NO ONE WOULD BE SO FOOLISH AS TO LEND MORE MONEY TO POLAND, OR EVEN TO THE USSR EXCEPT ON THE MOST SHORT-TERM BASIS. LELAND ADDED, HOWEVER, THAT THE FACT THAT PROPOSALS LIKE THIS WERE UNDER CONSIDERATION WAS EVIDENCE OF THE FRUSTRATION AT THE SLOW REACTION IN EUROPE TO THE AMERICAN REQUEST FOR EFFECTIVE ACTION AGAINST POLAND. UNFORTUNATELY IT SOMETIMES SEEMED EASIER FOR THE UNITED STATES TO DO THINGS THAT WOULD HURT HER FRIENDS THAN TO ACHIEVE, ALONE, THINGS THAT WOULD HURT HER ENEMIES.

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