



Private Secretary (Nolo)

cc PS, ACO
Sir David Henry
Mr. Wick
Mr. Madley
Mr. Kerr
HMA.

Embassy of the United States of America

Dublin, Ireland

June 25, 1990

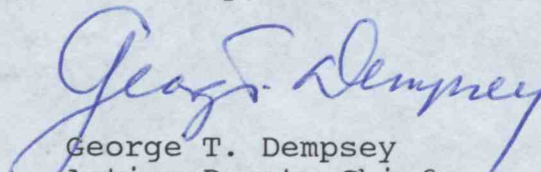
His Excellency
Sir Nicholas Fenn KCMG
The British Embassy
31/33 Merrion Road
Dublin 4

Dear Mr. Ambassador:

The attached demarche, on Western economic aid to the Soviet Union, was scheduled to be delivered on Saturday by the American ambassador in your capital. However, to ensure that it is received by your delegation prior to the beginning of the European Council today, the Department of State has instructed us to provide you with a copy with the request that you pass it on to your delegation.

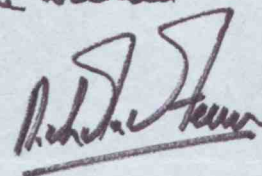
May I thank you for your assistance.

Sincerely,


George T. Dempsey
Acting Deputy Chief
of Mission

Enclosure As Stated.

*I understand that this helpful
US demarche was not in fact
delivered in London over the weekend*



U.S. Demarche on Soviet Aid

We support perestroika, glasnost, and democratization in the Soviet Union. The success of perestroika fundamentally depends upon Soviet choices, but the West can help the Soviets through this difficult period.

But Western assistance needs to reflect certain realities if perestroika's long-term potential is to be supported.

First, the momentum of radical economic reform must be strengthened if Western assistance is to contribute to perestroika's success. Neither the Soviets nor the West can forget the lessons of aid to Poland in the 1970's.

Second, Western assistance should be targeted toward projects which will directly support the development of fundamental economic restructuring, including real prices, free markets, and private property in the Soviet Union.

Third, the success of perestroika will depend, in great part, on the continued growth of democracy and glasnost in the Soviet Union and institutionalization of the new thinking, allowing the Soviets to transfer resources from defense spending and aid to old thinking clients to projects that support perestroika directly. Western economic assistance must not become a crutch which allows the Soviets to avoid hard choices that would support perestroika.

Thus, we believe that the issue of economic aid to the Soviet Union must receive the widest possible discussion among Western countries before definitive decisions are taken.