

CONFIDENTIAL

NBPM AT 2015

Bank of England
London EC2R 8AH

The Governor

17 May 1985

The Rt Hon Nigel Lawson MP
HM Treasury
Parliament Street
London
SW1P 3AG

Dear Nigel,

Thank you for sending me a copy of your letter of 10 May to the Foreign Secretary about Polish indebtedness.

Our officials have examined the position carefully together and I very much share your doubts that HMG could properly grant further medium-term credit to Poland in present circumstances. Short of such a commitment, however, I see advantage in trying to keep the rescheduling process alive if possible; and I think it could be worth exploring what might be done by way of further debt relief to ease Poland through its payments difficulties in the near future. Meanwhile I hope that we can avoid a situation in which Poland is called in formal default since I fear that, even now, this could have uncertain effects on confidence and risk repercussions outside the Polish context.

I am sending copies of this letter to the Prime Minister, the Foreign Secretary and the Secretary for Trade and Industry.

Yours ever,
Robin