

WITHDRAWAL SHEET

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Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer

CAS 1/18/2005

File Folder NSC 00031 10 DECEMBER 1981 [US ASSISTANCE PROGRAM FOR POLAND, FOREIGN ASSISTANCE] (1/2)

FOIA

2000-002

Box Number 91283

SKINNER

29

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
2520	MINUTES	FOR NSC MEETING R 2/22/2008 F00-002 DOCUMENT-PENDING REVIEW IN ACCORDANCE WITH E.O. 13233	6	12/10/1981	B1
2521	PAPER	RE POST-MEETING ANALYSIS R 6/6/2006	1	ND	B1
2522	MEMO	JAMES NANCE TO RR RE YOUR DECISION R 2/22/2008 F00-002	1	ND	B1
2523	DISUSSION PAPER	RE ASSISTANCE TO POLAND R 6/6/2006	8	ND	B1
2524	MEMO	ALEXANDER HAIG TO RR RE US ASSISTANCE PROGRAM FOR POLAND R 6/6/2006	3	12/1/1981	B1
2525	MEMO	HAIG TO RR RE US AND POLAND R 6/6/2006	3	11/12/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
2526	MEMO	ALLEN LENZ TO NANCE RE SUGGESTIONS FOR NSC MEETING ON AID TO POLAND R 2/22/2008 F00-002	3	12/9/1981	B1
2527	SCENARIO	FOR CONDUCT OF NSC MEETING ON POLAND (ATTACHMENT TO 2526) R 6/6/2006	10	ND	B1
2528	DISCUSSION PAPER	SAME TEXT AS PP. 1-7 OF 2523 R 2/22/2008 F00-002	7	ND	B1

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MTG TITLE NSC MEETING ON US ASSISTANCE PROGRAM FOR POLAND

MTG DATE 811210 MTG TYPE NSC MINUTES Y PRIME RECORD ID 8190136

PARTICIPANT	AGENCY	PARTICIPANT	AGENCY	PARTICIPANT	AGENCY
PRES		VICE PRESIDENT		LYNG, R	AGRIC
CASEY, W	CIA	OLMER, L		COMME CARLUCCI, F	DOD
GORMAN, P	JCS	HAYWARD, T	JCS	LENZ	NSC
PIPES	NSC	HARPER, E	OMB	SCHNEIDER, W	OMB
MURPHY, D	OVP	SCANLAN, J	STATE	STOESSEL, W	STATE
REGAN, D	TREAS	BAKER, J	WH	COLSON	WH

MEETING INSTITUTIONAL TREE

NSCIF CROSS REFERENCE MEETING DATA (VIEW ONLY)

DATE NSCIF ID TYPE TITLE

NSC/S PROFILE

~~SECRET~~

ID 8190136

RECEIVED 08 JAN 82 11

TO COLSON

FROM LENZ

DOCDATE 21 DEC 81

DECLASSIFIED
White House Guidelines, August 28, 1997
By 045 NARA, Date 12/4/04

KEYWORDS: MINUTES NSC POLAND
FOREIGN ASSISTANCE

SUBJECT: MINUTES OF 10 DEC NSC MEETING RE AID TO POLAND

ACTION: NOTED BY POINDEXTER DUE: STATUS C FILES IFM O

FOR ACTION

FOR CONCURRENCE

FOR INFO

COMMENTS

REF# LOG 8190065 8190067 NSC IFID NSC00031 (B / B)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO

DISPATCH _____ W/ATTCH FILE _____ (C)

SYSTEM II
90136

NATIONAL SECURITY COUNCIL

12/21/81

Janet:

Attached are the 10 December NSC meeting minutes. You (and Bud) may find the last page interesting reading.



JANET COLSON

BUD NANCE

DICK ALLEN

IRENE DERUS

JANET COLSON

BUD NANCE

PETER

CY TO VP

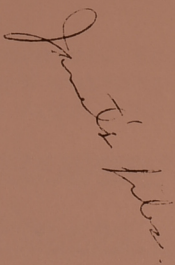
CY TO MEESE

CY TO BAKER

CY TO DEAVER

CY TO BRADY

Comments:



SHOW CC

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MIG TITLE

NATIONAL SECURITY COUNCIL MEETING

MIG DATE 811210 MIG TYPE NSC MINUTES Y PRIME RECCRD ID 8100000

PARTICIPANT	AGENCY	PARTICIPANT	AGENCY	PARTICIPANT	AGENCY
MURPHY, D	OVP	LENZ	NSC	PIPES	NSC

PARTICIPANTS:

The President

The Vice President

State

Under Secretary Walter J. Stoessel

Deputy Assistant Secretary John B. Scanlan

White House

Mr. James A. Baker III

Mr. Michael B. Deaver

Admiral James W. Nance

Admiral John Poindexter

Ms. Janet Colson

MEETING INSTITUTIONAL TREE

Secretary Donald T. Regan

NSC

Deputy Secretary Frank G. Carlucci

NSC

Dr. Allen J. Lenz

Dr. Richard B. Pipes

NSCIF CROSS REFERENCE MEETING DATA (VIEW ONLY)

DATE NSCIF ID TYPE TITLE

Commerce

Under Secretary Lionel B. Ulmer

NSC

Mr. Edward Harper

Mr. William Schneider, Jr.

CIA

Director William J. Casey

NSC

Admiral Thomas B. Hayward, Acting Chairman

Lt General Paul F. Gorman

Minutes

The meeting began at 4:45 p.m.

The President... Thanked Bill Casey for a knife received from Casey. He explained he had taken it with him to a budget cutting session. After these farm bill meetings, I'm an expert on axes. We've got lots of 'em. Give it to them! (laughter)

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December 10, 1987

NARA F20-002 #2524

BY AOX NARA DATE 8/22/07

~~SECRET~~

SYSTEM II
90136

~~SECRET~~

NATIONAL SECURITY COUNCIL MEETING

DATE, TIME Thursday, December 10, 1981, 3:30 p.m.,
AND PLACE: The Cabinet Room

SUBJECT: Aid to Poland

PARTICIPANTS:

The President

White House

The Vice President

Mr. James A. Baker III

Mr. Michael K. Deaver

State

Admiral James W. Nance

Under Secretary Walter J. Stoessel

Admiral John Poindexter

Deputy Assistant Secretary John D. Scanlan

Ms. Janet Colson

Treasury

The Vice President's Office

Secretary Donald T. Regan

Admiral Daniel J. Murphy

OSD

NSC

Deputy Secretary Frank C. Carlucci

Dr. Allen J. Lenz

Dr. Richard E. Pipes

Agriculture

Deputy Secretary Richard Lyng

Commerce

Under Secretary Lionel H. Olmer

OMB

Mr. Edward Harper

Mr. William Schneider, Jr.

CIA

Director William J. Casey

JCS

Admiral Thomas B. Hayward, Acting Chairman

Lt General Paul F. Gorman

Minutes

The meeting began at 4:45 p.m.

The President. Thanked Bill Casey for a knife received from Casey and indicated he had taken it with him to a budget cutting session. After these farm bill meetings, I'm an expert on corn. We've got lots of it. Give it to them! (laughter)

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Review December 10, 1987

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NLRR

FOO-002 #2520

BY

LOJ

, NARA, DATE

2/22/08

Admiral Nance. Should we go on then to item two, Mr. President?
(laughter) Mr. President, we have one topic on the agenda today:
aid to Poland. We will look at a short-term solution to the
problem and a long-term solution.

The short-term solution is to provide \$100 million of grain
to Poland to prevent slaughter of Polish cattle this winter.
Secretary Stoessel, would you like to begin the discussion?

Secretary Stoessel. Mr. President, I'd like to begin with a word
about the strategic significance of Poland. Poland lies across
Soviet communication lines to the West. As a result of events of
the last 16 months, the Soviets cannot count on the Polish army
and on those communication lines and the Warsaw Pact has been
weakened.

It is in our interest to continue present trends in Poland.
However, the economic considerations in the Polish equation are
important. The Polish economy is in difficulty. We need to help
them keep their economy going. The Poles have requested \$200
million in immediate emergency aid in the form of grain to avoid
distress slaughtering of poultry and livestock. We think \$100
million would be appropriate to keep them going through the
winter. Their present supplies of grain, without aid, will begin
to run out in January.

We must move quickly now, to pick up the slack, to save them.
They need feed grain, mostly corn. In extending this aid we can
give credit for our assistance to Solidarity and also respond to
the Pope and, in doing so, aid the forces of liberalization.

It can be done without legislation. There need be no
immediate budget outlay. There is, however, a cargo preference
issue that could cause problems. The program to be used requires
cargo preference go to U.S. ships -- which would add significantly
to Polish costs. But since this is emergency aid, we believe we
should not implement the cargo preference provision of the law.
There are ways to accomplish that.

The President. Will there be any furor from the Maritime interests?

Secretary Stoessel. If they understand your decision, we believe
they will go along with it. We have support in Congress from both
sides of the aisle for aid to Poland.

The Vice President. What is the difference in cost to the Poles if
American bottoms are used. I have heard it is about \$30 million.
That seems a lot. Is it that much?

Secretary Stoessel. Yes, about that.

Secretary Lyng. We are having trouble with the Maritime interests on a recent transaction that did not go in American ships. These earlier transactions were "giveaway" sales. We said cargo preference did not apply, but they (the Maritime interests) are complaining.

This is not, however a concessionary sale and so cargo preference need not apply.

We do not concur in using CCC corn. There would be grave economic problems in doing so and some political problems. The law requires sale of surplus corn at prices that would be about 1/3 more than market prices in the current situation. We should go into the market and purchase the corn at current market prices.

But we have done that for three years, using credits and guaranteed loans. The Poles now owe us about \$1.5 billion and are not making payments.

We believe it is a misuse of CCC to do this -- to use the CCC program for foreign policy purposes. We have discussed this matter in the CCEA. We are sympathetic to Polish needs. We have lots of corn, but use of CCC authority (to make this sale) is skating on thin ice, particularly for a long-term aid program.

One hundred million dollars -- OK, but to suggest that we can do it on a long-term basis is far more erroneous.

The President. Let me ask -- they are buying on credit, but it costs more to buy surplus than from current stocks?

Secretary Lyng. Yes, the sale must be at 105 percent of the acquisition cost. This is a provision in the law to prevent markets from being disrupted by the sale of surplus stocks. Our farmers would resist a sale from surplus stocks, which they would see as depressing current prices. They will want a sale from current supplies, and (because of recent price drops since acquisition of the surplus stocks) the Poles would have to pay 1/3 more than current prices if they buy from surplus stocks.

The President. You mean there is no "stowaway Armenian" provision?

Secretary Lyng. No. Not in the agricultural programs. Our programs are designed to develop long-term customers. We do not have aid provisions in our law.

The President. So the sale would be on credit?

Secretary Lyng. Yes. We would get a bank to put up a loan and we would guarantee that loan, though there may be some problems with that (finding a bank). The Poles have credit problems. They are engaged now in a rescheduling. They are essentially bankrupt.

Secretary Stoessel. Again emphasized the strategic importance of Poland and the urgency of Poland's needs.

The President. We feel so, too. It is a bloodless revolution. We don't want to drive them back to the Soviets.

Secretary Regan. We were, in the CCEA, unanimous in recommending this \$100 million transaction, despite the potential farm backlash and other problems. There is an overwhelming need. There is also a need to lead our Allies. We want to ensure they come in, too.

The President. So we agree this should be done, but from what source?

Secretary Regan. In the CCEA discussions, we left that to Secretary Block.

The President. How's he doing? (laughter)

Secretary Lyng. We recommend another \$100 million in sales that will result in potential outlays. But there will be less problems if we use corn out of the market's supplies, rather than from surplus stocks.

Secretary Olmer. We have little to contribute to the discussion, except to note that on a recent authorization of \$55 million of corn for the Poles, because they incurred additional cargo preference expenses, they only bought \$47 million.

Also, Secretary Baldrige hosted Deputy Prime Minister Madej this week. He restated the Polish need.

The Vice President. Why should U.S. bottoms cost \$30 million? I strongly favor this deal if we can go this route (referring to the memo) providing we don't get pressure from the Maritime unions. But why should it cost \$30 million more to use U.S. bottoms?

Secretary Olmer. The law requires that 50 percent of the cargo under this form of sale must go in U.S. bottoms unless the Maritime Administration certifies that U.S. bottoms are not available at reasonable rates.

The President. Jack (Block) says something in his paper (the December 8 memo inserted into the meeting materials, but not previously available to all meeting participants) to the effect that this sale would not be subject to cargo preference requirements because of section 4(b) (of the Food for Peace Plan).

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Secretary Regan. It would not be subject because it would not be a concessional sale.

Secretary Lyng. A sale at market price would not be subject to cargo preference restrictions. In the case of prior sales, some have been for zlotys, some at concessionary prices. P.L. 480 or concessional sales must follow the cargo preference laws. At market prices, the Poles can use their own bottoms.

Mr. Baker. This is not a concessional transaction (referring to the Block memo).

The President. I believe we should go forward with the \$100 million.

Mr. Baker. Giving them the best deal that does not represent a concessionary sale.

The President. Yes, Block has it all worked out here (the memo).

Admiral Nance. The best deal possible?

The President. Yes.

Mr. Harper. Are we going to discuss authorizing longer-term consultations?

Admiral Nance. Yes, we are. Secretary Haig has requested authority to go ahead with a long-term plan at \$2.5 billion, with the U.S. picking up 15 to 25 percent of that total. Secretary Stoessel, would you explain this proposal?

Secretary Stoessel. The \$740 million of the \$2.5 billion total that would be provided by the U.S. in 1982 would represent about the same level of aid as the U.S. provided last year. The aid would be primarily for grains.

Given Poland's strategic importance, we should consult with our Allies and work out a long-term program that would involve them. Poland's actions are also important. And the Soviet attitude is important. There have been some indications that the Soviets may hold back (on exports and aid to Poland) to throttle the Polish economy. However, we don't want Poland's complete collapse. Poland should be OK in the longer term. It is rich in resources. There are risks (in leading an effort to help Poland), but they are acceptable. Poland can be made economically viable. It is in our long-term interest to do so. We recommend that we go ahead with consultations with our Allies on a long-term program.

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Secretary Regan. We are opposed to beginning consultations. We don't know the long-term costs of such an effort. In the CCEA we decided to put together a joint paper to discuss the Polish economic situation. In the meantime we should go ahead with the \$100 million and see what our Allies do.

I suggest we postpone consultations until we see what the CCEA says, then come back here.

The President. OK.

Mr. Harper. I would like to join with Treasury to express my concerns about the costs of a long-term program.

Secretary Lyng. I would like to emphasize that we (Agriculture) are not going to do this transaction on an aid basis, but on a business basis.

Admiral Nance. Mr. President, we are giving you back 30 minutes of your schedule.

The meeting ended at 4:05.

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POST-MEETING ANALYSIS

Post-meeting analysis shows that, while there was a meeting of minds on the desire to provide Poland with \$100 million of emergency aid and on the general terms of the program, i.e., "Provide the Poles the best non-concessional deal possible," the meeting participants were actually talking about three different programs for implementing the decision without recognizing they were doing so.

The confusion appears to have stemmed from poor liaison between State and Agriculture and a less than explicit statement by the Agriculture representative that he was introducing a new position.

The evolution of events leading to the conclusion was as follows:

- o State described in the paper circulated to meeting participants in advance of the meeting a particular approach to providing aid to Poland that would require a cargo preference waiver.
- o Agriculture submitted a Block to the President memo dated December 8 in which a different proposal was advanced, using the Food for Peace Plan, which did not require cargo preference law implementation. State did not get a copy of the memo which, however, was inserted in the meeting materials at the last minuted.
- o In the meeting, the Agriculture representative advanced and supported still a third method of handling the transaction without specifically telling the participants that Agriculture was changing its position from that set out in the December 8 Block memo.

As a result, the President and some other meeting participants focused on the Block to the President memo, while some were focusing on the transaction described in the State paper circulated before the meeting and Lyng, apparently in isolation, was speaking of the new proposal he introduced orally during the meeting.

Problems that might have been caused by technical differences in the different ways of handling the transaction were, however, obviated by the Baker statement, which the President implicitly approved, to the effect that we should give the Poles the best deal possible without a concessional transaction.

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NLS F00-002 #2521

BY LOT, NARA, DATE 6/6/06

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