

THE WHITE HOUSE

WASHINGTON

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July 13, 1981

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *Doc*  
*an*

SUBJECT: National Security Planning Group (NSPG)  
Meeting, Tuesday, July 14, 1981  
1:45 - 2:30 p.m., Situation Room

The NSPG scheduled for 1:45 p.m. on Tuesday, July 14, 1981, will cover three agenda items:

- (a) Economic Aid to Poland (discussion topic).
- (b) Security Assistance Relations with Pakistan (decision topic).
- (c) Discussion of Options for East-West Trade (discussion topic).

ECONOMIC AID TO POLAND

This is a briefing item - not ready for decisions.

The fate of Poland's challenge to Soviet hegemony and Communist orthodoxy may depend largely on economic forces.

-- Polish rulers, independent unions and the Catholic Church must decide to impose harsh economic measures aimed at arresting the country's economic deterioration qualifying Poland for additional western relief.

-- Western governments and banks must make high-stakes decisions -- either to risk, by inaction, the economic undermining of Poland's challenge to Moscow or a highly speculative aid program.

-- Soviet Union could impose severe economic sanctions so as to nullify Polish and western efforts.

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Review on July 13, 1987

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-- Interagency groups have found no basis for confident predictions of the will and capacity of the Polish political and union leadership to adopt and maintain an effective economic reform program.

-- Western European governments have been taking a wait-and-see attitude toward Poland's appeals for economic aid.

-- If western allies decide to make either a gesture of support or a major and prolonged effort to support Polish independence, they will need to collaborate in order to achieve maximum political effect and assure equitable burden-sharing.

-- Normal bilateral economic aid programs do not appear ideally suited for U. S. participation in a multilateral program for Poland. A special legislated Polish program may be required.

-- The Ottawa Summit, occurring immediately after the Polish Party Congress, offers the opportunity for private consultation on Poland at the highest political and economic level.

More information at Tab A.

#### SECURITY ASSISTANCE RELATIONS WITH PAKISTAN

The NSC has approved the sale of F-16s to Pakistan. During Jim Buckley's June visit to Islamabad, President Zia made a strong request for early deliveries of F-16s both to deter Soviet aggression and to provide a visible show of U. S. commitment to Pakistani security. However, there are significant problems in responding to the Pakistani request. F-16s would have to be diverted from U. S. units; other important F-16 recipients (Egypt, Israel, Turkey) would ask for identical treatment; serious funding and legal questions would surface. A Pakistani military delegation is in Washington this week, and we should provide an answer to Zia's request. The NSC needs to decide the issue.

The decisions you will be asked to make will be:

(1) Will the United States agree to the F-16 delivery schedule requested for Pakistan?

(2) If not, what can we offer to mitigate adverse Pakistani reactions?

(3) How and when should we convey our decisions?

More information at Tab B.

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EAST-WEST TRADE

East-West trade decisions that we discussed during the last NSC meeting must be made before the Ottawa Conference in order that you will be in a position to approach the Allies with your proposals.

-- State, Defense and Commerce are working to iron out their differences.

-- Option papers will be forwarded to you by tomorrow afternoon (Wednesday).

You will be afforded the opportunity to question State and Defense if there are any points you desire to clear before you make your decision. A paper outlining how each voted during the discussion is shown at Tab C. An additional option not shown may be to ask the allies for a six-month delay.

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