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**Working Record of a Conversation of Prime Minister
Tadeusz Mazowiecki with Vice President of the
United States D. Quayle**

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Summary:

Mazowiecki, Quayle, and Dabrowski discuss Poland's economy, inflation, and the IMF.

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Working record of a conversation of Prime Minister Tadeusz Mazowiecki with the Vice President of the United States D. Quayle

Washington, March 22, 1990

At the beginning, the guest expressed an interest in the course of economic reforms in Poland.

Prime Minister T. Mazowiecki reported on the program to combat inflation and its side effects, i.e., recession and unemployment. Against this background, he highlighted the problem of debt, explaining precisely its substance and formulating expectations for the US.

When asked by the Vice-President, Deputy Minister M. Dąbrowski gave a more detailed explanation on the possible ways of resolving this problem. "Does the 10 billion for the commercial banks concern the US?", D. Quayle inquired.

"No," M. Dąbrowski replied, "the participation of the USA is much lower, but the voice counts." Continuing, Minister Dąbrowski described the government's economic program, highlighting the problem of currency convertibility and the transfer of profits. Pointing to the precedent of the London Agreement of 1953 and the political aspect of FRG debt, he stressed that Poland does not shun responsibility is introducing drastic financial measures.

The US Vice-President then became interested in concrete demands of Poland made by the International Monetary Fund.

"The Fund demanded that we fight inflation vigorously," said M. Dąbrowski, "and that is what we did."

"What specifically did they request?", D. Quayle inquired.

In reply, Minister Dąbrowski scored very strict monetary policy, wage control, drastic budget reductions, price release. He then clarified D. Quayle's doubts regarding the possibility of wages controls [and] tax mechanisms.

Prime Minister T. Mazowiecki stressed the importance of the attitude of the society, which, despite the shock therapy, continues to support the government and its economic policy.

"If you managed to combat inflation," the Vice-President asked, "do you have a mechanism that would protect against it in anti-recession measures?"

In response, M. Dąbrowski indicated the direction of economic recovery from the supply point of view and the instruments, including privatization, attracting foreign capital, etc.

"I hope that the US," Prime Minister T. Mazowiecki concluded, "will view Poland as an important actor in the new European order. I understand that the USSR and Germany are more important partners for the US, but we can be a very important part of the new European order in the new situation."

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