



10 DOWNING STREET

From the Private Secretary

Prime Minister ⁽²⁾

Valid up to a point but we ought to guard against the opposite danger of allowing fear of a coup to justify a toothless programme of adjustment.

I would want to know whether an NCO coup, led by Sergeant Doe

Jerry Rawlings types, would produce a government hostile to the West, though I concede it might be less sophisticated in financial matters.

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S E C R E T

Prime Minister ⁽²⁾

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PRIME MINISTER

Nigerian Debt: Possible Further Coup

1. The Chancellor of the Exchequer copied to me his minute to you of 18 January about Nigerian indebtedness. I entirely agree with him on the need for a rapid agreement on multilateral restructuring of the arrears of short-term commercial debt, subject to an agreement also with the IMF.

2. Since his minute there have been a number of reports from various sources of continued plotting against Buhari's government amongst more radical middle-ranking officers and there does seem to be a risk of a further coup in the next few months if the present government does not convince people that it has picked the right economic policies. Any successor regime would almost certainly be less sympathetic to British (and more general Western) interests, particularly in the financial and economic fields. At best negotiations with the IMF and creditors would be delayed; at worst it might seek to renege on its debts.

3. This underlines the need for rapid progress in the negotiations with the IMF. We have repeatedly urged speed on the Nigerians at all levels, including Buhari himself. But it is also important that the Fund understands the limited freedom of manoeuvre the present government has on what are highly emotive issues domestically. Clearly any Fund programme must be soundly based; but it must also take account of the political realities especially resulting from the inflationary impact of devaluation and removal of food and petrol subsidies.

4. Our Executive Director to the Fund has already made these points. But I believe it would be useful if the

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/Chancellor

S E C R E T



Chancellor were to speak personally to M de Larosiere, in the margins of the G5 Ministers' meeting in Paris next week.

5. Officials in the Treasury, Bank of England and Foreign and Commonwealth Office have already done some work to assess the implications of a further coup in the financial and economic field. I understand that this question will be covered at the next meeting of the Treasury's group on international debt problems which regularly reports to you.

6. I am copying this minute to the Chancellor of the Exchequer, Secretary of State for Trade and Industry, the Governor of the Bank of England and Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'G. Howe', is written in the center of the page.

GEOFFREY HOWE

Foreign and Commonwealth Office

10 February 1984

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