

PART 2
SECRET

Confidential Filing

UK Polish Relations.

Internal situation and economic assistance.

Meeting with Deputy Premier Kisiel.

POLAND

Part 1 : August 1979

Part 2 : December 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
3.12.80		6.2.81					
6.12.80		17.2.81					
9.12.80		18.2.81.					
10.12.80		19.2.81					
11.12.80		24.2.81					
17.12.80		26.2.81					
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24.1.81							
30.1.81							
5.2.81							

PREM 19/559
— ends —

PART 2 ends:-

27. 2. 81

PART 3 begins:-

2. 3. 81

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC (80) 43 rd Conclusions, Minute 2	4.12.80
OD (80) 74	8.12.80
OD (80) 26 th Meeting, Minutes	10.12.80
CC (80) 44 th Conclusions, Minute 2	11.12.80
OD (80) 27 th Conclusions, Minute 2	18.12.80
CC (80) 45 th Conclusions, Minute 2	18.12.80
CC (81) 1 st Conclusions, Minute 2	8.1.81
CC (81) 2 nd Conclusions, Minute 2	15.1.81
JIC (81) (N) 4	15.1.81
CC (81) 4 th Conclusions, Minute 2 (extract)	29.1.81
JIC (81) (N) 8	29.1.81
CC (81) 5 th Conclusions, Minute 2	5.2.81
OD (81) 7	9.2.81
OD (81) 2 nd Conclusions, Minute 1	12.2.81
CC (81) 6 th Conclusions, Minute 2	12.2.81
OD (81) 10	13.2.81
CC (81) 7 th Conclusions, Minute 2	19.2.81
CC (81) 8 th Conclusions, Minute 3	24.2.81

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed *A Wayland*

Date *1 September 2011*

PREM Records Team

010
MoDDA
The Polish Ambassador

27th February, 1981.

Melan Purne Kurnia,

I have the honour to transmit to you enclosed a message from Mr. Wojciech Jaruzelski in which he conveys to you his thanks for your congratulations and good wishes on the occasion of his appointment to the post of Chairman of the Council of Ministers of the Polish People's Republic.

Yours faithfully
J. Bisztyga

Jan Bisztyga

The Rt. Hon. Margaret Thatcher, MP,
The Prime Minister,
10 Downing Street,
London, S.W.1.

Enc. 1.

(UNOFFICIAL TRANSLATION)

I have the honour to extend to you my thanks for the congratulations and good wishes you conveyed to me on the occasion of my appointment to the post of Chairman of the Council of Ministers of the Polish People's Republic.

I fall in with your desire that the traditionally good relations between both our countries will continue to develop favourably.

Wojciech Jaruzelski,
Chairman of the Council
of Ministers,
Polish People's Republic.

The Rt. Hon. Margaret Thatcher, MP,
The Prime Minister,
10 Downing Street,
London, S.W.1.

POLAND: ADVANCE COPIES

1921

P. Acland

PS/LPS
PS/MR BLAKER
PS/MR HURD
PS/FUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR P H MOBERLY

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ASSESSMENTS STAFF
CABINET OFFICE

ADVANCE COPY

IMMEDIATE

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HEAD/WED
HEAD/NEWS D
HEAD/PLANNING STAFF
Head. Cons. D.
Head. Cons. Gen. U.
RESIDENT CLERK

FM WARSAW 191500Z FEB
TO IMMEDIATE FCO
TELEGRAM NUMBER 137 OF 19 FEB
AND TO LAGOS (FOR PRIVATE SECRETARY)

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON
UKDEL NATO MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI
STOCKHOLM UWUKMIS NEW YORK UKREP BRUSSELS

MY TELNO 136

1. GENERAL JARUZELSKI STRUCK ME AS A RATHER INTELLECTUAL
TYPE OF SOLDIER, FULL OF QUIET AUTHORITY. HE CONTINUES
TO WEAR UNIFORM AND MILITARY ADCS STILL ATTEND HIM.
THE CIRCUMSTANCES OF COURSE ARE TOTALLY DIFFERENT BUT
IF HE WERE TO DEVELOP A LITTLE OF THE PILSUDSKI
TOUCH I DO NOT THINK MOST POLES WOULD OBJECT.

2. THE INTERVIEW DOES NOT LEAD ME TO REVISE MY EARLIER
ASSESSMENTS THAT THE NEW GOVERNMENT DO INTEND TO MAKE
A BETTER EFFORT THAN THEIR PREDECESSORS TO BUILD A BASIS
OF CONFIDENCE ON WHICH A SENSIBLE DIALOGUE WITH SOLIDARITY
CAN PROCEED. BUT THAT THEY ARE ALSO READY, IF THEY JUDGE
IT NECESSARY, TO ACT WITH GREATER FIRMNESS TO SUPPRESS
WHAT THEY SEE AS DESTABILISING ACTIVITIES. I CERTAINLY
DO NOT BELIEVE THAT JARUZELSKI IS WILLING TO CALL IN THE

DO NOT BELIEVE THAT JARUZELSKI IS WILLING TO CALL IN THE
RUSSIANS.

3. THE GENERAL SAW THE SOVIET AMBASSADOR ALONE EARLIER
THIS WEEK, FOLLOWED BY THE WARSAW PACT AMBASSADORS
COLLECTIVELY. HE HAS SINCE SEEN THE US, FRENCH AND
GERMAN AMBASSADORS AS WELL AS MYSELF INDIVIDUALLY.
WE ARE TOLD THAT HE WILL NOT SEE ANY MORE WESTERN
HEADS OF MISSION.

4. MY EC COLLEAGUES AND I (I HAVE NOT YET HAD AN ACCOUNT
FROM THE AMERICAN) HAVE NATURALLY SPECULATED ON THE
REASONS FOR THESE APPROACHES. TO ALL OF US HE WAS VERY
CORDIAL AND THE GERMAN WAS SURPRISED THAT HE MADE
NO COMPLAINTS AGAINST ANY KIND OF GERMAN ACTIVITY,
THOUGH HE SPOKE OF RELATIONS BETWEEN EAST AND WEST GERMANY.
TO THE FRENCHMAN HE DWELT MORE ON ECONOMIC AID.
ONLY TO ME DID HE SPEAK OF DESTABILISING ACTIVITIES
AND THIS WAS PROBABLY PROMPTED BY MY OWN REMARKS ABOUT
THE 8TH PLENUM.

5. PARTLY NO DOUBT HE WISHES TO DEMONSTRATE A CERTAIN
BALANCE AS BETWEEN EAST AND WEST; PARTLY PERHAPS TO
SHOW HIS PERSONAL AND MORE OPEN STYLE OF GOVERNMENT.
BUT THE ECONOMIC MOTIVE MUST LOOM VERY LARGE. HE MAY
THINK THAT IF HIS GOVERNMENT HAS TO USE A MEASURE
OF FORCE WESTERN AID WILL BE IN JEOPARDY AND THAT
THEREFORE HE NEEDS TO EXPLAIN HIS GENERALLY PACIFIC
POLICIES AS CLEARLY AS POSSIBLE; HE DOES NOT WANT,
JUST BECAUSE HE IS A SOLDIER, TO BE DUBBED A MAN
OF FORCE.

6. IT WAS NOTICEABLE THAT HE MENTIONED KANIA SEVERAL
TIMES AND I WOULD JUDGE THAT THESE TWO ARE IN FULL
ACCORD. THIS LEAVES OLSZOWSKI AND PERHAPS MOCZAR
WAITING TO SEE HOW THEY GET ON.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

BT

IMMEDIATE

LAND: ADVANCE COPIES

19 21

PS
PS/LPS
PS/MR BLAKER
PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR P H MOBERLY

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HEAD/DEFENCE D
HEAD/PUSD
HEAD/WED
HEAD/NEWS D
HEAD/PLANNING STAFF
~~Head. Com. D.~~
~~Head. Com. Com. G.~~
~~RESIDENT CLERK~~

2 ltr: read in full

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FM WARSAW 191430Z FEB

TO IMMEDIATE FCO

TELEGRAM NUMBER 136 OF 19 FEB

AND TO IMMEDIATE LAGOS (FOR PRIVATE SECRETARY)

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI

STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

YOUR TELNO 83: CALL ON POLISH PRIME MINISTER

1. I CALLED ON THE PRIME MINISTER THIS MORNING AND DSLIVERED MRS THATCHER'S MESSAGE FOR WHICH HE EXPRESSED THANKS AND APPRECIATION. GENERAL JARUZELSKI ALSO SAID THAT MR KANIA HAD TOLD HIM OF THE INTERESTING CONVERSATION HE HAD HAD WITH YOU LAST OCTOBER AND HAD ASKED TO BE REMEMBERED TO YOU. THE FOLLOWING WERE THE MAIN POINTS IN THE CONVERSATION.

FOREIGN POLICY

2. THE PRIME MINISTER SAID THAT POLAND'S FOREIGN POLICY WOULD BE UNCHANGED. WITH GREATER CALM AT HOME THE POLISH GOVERNMENT LOOKED TO INCREASING ITS ACTIVITY ABROAD. IT WOULD REMAIN DEDICATED TO THE CAUSE OF PEACE AND STABILITY. IN ITS FOREIGN POLICY, RELATIONS WITH BRITAIN PLAYED AN IMPORTANT PART. POLES WOULD ALWAYS REMEMBER THE WARTIME RELATIONSHIP. WE WERE A VALUED PARTNER WITH WHO POLAND WANTED TO EXPAND CONNECTIONS. I SAID THAT WE ENTIRELY AGREED. YOUR VISIT HAD BEEN AN EARNEST OF OUR DESIRE TO IMPROVE RELATIONS AND I HAD JUST SUGGESTED A VISIT TO LONDON BY THE FOREIGN MINISTER IN MAY OR JUNE. THE MARSHAL OF THE SEJM WAS VISITING LONDON NEXT MONTH (SEE ALSO UNDER ECONOMIC).

INTERNAL

3. AFTER THE GENERAL'S INITIAL REMARKS I SPOKE ON THE LINES OF PARAGRAPHS 2-5 OF YOU TUR. I SAID THAT HMG HAD FOLLOWED WITH GREAT INTEREST THE REPORTS OF THE RECENT PLENUM AND OF COURSE HIS OWN MAJOR SPEECH TO THE SEJM. OUR DEDUCTION WAS THAT THE POLISH LEADERSHIP INTENDED TO SEEK A POLITICAL SOLUTION TO ITS PROBLEMS, TO PRESS ON WITH THE RENEWAL AND TO TACKLE THE COUNTRY'S PRESSING ECONOMIC DIFFICULTIES. THAT WAS AN APPROACH WHICH MET WITH OUR UNDERSTANDING AND SYMPATHY. GREAT AS WAS OUR NATURAL INTEREST IN THE COURSE OF EVENTS IN POLAND WE HAD ALWAYS MADE IT CLEAR (NOTABLY YOUR REMARKS TO MR KANIA) THAT THESE WERE MATTERS FOR THE POLES THEMSELVES TO SETTLE IT WAS VERY IMPORTANT THAT ALL OTHER COUNTRIES SHOULD ACT SIMILARLY.

4. THE PRIME MINISTER SAID THAT INDEED IT WAS HIS GOVERNMENT'S INTENTION TO PROCEED BY WAY OF DIALOGUE AND BY ESTABLISHING TRUST BETWEEN THAT GOVERNMENT AND PEOPLE. AT A LATER STAGE HE SPOKE FIRMLY OF A SOLUTION BY POLES ALONE TO THEIR PROBLEMS. HE WOULD HAVE TO SAY HOWEVER THAT UNFORTUNATELY THERE WERE SOME GROUPS WHICH WERE ENEMIES OF STABILISATION. AND THESE PEOPLE WERE GETTING ASSISTANCE AND ENCOURAGEMENT FROM CERTAIN CIRCLES IN THE WEST. IT WOULD BE A VERY GOOD THING IF WESTERN GOVERNMENTS COULD MAKE IT CLEAR THAT THEY DISAPPROVED OF SUCH ACTIVITIES. AFTER ALL, THE DESTABILISATION OF POLAND COULD ONLY LEAD TO THE DESTABILISATION OF ALL EUROPE.

5. I ASKED IF IT WAS NOT A FACT THAT THERE WERE OBSTRUCTORS^{ORS} ON THE GOVERNMENT SIDE WHO COULD NOT COME TO TERMS WITH THE RENEWAL AND WHO PERHAPS ENGENDERED MISTRUST AND THEREFORE IN A SENSE CREATED DIFFICULTIES WITH SOLIDARITY. THE PRIME MINISTER REPLIED FIRST THAT KANIA HAD MADE IT CLEAR THAT SLOW-COACHES IN THE PARTY AND GOVERNMENT COULD NOT BE COMPARED WITH THE DELIBERATE ENEMIES OF STABILITY. HE WENT ON HOWEVER TO CONCEDE MORE FREELY THAT THERE HAD BEEN CLUMSINESS AND THAT THESE OBSTRUCTORS DID EXIST. " WE HAVE BOOTED A GREAT MANY OUT ALREADY AND WE ARE GOING TO BOOT OUT MORE. SOLIDARITY FOR ITS PART SHOULD FOLLOW OUR EXAMPLE AND GET RID OF ITS OWN EXTREMISTS". I SAID THAT I HAD EXPRESSED TO MY GOVERNMENT MY VIEW THAT IT WAS NECESSARY FOR POLAND'S SALVATION FOR THE MODERATES AND FORWARD-LOOKING MEN ON BOTH SIDES TO PREVAIL OVER THE EXTREMISTS AND OBSTRUCTORS. I INFERRED THAT HE DID NOT THINK THIS A WRONG VIEW. HE INDICATED ASSENT.

6. I ASKED FOR HIS ASSESSMENT OF THE PROSPECTS FOR A 90-DAY STRIKE-FREE PERIOD IN THE LIGHT OF REPORTED SETTLEMENTS WITH THE STUDENTS AND WITH FARMERS AT RZESZOW AND AN APPARENTLY POSITIVE REACTION FROM SOLIDARITY. THE PRIME MINISTER SEEMED GUARDEDLY OPTIMISTIC. THE GOVERNMENT, HE SAID, WILL SEEK TO ELIMINATE ALL CAUSES OF STRIKES, AND IF MAJOR STRIKES OCCUR THEY WILL BE THE WORK OF DESTABILISERS. HE THOUGHT THAT SERIOUS STRIKES COULD NOW BE AVOIDED FOR MORE THAN 90 DAYS. THE GOVERNMENT FOR ITS PART WAS WORKING HARD FOR THE CREATION OF CONFIDENCE THROUGH DIALOGUE.

ECONOMIC AND TRADE

7. THE PRIME MINISTER SAID THAT FOR THE LONG TERM ANGLO-POLISH TRADE WAS MUCH VALUED AND HE HOPED IT WOULD NOT DIMINISH TOO MUCH BECAUSE OF CURRENT ECONOMIC DIFFICULTIES. NOW, TO USE A MILITARY EXPRESSION, WAS THE TIME TO BUILD BEACH-HEADS, FROM WHICH TO EXPAND IN THE FUTURE. I SAID WE HAD TO ACCEPT THAT TRADE WAS GOING TO DIMINISH IN THE SHORT TERM BUT I INSTANCED MR PARKINSON'S VISIT AND THE RAISING OF THE JOINT COMMISSION TO MINISTERIAL LEVEL AS AN EARNEST OF OUR CONFIDENCE. I HAD FOUND MANY BRITISH BUSINESSMEN NOT UNDULY PESSIMISTIC AND WILLING TO WAIT FOR BETTER TIMES.

BUSINESSMEN NOT UNDULY PESSIMISTIC AND WILLING TO
WAIT FOR BETTER TIMES.

8. TURNING TO THE ECONOMIC SIDE, THE PRIME MINISTER
THANKED US FOR OUR RECENT SHORT-TERM AID. POLAND'S
DIFFICULTIES WERE ACUTE AND HE HOPED WE WOULD SHOW
STILL MORE UNDERSTANDING AND GENEROSITY AT THE PARIS TALKS.
FRIENDSHIP IN A TIME OF NEED WAS DOUBLY APPRECIATED.

9. I SAID THAT IT SEEMED GENERALL ACCEPTED ON THE POLISH
AND WESTERN SIDE THAT SOME KIND OF MULTILATERAL REARRANGEMENT
OF DEBTS WAS NECESSARY (HE NODDED ASSENT). WE SHOULD FIND IT
ESSENTIAL TO HAVE A GREAT DEAL OF INFORMATION ABOUT THE
PLANS AND PROSPECTS FOR THE POLISH ECONOMY.

10. THE PRIME MINISTER TOOK NOTE OF THIS. PLANS WERE BEING
WORKED OUT AND MUCH HAD ALREADY BEEN PUBLISHED , A FURTHER
REPORT WOULD BE PUT OUT SHORTLY. THE GOVERNMENT WAS
DETERMINED ON ECONOMIC REFORM. IT WAS EXTREMELY COMPLEX
AND DIFFICULT AND ONE OF THE THINGS HOLDING UP
THE PARTY CONGRESS.

SEE M I F T

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

BT

NNNN

CONFIDENTIAL



(4)

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

fs

Prime Minister

PRIME MINISTER

You may also like to
glance through pages 1-12
of the attached paper.

POLAND : POSSIBLE ECONOMIC SANCTIONS

Yours

I welcome the circulation of OD(81)10. This gives us all a chance to consider possible sanctions well ahead of time. If it proves necessary to impose them, we shall all know the problems.

2. I understand that we might have to meet at very short notice to decide on our course of action in the event of Soviet intervention. So perhaps it is worthwhile reminding you now of the problems we saw in imposing financial sanctions in the cases of Iran and Afghanistan. Briefly, the UK as a major world financial centre is much more exposed to the risk of retaliation than is any other country. In the present case, our banks are more heavily exposed in the Eastern bloc as a whole than are most other creditors. Conversely, sanctions are less effective against the Soviet Union and its allies, because (unlike Iran) they are debtors and not creditors of the West. Any action involving interference with the banking system is likely to be damaging to our interests (this goes as much for a moratorium as for a longer-term series of measures). In particular, any steps to freeze Soviet assets in this country would be extremely dangerous. I think this is common ground among Ministers, as well as between ^{ourselves} myself and the Western allies. But I believe it is worth reminding ourselves of the position now, in case action has to be taken in a hurry in the next few weeks.

/I am

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3. I am sending copies of this minute to the Foreign Secretary and the other members of OD, to the other recipients of OD(81)10, and to Sir Robert Armstrong.

A handwritten signature in black ink, consisting of a stylized, cursive 'G' followed by a horizontal line and a small flourish.

(G.H.)

19 February 1981

CONFIDENTIAL

Poland.

CONFIDENTIAL

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he. Am

PP MOSCOW

GRS 729

CONFIDENTIAL

FM FCO 181600Z FEB 81

TO IMMEDIATE WARSAW

TELEGRAM NUMBER 83 OF 18 FEBRUARY

INFO PRIORITY BONN, PARIS, WASHINGTON, UKDEL NATO, MOSCOW

INFO SAVING PRAGUE, BUDAPEST, BUCHAREST, SOFIA, BELGRADE,

EAST BERLIN

YOUR TEL NOS 130, 131 AND 133: CALL ON POLISH PRIME MINISTER

1. YOU SHOULD DRAW AS APPROPRIATE ON THE MATERIAL BELOW WHEN YOU CALL ON JARUZELSKI TOMORROW.

HMG'S ATTITUDE TO POLAND'S PROBLEMS.

2. BRITISH MINISTERS HAVE REPEATEDLY MADE IT CLEAR THAT WE REGARD POLAND'S PROBLEMS AS A MATTER TO BE SETTLED BY THE POLES THEMSELVES. WE ARE RESOLVED TO ADHERE STRICTLY TO THE POLICY OF NON-INTERVENTION WHICH WE HAVE FOLLOWED THROUGHOUT. WE CONSIDER IT ESSENTIAL BOTH FOR POLAND AND FOR EUROPE AND THE WORLD THAT ALL OTHER COUNTRIES SHOULD DO THE SAME.

3. WE DO, OF COURSE, FOLLOW WITH GREAT INTEREST WHAT IS HAPPENING IN POLAND. WE ARE MEMBERS OF THE SAME EUROPEAN FAMILY, AND OUR BILATERAL TIES ARE CLOSE AND VALUED. POLAND OCCUPIES A POSITION OF GREAT GEO-POLITICAL IMPORTANCE IN EUROPE, AND THE OUTCOME OF THE CURRENT PERIOD OF STRESS HAS IMPLICATIONS FOR ALL THE PEOPLES OF OUR CONTINENT. THE RESPONSIBILITY IS ONE OF WHICH JARUZELSKI HIMSELF MUST BE DEEPLY CONSCIOUS. THIS IS THE CONTEXT IN WHICH THE PRIME MINISTER'S MESSAGE TO HIM SHOULD BE SEEN (PARA 9 BELOW).

4. WE NOTED WITH CARE THE PUBLISHED PROCEEDINGS OF THE 8TH PLENUM OF THE CENTRAL COMMITTEE AND THE SPEECH OF PRIME MINISTER JARUZELSKI TO THE SEYM. IT APPEARS TO US THAT THE POLISH LEADERS CONTINUE TO EMPHASISE MODERATION, THAT THEY REMAIN COMMITTED TO THE RENEWAL (ODONOWA) AND THAT THEY ARE DETERMINED TO TACKLE NOW, AND IN DUE COURSE TO OVERCOME, THE VERY SERIOUS ECONOMIC PROBLEMS WHICH FACE THE COUNTRY.

/5. THIS LINE

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5. THIS LINE COMMANDS OUR SYMPATHY AND UNDERSTANDING. WE DO NOT UNDERESTIMATE THE DIFFICULTIES, BUT WE HOPE THAT THEY CAN BE OVERCOME BY PEACEFUL MEANS IN SUCH A WAY AS TO MOBILISE THE EFFORTS AND TALENTS OF THE POLISH PEOPLE AS A WHOLE.

6. (IF NECESSARY). AS REGARDS THE AMBASSADOR'S MESSAGE OF 12 FEBRUARY (FCO TEL. NO. 72) YOU SHOULD NOT ASSUME THAT HMG WOULD TACITLY SUPPORT ANY ACTION WHICH THE POLISH GOVERNMENT MIGHT TAKE, PARTICULARLY NOT OF A KIND WHICH COULD BRING A CHAIN REACTION. THE BRITISH ATTITUDE WOULD DEPEND ON THAT OF POLISH PUBLIC OPINION.

BRITISH/POLISH RELATIONS.

7. WE VALUE OUR BILATERAL RELATIONS WITH POLAND AND WE WANT TO DEVELOP THEM. WE THINK THAT THIS IS IN THE INTERESTS OF BOTH OUR COUNTRIES AND THAT IT REFLECTS THE CLOSE LINKS BETWEEN THE BRITISH AND THE POLISH PEOPLE. I WAS PARTICULARLY PLEASED TO BE ABLE TO PAY A VISIT TO WARSAW MYSELF LAST OCTOBER, AT A TIME WHEN HIGH-LEVEL CONTACT BETWEEN THE POLISH LEADERSHIP AND THEIR WESTERN COUNTERPARTS WAS OF SPECIAL VALUE. I HOPE THAT MR CZYREK WILL BE ABLE TO PAY A RETURN VISIT TO BRITAIN SHORTLY, AND WE HAVE SUGGESTED SOME DATES BEFORE THE UK TAKES OVER THE BURDEN OF THE PRESIDENCY OF THE EC. CONTACTS ARE DEVELOPING ALSO AT OTHER LEVELS. THE ANGLO/POLISH JOINT COMMISSION LAST NOVEMBER WAS ATTENDED FOR THE FIRST TIME BY A BRITISH MINISTER, MR PARKINSON. THE MARSHAL OF THE SEYM WILL BE VISITING BRITAIN SOON, AND THE BRITISH/POLISH ROUND TABLE WILL TAKE PLACE IN OXFORD IN MARCH. WE VALUE ALSO THE VERY MANY PRIVATE CONTACTS BETWEEN OUR PEOPLE, WHICH GIVE SUBSTANCE TO OUR OFFICIAL RELATIONS.

ECONOMIC ASSISTANCE TO POLAND.

8. WE HAVE, AS YOU KNOW, RESPONDED TO THE POLISH GOVERNMENT'S REQUESTS FOR ASSISTANCE IN THE ECONOMIC FIELD BY MAKING CREDITS AVAILABLE FOR PURCHASES OF GOODS (INCLUDING FOOD AT SPECIAL PRICES UNDER THE EC DECISION) AND FOR DEBT RELIEF DURING THE FIRST QUARTER OF THIS YEAR. THE EMPHASIS SHOULD NOW BE ON THE LONGER TERM. WE SHALL BE PARTICIPATING IN NEXT WEEK'S PARIS TALKS IN A POSITIVE SPIRIT. THERE SEEMS TO BE

/COMMON GROUND

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COMMON GROUND BETWEEN WESTERN CREDITORS AND POLISH FINANCIAL EXPERTS THAT THERE WILL HAVE TO BE A MULTILATERAL DEBT RELIEF OPERATION IN WHICH WE SHALL BE PREPARED TO PLAY OUR PART. THE EXACT TERMS AND CONDITIONS OF SUCH AN OPERATION WILL CLEARLY HAVE TO BE RELATED TO THE KIND OF ASSURANCES WHICH THE POLISH GOVERNMENT IS ABLE TO PROVIDE WITH REGARD TO THE LONG-TERM ECONOMIC OUTLOOK.

MESSAGE FROM THE PRIME MINISTER.

9. THE PRIME MINISTER HAS APPROVED THE FOLLOWING MESSAGE:
'PLEASE ACCEPT MY WARM CONGRATULATIONS AND BEST WISHES ON YOUR APPOINTMENT AS CHAIRMAN OF THE COUNCIL OF MINISTERS. I LOOK FORWARD TO COOPERATING WITH YOU IN DEVELOPING FURTHER THE GOOD RELATIONS BETWEEN OUR TWO COUNTRIES.'

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

POLAND SPECIAL STANDARD

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MR DICK } DOT
MR POWNALL }

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MISS BAKER }
MR MOUNTFIELD }
MR P J BULL BANK OF ENGLAND
MR COTTERILL ECGD
MR WOOLGAR D/EMPLOYMENT
CAXTON HOUSE TOTTELL STREET

RESTRICTED

Poland



Foreign and Commonwealth Office

London SW1A 2AH

17 February 1981

Carrington. BIF for Tel.

Dear Michael,

F.CO. informed.

Ans. 17/2

New Polish Prime Minister

The appointment of General Jaruzelski as the new Polish Prime Minister was confirmed by the Polish Assembly, the Seyn, last week. Lord Carrington suggests that it would be right for the Prime Minister to send a message of congratulation. I enclose a draft, couched in terms identical to those of the message sent to Jaruzelski's predecessor last September in order to avoid having political significance read into minor changes.

Yours ever,

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

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MESSAGE FROM THE PRIME MINISTER TO THE POLISH PRIME
MINISTER

Please accept my warm congratulations and best wishes on your appointment as Chairman of the Council of Ministers. I look forward to cooperating with you in developing further the good relations between our two countries.

mb

OUT TELEGRAM

Classification and Caveats
CONFIDENTIAL

Precedence/Deskby
IMMEDIATE

ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	CONFIDENTIAL
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO 181600Z FEBRUARY 81
PRE/ADD	7	TO IMMEDIATE WARSAW
TEL NO	8	TELEGRAM NUMBER
	9	INFO PRIORITY BONN, PARIS, WASHINGTON, UKDEL NATO, MOSCOW
	10	INFO SAVING PRAGUE, BUDAPEST, BUCHAREST, SOFIA, BELGRADE,
	11	EAST BERLIN
	12	Your tel no 130: CALL ON POLISH PRIME MINISTER
	13	1. You should draw as appropriate on the material below when
	14	you call on Jaruzelski tomorrow.
	15	HMG's attitude to Poland's problems.
	16	2. British Ministers have repeatedly made it clear that we
	17	regard Poland's problems as a matter to be settled by the
	18	Poles themselves. We are resolved to adhere strictly to the
	19	policy of non-intervention which we have followed throughout.
	20	We consider it essential both for Poland and for Europe and
	21	the world that all other countries should do the same.
///	22	3. We do, of course, follow with great interest what is
//	23	happening in Poland. We are members of the same European
/	24	family, and our bilateral ties are close and valued. Poland
	25	

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OUT TELEGRAM (CONT)

Classification and Caveats
CONFIDENTIAL

Page
2

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1 <<<<
 2 occupies a position of great geo-political importance in
 3 Europe, and the outcome of the current period of stress has
 4 implications for all the peoples of our continent. The
 5 responsibility is one of which Jaruzelski himself must be
 6 deeply conscious. This is the context in which the Prime
 7 Minister's message to him should be seen (para ⁹~~8~~ below).
 8 4. We noted with care the published proceedings of the 8th
 9 Plenum of the Central Committee and the speech of Prime
 10 Minister Jaruzelski to the Sejm. It appears to us that the
 11 Polish leaders continue to emphasise moderation, that they
 12 remain committed to the renewal (Odonowa) and that they are
 13 determined to tackle now, and in due course to overcome, the
 14 very serious economic problems which face the country.
 15 5. This line commands our sympathy and understanding. We do
 16 not underestimate the difficulties, but we hope that they can
 17 be overcome by peaceful means in such a way as to mobilise the
 18 efforts and talents of the Polish people as a whole.
 19 6. (If necessary). As regards the Ambassador's message of
 20 12 February (FCO tel. no. 72) you should not assume that HMG
 21 would tacitly support any action which the Polish Government
 22 might take, particularly not of a kind which could bring a
 23 chain reaction. The British attitude would depend on that of
 24 Polish public opinion.
 25 British/Polish Relations.
 26 7. We value our bilateral relations with Poland and we want
 27 to develop them. We think that this is in the interests of
 28 both our countries and that it reflects the close links
 29 between the British and the Polish people. I was particularly
 30 pleased to be able to pay a visit to Warsaw myself last
 31 October, at a time when high-level contact between the Polish
 32 leadership and their Western counterparts was of special value.
 33 I hope that Mr Czyrek will be able to pay a return visit to
 34

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//
/

NNNN ends
telegram

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Britain

OUT TELEGRAM (CONT)

Classification and Caveats
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 2 Britain shortly, and we have suggested some dates before the
 3 UK takes over the burden of the Presidency of the EC.
 4 Contacts are developing also at other levels. The Anglo/
 5 Polish Joint Commission last November was attended for the
 6 first time by a British Minister, Mr Parkinson. The Marshal of
 7 the Polish Parliament (Seym) will be visiting Britain soon, and
 8 the British/Polish Round Table will take place in Oxford in
 9 March. We value also the very many private contacts between
 10 our people, which give substance to our official relations.
 11 Economic Assistance to Poland.
 12 8. We have, as you know, responded to the Polish Government's
 13 requests for assistance in the economic field by making
 14 credits available for purchases of goods (including food at
 15 special prices under the EC decision) and for debt relief
 16 during the first quarter of this year. The emphasis should now
 17 be on the longer term. We shall be participating in next
 18 week's Paris talks in a positive spirit. There seems to be
 19 common ground between Western creditors and Polish financial
 20 experts that there will have to be a multilateral debt relief
 21 operation in which we shall be prepared to play our part.
 22 The exact terms and conditions of such an operation will
 23 clearly have to be related to the kind of assurances which the
 24 Polish Government is able to provide with regard to the long-
 25 term economic outlook.
 26 Message from the Prime Minister.
 27 9. We have recommended that the Prime Minister should send
 28 the following message: 'Please accept my warm congratulations
 29 and best wishes on your appointment as Chairman of the Council
 30 of Ministers. I look forward to cooperating with you in
 31 developing further the good relations between our two
 32 countries.' We shall let you know by telegram or telephone
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OUT TELEGRAM (CONT)

Classification and Caveats CONFIDENTIAL	Page 4

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FM WARSAW 161200Z FEB

TO IMMEDIATE FCO

TELEGRAM NUMBER 124 OF 16 FEB

INFO IMMEDIATE CABINET OFFICE (FOR ASSESSMENT STAFF)

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN
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SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI STOCKHOLM
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POLISH SITUATION

1. IT SEEMS LIKELY THAT THERE WILL NOW BE A LULL IN THE
CRISIS OR AT LEAST A HONEYMOON PERIOD FOR THE NEW
GOVERNMENT. BUT ENOUGH IS GOING ON UNDER THE SURFACE
TO CAUSE DISQUIET TO THE AUTHORITIES.

INDUSTRIAL UNREST

2. IN RESPONSE TO JARUZELSKI'S APPEAL FOR A 90-DAY
MORATORIUM ON STRIKES, WALESA HAS SAID THAT SOLIDARITY

2. IN RESPONSE TO JARUZELSKI'S APPEAL FOR A 90-DAY MORATORIUM ON STRIKES, WALESZA HAS SAID THAT SOLIDARITY WOULD BE IN FAVOUR IN PRINCIPLE BUT THAT ACTUAL IMPLEMENTATION OF THE MORATORIUM WOULD DEPEND ON THE GOVERNMENT'S ACTIONS. HOWEVER, THE STATE OF STRIKE READINESS THAT HAS BEEN MAINTAINED IN WROCLAW FOR ABOUT THE LAST FORTNIGHT HAS BEEN CALLED OFF. WHILST THIS IS UNLIKELY TO MAKE MUCH PRACTICAL DIFFERENCE, THE GOVERNMENT SHOULD FEEL THAT THIS IS A GESTURE IN THE RIGHT DIRECTION IN THIS CRUCIAL INDUSTRIAL TOWN.

3. IN LODZ, THE DISPUTE BETWEEN THE STUDENTS AND THE AUTHORITIES CONTINUES. AGREEMENT SEEMS TO HAVE BEEN REACHED ON ALL ACADEMIC QUESTIONS. THE MAJOR POINTS STILL OUTSTANDING ARE THOSE OF MILITARY SERVICE AND THE RIGHT OF THE EMBRYO INDEPENDENT STUDENTS ORGANISATION RECOGNISED BY THE GOVERNMENT DURING THE NEGOTIATIONS TO CALL STRIKES. THE STUDENT'S NEGOTIATING TACTICS APPEAR TO BE PUTTING THE GOVERNMENT SIDE UNDER CONSIDERABLE STRAIN.

THE PARTY

4. THE WORKING GROUP OF THE PRE-CONGRESS COMMISSION RESPONSIBLE FOR AGRICULTURE AND THE FOOD INDUSTRY MET OVER THE WEEKEND. ITS PREVIOUS CHAIRMAN, WOJTECKI, HAS BEEN PROMOTED TO BE MINISTER OF AGRICULTURE. THE FACT THAT DRAFTING OF THE GUIDELINES IS STILL GOING ON IN THIS AREA SEEMS TO INDICATE THAT THE PARTY CONGRESS PREPARATIONS ARE LITTLE FURTHER FORWARD. PROSPECTS FOR AN EARLY CONGRESS CONTINUE TO RECEDE.

THE GOVERNMENT

5. A SOMEWHAT SELF-CONCIOUS ATTEMPT AT PROJECTING JARUZELSKI AS THE EPITOME OF PATRIOTIC VIRTUE HAS CONTINUED OVER THE WEEKEND. JARUZELSKI AND SOME OF HIS MINISTERS GAVE A FRANK BUT REASSURING PRESS CONFERENCE TO POLISH JOURNALISTS ON 13 FEBRUARY. JARUZELSKI STRESSED THE SERIOUSNESS OF THE SITUATION BUT INDICATED THAT DIALOGUE WITH THE UNIONS MUST CONTINUE. HE DID NOT DEMUR WHEN A JOURNALIST DESCRIBED HIS ADMINISTRATION AS QUOTE A GOVERNMENT OF NATIONAL SALVATION UNQUOTE.

6. ON SATURDAY, 14 FEBRUARY, RAKOWSKI AND WALESZA MET FOR THE FIRST TIME FOLLOWING RAKOWSKI'S APPOINTMENT AS VICE-PREMIER WITH RESPONSIBILITY FOR TRADES UNION MATTERS. THIS EARLY MEETING MAY BE AN EARNEST OF THE NEW

MATTERS. THIS EARLY MEETING MAY BE AN EARNEST OF THE NEW GOVERNMENTS INTENTIONS TOWARDS THE UNIONS. IT IS NOT EASY TO ASSESS THE LIKELY EFFECT OF RAKOWSKI'S APPOINTMENT. ON THE ONE HAND, HE WAS FOR MANY YEARS THE NEAREST THING TO A LIBERAL WITHIN THE ESTABLISHMENT. BUT ON THE OTHER HAND, HIS APPOINTMENT HAS PERHAPS COME TOO LATE TO BE SEEN AS ANYTHING OTHER THAN A SIGN OF DESPERATION ON THE PART OF THE GOVERNMENT.

THE CHURCH

7. FOLLOWING LAST WEEK'S MEETING OF THE MAIN BOARD OF THE EPISCOPATE, BISHOP DABROWSKI HAS VISITED ROME AND BEEN RECEIVED BY THE POPE. AFTER A PERIOD OF QUIESCENCE, THE CHURCH HAS BEEN PLAYING A MORE ACTIVE ROLE. ITS SUPPORT OF SOME ASPECTS OF THE WORKERS/PEASANTS' DEMANDS HAS BEEN UNEQUIVOCAL. BUT IT HAS ALSO REITERATED THE NEED FOR INTERNAL PEACE, AND FOR RESPONSIBILITY ON THE PART OF THE AUTHORITIES.

ECONOMY

8. AS EXPECTED, JANUARY WAS A BAD MONTH FOR THE ECONOMY. PRELIMINARY RESULTS, REVEALED LAST WEEK BY KANIA AND GRABSKI, PUT INDUSTRIAL PRODUCTION AT 92.4% OF THE JANUARY 1980 FIGURES, WITH WAGES UP 19%. IN THE FOREIGN TRADE FIELD, IMPORTS WERE 98% ON JANUARY 1980 BUT EXPORTS ONLY 75% (77% FOR EXPORTS TO HARD CURRENCY COUNTRIES). A LARGE PART OF THE DISAPPOINTING EXPORT PERFORMANCE CAN BE EXPLAINED BY A SHORTFALL IN COAL PRODUCTION WHERE 13.3 MILLION TONS WERE PRODUCED IN JANUARY, ONE MILLION TONS BELOW THE PLAN AND BARELY ENOUGH TO SATISFY THE HOME MARKET. FEBRUARY LOOKS A BIT MORE PROMISING. THERE SEEM TO BE NO SERIOUS STRIKES IN POLAND AT PRESENT AND MAY ENTERPRISES HAVE BEEN PUTTING IN A FULL DAY'S WORK ON THE LAST TWO SATURDAYS DESIGNATED AS FREE SATURDAYS.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

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TO PRIORITY WARSAW

TELEGRAM NUMBER 72 OF 12 FEBRUARY,

INFO PRIORITY BONN, PARIS, WASHINGTON, UKDEL NATO, MOSCOW, PRAGUE
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INFO SAVING BUCHAREST, SOFIA, BELGRADE, BUDAPEST, UKMIS NEW YORK
INFO SAVING STOCKHOLM, HELSINKI

POLAND

1. THE POLISH AMBASSADOR CALLED ON BULLARD THIS AFTERNOON AND DELIVERED WHAT HE SAID WAS CZYREK'S ASSESSMENT OF THE SITUATION IN HIS CAPACITY AS FOREIGN MINISTER, SENT TO LONDON IN RESPONSE TO BISZTYGA'S REQUEST BUT PROBABLY ALSO TO OTHER POLISH AMBASSADORS ABROAD. THE PHRASEOLOGY IN THE FOLLOWING PARAGRAPHS IS BISZTYGA'S OWN.

2. HE SAID CZYREK BELIEVED THAT POLAND HAD NOW ENTERED THE STAGE OF ANARCHISATION. SIGNS OF THIS WERE THE DEMONSTRATIONS BY STUDENTS AGAINST MILITARY SERVICE IN THE UNIVERSITIES, MARXIST PHILOSOPHY, THE REQUIREMENT FOR ONE MONTH'S MANUAL WORK, ETC. IT WAS CLEAR THAT THE TECHNIQUE OF COOL TALKS AND PERSUASION USED BY THE PARTY AND GOVERNMENT HITHERTO HAD NOT BEEN EFFICIENT AND HAD IN FACT FAILED. ECONOMIC COLLAPSE AND CATASTROPHE COULD OCCUR WITHIN THE NEXT TWO MONTHS IF THE PRESENT TREND CONTINUED. STEPS OF A SPECIAL CHARACTER MIGHT BE NEEDED. THE GOVERNMENT WOULD NOT HESITATE TO TAKE ANY MEASURES. BUT NOBODY INSIDE OR OUTSIDE POLAND WAS THINKING IN ANY OTHER CATEGORY THAN THAT THE POLES THEMSELVES SHOULD SOLVE THEIR OWN PROBLEMS.

3. THE GOVERNMENT, BISZTYGA SAID, WOULD BE REORGANISED NEXT WEEK. THE NEW PRIME MINISTER WOULD KEEP DEFENCE AND FOREIGN POLICY IN HIS OWN HANDS. ALL OTHER RESPONSIBILITIES WOULD BE DIVIDED INTO TWO GROUPS. ANYTHING CONNECTED WITH THE ECONOMY

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WOULD BE PLACED UNDER JAGIELSKI AS CHAIRMAN OF A NEW ECONOMIC COMMITTEE TO BE SET UP UNDER THE COUNCIL OF MINISTERS. ALL NON-ECONOMIC RESPONSIBILITIES WOULD BE GROUPED UNDER THE NEW DEPUTY PRIME MINISTER RAKOWSKI. BISZTYGA COMMENTED THAT THE FORCES OF MODERATION WOULD THUS KEEP THEIR GRIP ON EVENTS THROUGH THE NEW SYSTEM OF TRIPLE LEADERSHIP.

4. BISZTYGA ASKED THAT WE SHOULD STUDY CAREFULLY KANIA'S APPEAL TO THE NATION, ESPECIALLY HIS DETERMINATION TO OPPOSE EXTREMISM ON BOTH SIDES, WHICH WAS THE CHIEF DANGER.

5. IN THIS SITUATION CZYREK ASKED THAT HMG SHOULD:-

7. A. SHOW UNDERSTANDING IF DECISIVE ACTION WERE TO BE APPLIED BY THE GOVERNMENT: THE PURPOSE WOULD BE TO RESTORE THE POWER OF THE MODERATES, AND THE LONG-TERM OBJECTIVES WOULD BE THOSE STATED BY KANIA AND EARLIER TO ME DURING MY VISIT TO WARSAW.

← B. TO GUARD AGAINST ANY APPEARANCE OF INTERVENTION IN ANY FORM IN POLISH AFFAIRS FROM THE WESTERN SIDE

← 6. DURING THIS PERIOD CZYREK WISHED TO KEEP POLAND'S INTERNATIONAL POSITION AS ACTIVE AS POSSIBLE, USING ALL THE TRADITIONAL METHODS. IT WAS IN THIS CONTEXT THAT HE WOULD BE VISITING COPENHAGEN NEXT WEEK AND RECEIVING GENSCHER IN WARSAW IN A MONTH'S TIME.

7. WHAT POLAND NEEDED AT THE MOMENT. EVEN MORE THAN MONEY, WAS 'TIME AND BREATH', IE PRESUMABLY A BREATHING SPACE.

8. IN ANSWER TO QUESTIONS BISZTYGA SAID THAT BY 'DECISIVE ACTION' HE WOULD ASSUME THAT HIS FOREIGN MINISTER MEANT A DECLARATION OF A STATE OF EMERGENCY, INCLUDING MOBILISATION OF RESERVISTS. HE POINTED OUT THAT THE NEW PRIME MINISTER HAD DELIVERED HIS SPEECH TODAY IN UNIFORM AND DIRECTED IT TO FORMER SOLDIERS AS WELL AS MEN NOW IN UNIFORM. HE WAS QUITE SURE THAT ACTION ON THESE LINES WOULD BE SUPPORTED BY THE COUNTRY.

9. AS TO WESTERN INTERVENTION, BISZTYGA SAID HE HAD NO COMPLAINTS AGAINST HMG, THE MEDIA OR THE TRADE UNIONS IN BRITAIN AND HE DID NOT TAKE SERIOUSLY CERTAIN INDIVIDUALS HERE WHO HELD OTHER VIEWS.

10. THE AMBASSADOR'S FINAL POINT WAS A PLEA FOR ACTIVE DIPLOMACY BY WESTERN GOVERNMENTS IN THEIR RELATIONS WITH POLAND. GRATEFUL

C O N F I D E N T I A L

6752 - 1

IN THIS CONNECTION TO KNOW WHERE THINGS STAND ON THE INVITATION
TO CZYREK (FALL'S LETTER OF 4 FEBRUARY).

CARRINGTON

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Ref. A04241

PRIME MINISTER

Longer-term Economic Assistance to Poland

(OD(81) 7)

BACKGROUND

OD decided on 23rd October that we should help Poland economically, to the extent justified by our economic circumstances and by the response of our main partners. Time pressures subsequently made it necessary to subdivide the problem into (a) a bridging operation, covering the first three to six months of 1981, and (b) longer-term assistance thereafter. OD took decisions about (a) on 10th and 18th December, and we have been keeping in close touch on this with our main partners as well as with the Poles. The present meeting will be OD's first look at (b), on which serious international negotiations are likely to begin, as soon as the new United States Administration have sorted themselves out (a first meeting is to be held in Paris on 23rd-25th February). Most of the difficult decisions can be deferred until our partners' attitudes are clearer. But our negotiators require some Ministerial "steer" now. Hence the six questions posed in paragraphs 3 and 4 of Mr. Wade-Gery's covering note to the report by officials.

2. One of these questions - No. ii. in paragraph 3, on refinancing versus rescheduling - has become less urgent since the report was written. At that time the Treasury, who favour refinancing (as do ECGD), wanted an early decision. They have now been persuaded by the Bank of England, who favour rescheduling, that the rival merits of the two techniques should first be further studied as a general issue, i. e. going wider than the Polish context.

3. On three of the other questions - No. i. on the principle of a collective approach to Polish debt relief, No. v. on the initial time period to be covered and No. vi. on the percentage of eligible debts - your colleagues are likely to agree without difficulty to the report's recommended answers. But you should be aware that the answer to No. vi. is a carefully papered-over rift between the Foreign and Commonwealth Office (who want 85 per cent debt relief plus some new credit) and the Treasury (who want the percentage reduced if new credit is provided).

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4. The remaining two questions - Nos. iii. and iv. concerning the principle and modality of new guaranteed credit - may be more contentious. Although the principle is likely to be approved, that will conceal (permissibly, at this stage) a further difference of view between the Foreign and Commonwealth Office and the Treasury; the latter want to offer only a bare minimum and the former to be rather more generous. The modality issue will largely turn on which is less likely to attract Parliamentary criticism.

5. Two members of OD are liable at this meeting to have divided loyalties. The Treasury and Bank of England, both represented by the Chancellor of the Exchequer, do not wholly see eye to eye (see e.g. paragraph 2 above); and the same is to a lesser extent true of the Department of Trade and the Export Credits Guarantee Department, both represented by the Secretary of State for Trade. The Bank and ECGD are in different ways much influenced by the commercial banks' pessimism about Poland's economic prospects; the Treasury and Department of Trade are more conscious of the political imperative.

6. The Minister of Agriculture has been invited for this item because of his interest in Poland's capacity to go on importing British food; and the Secretary of State for Industry, in case the question of liberalising imports from Poland comes up.

7. The paper assumes that Polish political liberalisation is maintained and that there is no Russian invasion. This is merely a working hypothesis, not a prediction. If it proves wrong, the whole of the present exercise will have to be reconsidered from scratch. A separate report by officials on sanctions possibilities will shortly be circulated to OD and other Ministers for information.

HANDLING

8. General opening statements could come (if necessary) from the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer in that order. The negotiations are Treasury-led, but our political objectives provide the basis for them.

9. You should then establish that the Committee are content with the points where Ministers are simply invited to note (paragraph 5 of the covering paper); and that discussion need therefore focus only on the six decision issues described above (paragraphs 3 and 4 of the covering paper).

10. Question i.: the collective approach. The Chancellor of the Exchequer will endorse this, though without enthusiasm. Dissent is unlikely. But colleagues may have some questions for the Foreign and Commonwealth Secretary on other countries' likely intentions (e. g. the Americans, whom you may be asked to lobby when in Washington).

11. Question ii.: refinancing versus rescheduling. The Chancellor of the Exchequer will suggest further study of the general issues involved (see paragraph 2 above) between himself, the Secretary of State for Trade and (if interested) the Foreign and Commonwealth Secretary. Mr. Biffen should comment; and Lord Carrington should be asked if he wants his Department involved.

12. Question iii.: the principle of guaranteeing new credit. The Chancellor of the Exchequer should lead and the Secretary of State for Trade and the Foreign and Commonwealth Secretary should comment. The Secretary of State for Industry and the Minister of Agriculture may also have views. However grudgingly, some new credit will no doubt be accepted as inevitable. The Chancellor may want to set a ceiling figure (e. g. £50 million in 1981 including £20 million already agreed under the bridging operation); but it is not necessary to settle more than the principle at this stage.

13. Question iv.: the modality of guaranteeing new credit. This is primarily for the Secretary of State for Trade. But you will also want comments from the Chancellor of the Exchequer and (on the Parliamentary aspect) the Chancellor of the Duchy. Despite ECGD's advice to the contrary, the Committee will probably regard it as less controversial to stretch the "trade encouragement" provision in ECGD's Act, rather than revive the Act's outmoded "aid-giving" provision. The Foreign and Commonwealth Secretary will no doubt be ready to dispose summarily of any suggestion of using the Overseas Development Act and the Aid Budget.

14. Question v.: time period. The Chancellor of the Exchequer, the Foreign and Commonwealth Secretary and the Secretary of State for Trade will endorse not going initially beyond the end of 1982. But they will also be clear that the operation will in due course need rolling forward for many years thereafter.

15. Question vi.: percentage of debt to be eligible for relief. The Chancellor of the Exchequer should lead, followed by the Foreign and Commonwealth Secretary. The Secretary of State for Trade may also have views. Despite underlying differences (see paragraph 3 above), the qualified proposal for 85 per cent eligibility is likely to be endorsed.

CONCLUSION

16. Provided clear answers to the six questions have emerged, e.g. as forecast in paragraphs 10-15 above, no general summing up should be necessary. The Chancellor of the Exchequer should be asked to inform and (as necessary) consult the Committee as negotiations progress.

RA

ROBERT ARMSTRONG

11th February, 1981

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FM WARSAW 101545Z FEB

TO IMMEDIATE FCO

TELEGRAM NUMBER 104 OF 10 FEB

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

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SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI
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MY TELS 100, 101 AND 102 : PARTY PLENUM

1. THE MAIN SPEECHES AND THE RESULTS OF THE PLENUM SUGGEST A HARDER LINE BUT THEY DO NOT YET GIVE A CLEAR INDICATION OF FUTURE POLICY.
2. ON THE ONE HAND THE FACT THAT KANIA'S SPEECH IS NOT PRINTED IN TODAY'S PAPERS WHILE THOSE OF GRABSKI AND BARCIKOWSKI ARE SUGGESTS THAT HE HAS LOST IN AUTHORITY AND MAY BE ON THE WAY OUT: AND THAT THEREFORE THE CONCILIATORY APPROACH OF THE PAST FEW MONTHS MAY BE DROPPED. ON THE OTHER HAND THE NEW PRIME MINISTER, THOUGH A GENERAL WITH A BACKGROUND OF TRAINING IN MOSCOW, IS THE MAN WHO IS REPORTED TO HAVE REFUSED TO ORDER TROOPS TO OPEN FIRE IN 1970 AND 1980 AND TO HAVE AN OUTLOOK SIMILAR TO KANIA'S.
3. MY FEELING IS THAT THE POLITBURO (HARD AND SOFT ALIKE) HAVE DECIDED THAT SOLIDARITY'S APPETITE GROWS WITH EACH VICTORY AND THE POLICY OF GIVING WAY TO THEIR DEMANDS CANNOT CONTINUE INDEFINITELY. THEY ARE FACED NOT SO MUCH WITH A TRADE UNION AS WITH A VAST INCHOATE OPPOSITIONAL MOVEMENT CONDUCTING WHAT IN COLONIAL DAYS WE SHOULD HAVE CALLED A CAMPAIGN OF CIVIL DISOBEDIENCE.

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4. IF THIS IS SO THE GOVERNMENT MAY NOW BE PREPARED TO TRY TO RIDE OUT THE STRIKES AND, WHERE IT JUDGES THAT SOLIDARITY IS BEING UNREASONABLE, TO REFUSE TO NEGOTIATE FURTHER. THIS IMPLIES READINESS TO ACCEPT SHORTAGES AND BREAKDOWNS OF ESSENTIAL SERVICES OR WHERE POSSIBLE USING TROOPS TO RUN THEM. IT PROBABLY ALSO IMPLIES READINESS TO ARREST LEADING DISSIDENTS THOUGH I DOUBT IF SUCH ARRESTS ARE IMMINENT IN SPITE OF THE HARSH CONCLUSIONS OF A PRELIMINARY INVESTIGATION IN KOR PUBLISHED ON 8 FEB. FOR THIS SORT OF EVENTUALITY IT MAKES SENSE TO HAVE AS PRIME MINISTER A MAN WHO IS RESPECTED BY THE ARMED SERVICES.

5. I SHOULD BE MORE CONFIDENT OF THE ABOVE INTERPRETATION IF KANIA HAD RESIGNED AND IT MAY BE THAT THERE IS STILL DIVISION AND UNCERTAINTY AT THE TOP.

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PRIDHAM

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TO IMMEDIATE FCO

TELEGRAM NUMBER 94 OF 6 FEB

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SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI STOCKHOLM
UKMIS NEW YORK UKREP BRUSSELS

mt.

POLISH SITUATION

1. SEEN FROM HERE, NEXT WEEK WILL BE CRITICAL. THE PLENUM ON MONDAY, THE SUPREME COURT HEARING ON RURAL SOLIDARITY ON TUESDAY, AND THE SEJM SESSION ON WEDNESDAY AND THURSDAY WILL BE TURNING POINTS, ANY OF WHICH COULD PROVOKE A CRISIS AGAINST A BACKGROUND OF CONTINUING STRIKES IN SOUTHERN POLAND.

2. THE 8TH PLENUM OUGHT TO SET A DATE FOR THE 9TH PARTY CONGRESS AND APPROVE THE GUIDELINES FOR IT. BUT IT IS DOUBTFUL WHETHER, IN THE CIRCUMSTANCES, IT WILL BE ABLE TO ACHIEVE EITHER OF THESE THINGS AT LEAST WITHOUT CONSIDERABLE INTERNAL BICKERING. THE PLENUM WAS ORIGINALLY PROMISED FOR THE END OF JANUARY, AND THEN SEEMED LIKELY TO HAPPEN OVER THE WEEKEND. THE CONTINUED POSTPONEMENT SEEMS TO INDICATE ARGUMENTS WITHIN THE PARTY ABOUT THE CONGRESS GUIDELINES. IN PARTICULAR, WORK IS STILL GOING ON ON CHAPTER 1 OF THE GUIDELINES WHICH COVERS THE IDEOLOGICAL ROLE OF THE PARTY. OLSZOWSKI HAS SET HIS FACE AGAINST ANY MODIFICATION WHEREAS KANIA SEEMS TO FAVOUR THE MORE PRAGMATIC APPROACH. THE QUESTION MUST SURELY BE OF CENTRAL IMPORTANCE TO MOSCOW WHO WILL VIEW ANY WEAKENING OF THE PARTY'S ROLE IN THE COUNTRY WITH DISQUIET. IF OLSZOWSKI'S HARDLINE APPROACH SUCCEEDS, KANIA'S OWN POSITION MAY BECOME VERY WEAK AND WE COULD ENVISAGE HIS REMOVAL AT THE PLENUM.

3. IT SEEMS THAT THE AUTHORITIES WILL STAND FIRM ON THE REGISTRATION OF RURAL SOLIDARITY. WHATEVER THE REASONS FOR THIS, THE AUTHORITIES HAVE NOW MADE THIS A POINT OF PRINCIPLE, AND IF THEY WERE TO BACK DOWN, THIS WOULD LEND YET MORE ENCOURAGEMENT TO THE EXTREMIST ELEMENTS IN SOLIDARITY. IF, ON THE OTHER HAND, THEY DO NOT, THERE ARE LIKELY TO BE YET MORE STRIKES, PROBABLY COVERING A WIDER GEOGRAPHICAL AREA.

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4. THE POSTPONEMENT OF THE SEJM MEETING IS ALMOST CERTAINLY TO ALLOW THE SEJM TO RECTIFY ANY IMPORTANT CHANGES MADE BY THE PLENUM. WHETHER OR NOT KANIA GOES, WE MAY EXPECT A MINISTERIAL RESHUFFLE. THE SEJM MUST ALSO ADDRESS IMPORTANT ECONOMIC QUESTIONS SUCH AS THE BUDGET AND THE PLAN. THERE MAY BE QUESTIONS FROM INDIVIDUAL DEPUTIES AS TO WHY NO DRAFT OF THE TRADE UNION LAW HAS YET EMERGED. WE ALREADY HAVE INDICATIONS OF CROSS -PARTY DISSATISFACTION ON THE PROGRESS OF THE CENSORSHIP BILL.

5. MEANWHILE, ON THE INDUSTRIAL FRONT, THE SITUATION IS GETTING NO BETTER. NOT ONLY HAVE LOCAL BRANCHES OF SOLIDARITY TAKEN UP LOCAL CAUSES, BUT MANY HAVE ESPOUSED NATIONAL CAUSES SUCH AS THE RECENT DECREE ON STRIKE PAY. UNLESS THIS DRIFT INTO ANARCHY CAN BE HALTED SOON, IT IS DOUBTFUL WHETHER POLAND CAN BE RESTORED TO WORKING CONDITION SHORT OF EXTERNAL INTERVENTION.

FCO PLEASE PASS ALL SAVING ADDRESSEES

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TO IMMEDIATE FCO

TELEGRAM NUMBER 92 OF 6 FEB.

INFO IMMEDIATE WASHINGTON PARIS BONN UKDEL NATO MOSCOW

MOSCOW TELNO 65: POLAND

1. I FULLY AGREE THAT THE SLIDE TO ANARCHY IN POLAND IS REACHING SUCH A POINT THAT THE SOVIET UNION MAY FIND IT IMPOSSIBLE NOT TO INTERVENE.
2. AT THE SAME TIME WE MUST RECOGNISE THAT IF INVASION AND ITS CONSEQUENCES FOR THE WORLD ARE TO BE AVOIDED SOLIDARITY HAS A PART TO PLAY TOO. THERE IS AN INCREASING SECTION OF POLISH OPINION WHICH, ENCOURAGED BY PRESIDENT REAGAN'S RECENT STATEMENTS (WHICH ARE CAREFULLY REPRODUCED IN THE SOLIDARITY NEWSPAPER), WANTS TO PRESS ON AND DAMN THE CONSEQUENCES, HOPING FOR WORLD WAR III TO RESCUE POLAND, RATHER AS MANY POLES BETWEEN 1815 AND 1914 LONGED AND WORKED FOR A EUROPEAN WAR. A FURTHER PUBLIC WARNING MIGHT BE SALUTORY FOR THE RUSSIANS BUT IT WOULD ENCOURAGE THOSE POLES AT PRECISELY THE TIME WHEN MODERATION ON THEIR PART IS NEEDED.
3. I THEREFORE RECOMMEND THAT ANY SUCH WARNING SHOULD BE ACCOMPANIED BY AN INDICATION FROM THE WEST, WHICH MEANS EFFECTIVELY THE AMERICANS, THAT WHILE WE HAVE THE GREATEST SYMPATHY WITH THE ASPIRATIONS OF THE POLISH PEOPLE, IF POLAND IS TO BE SAVED THEY MUST HAVE REGARD TO POLITICAL REALITY AND NOT SEEK TO DO EVERYTHING AT ONCE.

PRIDHAM

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FM EAST BERLIN 061000Z FEB 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 23 OF 6 FEBRUARY

AND PRIORITY TO WARSAW MOSCOW UKDEL NATO

AND SAVING TO WASHINGTON BONN PARIS BUDAPEST SOFIA BELGRADE

BUCHAREST PRAGUE BMG BERLIN

MY TELNO 20: GDR PRESS COVERAGE OF POLAND

1. TODAY'S EAST GERMAN NEWSPAPERS CARRY(ON PAGE 2) ANOTHER REPORT FROM THE WARSAW CORRESPONDENT OF THE EAST GERMAN NEWS AGENCY(ADN) IN THE FORM OF A DIRECT ATTACK ON SOLIDARITY AND PARTICULARLY WALESA.
2. THE LEADERS OF SOLIDARITY ARE ACCUSED OF BEING ON A "COUNTER-REVOLUTIONARY COURSE." THE VOJEWODSHIP OF BIELSKO-BALA WAS NOW A CENTRE OF THEIR ATTACKS ON THE PARTY AND STATE POWER DIRECTED TOWARDS CAUSING ANARCHY AND CHAOS. EVERYWHERE ATTEMPTS BY RESPONSIBLE WORKERS AND FUNCTIONARIES TO RESUME WORK WERE BEING FORCIBLY FRUSTRATED. WALESA, WHO HAD TAKEN PERSONAL CHARGE OF OPERATIONS, HAD GIVEN INSTRUCTIONS TO STRENGTHEN THE OCCUPATION OF FACTORIES AND TO LAY IN FOOD STUFFS AND OTHER SUPPLIES.
3. IN ADDITION TO THE VARIOUS HARDSHIPS WHICH THE POPULATION WERE CONSEQUENTLY SUFFERING, SMEAR LITERATURE WAS BEING CIRCULATED AGAINST PARTY AND STATE FUNCTIONARIES, AND EVERY MEANS OF DEFAMATION AND BLACKMAILING PRESSURE USED, PARTLY WITH SUCCESS, TO REMOVE FROM THEIR POSITIONS PARTY MEMBERS TRUE TO SOCIALISM. ALL ACTIVITIES OF SOLIDARITY WERE DIRECTED AGAINST THE LEADING ROLE IN SOCIETY OF THE PZPR.
4. THE ARTICLE ENDS WITH EXAMPLES OF THE ECONOMIC DAMAGE SUFFERED BY POLAND AS A WHOLE FROM THE DISRUPTION IN BIELSKO-BIALA.
5. NEUES DEUTSCHLAND ALSO CARRIES A SUMMARY WITH EXTENSIVE QUOTATIONS FROM A RECENT ARTICLE IN THE POLISH ARMY NEWSPAPER ZDNIERZ WOLNOSCI ENTITLED "THE ANTI-POLISH PLAN OF THE UNITED STATES MUST FAIL", WITH ALLEGATIONS ABOUT THE ROLE OF THE CIA, RADIO FREE EUROPE ETC.
6. FCO PLEASE PASS TO ALL SAVING ADDRESSEES.
FOSTER [REPEATED AS REQUESTED]

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FM WARSAW 041200Z FEB
TO IMMEDIATE FCO
TELEGRAM NUMBER 84 OF 4 FEB
AND TO IMMEDIATE CABINET OFFICE (ASSESSMENT STAFF)

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON
UKDEL NATO MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI
STOCKHOLM UKMIS NEW YORK UKDEL BRUSSELS

M I P T

no

POLISH SITUATION

1. THOUGH I WOULD NOT WISH TO MAKE TOO MUCH OF IT AT THIS STAGE, IT IS WORTH OBSERVING THAT KANIA'S SPEECH TO THE PRE-CONGRESS COMMISSION HAS BEEN ACCORDED FAR LESS PUBLICITY THAN THAT OF OLSZOWSKI. MONDAY'S TELEVISION NEWS CARRIED A 7 OR 8 MINUTE PRECIS OF OLSZOWSKI'S REMARKS AND MENTIONED BRIEFLY THAT KANIA HAD ALSO SPOKEN; TUESDAY'S TELEVISION SIMPLY COMMENTED THAT THE CONTEXT OF KANIA'S SPEECH WOULD BE AVAILABLE IN THE PAPERS OF 4 FEBRUARY. THERE MAY BE SOME SIGNIFICANCE IN THE FACT THAT KANIA'S NOTABLY MORE MODERATE APPROACH TO SOLIDARITY AND THE QUESTIONS OF PARTY REFORM HAS RECEIVED MUCH LESS ATTENTION.

2. IT APPEARS FROM PARA 4 OF MIPT THAT OLSZOWSKI'S HARD LINE ON PARTY REFORM HAS NEVERTHELESS RUN INTO OPPOSITION AT THE PRE-CONGRESS COMMISSION.

LINE ON PARTY REFORM HAS NEVERTHELESS RUN INTO OPPOSITION AT THE PRE-CONGRESS COMMISSION.

3. THE COUNCIL OF MINISTERS DECREE LIMITING THE PAYMENT OF WAGES TO STRIKERS TO 50% OF THEIR DAILY PAY AND THEN ONLY IN CIRCUMSTANCES WHERE THE STRIKE HAS BEEN CALLED BY AN OFFICIAL UNION AT A WEEK'S NOTICE, SEEMS LIKELY TO BE TAKEN AS

PROVOCATION BY SOLIDARITY. THE DECREE CUTS ACROSS THE GDANSK AGREEMENT, WHICH STATES THAT WORKERS WILL NOT BE PENALISED FOR STRIKING. THAT PARTICULAR PROVISION HAS ALWAYS BEEN REGARDED AS TEMPORARY, BUT IT HAS BEEN HITHERTO AGREED BETWEEN THE GOVERNMENT AND THE UNIONS THAT ITS AMENDMENT SHOULD BE ENCOMPASSED IN THE FRAMEWORK OF THE DRAFT LAW ON TRADE UNIONS.

4. IN BIELSKO BIALA, THE VOIVODA AND HIS DEPUTIES HAVE NOW TENDERED THEIR RESIGNATIONS. THIS APPEARS TO BE A MAJOR VICTORY FOR THE SOLIDARITY STRIKERS IN THE REGION, BUT IT DOES NOTHING TO ENHANCE THE GOVERNMENT'S AUTHORITY. NOR IS THE GOVERNMENT'S IMAGE IMPROVED BY THE FACT THAT THE DISPUTES AT JELENIA GORA, RZESZOW AND LODZ UNIVERSITY STILL REMAIN UNRESOLVED. SOLIDARITY IN THE WROCLAW REGION HAVE ALSO ANNOUNCED THEIR READINESS TO CALL A STRIKE SHOULD THE GOVERNMENT NOT ACCEDE TO THE DEMANDS OF THE RZESZOW STRIKERS FOR THE LEGALISATION OF RURAL SOLIDARITY.

5. THERE HAS BEEN AS YET NO ANNOUNCEMENT OF A SEJM SESSION WHICH IS STILL EXPECTED FOR THE END OF THE WEEK. RUMOURS CONTINUE TO CIRCULATE TO THE EFFECT THAT THE PRIME MINISTER'S POSITION MAY BE CHALLENGED THERE. MFA VICE-MINISTER WIEJACZ ALSO TOLD ME YESTERDAY THAT THERE WOULD BE A CENTRAL COMMITTEE PLENUM ON 6 AND 7 FEBRUARY. A CHANGE OF FIRST SECRETARY SEEMS RATHER MOST LIKELY NOW THAN IT DID ON FEB 2 WHEN I SENT MY TELNO 75. WITH A FORTHCOMING MEETING OF WARSAW PACT PARTY HEADS SHORTLY DUE IN MOSCOW AT THE TIME OF THE CPSU CONGRESS THE PZPR MIGHT FEEL THAT THE TIME WAS RIGHT FOR A CHANGE OF LEADERSHIP. THIS ARGUMENT, TO JUDGE FROM THE DISCUSSION DESCRIBED IN PARA 4 OF MIPT HAS EVIDENTLY NOT YET BEEN RESOLVED. NEVERTHELESS, KANIA WILL HAVE GREAT DIFFICULTY IN DEFENDING HIS POSITION AGAINST THE CRITICISM OF THE CZECH, EAST GERMAN AND PRESUMABLY SOVIET LEADERSHIPS: THE SUBSTITUTION OF KANIA BY OLSZOWSKI MIGHT SERVE TO DEFER FOR A BIT LONGER THE INCREASING PRESSURE FOR OUTSIDE INTERVENTION.

NEVERTHELESS, KANIA WILL HAVE GREAT DIFFICULTY IN DEFENDING HIS POSITION AGAINST THE CRITICISM OF THE CZECH, EAST GERMAN AND PRESUMABLY SOVIET LEADERSHIPS: THE SUBSTITUTION OF KANIA BY OLSZOWSKI MIGHT SERVE TO DEFER FOR A BIT LONGER THE INCREASING PRESSURE FOR OUTSIDE INTERVENTION.

6. SOLIDARITY SAY THAT THEY DO NOT WISH TO OVERTURN THE GOVERNMENT, BUT IN FACT THEY ARE MAKING IT IMPOSSIBLE FOR THE GOVERNMENT TO GOVERN. IN MY TEL NO 25 I REPORTED A SOLIDARITY ADVISER I MET AS BEING NERVOUS AND GLOOMY. ANOTHER I MET ON FEB 3 STRUCK ME AS CHEERFUL, FATALISTIC AND FANATICAL, AND HOPEFUL THAT THE WEST WOULD, AS HE PUT IT, SUPPORT POLAND, BY WHICH HE MEANT THREATEN THE USSR WITH WAR IF THEY INTERVENE.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

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FM WARSAW 041200Z FEB 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 83 OF 4 FEB

AND TO IMMEDIATE CABINET OFFICE (ASSESSMENT STAFF)

*See list of commel
attached.*

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN
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SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI STOCKHOLM
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MY TELNO 81 : POLISH SITUATION

mb

1. KANIA'S SPEECH AT THE PRE-CONGRESS COMMISSION HAS
FINALLY BEEN PUBLISHED, BUT WITHOUT THE ATTENTION ON TV
GIVEN TO OLSZOWSKI'S.

2. FOLLOWING ARE THE MAIN POINTS:

- (I) THE ECONOMIC SITUATION IS SIGNIFICANTLY WORSE THAN
IT WAS A MONTH AGO, DUE IN LARGE PART TO THE AFFECT OF STRIKES.
- (II) OUR MAIN TASK IS THEREFORE TO SET THE ECONOMY TO RIGHTS.
- (III) THE PARTY'S ROLE MAKES IT RESPONSIBLE FOR GETTING
POLAND WOUT OF THE CRISIS BY REBUILDING SOCIALISM. BUT
WE MUST REALISE THAT WE HAVE ANARCHIST ELEMENTS TO CONTEND
WITH AND THAT THE TRADE UNION MOVEMENT IS ACTING BEYOND ITS
STATUTES.
- (IV) TOGETHER WITH THE PEASANT PARTY WE MUST FORM THE
CONDITIONS FOR GENUINE PEASANT SELF-GOVERNMENT.
- (V) THE SITUATION IN THE PARTY IS THE KEY TO THE WAY OUT
OF THIS CRISIS. THE PARTY MUST BE CLOSER TO THE PEOPLE.
IT MUST HELP THE BRANCH UNIONS DEVELOP LINKS WITH THE
WORKING-CLASS. SOLIDARITY IS ALSO IMPORTANT AS A MASS
MOVEMENT BUT MUST NOT DEVELOP INTO AN OPPOSITION PARTY.
- (VI) THERE ARE ALSO THOSE IN THE PARTY WHO DO NOT REALISE
THAT THE SITUATION HAS CHANGED AND THAT WE MUST ADAPT TO IT.
WE SHOULD WORK WITH SOLIDARITY TO MAKE IT A PROPERLY
SOCIALIST ORGANISATION.

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3. KANIA'S SPEECH INCLUDES TOUCHES OF FIRMNESS - ESPECIALLY IN ITS OPPOSITION TO RURAL SOLIDARITY IN (IV) AND ITS REMARKS ABOUT THE ROLE OF SOLIDARITY IN (V). BUT COMPARED TO OLSZOWSKI, THE LINE TAKEN IS CONCILIATORY. HE LEAVES OPEN THE THREE QUESTIONS REFERRED TO BY OLSZOWSKI IN PARA 3 OF MY TUR. AND HE STRESSES THE IMPORTANCE OF THE ODNOWA AND THE NEED FOR A NEW APPROACH.

4. YESTERDAY, MEANWHILE, THERE WAS A MEETING OF WORKING GROUP NUMBER 1 OF THE PRE-CONGRESS COMMISSION (SEE HARRISON'S LETTER TO FACEY OF 29 DECEMBER) , TO CONSIDER CHANGES IN THE PARTY STATUTES. THE TERSE PRESS REPORT INDICATED THAT FURTHER DISCUSSION WAS NECESSARY.

5. SEE M I F T

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

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TO IMMEDIATE FCO

TELEGRAM NUMBER 20 OF 3 FEBRUARY

AND TO PRIORITY WARSAW MOSCOW UKDEL NATO

AND TO SAVING WASHINGTON BONN PARIS BUDAPEST SOFIA BELGRADE

BUCHAREST PRAGUE BMG BERLIN

The furme is increasing steadily.

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EAST BERLIN'S TELNO 17: GDR PRESS COVERAGE OF POLAND

1. EAST GERMAN PAPERS TODAY CARRY A VICIOUSLY WORDED REPORT -DIATRIBE WOULD BE A FAIR DESCRIPTION-FROM THE WARSAW CORR-ESPONDENT UNDER THE HEADLINE''SOLIDARITY PROVOKES CHAOS AND ANARCHY''. IT IS THE FIRST ORIGINALLY WORDED GDR PRESS COMMENT ON POLAND SINCE THE CRISIS BEGAN: UP TO NOW COVERAGE HAS CONSISTED OF QUOTATIONS FROM POLISH, SOVIET AND OTHER EAST EUROPEAN SOURCES.

2. ACCORDING TO THE REPORT'' TENSIONS IN THE COUNTRY HAVE INCREASED DANGEROUSLY, THE SITUATION HAS WORSENED CATASTROPHICALLY. THE LEADERS OF SOLIDARITY ARE PROVOKING INCREASED CHAOS AND ANARCHY FROM DAY TO DAY... IN CONCERT WITH THE RINGLEADERS OF THE ANTI-SOCIALIST GROUP KOR, THESE PEOPLE HAVE WRITTEN COUNTER-REVOLUTION ON THEIR BANNERS.'' THEIR TACTICS WERE FIRST TO ESTABLISH OPPOSITION ORGANISATIONS TO DIMINISH THE INFLUENCE OF THE POLISH PARTY, AND THEN TO BRING ABOUT ''A FULL EROSION OF SOCIALISM, ESPECIALLY THE ELIMINATION OF THE PARTY FROM SOCIAL AND POLITICAL LIFE... AGAINST THE NATIONAL INTERESTS OF POLAND AND ITS INTERNATIONALIST OBLIGATIONS.''

3. THE INDICTMENT GOES ON TO LIST THE PRACTICAL RESULTS OF SOLIDARITY'S ACTIVITIES: SEVERE DISRUPTION IN PRODUCTION AND TRANSPORT, DRAMATIC DECLINE IN SUPPLIES AND SERVICES, EMPTY SHELVES IN THE SHOPS, THE COUNTRY'S NEAR INSOLVENCY. AS A RESULT EXPORTS TO OTHER SOCIALIST COUNTRIES, INCLUDING THE GDR, HAD DECLINED AND THE FULFILMENT OF THE PROGRAMME OF SOCIALIST INTEGRATION HAD BEEN DISRUPTED.

4. THE REPORT ALSO ALLEGES THAT RESPONSIBLE WORKERS TRYING TO DO THEIR DUTY WERE BEING INTIMIDATED BY SOLIDARITY AND EVEN SUBJECTED TO VIOLENCE. SOLIDARITY'S CLOSE LINKS TO WESTERN CIRCLES HOSTILE TO PEACE AND DETENTE WERE EVIDENT. FOREIGN CORRESPONDENTS SERVED TO KEEP THE MOVEMENT IN CONTACT WITH COUNTER-REVOLUTIONARY CENTRES IN THE WEST.

5. FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

FOSTER

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FM MOSCOW 021200Z FEB 81

TO ROUTINE F C O

TELEGRAM NUMBER 54 OF 2ND FEBRUARY

AND TO WARSAW UKDEL NATO WASHINGTON AND

INFO SAVING BUDAPEST BUCHAREST SOFIA EAST BERLIN AND PRAGUE

BELGRADE PARIS BONN AND HELSINKI.

MY TELNO 52: POLAND.

1. THE SOVIET PRESS HAS CONTINUED TO PRESENT A DISQUIETING PICTURE OF THE SITUATION IN POLAND. IZVESTIA OF 31 JANUARY INCLUDED A HARSHLY WORDED FOLLOW-UP TO THE TASS PIECE OF 30 JANUARY (MY TELNO 51) ACCUSING THE LEADERS OF SOLIDARITY OF PURSUING A COURSE OF CONFRONTATION. POLISH PUBLIC OPINION WAS BECOMING INCREASINGLY DISTURBED AT THIS COURSE AND FELT IT WAS TIME TO HAVE DONE WITH THE ATMOSPHERE OF CHAOS. THE DIVISION BETWEEN THOSE WHO WERE TRULY CONCERNED WITH THE WELFARE OF POLAND AND HERE PEOPLE AND THOSE WHO WENT IN FOR DEMAGOGY WAS BECOMING MORE AND MORE EVIDENT, WITH THE LATTER "REVEALING THEIR ANTI-SOCIALIST FACES EVER MORE CLEARLY." THE SOVIET PRESS HAS ALSO REPORTED A REMINDER ISSUED BY THE POLISH PROCURACY-GENERAL THAT THOSE WHO BROKE THE LAW, FOR EXAMPLE BY SEIZING PUBLIC BUILDINGS, WERE LIABLE TO PUNISHMENT, INCLUDING LONG TERMS OF IMPRISONMENT.

2. THE AGREEMENT BETWEEN SOLIDARITY AND THE GOVERNMENT REACHED ON 30 JANUARY HAS BEEN GIVEN ONLY CURSORY MENTION. PRAVDA OF 2 FEBRUARY REPORTED THAT DESPITE THIS AGREEMENT A NUMBER OF MEMBERS OF SOLIDARITY WERE STILL SUBVERTING STABILITY IN THE COUNTRY AND CONTINUING TO STRIKE. THE OBJECT OF THE PROPOSAL TO SET UP RURAL SOLIDARITY WAS TO SPLIT THE PEASANTS, DISRUPT THE SUPPLY OF PRODUCE TO THE TOWNS AND DEEPEN THE ALREADY COMPLICATED AGRICULTURAL SITUATION WHILE STILL FURTHER EXACERBATING POLAND'S GENERAL ECONOMIC PLIGHT.

FCO PASS SAVING TO BUDAPEST BUCHAREST SOFIA EAST BERLIN PRAGUE
BELGRADE PARIS BONN HELSINKI.

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FM WARSAW 021530Z FEB

TO IMMEDIATE FCO

TELEGRAM NUMBER 76 OF 2 FEB

AND TO IMMEDIATE CABINET OFFICE (ASSESSEMENT STAFF)

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SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI
STOCKHOLM UKMIS NEW YORK UKDEL BRUSSELS

MIPT (attached)

POLISH SITUATION

1. THE MEASURE OF AGREEMENT REACHED BETWEEN THE GOVERNMENT AND SOLIDARITY IS MUCH MORE A VICTORY FOR THE LATTER THAN THE FORMER. WHILE THERE ARE ELEMENTS OF COMPROMISE, THEY WERE REACHED UNDER THREAT OF STRIKES AND SOLIDARITY PROMISES TO PURSUE ITS AIMS WITH THE SAME SUCCESSFUL TACTICS.

2. THE SITUATION REMAINS PRETTY TENSE. WITH THE SETTLEMENT, FOR THE MOMENT, OF THE DISPUTES ABOUT FREE SATURDAYS AND ACCESS TO THE MEDIA, THERE REMAIN TWO IMPORTANT ISSUES

ACCESS TO THE MEDIA, THERE REMAIN TWO IMPORTANT ISSUES TO THE FORE (WITH OTHERS OF COURSE IN THE BACKGROUND). THE DESIRE OF THE PEASANTS TO REGISTER AS A TRADE UNION (IN EFFECT TO JOIN SOLIDARITY) AND SOLIDARITY'S APPARENT WISH TO HAVE A VETO ON CERTAIN GOVERNMENT APPOINTMENTS. THESE PROBLEMS ARE COMPOUNDED BY THE FACT THAT SOLIDARITY HAS LOST CONTROL OF SOME OF ITS PROVINCIAL BRANCHES.

3. THE GOVERNMENT HAVE A GOOD TECHNICAL CASE FOR SAYING THAT THE PRIVILEGES OF A TRADE UNION ARE NOT APPROPRIATE TO FARM PROPRIETORS AND THAT THE RURAL "CIRCLES" GIVE THE PEASANTS MOST OF WHAT THEY NEED. BUT THIS IS ESSENTIALLY A MATTER OF POLITICS AND CONFIDENCE. THE PEASANTS WANT TO JOIN SOLIDARITY BECAUSE THEY DO NOT TRUST THE GOVERNMENT TO GIVE THEM A SQUARE DEAL WITHOUT THE PRESSURE THAT SOLIDARITY CAN EXERT. THE GOVERNMENT DO NOT WANT THEM TO JOIN BECAUSE THEY WILL REPRESENT A NEW AND LARGELY CONSERVATIVE ELEMENT OF PRESSURE WITHIN THE UNION. MOREOVER, WHILE THEY HAVE OBTAINED SOVIET CLEARANCE FOR URBAN SOLIDARITY, THEY PROBABLY HAVE NOT DONE SO FOR THE RURAL VARIETY.

4. WHEN I TOOK MARK BONHAM CARTER TO CALL ON THE MARSHALL OF THE SEJM HE SPOKE OF SOLIDARITY'S ATTEMPTS TO HAVE A SAY IN APPOINTMENTS SUCH AS THOSE OF PROVINCIAL GOVERNORS (WOJEWODAS) AND CHAIRMEN OF PROVINCIAL COUNCILS AND PROBABLY LOWER DOWN THE LINE. THIS MAY NOT BE A FORMAL DEMAND OF SOLIDARITY BUT IS EVIDENTLY CAUSING MUCH UNREST IN THE COUNTRY, AND THE STRIKES AT BIELSKO-BIALA IN THE SOUTH ARE ESSENTIALLY ABOUT SUCH MATTERS. IN ADDITION THE MAJOR SIT-IN AT LODZ UNIVERSITY CONTINUES AND MAY SPREAD.

5. ONCE AGAIN A FURTHER BREATHING-SPACE HAS BEEN OBTAINED ITS LENGTH DEPENDING IMMEDIATELY ON THE OUTCOME OF THE DISPUTE OVER RURAL SOLIDARITY. FOR THE SLIGHTLY LONGER TERM THE PROBLEMS ARE THE PRESSURE OF THE ACTIVIST WING OF SOLIDARITY WHICH DOES NOT WANT TO ABANDON THE HEADY EXCITEMENTS OF ADVANCE, STRIKE AND CONFRONTATION FOR THE ROUTINE WORK OF A TRADE UNION. AND THE UNWILLINGNESS OF THE PARTY TO ABANDON THE HABITS OF COMMAND FOR THOSE OF PERSUASION. THEY ARE SO USED TO HANDING DOWN DECISIONS THAT THEY CANNOT CONCEIVE OF POWER COMING UP TO THEM FROM BELOW.

IT IS NOT FAIR HOWEVER TO ATTRIBUTE ALL THEIR OBSTRUCTIONISM TO HABIT AND DESIRE TO HOLD ON TO OFFICE. THE FLEXIBILITY WHICH CRITICS SUGGEST THEY SHOULD HAVE MAY STILL BE IMPOSSIBLE IN TERMS OF PRESERVING THE SYSTEM AND THUS

IMPOSSIBLE IN TERMS OF PRESERVING THE SYSTEM AND THUS THE INDEPENDENCE OF THE COUNTRY. IT IS CLEAR HOWEVER THAT THE PARTY CONGRESS DUE IN MARCH/APRIL WILL BE POSTPONED. A RIGGED CONGRESS IS NOW PROBABLY NOT POSSIBLE, WHILE AN UNRIGGED ONE IS STILL TOO DANGEROUS. SO MANY DELEGATES WOULD BE SOLIDARITY MEMBERS. BUT IF THE PARTY DELAY TOO LONG THEY MAY LOSE FURTHER CREDIBILITY, SINCE SOLIDARITY WILL FAIRLY SOON COMPLETE ITS ELECTIONS AND WILL THEN BE ABLE TO CLAIM THAT IT REPRESENTS 10 MILLION PEOPLE AGAINST A PARTY STILL CONSTITUTED UNDER THE OLD RIGGED ELECTIONS.

6. IF DISASTER IS TO BE AVOIDED THE REGIME MUST FIND SOME WAY OF GIVING THE MODERATE ELEMENTS SOLIDARY A GREATER ROLE IN GOVERNMENT; AND THE LATTER MUST FOR THEIR PART FIND A WAY OF ACCEPTING. APART FROM ANYTHING ELSE IT IS DIFFICULT TO SEE HOW EFFECTIVE ECONOMIC REFORM CAN PROCEED WITHOUT SOME RENEGOTIATION OF THE GDANSK AGREEMENTS; AND FOR THAT CONFIDENCE IS ESSENTIAL. THE PRESENT COURSE IF MAINTAINED MUST LEAD TO COLLISION.

THE NEXT WEEK

7. IN CONVERSATION OVER THE WEEKEND WITH PARTY STALWARTS, INDEPENDENTS AND ONE SOLIDARITY ADVISER, I HAVE FOUND A GOOD DEAL OF NERVOUSNESS AND GLOOM. IN SPITE OF PINKOWSKI'S SUCCESS IN AVERTING A STRIKE ON 3 FEBRUARY, GOVERNMENT CHANGES ARE ON THE CARDS AT THIS WEEK'S MEETING OF THE SEJM. THE RUSSIANS MAY BE PRESSING FOR A HARDER LINE AND A NEW MAN (MOSCOW TELEGRAM NO 52). THE TROUBLE IS THAT A HARDER LINE AND USE OF POLISH FORCE MAY SO EASILY LEAD TO PHYSICAL CLASHES FOLLOWED BY SOVIET INTERVENTION. I AM INCLINED TO THINK THAT KANIA WILL SURVIVE FOR THE MOMENT. BUT IF THE GOING GETS STILL ROUGHER I WOULD NOT EXCLUDE MOCZAR TAKING OVER ON A TICKET OF NATIONAL UNITY.

TAILPIECE

8. FOR WHAT IT IS WORTH, GOMULKA NOW AGED 76 TOLD STAREWICZ (FORMER AMBASSADOR IN LONDON) THAT HE RATHER THOUGHT THE RUSSIANS WOULD INTERVENE.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

BT

POLAND:

ADVANCE COPIES

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IMMEDIATE

PS/LPS
PS/MR BLAKER
PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR P H. MOBERLY

D/B 021600Z
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DESKBY 021600Z FEB

FM WARSAW 021415Z FEB

TO IMMEDIATE FCO

TELEGRAM NUMBER 75 OF 2 FEB

AND TO CABINET OFFICE (ASSESSMENT STAFF)

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON
UKDEL NATO MODUK

SAVING TO BUDAPEST BUCHAREST BELGRADE HELSINKI STOCKHOLM
UKMIS NEW YORK UKDEL BRUSSELS

MY TELNO 23: POLISH SITUATION

1. SOLIDARITY'S NATIONAL COORDINATING COMMISSION (NCC)
MET ON 1 FEBRUARY TO DISCUSS THE AGREEMENT REACHED BETWEEN
WALESA AND THE GOVERNMENT ON 31 JANUARY.

2. THE NCC DESCRIBED THE AGREEMENT AS REMAINING FAR FROM
THE FULFILMENT OF SOCIETY'S EXPECTATIONS. IT WAS NEVERTHELESS

2. THE NCC DESCRIBED THE AGREEMENT AS REMAINING FAR FROM THE FULFILMENT OF SOCIETY'S EXPECTATIONS. IT WAS NEVERTHELESS A STEP IN THE RIGHT DIRECTION, AND AS A RESULT THE GENERAL STRIKE CALLED FOR 3 FEBRUARY HAS BEEN CANCELLED.

3. THE NCC AGREED ON FURTHER ACTION IN PURSUIT OF THE FOLLOWING GOALS:

-A. SHORTENING OF WORKING HOURS.

EARLIEST POSSIBLE EXTENSION OF THE JASTRZEBIE AGREEMENT TO THE WHOLE OF POLAND: EARLY LEGISLATION OF THE RIGHT TO A 5-DAY WEEK: INTRODUCTION OF THE TIMETABLE OF SATURDAY WORKING FOR 1981 IN CONSULTATION WITH THE UNION AT FACTORY LEVEL.

B. ACCESS TO THE MASS MEDIA.

SOLIDARITY WILL DEMAND A REGULAR SLOT FOR THEIR WEEKLY RADIO AND TELEVISION PROGRAMMES: THEY WILL CREATE EDITORIAL TEAMS AT THE NCC AND LOCAL LEVELS FOR NEGOTIATION WITH THE RADIO AND TELEVISION AUTHORITIES: FURTHER NEGOTIATION IS REQUIRED WITH THE AUTHORITIES ON DETAILED ASPECTS OF THIS SUBJECT.

C. RURAL SOLIDARITY.

THE NCC PROMISES TO MAINTAIN FULL SUPPORT FOR REGISTRATION OF RURAL SOLIDARITY: IT RECOMMENDS THAT RURAL SOLIDARITY SHOULD FORM ITS OWN NATIONAL COORDINATING COMMISSION WITH REGIONAL SUBORDINATES SIMILAR TO THOSE OF SOLIDARITY: THE NCC WILL SUPPORT THESE ORGANS: THE NCC WILL UNDERTAKE A PROPAGANDA CAMPAIGN FOR POLISH RATIFICATION OF CONVENTION 147 OF THE ILO, WHICH DEALS WITH AGRICULTURAL TRADE UNIONS, AND FOR THE ESTABLISHMENT OF THE LEGAL CONDITIONS FOR THE REGISTRATION OF RURAL SOLIDARITY: THE NCC RECOMMENDS THAT ITS REPRESENTATIVES IN RZESZOW SHOULD PARTICIPATE IN TALKS BETWEEN THE STRIKE COMMITTEE AND THE GOVERNMENT COMMISSION: ANY ATTACK ON RURAL TRADE UNIONS WILL BE TREATED AS AN ATTACK ON SOLIDARITY.

4. A FURTHER POINT MADE BY SOLIDARITY IN CONNECTION WITH THEIR ACCEPTANCE, ON ECONOMIC GROUNDS, OF THE NEED FOR SOME SATURDAY WORKING IN 1981, IS A DEMAND FOR CLEARER AND

4. A FURTHER POINT MADE BY SOLIDERTY IN CONNECTION WITH THEIR ACCEPTANCE, ON ECONOMIC GROUNDS, OF THE NEED FOR SOME SATURDAY WORKING IN 1981, IS A DEMAND FOR CLEARER AND MORE DETAILED INFORMATION ABOUT THE ECONOMY AND THE RIGHT TO PARTICIPATE IN PUBLIC DISCUSSION OF ECONOMIC REFORM.

THE PARTY

5. THERE WAS A MEETING OF THE PRE-CONGRESS COMMISSION ON 31 JANUARY, CHAIRED BY KANIA. BUT THE GUIDELINES HAVE STILL NOT YET EMERGED. SO IT SEEMS VERY UNLIKELY THAT THE IX CONGRESS CAN TAKE PLACE MUCH BEFORE MAY, AND, RUMOURS ARE ALREADY CIRCULATING THAT IT WILL BE IN JUNE OR LATER.

6. WE HAVE ALSO HEARD A RUMOUR THAT REFORMIST ELEMENTS WITHIN THE PARTY HAVE BEEN ORGANISING THEMSELVES ON A LOCAL AND REGIONAL BASIS, AND ARE TO HOLD A MEETING AT TORUN.

7. A MAJOR PURGE OF THE PARTY IS TAKING PLACE IN KRAKOW: THE LOCAL COMMITTEE AND THE MILICJA ARE INVESTIGATING A NUMBER OF PAST SCANDALS. BARSZCZ, THE FORMER MAYOR AND MINISTER OF THE BUILDING INDUSTRY, HAS BEEN EXPELLED FROM THE PARTY, ALONG WITH SEVERAL OTHERS.

8. ALL THE ABOVE INDICATES THE VERY CONSIDERABLE DISARRAY IN WHICH THE PARTY NOW FINDS ITSELF.

THE CHURCH

9. THE CHURCH HAS STAYED SILENT THROUGHOUT THE RECENT CONFLICT THE BISHOP OF PRZEMYSL, HAS GIVEN SUPPORT TO THE FARMERS IN RZESZOW WHO ARE SITTING - IN IN FAVOUR OF THE REGISTRATION OF RURAL SOLIDARITY. THERE IS TO BE AN EXTRAORDINARY MEETING OF THE MAIN COUNCIL OF THE EPISCOPATE NEXT WEEK (IN ADVANCE OF THE NEXT EPISCOPAL CONFERENCE IN MARCH). IT IS REASONABLE TO ASSUME THAT THIS HAS BEEN CALLED TO DISCUSS THE CHURCH'S LINE IN

THE CURRENT CRISIS.

THE PRESS AND CENSORSHIP

10. THE AGREEMENT REACHED OVER THE WEEKEND MAY AFFECT THE BILL ON CENSORSHIP WHICH SHOULD REACH THE SEJM THIS WEEK.

BAFIA. THE MINISTER OF JUSTICE HAS

THE PRESS AND CENSORSHIP

10. THE AGREEMENT REACHED OVER THE WEEKEND MAY AFFECT THE BILL ON CENSORSHIP WHICH SHOULD REACH THE SEJM THIS WEEK. BAFIA, THE MINISTER OF JUSTICE, WAS INTERVIEWED FOR SATURDAY'S EDITION OF TRYBUNA LUDU. HE REVIEWED THE PROGRESS OF DISCUSSIONS ON THE NEW CENSORSHIP BILL BUT STRESSED THAT ITS AUTHOR MUST BE THE GOVERNMENT. THIS CLEARLY REJECTED THE ALTERNATIVE DRAFT PUT UP BY THE WRITER'S UNION. BUT HE INDICATED THAT THE GOVERNMENT DRAFT HAD UNDERGONE CONSIDERABLE REVISION.

ECONOMY

11. THE ECONOMY HAS HAD ANOTHER BAD WEEK. THE PRESIDENT OF THE GOVERNMENT STATISTICAL OFFICE HAS REVEALED THAT NATIONAL INCOME FOR 1980 WAS 4% (AND NOT 3% AS WIDELY PREDICTED) DOWN ON 1979, ITSELF 2% DOWN ON 1978, WITH INDUSTRIAL PRODUCTION DOWN 3%, THE CONSTRUCTION SECTOR DOWN 10% AND AGRICULTURE DOWN 15%. JANUARY'S ECONOMIC PERFORMANCE IS LIKELY TO BE EVEN WORSE WITH INDUSTRIAL UNREST, SHORTAGE OF RAW MATERIALS AND ENERGY PROBLEMS TAKING THEIR TOLL. DEPUTY PRIME MINISTER MACH CONFIRMED LAST WEEK THAT INDUSTRIAL PRODUCTION IN THE FIRST 20 DAYS OF JANUARY WAS RUNNING AT 50% OF JANUARY 1980'S PERFORMANCE AND ALL OUR REGULAR CONTACTS ARE MUCH MORE PESSIMISTIC THAT WE HAVE SEEN THEM. COAL, POLAND'S LARGEST HARD CURRENCY EXPORT-EARNER, LOOKS LIKE BEING 2 MILLION TONS SHORT OF TARGET IN JANUARY, ACCORDING TO THE SEJM COMMITTEE, AND FIGURES FOR FIRST 4 SATURDAYS, WHICH MUST REALISE AN AVERAGE OF 480,000 TONS IN WINTER MONTHS TO PRODUCE ENOUGH COAL TO KEEP EXPORT MARKETS RUNNING, WERE 132,000; 99,000, 120,000 AND 190,000 TONS. THE BEGINNING OF MEAT AND FAT RATIONING HAS BEEN POSTPONED FOR ANOTHER MONTH WITH THE GOVERNMENT FEEBLY BLAMING SOLIDARITY FOR THE DELAY, WHICH IS MORE LIKELY TO BE CAUSED BY LACK OF ADEQUATE SUPPLIES. PROGRESS ON DRAFTING LAWS TO CARRY OUT ASPECTS OF THE "LARGE" ECONOMIC REFORM HAS BEEN MADE BUT DIFFICULTIES OVER THE IMPLEMENTATION OF THE "SMALL" REFORM ARE REPORTED.

12. CONSIDERABLY DELAYS ARE BEING EXPERIENCED IN THE SUPPLY OF MUCH-NEEDED FOOD, PARTICULARLY BUTTER, MEAT AND SUGAR, UNDER THE COMMUNITY FOOD PACKAGE. THE BULK OF FOOD SUPPLIES WILL NOT BE HERE BEFORE THE END OF FEBRUARY AND

12. CONSIDERABLY DELAYS ARE BEING EXPERIENCED IN THE SUPPLY OF MUCH-NEEDED FOOD, PARTICULARLY BUTTER, MEAT AND SUGAR, UNDER THE COMMUNITY FOOD PACKAGE. THE BULK OF FOOD SUPPLIES WILL NOT BE HERE BEFORE THE END OF FEBRUARY AND

POSSIBLY MARCH. AN INTERESTING EXCHANGE OF CORRESPONDENCE IN LOCAL PAPERS ON THE ADVANTAGES AND DISADVANTAGES OF A MORATORIUM SUGGEST THAT THE GOVERNMENT IS SOUNDING OUT PUBLIC OPINION.

13. FOR COMMENT SEE MIFT

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MR FERGUSSON
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MR P H MOBERLY

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FM WARSAW 301200Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 71 OF 30 JAN

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO MODUK

mb

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI
STOCKHOLM UKMIS NEW YORK UKDEL BRUSSELS

MY TELNO 69

1. THE GOVERNMENT ANNOUNCED LAST NIGHT THAT STRIKES WERE CONTINUING
OVER THE COUNTRY IN SPITE OF ITS OWN EFFORTS AND THE APPEAL
OF THE CENTRAL COMMISSION OF SOLIDARITY. IT MIGHT
THEREFORE HAVE TO FULFIL ITS RESPONSIBILITIES UNDER THE
CONSTITUTION AND TAKE STEPS TO RESTORE THE NORMAL
CONDITIONS OF LIFE. STRIKES OF VARIOUS KINDS ARE OFFICIALLY
REPORTED IN HALF A DOZEN AREAS AN NO DOUBT THERE
ARE MORE. IN SPITE OF WALESAS VISIT TO RZESZOW, THE SIT-IN
THERE BY PEASANT FARMERS CONTINUES, BUT TALKS ABOUT ENDING
IT ARE DUE TODAY IN WARSAW.

2. NOONE QUITE KNOWS WHAT THE GOVERNMENT STATEMENT
PORTENDS PROBABLY A READINESS TO DECLARE A STATE OF
EMERGENCY. IT IS HOPED THAT THERE MAY BE TALKS BETWEEN
THE GOVERNMENT AND SOLIDARITY TOMORROW ABOUT FREE SATURDAYS,
IF SUCCESSFUL COULD LEAD TO A CALLING OFF OF THE

THE GOVERNMENT AND SOLIDARITY TOMORROW ABOUT FREE SATURDAYS, WHICH, IF SUCCESSFUL, COULD LEAD TO A CALLING OFF OF THE PROJECTED SHORT GENERAL STRIKE NEXT WEEK. A PARTY PLENUM IS ALSO EXPECTED THIS WEEKEND WHILE RUMOURS GROW THAT THE PRIME MINISTER IS ON HIS WAY OUT.

3. THE GOVERNMENT HAVE PUBLISHED A DETAILED REVIEW OF IMPLEMENTATION OF THE GDANSK AGREEMENTS, WHICH THOUGH SOMEWHAT DISINGENUOUS DOES NOT READ TOO BADLY. BUT IN A TV DEBATE ON FREE SATURDAYS A SOLIDARITY TRIO

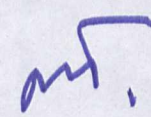
OF YOUNG ACTIVISTS WIPED THE FLOOR WITH THE GOVERNMENT TEAM OF TIRED CIVIL SERVANTS. THE INSTINCTS OF MOST PEOPLE, SO FAR AS I CAN JUDGE, ARE TO FAVOUR SOLIDARITY AGAINST THE GOVERNMENT WHILE ADMITTING THAT THERE IS AN ECONOMIC CRISIS WHICH NEEDS FIRM HANDLING. THERE IS A CRY FOR LEADERSHIP AND REAL GOVERNMENT BUT NOT MUCH DISPOSITION TO ACCEPT THAT THIS MUST MEAN REJECTING MANY OF SOLIDARITY'S DEMANDS. IT IS NOW CLEAR THAT PINKOWSKI WAS A BAD CHOICE FOR PRIME MINISTER: HE LACKS CHARISMA AND THE POWER TO IMPOSE HIS WILL OR GIVE DIRECTION LOWER DOWN. BUT HE IS OPERATING WITHIN A DIVIDED POLITBURO. IT IS PROBABLE THAT KANIA AND BARCIKOWSKI REPRESENT THE "LIBERAL" ELEMENT AND OLSZOWSKI, MOCZAR AND GRABSKI THE "HARD-LINERS". BUT AS EVER THESE LABELS ARE MISLEADING AND INDIVIDUALS CAN BE HARD OR SOFT ACCORDING TO THE ISSUE. THE DIVISIONS AT THE TOP ARE A NATURAL RESULT OF A GROUP OF MEN OF PROBABLY MEDIOCRE ABILITIES GRAPPLING WITH UNPRECEDENTED PROBLEMS OUTSIDE THEIR EXPERIENCE AND LACKING A LEADER OF REAL STATURE. THERE IS NO GOMULKA OR EVEN A GIEREK IN SIGHT.

4. MEANWHILE SOLIDARITY ITSELF IS DIVIDED AND WALESA'S AUTHORITY APPEARS TO BE WANING. THERE IS CERTAINLY AN ELEMENT IN SOLIDARITY WHICH IS NOT INTERESTED IN ACCOMMODATION WITH THE GOVERNMENT AND WHICH WILL FOLLOW EACH CONCESSION WITH FURTHER DEMANDS

5. THE SITUATION TODAY IS THAT EVEN THAT MEASURE OF AUTHORITY WHICH THE GOVERNMENT HAD A FEW WEEKS AGO IS SLIPPING FROM IT. THE ECONOMY IS LURCHING TILL FURTHER

5. THE SITUATION TODAY IS THAT EVEN THAT MEASURE OF AUTHORITY WHICH THE GOVERNMENT HAD A FEW WEEKS AGO IS SLIPPING FROM IT. THE ECONOMY IS LURCHING STILL FURTHER WITH PRODUCTION IN JANUARY ABOUT 50% OF JANUARY 1979 AND COAL SUPPLIES TO POWER STATIONS RUNNING LOW. THE MORALE OF THOSE WHO ACTUALLY TO TO RUN THINGS, THAT IS THE MUCH ABUSED MIDDLE-MANAGEMENT , IS POOR.

6. THE NEXT 2 WEEKS MAY BE A CRUCIAL TIME. A CHANGE OF PRIME MINISTER TO, SAY, BARCIKOWSKI MAY RETRIEVE THE SITUATION OF THE TIME BEING GIVING AT LEAST AN APPEARANCE OF FRESH POLICIES AND FRESH ATTEMPTS TO COOPERATE WITH SOLIDARITY. IF HOWEVER OLSZOWSKI WERE TO TAKE OVER, THAT WOULD BE AN INDICATION OF READINESS TO ACCEPT CONFRONTATION WITH THE UNIONS AND I WOULD EXPECT CLASHES. IF PINKOWSKI STAYS AND NO AGREEMENT IS REACHED WITH SOLIDARITY THIS WEEKEND, DECLARATION OF A STATE OF EMERGENCY IS FAIRLY LIKELY. THE CHURCH HAS KEPT SILENT OVER THE PAST FEW WEEKS AND PERHAPS THE BEST HOPE OF PRESERVING UNEASY CALM IS THE NEAR-CERTAINTY THAT IT WILL THROW ITS WEIGHT ON THE SIDE OF MODERATION.



FCO PLEASE PASS SAVING SOFIA BUDAPEST BUCHAREST BELGRADE
HELSINKI STOCKHOLM UKMIS NEW YORK UKDEL BRUSSELS

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FM FCO 291800Z JAN 81

TO PRIORITY WARSAW

TELEGRAM NUMBER 54 OF 29 JANUARY

INFO ROUTINE MOSCOW, PRAGUE, BUDAPEST, EAST BERLIN

SAVING BUCHAREST, SOFIA, BELGRADE, WASHINGTON, PARIS, BONN,

UKMIS NEW YORK, STOCKHOLM, HELSINKI

POLAND.

1. THE POLISH AMBASSADOR CALLED AGAIN ON BULLARD ON 29 JANUARY. HE DESCRIBED THE INTERNAL SCENE AS UNPREDICTABLE.

THE CHANCE OF AVOIDING DISASTER DEPENDED ON THE MODERATES IN THE PARTY AND IN SOLIDARITY COOPERATING WITH EACH OTHER AGAINST THE EXTREMISTS ON BOTH SIDES. THIS WAS NOT HAPPENING.

ARRESTS OR POLICE ACTION WOULD NOT HELP. HE SPECULATED ABOUT THE POSSIBILITY OF WOMEN PLAYING THE ROLE THAT THEY DID DURING THE WAVE OF BRITISH STRIKES IN 1978/79, DEMANDING A RETURN TO WORK AND MAKING STRIKERS LOOK RIDICULOUS.

2. BISZTYGA SAID THAT THE PARTY CONGRESS COULD NOT BE POSTPONED FOR MORE THAN ONE OR TWO MONTHS. THE SITUATION WITHIN THE PARTY WAS EXTREMELY DANGEROUS AND COULD LEAD TO A REVOLT BY YOUNGER PARTY MEMBERS WHICH WOULD SWEEP AWAY THE PRESENT LEADERSHIP.

3. BISZTYGA SPOKE OF THE PATIENCE OF POLAND'S NEIGHBOURS, WHICH HE DESCRIBED AS STARTING TO RUN SHORT. KANIA HAD GIVEN COMMITMENTS AT THE MOSCOW SUMMIT AND HAD BEEN MADE AWARE THAT THE TIME FOR THEIR FULFILMENT WAS LIMITED. BISZTYGA PERSONALLY REGARDED THE RE-IMPOSITION OF TIGHT PARTY AUTHORITY AS NECESSARY AND WOULD HIMSELF SUPPORT IT. HE APPROVED OF GISCARD'S REMARKS ABOUT THE NEED FOR A GREAT EFFORT BY THE POLISH PEOPLE.

CARRINGTON

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Poland.

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FM WARSAW 271430Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 62 OF 27 JAN

INFO MOSCOW PRAGUE EAST BERLIN UKDEL NATO MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE WASHINGTON

PARIS BONN HELSINKI STOCKHOLM UKMIS NEW YORK UKDEL BRUSSELS

POLISH STRIKES

1. OUR TEL NO 56 REPORTED THAT THERE IS TO BE NO ONE-DAY STRIKE IN WARSAW TOMORROW. HOWEVER, A TRICKLE OF STRIKES, MOSTLY AT LOCAL INITIATIVE, CONTINUES THROUGHOUT THE COUNTRY. TIM GARTON-ASH OF THE SPECTATOR TOLD US TODAY THAT THE SIT-IN STRIKE IN RZESZOW (OUR TELNO 10) HAS NOW BEEN IN PROGRESS FOR THREE AND A HALF WEEKS. THE FORMER HEADQUARTERS OF THE OFFICIAL UNION ARE OCCUPIED BY AROUND 300 PEASANT FARMERS WHO ARE DEMANDING THE REGISTRATION OF THE RURAL SOLIDARITY AND A SERIES OF OTHER REFORMS OF THE AGRICULTURAL SECTOR. BECAUSE MOST LAND IN THIS AREA IS PRIVATELY OWNED FARMERS HITHERTO HAVE BEEN

QAOF THE RURAL SOLIDARITY AND A SERIES OF OTHER REFORMS OF THE AGRICULTURAL SECTOR. BECAUSE MOST LAND IN THIS AREA IS PRIVATELY OWNED FARMERS HITHERTO HAVE BEEN DISCRIMINATED AGAINST IN THE SUPPLY OF FERTILISER, MACHINERY, ETC, AND THE CAMPAIGN FOR COLLECTIVISATION HAS IN THE PAST BEEN PURSUED MORE STRIDENTLY BY THE AUTHORITIES. THE LOCAL CHURCH IN THE PERSON OF TOKARCZUK, THE BISHOP OF PRZEMYSL, IS GIVING STRONG SUPPORT TO THE STRIKERS, FOR WHOM IT IS CELEBRATING MASS EVERY DAY.

2. THE SOLIDARITY BRANCH IN SZCZECIN IS TO HOLD A ONE-DAY STRIKE TOMORROW IN SUPPORT OF THE STRIKERS IN RZESZOW. THE LINK, NOTED IN OUR TELNO 10, BETWEEN THESE TWO DISTANTLY SEPARATED PARTS OF THE COUNTRY, MAY BE EXPLAINED BY THE FACT THAT MANY OF THE INHABITANTS OF SCZCECIN ARE OF UKRAINIAN ORIGIN. BUT THE RZESZOW AREA AND THE BALTIC PORTS ALSO HAVE IN COMMON THE FACT THAT THEY ARE AMONG THE MOST MILITANT IN POLAND.

3. IN LODZ THERE IS A SIT-IN BY STUDENTS AT THE UNIVERSITY PROTESTING AT COMPULSORY MARXISM IN THE SYLLABUS.

4. MASSEY-FERGUSON HAVE TOLD US THAT URSUS, WHO ORIGINALLY CLAIMED THAT THEY HAD SWAPPED THE FREE SATURDAYS ON 10 AND 31 JANUARY, DO NOT NOW INTEND TO WORK ON THE LATTER DATE. THIS IS TANTAMOUNT TO A FURTHER ONE-DAY STRIKE.

5. THE REUTERS CORRESPONDENT HAS TOLD US THAT THERE HAVE BEEN STRIKES TODAY IN KATOWICE, BIELSKO-BIALA AND LODZ AND THAT THERE WILL BE STRIKES TOMORROW IN ZIELONA GORA. ALL THESE SEEM TO BE IN SUPPORT OF A 5 DAY WORKING WEEK AND OTHER LOCAL DEMANDS. THESE STRIKES ARE APPARANTLY NOT COORDINATED BY THE NATIONAL SOLIDARITY AUTHORITIES.

6. THE ABOVE IS ALMOST CERTAINLY AN INCOMPLETE PICTURE OF THE INDUSTRIAL UNREST NOW GOING ON IN THE COUNTRY AT LARGE. IT ADDS WEIGHT TO THE ARGUMENTS IN MY TELNO 56.

FCO PLEASE PASS SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE
WASHINGTON PARIS BONN HELSINKI STOCKHOLM UKMIS NEW YORK
UKDEL BRUSSELS

PRIDHAM

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GRS 310

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FM MOSCOW 271415Z JAN 81

TO PRIORITY F C O

TELEGRAM NUMBER 43 OF 27TH JANUARY

FOR INFO ROUTINE WARSAW WASHINGTON PARIS BONN AND UKDEL NATO.
INFO SAVING BUDAPEST BUCHAREST PRAGUE SOFIA EAST BERLIN
BELGRADE AND HELSINKI.

POLAND.

1. THE DETERIORATION OF THE POLITICAL AND ECONOMIC SCENE IN POLAND HAS BEEN REFLECTED HERE IN INCREASED PRESS ATTACKS ON INDIVIDUAL POLISH DISSIDENTS (NOTABLY MOCZULSKI, KURON AND MICHNIK) AND MORE RECENTLY IN A SHARPER TONE ABOUT SOLIDARITY ITSELF.

2. THE WEEKEND PRESS REPORTED REGULARLY AND IN SHARP TERMS ON THE LATEST FREE SATURDAY CALLED BY SOLIDARITY. ON 23 JANUARY PRAVDA SAID THAT THE SOLIDARITY LEADERSHIP WAS "NOT AT ALL INTERESTED IN NORMALISATION OF THE SITUATION" AND ON 24 JANUARY IT ACCUSED SOLIDARITY'S LEADERS OF DIRECTING EVENTS TOWARDS "PREMEDITATED CONFRONTATION WITH THE ORGANS OF PEOPLE'S POWER". AT THE SAME TIME THE PUBLIC LINE IS STILL TO SUGGEST THAT MOST POLES REALISE THE DISASTROUS CONSEQUENCES OF FURTHER ECONOMIC DISRUPTION AND THAT REALITY WILL EXERCISE A STEADYING INFLUENCE.

3. THE SOVIET LEADERSHIP MUST NOW BE ACUTELY AWARE OF THE RISK THAT THE DISINTEGRATION OF AUTHORITY COULD GO SO FAR AS TO DEPRIVE THE PARTY OF EFFECTIVE CONTROL. THE ARGUMENTS AGAINST GOING IN ARE NO LESS POTENT THAN BEFORE, BUT PATIENCE WITH, IF NOT FAITH IN, KANIA, MUST BE DECLINING. I SHOULD THINK THE SOVIET LEADERS ARE STILL HOPING THAT THEY CAN BRING THE SITUATION UNDER CONTROL AND THEY CAN AVOID DIRECT INTERVENTION; THEY ARE DOUBTLESS IMPRESSING UPON KANIA WITH EVEN GREATER URGENCY THE NEED SOON TO REASSERT THE PARTY'S AUTHORITY. THEY MAY INDEED IMPEL HIM TO CONSIDER JUST THE KIND OF ACTION, EG SELECTIVE ARRESTS, WHICH

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WOULD PRESIPITATE THE CRISIS THE RUSSIANS HOPE TO AVOID. IN SHORT,
I AGREE WITH HM AMBASSADOR WARSAW THAT THE RISK OF SOVIET MILITARY
INTERVENTION HAS INCREASED. IT WOULD BE LIKE THEM TO BREW IT UP
SLOWLY AND LAUNCH IT WITHOUT WARNING , BUT ON BALANCE, I STILL
DO NOT THINK IT IMMINENT, UNLESS PRECIPITATED BY A SUDDEN CRISIS.

FCO PASS SAVING BUDAPEST BUCHAREST PRAGUE SOFIA EAST BERLIN
BELGRADE AND HELSINKI.

KEEBLE

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FM WARSAW 261500Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 57 OF 26 JAN

INFO MOSCOW PRAGUE EAST BERLIN UKDEL NATO MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE WASHINGTON
PARIS BONN HELSINKI STOCKHOLM UKMIS NEW YORK UKDEL BRUSSELS

MIPT

POLISH STRIKES

I DID NOT CONSIDER THAT SOVIET INTERVENTION WAS LIKELY AT ANY TIME IN 1980. BUT I HAVE ALWAYS THOUGHT THAT CLEAR EVIDENCE OF THE POLISH GOVERNMENT LOSING CONTROL OF THE COUNTRY WOULD MAKE IT VERY DIFFICULT FOR THE RUSSIANS NOT TO INTERVENE.

2. WE NOW HAVE A SITUATION IN WHICH THE GOVERNMENT HAVE INSTRUCTED THE PEOPLE TO WORK WHILE SOLIDARITY HAVE TOLD THEM NOT TO; AND TO A LARGE EXTENT THE PEOPLE HAVE OBEYED SOLIDARITY. THIS IS A SITUATION OF A DIFFERENT ORDER FROM THE UNCO-ORDINATED REGIONAL STRIKES OF LAST YEAR, AND EVEN FROM THE EARLIER CENTRALLY-DIRECTED WARNING STRIKES WHICH DID NOT TAKE PLACE AGAINST A SPECIFIC GOVERNMENT ORDER TO GO TO WORK. THERE HAS STILL BEEN NO DISORDER AND THE OSTENSIBLE ISSUE IS NON-POLITICAL AND WITH THE LEGITIMATE FIELD OF A TRADE UNION. BUT THIS IS A CLEAR CHALLENGE BY A NATIONALLY-ORGANISED BODY AGAINST THE AUTHORITY OF THE GOVERNMENT. IF SOLIDARITY WINS UNEQUIVOCALLY OR, AS IS MORE LIKELY, SECURES A PATCHED -UP BUT FAVOURABLE COMPROMISE, THE TEMPTATION TO FOLLOW SIMILAR TACTICS ON THE OTHER VARIOUS DISPUTED ISSUES WILL BE ALMOST IRRESISTIBLE. I THEREFORE THINK THAT THE CHANCES OF A CLASH INVOLVING POLISH FORCE AND OF SOVIET INTERVENTION HAVE INCREASED.

FCO PSE PASS SAVING ADDRESSEES.

PRIDHAM

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From the
Minister for Trade

DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01 215 5144
SWITCHBOARD 01 215 7877

Prime Minister

(2)

To Mr. [unclear]

J Wiggins Esq
Private Secretary to
Chancellor of the Exchequer
11 Downing Street
London SW1

Lg.

[Handwritten signature]

23 January 1981

Dear John,

POLAND

The Polish Ambassador came to see my Minister on 20 January. As the meeting followed the presentation the previous day by an inter-departmental group of officials of the UK's financing offer to Poland for the first quarter of 1981, the Ambassador not surprisingly concentrated on this topic. He claimed to be speaking without instructions.

Mr Bisztyga suggested that the British offer compared unfavourably with those from other countries. He criticised:-

- (a) the amount of new credit available. It was a domestic political imperative for Poland to take up the proposed £15m food package and this left only £5m for other necessary purchases. This would lead to a large reduction in Poland's intake of British industrial products over previous trade levels and be disruptive;
- (b) the decision to reduce Poland's credit rating from B to D, which he considered must be politically motivated since Poland had never defaulted on any payments and the additional premium was of no economic significance to the UK.

Somewhat surprisingly Mr Bisztyga seemed to accept the cash offer as final and made no direct appeal for the provision of new purchases to be increased. Consequently Mr Parkinson sees no present need to deploy the additional £4m which Ministers agreed to keep in reserve, although this may be required in due course. The prospective reduction in sales of chemicals, fibres and other industrial products will have an appreciable effect on British

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firms regularly engaged in this trade and we will need to see how successful they are in finding replacement markets elsewhere. We will also need to keep an eye on the consequences in Poland, both as regards the risk to our long term commercial interests there and the implications for industrial production which will effect the country's capability to repay the loans which we have guaranteed.

Mr Bisztyga concentrated on the scope for increasing Poland's hard currency earnings by raising the level of exports to UK. He repeated a number of requests made when the UK/Polish Joint Commission met in November for relaxation of restraints on imports into the UK. Mr Parkinson intends to look further at the import question, bearing in mind the sensitivity of some of the products about which representations have been made.

I am copying this letter to the Private Secretaries to the Prime Minister, the Foreign & Commonwealth Secretary, the Secretary of State for Industry, the Minister of Agriculture and the Secretary to the Cabinet.

Yours sincerely,

Matthew Cruickshank

MATTHEW CRUICKSHANK
Private Secretary to the
Minister for Trade
CECIL PARKINSON

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GRS 400

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FM STOCKHOLM 231311Z JAN 1981

TO ROUTINE FCO

TELEGRAM NUMBER 34 OF 23 JANUARY 1981

INFO ROUTINE WARSAW AND MOSCOW

WARSAW TELNO 45: POLISH SITUATION: SWEDISH APPRAISAL

1. YESTERDAY SWEDISH MFA OFFICIALS SAW TWO MAJOR ELEMENTS IN DANGEROUSLY FRAGILE SITUATION.

(A) TOTAL DISTRUST BY SOLIDARNOSC AND PEOPLE GENERALLY OF ALMOST ALL THE PARTY SAYS AND DOES

(B) WIDESPREAD TURMOIL WITHIN THE PARTY ITSELF.

KULIKOV'S VISIT WAS A SERIOUS MATTER AND SWEDES ARE INCLINED TO GO ALONG WITH PARA 2(C) OF WARSAW TELNO 27. BUT THEY AGREE, IN THE LIGHT OF THEIR OWN REPORTS FROM WARSAW, THAT THE SOBERING EFFECT OF THE THREAT OF SOVIET INTERVENTION HAS WORN OFF. THE RUSSIANS OBVIOUSLY MADE IT PLAIN IN THE WARSAW FACT DISCUSSIONS THAT ANY FURTHER RETREAT BY THE PARTY IS UNACCEPTABLE, BUT SOLIDARNOSC WILL NOT REALISE THIS OR ACCEPT THAT THE GOVERNMENT'S

BACK IS UP AGAINST THE WALL.

2. SWEDES THINK THIS QUOTE ALMOST PREPOSTEROUS UNQUOTE MISTRUST IS BORN OF THE FAILURE OF SUCCESSIVE POLISH GOVERNMENTS TO HONOUR PROMISES AFTER 1956, 1970 AND 1976. THUS DESPITE THE SELF-EVIDENT ECONOMIC DAMAGE IF SATURDAY HOLIDAYS ARE CONCEDED, SOLIDARNOSC SEEMS EMOTIONALLY INCAPABLE OF REALISING THAT THE GOVERNMENT WANTS A COMPROMISE. IT IS CLEARLY CONVINCED THAT THE GOVERNMENT IS BREAKING PROMISES ABOUT SATURDAYS AND SEES THIS AS A FIRST STEP TOWARDS EVADING LAST SUMMER'S AGREEMENTS WHICH IT MUST RESIST OB DURATELY. THE SEJM RESOLUTION (PARA 2 OF WARSAW TUR) WILL HAVE REINFORCED SUSPICIONS. IF NEGOTIATIONS ON SATURDAYS HAVE NOW BROKEN DOWN SITUATION COULD BE SERIOUS FOR WALESA, WHO MIGHT BE ECLIPSED IF HIS OWN MILITANTS SUSPECT HIM OF PLAYING THE GOVERNMENT'S GAME.

/3.

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Poland

*The Swedes are at least
as gloomy as we.*

mt *Phut*

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3. MORE SPECULATIVELY SWEDES JUDGE THAT CONFLICT BETWEEN LEVELS WITHIN THE PARTY IS CONTRIBUTING TO INSTABILITY. THEY BELIEVE STRONG GRASSROOT FEELINGS NOW PUT MOST BLAME FOR PRESENT SITUATION ONTO MIDDLE PARTY LEVELS, WHERE EG INDUSTRIAL MANAGERS WITH VESTED PARTY INTERESTS SEEM MOST RESISTANT TO CHANGE, THOUGH THERE MAY WELL BE SOME RECOGNITION AT HIGHER PARTY LEVELS OF NEED FOR ECONOMIC REORGANISATION. MEANWHILE SPEECHES BY KANIA AND OLSZOWSKI LOOK TO BE GETTING HARDER AND THUS MORE AT VARIANCE WITH THE MOOD OF RACIAL DEMOCRATISATION AT LOWER LEVELS. SEEN FROM MOSCOW IT CANNOT YET BE CLEAR THAT THE PARTY HAS LOST CONTROL BUT THE SIGNS ARE THERE.

4. ALL THIS SEEMS IN LINE WITH OUR GENERAL THINKING BUT THE SWEDISH SLANT MAY BE USEFUL.

MURRAY

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Poland

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FM WARSAW 231300Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 52 OF 23 JANUARY.

INFO ROUTINE MOSCOW PRAGUE EAST BERLIN UKDEL NATO MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE WASHINGTON
PARIS BONN HELSINKI STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

POLISH SITUATION

1. THE GENERAL SITUATION IS MORE THAN USUALLY UNCLEAR. THE PRESENT CONFUSION ARISES BOTH FROM THE GREATER SCALE OF SOLIDARITY'S RECENT STRIKES AND STRIKE THREATS AND FROM SOME REPORTED READINESS FOR CONCILIATION ON BOTH SIDES OVER THE FIVE-DAY WEEK.
2. THE STRIKES HELD ON 22 JANUARY WERE FACTUALLY REPORTED IN THE OFFICIAL PRESS, WHICH ACKNOWLEDGED THEIR WIDESPREAD SUCCESS. THE PAPERS RECORD EFFECTIVE ACTION IN GDANSK, KIELCE, SLUPSK, BYDGOSZCZ, KONIN AND CZESTOCHOWA. TODAY'S 4-HOUR TRANSPORT STRIKE IN WARSAW APPEARS TO HAVE ACHIEVED THE SAME TOTAL SUCCESS AS ITS PRECURSOR LAST WEEK AND THERE IS STILL THE THREAT OF WIDESPREAD ABSENTEEISM TOMORROW, TO BE FOLLOWED BY A GENERAL STRIKE OF LIMITED DURATION ON 28 JANUARY.
3. NEVERTHELESS THERE WAS EVIDENCE OF SOME FLEXIBILITY ON THE GOVERNMENT SIDE AT A PRESS CONFERENCE GIVEN LAST NIGHT BY THE MINISTER OF LABOUR AND SOCIAL AFFAIRS, OBODOWSKI, AND THE GOVERNMENT SPOKESMAN, BARECKI. ALTHOUGH THE MINISTER, ARGUING ON ECONOMIC GROUNDS, FIRMLY MAINTAINED THE GOVERNMENT POSITION, BARECKI SAID ALL SUBJECTS WERE OPEN FOR DISCUSSION AND IN PARTICULAR THE GOVERNMENT HAD NOT YET TAKEN A VIEW ON SOLIDARITY'S MOST RECENT PROPOSAL FOR A 41 1/2 HOUR WORKING WEEK. DISCUSSIONS WERE STILL CONTINUING ON THIS PROPOSAL WHICH WAS ESSENTIALLY NOT VERY FAR FROM THE GOVERNMENT'S OFFER OF A 42 1/2 HOUR WORKING WEEK.
4. GOVERNMENT REPRESENTATIVES AT THE RECEPTION ALLEGED IN PRIVATE CONVERSATION THAT IT WAS DIFFICULT TO CONDUCT BUSINESS WITH SOLIDARITY SINCE THEY WERE DIVIDED REGIONALLY AMONGST THEMSELVES. SOLIDARITY HOWEVER CLAIM IT IS THEIR WHOLE MEMBERSHIP, RATHER THAN JUST THE LEADERS, WHICH IS PRESSING FOR A 40 HOUR WEEK.

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5. ANOTHER POTENTIALLY DESTABILISING FACTOR IS THE CALL BY SOME SEJM DEPUTIES FOR THE RENEGOTIATION OF THE GDANSK AGREEMENT. THOUGH ECONOMICALLY JUSTIFIABLE, SUCH A MOVE COULD RE-OPEN MANY WOUNDS THAT HAVE REMAINED CLOSED SINCE LAST AUGUST. ON THE OTHER HAND, A MORE HOPEFUL SIGN IS THE PROPOSAL, WHICH BOTH SIDES CLAIM TO HAVE ORIGINATED, FOR THE ESTABLISHMENT OF A PERMANENT JOINT TRADE UNION/STATE COMMISSION THAT WOULD ENSURE CONTINUING CONSULTATION ON THE MANY ISSUES OUTSTANDING THE CHURCH IS SAID TO BACK THIS IDEA WHICH, IF IMPLEMENTED, COULD HELP TAKE SOME HEAT OUT OF THE SITUATION.

6. THE GOVERNMENT WERE SLOW TO CONSULT SOLIDARITY ON SUCH SENSITIVE MATTERS OF LABOUR RELATIONS AND SATURDAY WORKING. THIS WAS AN ERROR WHICH THEY HAVE ADMITTED AT DEPUTY PREMIER LEVEL. BUT GIVEN THE COUNTRY'S ECONOMIC POSITION SOLIDARITY HAVE ACTED IRRESPONSIBLY AND PROVOCATIVELY IN CALLING STRIKES. THEY SHOW SOME SIGNS OF RECOGNISING THAT FREE SATURDAYS MAY NOT BE THE BEST ISSUE FOR A SHOW-DOWN AND IT IS NOW BEING SUGGESTED THAT THE STRIKES ARE ALSO ABOUT LACK OF PROGRESS ON THE TRADE UNION AND CENSORSHIP LAWS. THE PRESENT SITUATION LOOKS LIKE A VICTORY FOR THOSE IN SOLIDARITY WHO ARE LOOKING FOR A FIGHT OVER WALESA AND HIS MODERATE WING. A CRUCIAL FACTOR IS WHETHER THE LATTER CAN REGAIN CONTROL. OTHERWISE THE PROSPECT IS BLEAK.

FCO PLEASE PASS SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE
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FM UKDEL NATO 221735Z JAN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 012 OF 22 JAN 1981

INFO PRIORITY WASHINGTON, BONN, PARIS, MOSCOW, WARSAW

INFO SAVING UKMIS NEW YORK, UKREP BRUSSELS, E BERLIN, PRAGUE,

BUCHAREST, BUDAPEST, SOFIA, BELGRADE

*Successful wind up
of views.*

mt

POLAND

1. PERMREPS MET PRIVATELY THIS MORNING, AT CHAIRMAN'S SUGGESTION TO REVIEW THE SITUATION IN AND AROUND POLAND. THERE WAS ALSO SOME DISCUSSION OF CONTINGENCY PLANNING AND INVOLVEMENT OF NON-NATO COUNTRIES (SEE MIFT, NOT TO ALL).
2. WIECK (GERMANY) SAID THAT, ALTHOUGH THE SOVIET LEADERSHIP WAS CONTINUING TO EXPRESS PUBLIC CONFIDENCE IN KANIA'S ABILITY TO CONSOLIDATE THE LEADING ROLE OF THE PARTY IN POLAND, THERE HAD BEEN SHARP SOVIET PRESS COMMENT ABOUT THE DANGERS OF COUNTER REVOLUTION AND SIGNS OF PRIVATE PRESSURE BY THE RUSSIANS, WHO MIGHT BE GIVING DISCREET ENCOURAGEMENT TO THE HARD-LINE, DOGMATIC FACTION IN THE PUWP LEADERSHIP. RUMOURS WERE CIRCULATING IN POLAND THAT THE PARTY CONGRESS MIGHT BE POSTPONED AND THAT THE MILITARY LEADERSHIP MIGHT BE ASSUMING A MORE PROMINENT ROLE. MEANWHILE, THE GOVERNMENT SEEMED TO BE PURSUING CONTRADICTORY POLICIES AND WAS NOT CONSISTENTLY MOVING IN THE DIRECTION EITHER OF REFORM OR OF STABILISING THE ECONOMY, AND THERE WERE SIGNS OF DISUNITY WITHIN THE TRADE UNION MOVEMENT. GERMAN GOVERNMENT SPOKESMEN WERE DELIBERATELY REFRAINING FROM COMMENTS AND AVOIDING PUBLIC REFERENCES TO THE DANGER OF SOVIET INTERVENTION, BUT THE DANGER REMAINED REAL AND THE QUESTION OF ECONOMIC COUNTERMEASURES WAS BEING ACTIVELY PURSUED IN BONN.
3. SVART (DENMARK) REFERRED TO PRESS REPORTS THAT YESTERDAY'S TALKS BETWEEN THE GOVERNMENT AND SOLIDARITY HAD BROKEN DOWN, AND SAID THAT EXPERIENCE SUGGESTED THAT THE PRESENT TENSE SITUATION MIGHT WELL LEAD TO A SPLIT IN THE POLISH PARTY LEADERSHIP. KANIA AND SOME OF HIS MORE INTELLIGENT ASSOCIATES WERE GENUINELY TRYING TO ACCOMMODATE TO THE REFORM MOVEMENT, WHILE ANOTHER GROUP LED BY OLSZOWSKI AND GENERAL MOCZAR FAVOURED A MORE REPRESSIVE LINE. WALESA WAS SEEKING TO MODERATE THE ENTHUSIASM OF OTHER SOLIDARITY LEADERS, BUT EVEN HE HAD REPEATED POLITICAL DEMANDS FOR RELEASE OF DISSIDENTS, ENDING OF CENSORSHIP AND NEW LEGISLATION ON THE TRADE UNIONS, AND HE WAS UNDER STRONG PRESSURE FROM MORE RADICAL FORCES. CONFRONTATION BETWEEN GOVERNMENT AND SOLIDARITY WAS LIKELY TO SHARPEN, AND THIS WOULD EXACERBATE THE ECONOMIC CRISIS AND COULD LEAD TO A SITUATION IN WHICH THE SOVIET LEADERSHIP LOST PATIENCE WITH KANIA (THEY HAD ALREADY SHOWN SOME SIGNS OF DISTANCING THEMSELVES FROM HIM) AND TRIED TO REPLACE HIM WITH A HARDER-LINE LEADER SUCH AS OLSZOWSKI. THE GOVERNMENT AND PARTY LEADERSHIP

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/ SEEMED TO BE

SEEMED TO BE TRYING TO TURN PUBLIC OPINION AGAINST SOLIDARITY AND IN FAVOUR OF A RETURN TO QUOTE NORMALITY UNQUOTE. THE RUSSIANS, HOWEVER, SEEMED TO BE PREPARED TO LIVE WITH THE EXISTENCE OF SOLIDARITY, HOWEVER RELUCTANTLY: THEY HAD SINGLED OUT SOME ELEMENTS IN THE MOVEMENT FOR ATTACK, BUT HAD NOT DIRECTLY ATTACKED WALESA HIMSELF. THEY WOULD CERTAINLY NOT ACCEPT A QUOTE RURAL SOLIDARITY UNQUOTE.

4. I DREW ON RECENT TELEGRAMS AND JIC ASSESSMENTS, AND AGREED WITH THE VIEWS OF WIECK AND SVART THAT THE SITUATION WAS GETTING MORE TENSE AND THAT OPEN CONFRONTATION BETWEEN THE LEADERSHIP AND SOLIDARITY NOW SEEMED INCREASINGLY LIKELY.

(line omitted)
5. ARNAUD(FRANCE) POINTED OUT THAT WALESA, EVEN AFTER HAVING HIS PRESTIGE ENHANCED BY HIS OWN ASSOCIATES, AND THAT THE OUTBREAK OF POLITICAL STRIKES ORGANISED BY THE FARMERS IN THE COUNTRYSIDE WAS PARTICULARLY DISTURBING. HE QUOTED A CLOSE ASSOCIATE OF WALESA'S AS HAVING SAID THAT THE PARTY LEADERSHIP WAS DIVIDED INTO THREE FACTIONS: THOSE AROUND KANIA WHO WERE REGARDED AS BEING SINCERELY IN FAVOUR OF REFORM, THE HARD-LINERS LED BY OLSZOWSKI, AND A THIRD GROUP WHICH SOUGHT TO QUOTE TAME UNQUOTE THE SOLIDARITY MOVEMENT. AS REGARDS THE POLISH ARMED FORCES, THE FRENCH ASSESSMENT WAS THAT THE TOP LEADERSHIP WERE CONVINCED MEMBERS OF THE PARTY AND THAT ALTHOUGH MANY JUNIOR OFFICERS MIGHT BE MORE SYMPATHETIC TO THE NATIONALIST MOVEMENT, IT WAS DOUBTFUL WHETHER MORE THAN ISOLATED RESISTANCE MIGHT BE OFFERED TO A SOVIET INVASION.

6. THERE WAS GENERAL AGREEMENT THAT, WHILE THERE WAS NO IMMEDIATE DANGER OF SOVIET INTERVENTION, AT LEAST UNTIL AFTER THE SOVIET PARTY CONGRESS, THE CHRISTMAS/NEW YEAR PERIOD OF CALM WAS NOW DEFINITELY OVER AND FURTHER STEPS IN CONTINGENCY PLANNING SHOULD NOT BE DELAYED TOO LONG. (SEE MIFT).

7. BENNETT(US) SAID THAT MILITARY INDICATIONS OF A POSSIBLE SOVIET INTERVENTION WOULD BE MORE DIFFICULT TO DETECT DURING THE NEXT TWO MONTHS, WHICH WAS NORMALLY A PERIOD OF MAXIMUM EXERCISE ACTIVITY IN EASTERN EUROPE, BUT US INTELLIGENCE EXPERTS THOUGHT THAT A MOVEMENT OF MORE THAN ONE SOVIET DIVISION ACROSS THE POLISH BORDER WOULD BE UNPRECEDENTED FOR EXERCISE PURPOSES AND COULD BE TAKEN AS A WARNING SIGNAL.

FCO PLEASE PASS ALL SAVING ADDRESSEES

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(2)



Prime Minister

Handwritten signature

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

Handwritten initials

ECONOMIC ASSISTANCE TO POLAND

In my minute of 6 January I reported the latest developments in our negotiations with Poland and secured your agreement that we should talk to a visiting Polish delegation.

2. The Poles came to see my officials on 9 January. The talks were purely exploratory and technical. We outlined the basis on which we might be prepared to help if other creditors seemed ready to do so as well, purely as a bridging operation until some longer-term agreement could be reached.

3. On 14 January I met the Lord Privy Seal and the Secretary of State for Trade to discuss two outstanding points: the question of country grading for Poland and the exact figures of assistance to be offered. On the country grading point we agreed to maintain the present 'B' category treatment for credit for food sales under the Community scheme. Thereafter, Poland would be downgraded to category 'D'. This is a normal routine change in such circumstances, and would not normally require political decision at all. We also agreed that we should finance up to £20 million of new business in the first quarter of 1981 (including £15 million for the Community food package) and £16 million by way of refinancing of debts falling due in the first quarter - approximately two-thirds of the expected maturities. All this was on the assumption that we kept broadly in line with the attitude of our other major Community partners.

4. At a meeting in Paris on 16 January, our officials were satisfied that this last condition had been met, and accordingly

/they indicated



they indicated the lines on which the UK would proceed for the next 3 months. The French Chairman then said that he was visiting America at the end of January and hoped to be able to persuade the new Administration to engage in a longer-term multilateral or concerted rescue operation of some kind, which would probably lead to negotiations with the Poles at the end of February or early in March. The bridging operation would thus ensure that the Poles were able to keep going until the end of the first quarter, when it would be replaced by a more permanent arrangement. It was, however, noted that these things take time, and that the whole thing might slip by another month or two.

5. Polish officials came to the Treasury on 19 January and were told the terms approved by Ministers. They professed themselves disappointed at the scale of our assistance, but it was made clear that it was based on a firm Ministerial decision.

6. The Polish Ambassador is due to see the Minister for Trade (Mr. Parkinson) on 20 January. I have no doubt that he will ask for more generous treatment. In my view it would be a mistake to concede anything at this stage. However, if the Minister feels it necessary, he could undertake to report to his colleagues on the Ambassador's representations. We could then use up a further £4 million negotiating margin which the Secretary of State for Trade, the Lord Privy Seal and I agreed might be brought in at some point. This would still leave us broadly in line with what the other Community countries are doing, and would help to reassure the Poles of continued British support. I see no case at all for going beyond a total of £40 million for new credits and refinancing combined.

7. I am sending copies of this minute to the members of OD, the Minister of Agriculture and to Sir Robert Armstrong.

(G.H.)

CONFIDENTIAL 21 January 1981

P. Nowak

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GRS 250
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FM WARSAW 211500Z JAN
TO IMMEDIATE FCO
TELEGRAM NUMBER 45 OF 21 JAN
INFO MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST BERLIN
BELGRADE UKDEL NATO WASHINGTON PARIS BONN HELSINKI
STOCKHOLM UK NEW YORK MODUK

Read in full

ms.

POLISH SITUATION

1. TODAY'S TRYBUNA LUDU'S REPORT OF SOLIDARITY'S NATIONAL COORDINATING COUNCIL MEETING IN GDANSK YESTERDAY IS DEADPAN. THERE IS NO CONFIRMATION HERE OF THE UNIONS DECISIONS REPORTED BY THE BBC TO URGE ITS MEMBERS TO OBSERVE ANOTHER FREE SATURDAY ON 24 JANUARY AND TO MAKE OTHER DEMANDS FOR THE RELEASE OF POLITICAL PRISONERS AND GREATER ACCESS TO THE MEDIA.
2. SUCH DECISIONS WOULD CLEARLY REFLECT A DEFEAT FOR WALESA'S MODERATE POLICIES AND A VICTORY FOR THE MILITANTS. THEY MAY ALSO BE INTENDED AS A RESPONSE TO THE RECENT HARDENING OF THE GOVERNMENT'S ATTITUDE TO SOLIDARITY. A GROUP OF SEJM DEPUTIES HAVE TABLED A MOTION DEMANDING RE-NEGOTIATION OF THE GDANSK ETC AGREEMENTS AND IT LOOKS AS IF THE GOVERNMENT IS TRYING TO SLOW DOWN ACTION ON LAST SUMMER'S CONCESSIONS.
3. SUCH REPORTS AS THERE ARE ON GRASS ROOT PREPARATIONS FOR THE PARTY CONGRESS ARE NOT ENCOURAGING. THE PROCESS OF DRAWING UP CONGRESS GUIDELINES AND IDENTIFYING POTENTIAL CANDIDATES SEEMS TO HAVE BEEN TEMPORARILY HALTED GIVING THE IMPRESSION THAT THE PARTY IS STILL IN DISARRAY. THE CENTRAL COMMITTEE PLENUM PROMISED BEFORE THE END OF JANUARY, WHOSE MAIN AIM WOULD BE TO GIVE THE PREPARATORY PROCESS ANOTHER BOOST, IS RUMOURED FOR THIS COMING WEEKEND. TIME IS RUNNING SHORT IF THE CONGRESS IS TO BE HELD AS ANNOUNCED AT THE TURN OF THE FIRST QUARTER OF THE YEAR AND RUMOURS OF POSTPONEMENT ARE ALREADY BEGINNING TO EMERGE.

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/4.

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4. THE NEXT FEW DAYS PROMISE A ROUND OF BEHIND THE SCENES
NEGOTIATIONS BETWEEN THE GOVERNMENT AND SOLIDARITY.
AT PRESENT NEITHER SIDE IS SHOWING SIGNS OF YIELDING.

PRIDHAM
BT

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GRS 258

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FM FCO 161700Z JAN 81

TO PRIORITY WARSAW

TELEGRAM NUMBER 26 OF 16 JANUARY

INFO ROUTINE MOSCOW, PRAGUE, BUDAPEST, EAST BERLIN

SAVING BUCHAREST, SOFIA, BELGRADE, WASHINGTON, PARIS, BONN,

UKMIS NEW YORK, STOCKHOLM, HELSINKI

ms

CALL BY THE POLISH AMBASSADOR

1. THE POLISH AMBASSADOR CALLED ON BULLARD TODAY. HE WAS HIS USUAL EXCITABLE SELF. HE SAID THAT FOR THE FIRST TIME SINCE THE CRISIS BEGAN HE WOULD DESCRIBE THE GENERAL SITUATION AS DANGEROUS, NOT BECAUSE OF THE THREAT OF SOVIET INTERVENTION (IN WHICH HE HAD NEVER BELIEVED AND STILL DID NOT) BUT BECAUSE OF THE SHRINKING INTERNAL ROOM FOR MANEOUVRE. EXTREME FORCES WHO HAD NO INTEREST IN REFORM, BOTH IN SOLIDARITY AND IN THE PARTY, CONSTITUTED A PARADOXICAL ALLIANCE IN WORKING AGAINST AGREEMENT. KADAR HAD COMMENTED TO THE POLISH AMBASSADOR IN BUDAPEST THAT THE POLES SHOULD HAVE MADE GENEROUS POLITICAL BUT NO ECONOMIC COMPROMISES NOT THE OTHER WAY ABOUT. THERE COULD BE NO COMPROMISE ON AN ISSUE AS VITAL TO THE ECONOMY AS SATURDAY WORKING.

2. BISZTYGA EMPHASISED THE POLITICAL SIGNIFICANCE OF THE ECONOMIC REFORMS NOW BEING INTRODUCED. THEY WERE THE MAJOR GUARANTEE OF THE RENEWAL, SINCE WORKER SELF-MANAGEMENT AND THE DIMINUTION OF CENTRAL GOVERNMENT CONTROL WOULD BE IMPOSSIBLE TO REVERSE. THE USSR HAD GIVEN ITS CONSENT TO REFORMS: AT THE MOMENT MOSCOW WAS MORE CONCERNED ABOUT REVIVING THE POLISH ECONOMY THAN ABOUT HOW THIS WAS ACHIEVED. BUT, SAID BISZTYGA, THE ONLY ELEMENT CAPABLE OF LEADING THE COUNTRY OUT OF ITS DIFFICULTIES CONSISTED OF THE MODERATE FORCES WITHIN THE PARTY.

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NOTE OF A MEETING HELD AT 11 DOWNING STREET ON WEDNESDAY, 14 JANUARY

Present:

Chancellor of the Exchequer
Secretary of State for Trade
Lord Privy Seal
Mr. Mountfield
Mr. Cotterill - ECGD
Mr. Montgomery - FCO

Montgomery
15/11

ECONOMIC ASSISTANCE TO POLAND

The meeting was to consider the question of ECGD's "country rating" for Poland, and the size of the bridging operation in the next three months.

2. The Chancellor said he understood the main anxiety was about ECGD's proposal to downgrade Poland from a "B" credit rating to "D". It had been agreed that the present "B" rating should be retained for food aid credit in order to mitigate the political effect of the decision, and he felt that this was as far as it was possible to go. On the size of the bridging operation, the Poles clearly were seeking more generous terms as had been made clear at the meeting with the team of 9 January. A decision was needed on how far we could go, before the meeting of EC creditors in Paris on 16 January, which was intended to finalise the bridging operation.

3. In discussion it was argued that the fact that ECGD cover was being maintained was itself generous and reasonable, and despite the political effect of the leak of ECGD's proposal, and the Polish argument that downgrading would be bad for general confidence, it was felt that the decision should be maintained. The Poles had asked if the decision could be at least postponed until April but it was agreed that because of the importance of maintaining ECGD's operation on as economical a basis as possible, it would be wrong to go further than the compromise on food.



4. On the size of the package the Poles were basically seeking "business as usual" plus new financial credits. On export credits they wanted a three year grace period and a bigger ration than last year's average of £25 million a quarter. They also wanted refinancing of existing debts (some £23-24 million) of principal and interest was due in the first quarter of 1981.

5. It was agreed that the aim should be to keep broadly in line with other Western countries in our reaction, and to contribute in line with our past share of trade, rather than match the volume of assistance provided by others such as the French who had had a higher volume of trade. This argued for new export credits of £20 million for the quarter, including the existing £15 million for food (the deal on barley). Although the Poles had indicated that they needed more than this in order to purchase essential factory goods and spares, and that they might need to go back on the barley deal if the margin for other goods could not be increased, they were in fact committed on the barley deal, and the threat was an empty one. It was agreed that the £20 million should not be exceeded. It was not disputed that the period should be five years at Consensus interest rates.

6. On refinancing of existing debts it was pointed out that the final liabilities figure was now known to be £23-24 million for the first quarter. It was agreed that fresh loans of £16 million (two-thirds) would be reasonable. Together with £20 million of new export credits this gave an aggregate figure of £36 million for the quarter. It was suggested that depending on how the negotiations went, there might be a case for being able to present an aggregate figure of £40 million.

7. The Chancellor, summing up the discussion, said it was agreed that the ECGD's decision on country grading should stand and that its implementation should not be postponed. On the question of new export credits, it was agreed that the offer should be £20 million for the quarter, including the existing £15 million for food. On refinancing loans, it was agreed that loans of up to £16 million

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would be reasonable (against the known liabilities of £23-24 million) and that we should stand on this figure in the negotiations, so that the total contribution would be £36 million. If it appeared sensible in the course of the negotiations to increase the total to £40 million, this could be conceded. If necessary, the Poles could be allowed to switch their requests from one heading to the other within the overall total.

PJ

(P.S. JENKINS)

14 January 1981

Distribution

Those present
Chief Secretary
Financial Secretary
Sir Douglas Wass
Sir Kenneth Couzens
Mr. Barratt
Mr. Hawtine
Mr. Lankester - No.10

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TO IMMEDIATE FCO

TELEGRAM NUMBER 27 OF 14 JAN

INFO IMMEDIATE MODUK PRIORITY MOSCOW EAST BERLIN PRAGUE

BUDAPEST BUCHAREST SOFIA BELGRADE HELSINKI STOCKHOLM

PARIS BONN WASHINGTON UKDEL NATO (BRUSSELS)

KULIKOV'S VISIT

1. KULIKOV'S SUDDEN UNEXPLAINED APPEARANCE IN WARSAW, HAS PREDICTABLY PROVOKED SPECULATION IN PRESS AND DIPLOMATIC CIRCLES HERE BUT IT SEEMS UNLIKELY THAT WE SHALL LEARN ANYTHING MORE OFFICIALLY THAN THE MEAGRE MEDIA ANNOUNCEMENTS ALREADY MADE, MERELY COVERING THE FACT OF THE VISIT AND MENTIONING HIS COMPANION, GRIBKOV (WARSAW PACT CHIEF OF STAFF) AND HIS POLISH INTERLOCUTORS, KANIA PINKOWSKI, JARUZELSKI, SIWICKI, (POLISH ARMY CHIEF OF GENERAL STAFF) AND MOLCZYK, (POLISH ARMY INSPECTOR-GENERAL OF TRAINING), SZCZEGLOV, SOVIET REPRESENTATIVE OF THE WARSAW PACT HIGH COMMAND WITH THE POLISH ARMY WAS ALSO PRESENT.

2. IT SEEMS ODD THAT NO REASON HAS BEEN GIVEN FOR THE VISIT. WE CAN THINK OF THREE POSSIBLE EXPLANATIONS.

- (1) A GENERAL BRIEFING VISIT UPDATING CONTACTS WITH POLISH LEADERS AND SENIOR RUSSIANS IN WARSAW.
- (2) DISCUSSION OF POSSIBLE JOINT ACTION UNDER A STATE OF EMERGENCY IN POLAND:
- (3) TO RAISE THE PERCEIVED LEVEL OF THREAT BY THE VISIT ITSELF AND PREPARE FOR A FURTHER ESCALATION IF NEEDED IN THE FORM OF JOINT WARSAW PACT MANOEUVRES IN POLAND. COLOUR IS LENT TO (3) BY THE INCLUSION IN THE TALKS OF MOLCZYK AND SZCZEGLOV AND WE INCLINE HERE TO THIS EXPLANATION.

3. THERE IS NO EVIDENCE IN THE IMMEDIATE WARSAW AREA OF ANY UNUSUAL MILITARY ACTIVITY. WE SHALL BE CHECKING MORE WIDELY DURING THE NEXT FEW DAYS.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 20 OF 12 JAN

INFO MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST BERLIN
BELGRADE UKDEL NATO WASHINGTON PARIS BONN HELSINKI
STOCKHOLM UKMIS NEW YORK MODUK

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MY TELNO 15: POLISH SITUATION.

1. THE GOVERNMENT APPEARS TO HAVE DECIDED NOT TO MAKE AN ISSUE OF THE FREE-SATURDAY CONFRONTATION.
2. OLSZOWSKI, THE PARTY SECRETARY WITH RESPONSIBILITY FOR PROPAGANDA, MADE A HARD-LINE DECLARATION ON RADIO AND TV ON FRIDAY EVENING (9 JANUARY) SAYING THAT THE GOVERNMENT MUST MAKE A STAND ON THE ISSUE. NEVERTHELESS, THE LINE TODAY SEEMS TO BE TO PLAY UP THE PATCHY RESPONSE TO SOLIDARITY'S CALL TO WORKERS TO STAY AWAY, AND TO TALK OF THE ABSENTEES IN TERMS OF SORROW RATHER THAN OF ANGER. A STATEMENT OF THE GOVERNMENT SPOKESMAN CLAIMS THAT:
 - A. THERE WAS A 65% OVERALL TURN-OUT
 - B. THE LIGHT AND MACHINE INDUSTRY SECTORS WERE THOSE MOST AFFECTED.
 - C. 40% OF THE MINERS - THE ONLY GROUP ACTUALLY ENTITLED TO A FREE SATURDAY THAT DAY - PATRIOTICALLY TURNED UP FOR A VOLUNTARY SHIFT
 - D. ONE MILLION PEOPLE DECIDED TO SWAP THE FREE SATURDAY DUE THEM ON 31 JANUARY FOR A DAY OFF ON 10 JANUARY.
3. WHILE THIS LAST RATIONALISATION DESIGNED MAINLY TO SAVE THE GOVERNMENTS FACE, IT AND OLSZOWSKI'S HARD-LINE STATEMENT BEFORE THE EVENT MAY ALSO BE INTENDED TO DEMONSTRATE TO POLAND'S ALLIES THAT GOVERNMENT FIRMNESS WORKED. WE HAVE NOT YET SEEN ASSESSMENT OF THE RESULTS OF THE ACTION, BUT THEY ARE BOUND TO CLAIM A MODEST VICTORY. MEANWHILE, THE FREE-SATURDAY ISSUE SEEMS TO HAVE BEEN REMOVED FROM THE AGENDA FOR THE TIME BEING.
4. IN THE SAME WAY, KANIA'S APPARENTLY HARD-LINE STATEMENT AT THE WEEKEND ATTACKING THE ANTI-SOCIALIST BACKGROUND OF SUPPORTERS OF A RURAL SOLIDARITY ORGANISATION MAY BE LESS RIGID ON THE STILL UNRESOLVED QUESTION OF THE REGISTRATION OF SUCH A BODY THAN SOME COMMENTATORS HAVE INDICATED. THE SPEECH, DELIVERED AT A JOINT MEETING OF THE PZPR AND ZSL (PEASANTS PARTY) AND SUBSEQUENTLY SHOWN

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ON TV CONCENTRATED RATHER ON PRESENTING A CONSTRUCTIVE PROGRAMME FOR THE DEVELOPMENT OF EXISTING RURAL ORGANISATIONS. THE DENUCIATION OF RURAL SOLIDARITY MAY HAVE BEEN MADE WITH AN EYE ON THE POSTPONED SUPREME COURT RULING. IT DOES NOT EXCLUDE THE POSSIBILITY OF THE LEGITIMISING OF THE ORGANISATION. MEANWHILE, THE ATTACKS ON ITS ORGANISERS SEEM DESIGNED, AS MUCH AS ANYTHING, TO DEMONSTRATE TO POLAND'S ALLIES THAT THE PARTY HAS NOT GONE SOFT.

4. THE PEACEFUL RESOLUTION OF THE SOLIDARITY OCCUPATION OF THE NOWY SACZ TOWN HALL, REPORTED ON THE BBC AND, RESTRAINEDLY, IN THE POLISH PRESS, SEEMS ALSO TO INDICATE THAT THE GOVERNMENT WISH TO KEEP BACK FROM THE BRINK. REPORTS INDICATE THAT THEY WERE HELPED ON THIS OCCASION BY THE LOCAL SOLIDARITY ORGANISATION WHICH RESPONDED POSITIVELY TO THE GOVERNMENT'S LOW-KEY APPROACH. BUT AT BOTH THE NATIONAL AND LOCAL LEVELS THERE REMAIN MANY CONTENTIOUS ISSUES. BOTH SIDES WILL BE HARD PUT TO CONTINUE POSTPONING A SERIOUS CLASH ON SOME OF THEM.

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TO PRIORITY F C O

TELEGRAM NUMBER 018 OF 12 JANUARY

AND TO PRIORITY WARSAW, WASHINGTON, PARIS, BONN, UKDEL NATO,
INFO BUDAPEST, BUCHAREST, PRAGUE, SOFIA, EAST BERLIN, BELGRADE
AND HELSINKI

SOVIET COMMENT ON POLAND.

1. SOVIET PRESS COVERAGE OF EVENTS IN POLAND HAS BEEN CONSIDERABLY STEPPED UP OVER THE WEEKEND, WITH A SERIES OF FRANK AND STRONGLY-WORDED ARTICLES ON CURRENT PROBLEMS.
2. AS BEFORE THE BULK OF THE COVERAGE HAS BEEN REPORTS OF POLISH PRESS ARTICLES OR OF SPEECHES BY POLISH LEADERS (KISIEL'S PRESS CONFERENCE; OLSZOWKI'S SPEECH FOR POLISH TV AND RADIO; KANIA'S SPEECH TO A MEETING OF THE PEASANT'S PARTY, INCLUDING HIS ATTACK ON RURAL SOLIDARITY.). THERE HAS ALSO BEEN ORIGINAL SOVIET COMMENT. IZVESTIA OF 9 JANUARY PRINTED A LONG REPORT FROM ITS WARSAW CORRESPONDENT DRUZENKO WHICH WAS SHARPLY CRITICAL BOTH OF THE "PROVOCATIVE ROW" STIRRED UP BY REACTIONARY WESTERN CIRCLES AND OF "ANTI-SOCIALIST ELEMENTS, COUNTER-REVOLUTION, WHO ARE TRYING BY ANY MEANS TO EFFECT CHANGES IN THE EXISTING SOCIAL-POLITICAL SYSTEM IN POLAND". DRUZENKO SINGLED OUT FOR ATTACK KURON AND MICHNIK AND WARNED THAT NOWADAYS THE ENEMIES OF SOCIALISM WERE STEPPING UP THEIR SUBVERSIVE ACTIVITY. THERE WAS ALSO A TASS PIECE IN PRAVDA OF 10 JANUARY ON THE ISSUE OF SATURDAY WORKING, SETTING OUT THE POSITION OF THE POLISH AUTHORITIES, AND COMMENTING THAT THE ATTITUDE TAKEN BY THE LEADERS OF SOLIDARITY WOULD ADD TO POLAND'S ECONOMIC DIFFICULTIES. COVERAGE OF THE ISSUE WAS BROUGHT UP TO DATE BY A TASS PIECE IN TODAY'S PRAVDA, BASED ON PAP REPORTS, WHICH DETAILED THE REGION WHERE STOPPAGES HAD OCCURRED, AND REFERRED TO SOLIDARITY PICKETING.

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3. WHEREAS, IN THE PAST, THE SOVIET PRESS AVOIDED COMMENTING ON SPECIFIC ISSUES AT DISPUTE IN POLAND, PARTICULARLY WHEN THESE WERE UNRESOLVED, THEY HAVE NOW PRINTED MATERIAL ON THE TWO CURRENT ISSUES (THE FARMERS AND SATURDAY WORKING). THE LANGUAGE USED, PARTICULARLY IN QUOTING FROM POLISH ARTICLES, HAS BEEN HARSH, WITH REFERENCE TO ANARCHY AS WELL AS TO COUNTER-REVOLUTION, AND TO ORGANISED ATTEMPTS TO PUT PRESSURE ON THE STATE APPARATUS. A MAJOR THEME HAS BEEN THAT NECESSARY MEASURES OF ECONOMIC REFORM ARE BEING THREATENED BY ANTI-SOCIALIST FORCES.

4. THESE ARTICLES APPEAR DESIGNED TO SUPPORT THE FIRM STANCE OF THE PZPR NOTED IN WARSAW TEL NO 15, AND ALSO TO PUT PRESSURE ON THE POLISH AUTHORITIES TO MAINTAIN THAT STANCE. AS SUGGESTED IN WARSAW TUR THE QUESTION OF SATURDAY WORKING IS NOT IN ITSELF THE KIND OF ISSUE TO PROVOKE SOVIET INTERVENTION. NEVERTHELESS, THE SOVIET UNION APPEARS TO BE TREATING IT AS A TEST CASE IN JUDGING THE ABILITY OF THE PZPR TO GET CONTROL OF EVENTS.

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INFO MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST BERLIN
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STOCKHOLM MODUK

STRIKES IN SOUTH-EAST POLAND: END OF THE CHRISTMAN LULL?

Hear so.

1. THE EMBASSY HAS RECEIVED 2 TELEXES FROM THE STRIKE COMMITTEES FORMED IN USTRZYKI DOLNE AND RZESZOW. FROM THESE AND FROM OTHER LOCAL SOURCES WE HAVE CONCLUDED THE FOLLOWING.

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2. IN USTRZYKI DOLNE FARMERS REPRESENTING THE EMBRYO LOCAL BRANCH OF RURAL SOLIDARITY HAVE BEEN OCCUPYING LOCAL GOVERNMENT OFFICES IN THE TOWN WHICH IS CLOSE TO THE SOVIET BORDER, SINCE 29 DECEMBER. THEY HAVE SOUGHT THE SUPPORT OF OTHER SOLIDARITY GROUPS FOR THEIR DEMANDS FOR REGISTRATION AND HAVE FORMED THEMSELVES INTO A SO-CALLED ALL-POLAND STRIKE COMMITTEE OF THE FEDERATION OF RURAL SOLIDARITY. THEY CLAIM THAT ON 4 JANUARY REPRESENTATIVES OF THE SZCZECIN INTER-FACTORY STRIKE COMMITTEE (MKZ) AND OF FARMERS IN NORTH-WEST POLAND VISITED THEM AND ASSURED THEM OF THEIR WILLINGNESS TO STRIKE IN SUPPORT OF THEIR DEMANDS. THEY CLAIM SIMILAR SUPPORT FROM THE KRAKOW INTER-FACTORY COMMITTEE AND RURAL SOLIDARITY FROM THE KRAKOW REGION. THEY STATE THAT THEIR SIT-IN STRIKE WILL CONTINUE UNTIL THE CENTRAL AUTHORITIES START TALKS. IN RZESZOW A SIMILAR RURAL SOLIDARITY STRIKE NOW APPEARS TO HAVE BEEN LINKED TO THAT IN USTRZYKI DOLNE. THE RZESZOW STRIKE COMMITTEE STATE IN THEIR TELEX THAT : (I) IT IS A CONDITION FOR A RENEWAL OF TALKS IN RZESZOW THAT A GOVERNMENT COMMISSION SHOULD ALSO GO TO USTRZYKI DOLNE.

(II) SIMILARLY NO AGREEMENT WILL BE SIGNED IN RZESZOW WITHOUT THE SIGNATURE OF A SIMILAR AGREEMENT IN USTRZYKI DOLNE.

(III) AS A RESULT OF THE FAILURE OF THE GOVERNMENT TO SEND A SUITABLE COMMISSION TO USTRZYKI DOLNE BY THE EVENING OF 5 JANUARY, THE PRESIDUM OF SOLIDARITY FOR SOUTH-EAST POLAND (BASED IN THE REGIONAL CAPITAL OF PRZEMYSL) DECIDED TO CALL A ONE-HOUR WARNING STRIKE ON 6 JANUARY IN 3 OR POSSIBLY 4 PRZEMYSL FACTORIES.

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3. WE HAVE ALSO HEARD THAT THE USTRZYKI DOLNE STRIKERS HAVE BEEN COMPLAINING OF POLICE HARRASSMENT AND THAT THE GOVERNMENT HAD ALREADY SENT A DELEGATION TO SEE THEM, WHICH THEY HAVE REJECTED ON THE GROUNDS OF ITS UNSATISFACTORY COMPOSITION. WE HAVE ALSO HEARD THAT ONE OF THE SUBSIDIARY DEMANDS OF THE ESTIMATED 600 FARMERS AND WORKERS SITTING IN IN RZESZOW IS THAT A LOCAL HUNTING RESERVE, WHERE GIEREK USED TO TAKE GISCARD, SHOULD BE OPENED TO THE PUBLIC.

4. IT IS DIFFICULT FROM THIS DISTANCE TO ASSESS THE SERIOUSNESS OF THE STRIKE ON THE NATIONAL SCALE. NEVERTHELESS, TAKEN WITH DEVELOPMENTS OVER THE ISSUE OF FREE SATURDAYS, IT APPEARS TO MARK THE END OF THE CHRISTMAS HOLIDAY LULL. THE STRIKES SEEM TO BE RELATED MOST CLOSELY TO THE SUPREME COURTS RECENT POSTPONEMENT OF A DECISION ON THE REGISTRATION OF RURAL SOLIDARITY (OUR TELNO 555) THEIR LOCATION IN SOUT EAST POLAND AN AREA NOTED FOR ITS ANTI GOVERNMENT SYMPATHIES (WHICH DERIVE FROM THE POST WAR CAMPAIGN AGAINST UKRAINIAN PARTISANS) WILL PRESUMABLY BE NOTED BY THE SOVIET UNION. BUT THE AREA IS NOT ONE OF PRIME SRATEGIC IMPORTANCE.

5. THE MOST SERIOUS ASPECT IS THE CLAIM OF SUPPORT FROM THE SZCZECZIN MKZ AND POSSIBLY FROM YET ANOTHER REPORTED STRIKING GROUP AT JELENIA GORA IN WESTERN POLAND. TODAY'S MEETING OF SOLIDARITY'S NATIONAL COORDINATING COUNCIL IN GDANSK WILL NO DOUBT TAKE A POSITION ON THIS AND SEVERAL OTHER CURRENT PROBLEMS INCLUDING FREE SATURDAYS AND FORECASTING MAY BE EASIER THEREAFTER. BUT THERE IS NO DOUBT THAT THIS RECRUDESCENCE OF UNION ACTIVITY AND PRESSURES BODES ILL FOR POLITICAL PEACE, CONGRESS PREPARATIONS, ECONOMIC RECOVERY, AND , MOST SERIOUS OF ALL, SOVIET NERVES.

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TELEGRAM NUMBER 6 OF 6 JAN

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POLISH SITUATION

1. WHILE THE ATMOSPHERE IS MUCH LESS TENSE THAN IT WAS IN THE FIRST HALF OF DECEMBER, DISAGREEMENT HAS BEEN BUILDING UP BETWEEN THE GOVERNMENT AND SOLIDARITY ON THE ISSUE OF FREE SATURDAYS.

2. THE GOVERNMENT GOT ITSELF INTO A MESS BY AGREEING LAST AUTUMN TO MAKE ALL SATURDAYS FREE FOR MINERS, WHILE IN THE GDANSK AGREEMENTS THEY ONLY AGREED TO INCREASE THE NUMBER OF FREE SATURDAYS. THEY HAVE SO FAR CARRIED OUT THE AGREEMENTS TO THE LETTER ANNOUNCING TWO FREE SATURDAYS A MONTH FOR EVERYONE EXCEPT MINERS WHO ARE TO HAVE ALL SATURDAYS OFF. AFTER PROTESTS THEY HAD HASTILY TO OFFER LAST WEEK 3 FREE SATURDAYS IN JANUARY WITH DECISIONS ON THE REST OF THE YEAR PROMISED LATER THIS MONTH.

3. ALTHOUGH THIS IS NOT AN ISSUE LIKELY TO WIN GREAT SYMPATHY ABROAD, SOLIDARITY APPEAR CURRENTLY TO BE PRESSING IT HARDER THAN THOSE OF THE TRADE UNION LAW OR CENSORSHIP OF FOOD SUPPLIES. NO DOUBT THERE IS GRASS ROOTS PRESSURE FOR FREE SATURDAYS AND SOLIDARITY'S FACTORY-LEVEL ELECTIONS ARE NOW TAKING PLACE. FURTHERMORE IT IS SEEN AS A GOOD SIMPLE CONCRETE ISSUE BY THOSE WHO ARE LOOKING FOR ONE AND WHO ARE AFRAID OF SOLIDARITY SINKING BACK INTO INACTIVITY. IT IS ACCEPTED THAT THE GOVERNMENT CANNOT PRODUCE MORE MEAT AND MORE FLATS AT ONCE BUT THEY CAN AT LEAST PRODUCE MORE FREE SATURDAYS. THERE IS ALSO ROOM FOR SUGGESTIONS THAT THE GOVERNMENT IS GOING BACK ON THE AGREEMENTS OF LAST AUTUMN.

4. A MAJOR CONFRONTATION ON THIS POINT ALONE IS UNLIKELY BUT IT COULD SERIOUSLY CLOUD THE RECENT HONEYMOON BETWEEN GOVERNMENT AND UNIONS. THE SITUATION MAY BE CLEARER AFTER A MEETING OF SOLIDARITY'S FULL BOARD LATER THIS WEEK.

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5. THE MAJOR SHORT-TERM PRE-OCCUPATION IS TO MEET PAYMENTS DUE IN THE FIRST QUARTER OF 1981 BEFORE A GENERAL AGREEMENT WITH WESTERN CREDITORS IS REACHED. THE SUPPLY SITUATION IN THE MARKET IS A LITTLE EASIER THAN IT WAS IN DECEMBER PROBABLY BECAUSE OF EXTENSIVE GOVERNMENT PURCHASE FOR THE CHRISTMAS SEASON. THE COUNTRY HAS BEEN STRIKE-FREE FOR SEVERAL WEEKS AND THE ECONOMY IS GENERALLY WORKING AGAIN. BUT COAL, TRANSPORT AND POWER SUPPLIES REMAIN PROBLEM AREAS WHICH COULD GET MUCH WORSE IF HARD WEATHER SETS IN. MINOR REFORMS (TO BE REPORTED SEPARATELY) CAME INTO FORCE ON JANUARY 1ST BUT NO FURTHER ANNOUNCEMENTS HAVE BEEN MADE ABOUT MAJOR REFORM WHICH IS BEING STUDIED BY A 200 STRONG COMMISSION.

FOREIGN AFFAIRS

6. THE FOREIGN MINISTER'S VISIT TO MOSCOW ON DECEMBER 26 IS REPRESENTED AS A PURELY ROUTINE VISIT AND I WAS TOLD BY VICE-MINISTER OLECHOWSKI THAT ONLY 10% OF THE TIME WAS DEVOTED TO POLISH AFFAIRS. THE REST OF THE DISCUSSIONS COVERED THE INTERNATIONAL SCENE AND MINISTER CZYREK HAD RETURNED VERY SATISFIED WITH THE JOINT SOVIET/POLISH DETERMINATION TO DO EVERYTHING POSSIBLE '' AND INDEED IMPOSSIBLE'' TO IMPROVE THE STATE OF EAST-WEST RELATIONS.

7. OLECHOWSKI SAID THAT POLAND NOW WISHED TO RESUME THE ACTIVE ROLE IN FOREIGN AFFAIRS WHICH IT PLAYED BEFORE THE EVENTS OF LAST AUGUST, NOTABLY AS SOMETHING OF A BRIDGE BETWEEN EAST AND WEST. IT IS DIFFICULT HOWEVER TO ENVISAGE POLAND IN ITS PRESENT STATE CUTTING MUCH OF A DASH. NOR CAN I BELIEVE THAT POLISH INFLUENCE WITH THE USSR AND OTHER WARSAW PACT COUNTRIES ON FOREIGN AFFAIRS CAN YET BE ANYTHING BUT SLIGHT. RECENT PRESS ARTICLES REFLECT A GOOD DEAL OF THE SOVIET VIEWS ON SUCH MATTERS AS THE RECENT NATO MEETING. THIS IS NO DOUBT PART OF THE PRICE TO BE PAID FOR SOVIET AID IN OTHER FIELDS.

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SED	CABINET OFFICE
WED	PS/CHANCELLOR } TREASURY
ECD (E)(I)	SIR K COUZENS }



B/F with Treasury reply.

Print 7/1

Chancellor of the Exchequer

ECONOMIC ASSISTANCE TO POLAND

Thank you for sending me a copy of your minute of 6 January to the Prime Minister. As you say I support the view that we should respond positively to the Polish request to send a team to discuss UK participation in a bridging operation, and I am glad that this has now been agreed.

2. I accept that we should keep broadly in line with other Western countries on this, and I agree that we may have to wait until the meeting of creditors on 16 January to have a sufficiently clear idea of what others are doing or intending to do. But the decision to keep broadly in line with others cuts both ways. We must keep in mind that the French are on the point of agreeing with the Poles their contribution to a bridging operation and that the German representative at the Paris meetings will be having talks with the Poles on 7 January. My officials will want to keep in close touch with yours about how much we should be prepared to tell the Polish team when they come over.

3. As far as ECGD grading is concerned, I welcome the agreement to retain the present 'B' rating for the food aid credits. For the rest, I understand the technical arguments which point to Poland being downgraded; but I remain concerned about the political impact of such a decision at a time when the bridging operation has not yet been agreed and we are still at a very early stage in discussing with our partners and with the Poles how best to deal with the problems of the longer term. It would

/be

be helpful if a decision to downgrade could be postponed for two or three months, as HM Ambassador at Warsaw has suggested, and I shall be grateful if you will let me know if you see any very strong objection to such a procedure.

4. I am sending copies of this minute to the Prime Minister, to the other members of OD and to Sir Robert Armstrong.

I.H.C.

6 January 1981

CONFIDENTIAL

OSG

File



OD
cc Ho
Ho Chanc.
Fco
MoD
Ho Pres.
6 January 1981
Ho Privy Seal.
D/Trade
+ CO

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From the Private Secretary

ECONOMIC ASSISTANCE TO POLAND

The Prime Minister has seen the Chancellor of the Exchequer's minute to her of 6 January about economic assistance to Poland. She has agreed that, subject to the provisos in paragraph 4 of the Chancellor's minute, we should enter into discussions with the Poles about UK participation in a bridging operation. The Prime Minister has noted the unresolved issue relating to Poland's ECGD credit rating.

I am sending copies of this letter to the Private Secretaries to the other members of OD and to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

John Wiggins, Esq.,
H.M. Treasury.

CONFIDENTIAL

OSG



2 (11)

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

ECONOMIC ASSISTANCE TO POLAND

We agreed at OD on 10 December (OD(80)26th Meeting) on a strictly limited measure of assistance to Poland, as part of a concerted package mounted by most of the major creditors. We agreed to provide between two-thirds and all of what the Poles wanted for the first six months of 1981, by way of new credits and refinancing of maturing loans. This was seen as an interim measure, pending a wider rescheduling or refinancing operation. UK participation was to be contingent on the other major creditors joining in.

2. A meeting of creditors took place in Paris on 22-23 December. Treasury and FCO officials attended. A Polish delegation was present part of the time. The US made it clear that the new Administration could do nothing until well into February. It would then take six weeks or so to negotiate a longer-term package. Meanwhile the Poles told the French chairman that they were running out of cash. A limited Soviet loan was almost exhausted. Some kind of bridging operation, for at least three months, would be needed. The UK representatives said that we could join in this, if sufficient others did the same, and indicated the scale of our possible help. But the French and Germans, while willing, claimed to lack Ministerial instructions. Austria was already committed to help. The rest said they would consider the position. The EC creditors agreed to meet again in Paris (with any others who were willing) on 16 January to finalise a bridging operation. Meanwhile they were free to talk bilaterally to the Poles, but without commitment. One exception was the provision of credit for food aid, which was recognised as a

/separate



separate and immediate problem.

3. Since that meeting, there have been three developments:-

(a) Food Aid. It has now been agreed at official level to provide up to £15 million of credits for the UK share of the EC food aid package. This was within existing Ministerial authority.

(b) France has unilaterally offered a F F 100 million a month refinancing credit for the first quarter of 1981; this is a fresh decision, extending an earlier loan.

(c) Germany has offered 120 million DM on new credits from 2 January, but this is part of a loan agreed in October. We understand that German Ministers are meeting on Wednesday to consider whether they can do anything else to help.

4. Following the French offer, the Poles asked our Embassy in Warsaw on Friday for UK participation in a bridging operation (covering limited refinance as well as new credits). They want to send a negotiating mission over here later this week. There is an obvious risk in agreeing to this. But I believe we can accept it, provided we make it clear to the Poles in advance:-

(i) that the talks are exploratory (e.g. to agree on the maturities in the first quarter, on which there are conflicting estimates);

(ii) that we shall explain the terms on which we might be prepared to offer aid (e.g. period; grace period; interest rates);

/(iii) that the



(iii) that the whole thing is subject to the outcome of the Paris talks on 16 January.

I understand that the Lord Privy Seal would support this. If you agree, arrangements will be made immediately.

5. There is then a minor but irritating technical point. The Report by Officials which went to OD in December said that ECGD were considering downgrading Poland from a "B" credit rating to "D" - i.e. exporters should pay a higher premium (about another 2 per cent on the insured value). This is normal practice for a country which is having problems in paying its debts; Poland is clearly not creditworthy at present. It is a technical matter which would normally be dealt with quite automatically. In ECGD's present financial difficulties I would not want to hold up such a move. But the news leaked in Warsaw and the press here picked it up. I understand that the Foreign Secretary fears the decision will have an adverse political effect, at a time when we are trying to be as helpful as possible to the Poles. As a compromise, it has been agreed at official level that we retain the present "B" rating for the food aid credits, so as to maintain the full value to the Poles (and prevent them switching the order to other EC countries). The matter does not have to be resolved before the Paris meeting on 16 January. But I fear that, if the Foreign Secretary cannot accept the downgrading, he and I will have to discuss it further with the Secretary of State for Trade.

6. It was also agreed in Paris that the bridging operation, as its name implies, was purely temporary. A further meeting between all major creditors and the Polish authorities will take place in mid-February, by which time the US position should be clearer.

/7. The Bank



7. The Bank of England has checked the private sector position. No bank has yet reported a default. All the clearers are rolling over short-term maturities as they arise, but not increasing their ^W exposure. They are looking nervously over their shoulders. The Bank is keeping closely in touch with the position and we shall have time to discuss matters before any irrevocable decisions are taken.
8. There is mounting press interest. The "Sunday Express" made this their lead story on Sunday. Officials have agreed interdepartmentally on a neutral "line to take" for the moment. Clearly we should discourage any exaggerated ideas about the scale of any UK assistance.
9. Apart from the two outstanding points above, there are no issues on which our negotiators need fresh instructions before the Paris meeting on 16 January. The existing OD decision is sufficient for this purpose. I suggest that we ask officials to be guided by this, and to agree UK participation in a three-month bridging operation, covering both new credits and refinancing, on a scale commensurate with the contributions of the other creditors, particularly our Community partners. It will then be necessary to revert to the longer-term issues, on which officials are preparing a further report.
10. I am sending copies of this minute to the other members of OD and to Sir Robert Armstrong.

R. Tolkien (Private Secretary)
for (G.H.)
6 January 1981

[*approved by the Chancellor and
signed in his absence*]

BESS LINE

ECONOMIC ASSISTANCE FOR POLAND

1. At a meeting this morning of MISC 49 it was agreed that there should be a common Whitehall line and that we should be prepared to indicate in general terms what we have now said to the Poles. The following line has been agreed with the Treasury:

Economic Assistance

2. The UK views with sympathy Poland's request for economic assistance. Consultations with other Western creditors are being urgently pursued as to the most effective means of concerting efforts to help Poland. A meeting for this purpose took place in Paris on 22/23 December.

EC Food Offer

3. As the Lord Privy Seal made clear to the House on 19 December, the UK is ready to make available the credit which will be needed to finance the UK's share of the community food offer (final allocation of the offer as between member states has yet to be settled in detail but the UK is likely to provide all of the 100,000 tonnes of barley included in the community offer and a part of other commodities involved eg meat and butt). Arrangements are being made for this credit to be provided at an early date and the terms are being discussed with the Polish authorities.

Longer Term Assistance

4. The question of what can be done to help Poland in the longer term is under careful consideration and is a matter for coordination with other Western creditors.

Short-term Assistance

5. In the interim period until such longer term arrangements can be made the UK is ready in line with what other Western countries are prepared to do to provide at least part of what the Poles have asked us for (precise figures are still under consideration). Unattributable (if asked): this assistance may include both new credit and new refinancing.

6. The credit required for the UK's share of community food aid referred to above will comprise a part of this interim assistance.

ECGD Grading (if asked)

7. The question of grading is a technical one which is kept under continuing review by ECGD as a normal part of their operations in respect of countries where they guarantee export credit. Poland is no exception. No decisions have been taken.

5 January 1981

A E MONTGOMERY
Eastern European and Soviet Dept
/PTO

CC:

Mr Harvey, ESID

Mr Gowlland, TRED

Mr Mountfield, Treasury

Mr Breach, ECGD

Mr Popsell, CRE 4, DOT

Mr P J Bull, Bank of England

Mr Wade-Gery, Cabinet Office

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FM MOSCOW 020930Z JAN 80

TO PRIORITY F C O

TELEGRAM NUMBER 003 OF 2ND JANUARY

FOR INFO ROUTINE WARSAW UKDEL NATO WASHINGTON PARIS BONN
INFO SAVING BUDAPEST BUCHAREST PRAGUE SOFIA EAST BERLIN
HELSINKI AND BELGRADE

Prime Minister

MA

mb

SOVIET COMMENT ON POLAND.

1. AN UNSIGNED TASS REPORT IN TODAY'S PRAYDA, HEADLINED "PROVOCATIVE DEMANDS", NOTED THE CONTINUING ACTIVITIES OF ANTI-SOCIALIST FORCES IN POLAND WHO WERE TRYING TO HAMPER PZPR AND GOVERNMENTAL MEASURES TO NORMALIZE THE SITUATION. TASS SAID THAT "THESE FORCES MOST OFTEN OPERATE BY USING AS A COVER THE SLOGANS OF THE TRADE UNION "SOLIDARITY". THEY ARE URGING ORGANISATIONS OF THAT TRADE UNION TO ASSUME THE ROLE OF A SORT OF COUNTERBALANCE TO THE OFFICIAL ORGANS OF POWER, TO BECOME AN ORGANIZATION OF A POLITICAL KIND". TASS ADDED THAT THESE FORCES WERE TRYING TO CREATE CHAOS IN THE POLISH ECONOMY WHICH THEY HOPED TO USE FOR THEIR OWN "SUBVERSIVE ENDS". THEIR DEMANDS WOULD INCREASE DISPROPORTIONS IN THE POLISH ECONOMY AND TENSION IN THE DOMESTIC MARKET. THE WORK STOPPAGES ON WHICH THEY WERE COUNTING AGGRAVATED IRREGULARITIES IN THE SUPPLY OF CONSUMER GOODS TO THE POPULATION.

2. THIS IS THE FIRST PUBLIC SOVIET ATTACK ON SOLIDARITY SINCE THE TASS PIECE OF 8 DECEMBER (MY TELNO 777) WHICH WAS DENIED BY THE POLISH AUTHORITIES AND SUBSEQUENTLY DROPPED FROM THE SOVIET MEDIA. THE PRESENT ARTICLE IS MORE CAUTIOUSLY PHRASED (THERE ARE, FOR EXAMPLE NO REFERENCES TO 'COUNTER-REVOLUTION', AND THE ATTACK IS GENERAL WITH NO SPECIFIC INSTANCES OF "PROVOCATION" CITED). BUT IT CLEARLY DEMONSTRATES CONTINUING SOVIET UNHAPPINESS WITH SOLIDARITY'S STRENGTH AND ROLE AND WILL BE DESIGNED BOTH TO KEEP UP PRESSURE ON THE POLES TO PUT SOLIDARITY WITHIN ACCEPTABLE LIMITS, IT SHOULD HOWEVER BE SEEN ALONGWITH A BALANCING PIECE OF REPORTAGE IN IZVESTIYA OF 1 JANUARY WHICH GAVE A NOTABLY OPTIMISTIC ACCOUNT OF PARTY AND FACTORY WORK IN SILESIA, STRESSING THAT THE ATMOSPHERE HAD CHANGED SIGNIFICANTLY. THERE WAS LESS EMOTION AND MORE CONSTRUCTIVENESS. NOW THE MAIN FEELING WAS DEEP CONCERN AT HOW

↑

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TO DIRECT POLAND'S DEVELOPMENT IN A CHANNEL FAVOURABLE TO
"SOCIALIST POLAND". SINCE THE 7TH PARTY PLENUM LOCAL PARTY
ACTIVISTS HAD BEGUN TO ACT WITH MORE DECISIVENESS AND
PURPOSFULNESS. THIS CHANGE IN THE MOOD OF COMMUNISTS WAS
PERCEPTIBLE EVERYWHERE.

FCO PLEASE PASS SAVING TO BUDAPEST BUCHARST PRAGUE SOFIA
EAST BERLIN HELSINKI AND BELGRADE.

KEEBLE

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THIS TELEGRAM
WAS NOT
ADVANCED

[PASSED] AS REQUESTED

Foreign and Commonwealth Office document

Reference DIPLOMATIC REPORT NO. 4/81
Description POLAND: ANNUAL REVIEW
FOR 1980
1 January 1981

The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed Wayland

Date 1 September 2011

PREM Records Team

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GRS 230

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FM WARSAW 301500Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 555 OF 30 DEC

INFO MOSCOU PRAGUE SOFIA BUDAPEST BUCHAREST EAST BERLIN

BELGRADE UKDEL NATO WASHINGTON PARIS BONN HELSINKI

STOCKHOLM UKDEL NEW YORK MODUK

From: Minister

AKI.

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MS

POLISH INTERNAL SITUATION

1. THE POLISH SUPREME COURT HAS POSTPONED TO AN UNSPECIFIED DATE ITS DECISION ON WHETHER TO ALLOW PRIVATE FARMERS TO REGISTER AS A BRANCH OF SOLIDARITY, OSTENSIBLY ON THE GROUNDS THAT POLISH TRANSLATIONS OF CERTAIN ILO DOCUMENTS ARE NOT AVAILABLE. ABOUT 1000 FARMERS HAD DEMONSTRATED QUIETLY OUTSIDE THE COURT.

2. THIS LOOKS LIKE AN ATTEMPT TO GAIN TIME FOR SOME KIND OF COMPROMISE TO BE WORKED OUT. BOTH THE MAIN LEADERS OF SOLIDARITY AND THE GOVERNMENT ARE MOST ANXIOUS TO AVOID ANOTHER CONFRONTATION AT THIS TIME. EVEN THOUGH THE FARMERS THREAT TO WITHHOLD SUPPLIES IS NOT TAKEN VERY SERIOUSLY, ANYTHING WHICH COULD AFFECT FOOD DISTRIBUTION JUST AS THE REAL WINTER APPROACHES IS POTENTIALLY EXPLOSIVE. THOUGH THIS IS PURE SPECULATION, IT IS NOT IMPOSSIBLE THAT THE RUSSIANS ARE OPPOSING WHAT WOULD SEEM LIKE YET ANOTHER CLIMB-DOWN BY THE GOVERNMENT AND THAT MORE TIME IS NEEDED FOR DISCUSSIONS WITH ALL THE PARTIES.

3. THE MINOR STOPPAGES LAST WEEK OVER MEAT SUPPLIES SEEM TO HAVE BEEN SATISFACTORILY SETTLED AND SOLIDARITY'S CALL FOR THE RELEASE OF IMPRISONED DISSIDENTS IS UNLIKELY TO BE PRESSED VERY HARD FOR THE TIME BEING, UNLESS THERE ARE MORE ARRESTS.

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CAYTON HOUSE TOTHILL STREET

MR K WILKES MAFF

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Prime Minister
MP
and

FM FCO 301400Z DECEMBER 1980
IMMEDIATE TO WASHINGTON
TELEGRAM NUMBER 1968 OF 30 DECEMBER
REPEATED FOR INFORMATION PRIORITY TO BONN AND PARIS
MY TELNO 1965

MESSAGE FROM M. FRANCOIS-PONCET TO LORD CARRINGTON

1. IN ORDER TO DETERMINE THE MEASURES WHICH WOULD BE NECESSARY IF THERE WAS A SOVIET INTERVENTION IN POLAND THE MOST EFFICIENT PROCEDURE WOULD CONSIST IN CENTRALISING THE WORK IN WASHINGTON BETWEEN THE STATE DEPARTMENT AND THE THREE AMBASSADORS WHO WOULD HAVE TO BE PROVIDED, AS NECESSARY, WITH INSTRUCTIONS FROM THEIR GOVERNMENTS. THIS FORMULA WOULD HAVE, IN OUR OPINION, THE ADVANTAGE OF CONTINUITY AND OF SPEED. IF IT WAS ACCEPTED, ONE SHOULD BEGIN TO PUT IT INTO OPERATION VERY RAPIDLY.
2. IT PRESUMES, HOWEVER, THAT THE CONFIDENTIALITY OF THE MEETINGS CAN BE GUARANTEED. IT WOULD THEREFORE BE APPROPRIATE TO CHECK QUITE CATEGORICALLY WITH THE AMERICANS THAT THIS CONDITION CAN BE MET. IF THIS WAS NOT POSSIBLE, IT WOULD BE NECESSARY TO REVERT TO THE SOLUTION OF MEETINGS BETWEEN THE FOUR POLITICAL DIRECTORS IN A EUROPEAN CAPITAL.
3. THIS MESSAGE IS ALSO BEING SENT TO MR MUSKIE AND TO HERR GENSCHER.

CARRINGTON

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HD/WED
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PS/LPS

PS/MR HURD
PS/MR BLAKER
PS/PUS
MR FERGUSSON

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FM WARSAW 310800Z DEC

TO PRIORITY FCO
TELEGRAM NUMBER 558 OF 30 DEC.
INFO PARIS WASHINGTON BONN UKREP BRUSSELS ROME

FINANCIAL ASSISTANCE FOR POLAND

COMMERCIAL COUNSELLOR CALLED TODAY TO SEE WOLOSZYN (BANK HANDLOWY) VICE-PRESIDENT SZCZEPKOWSKI WHO WAS IN RECENT POLISH DELEGATION TO CREDITORS MEETING IN PARIS WAS ALSO PRESENT.

2. WOLOSZYN SAID THAT POLAND'S EXPORT PERFORMANCE HAD DETERIORATED AFTER AN ENCOURAGING FIRST HALF OF 1980. DECEMBER LOOKED A PARTICULARLY BAD MONTH.

GOVERNMENT WERE NOW EXPECTING A HARD CURRENCY BALANCE OF TRADE DEFICIT OF ABOUT DOLLARS 900 MILLION (IMPORTS WOULD BE ABOUT SAME LEVEL AS IN 1979) ALTHOUGH BALANCE OF PAYMENTS DEFICIT WOULD BE LESS THAN IN 1979, HARD CURRENCY DEBT HAD GROWN TO AROUND DOLLARS 23 BILLION POLAND HAD MANAGED TO SECURE FINANCE FOR 1980 DEBT SERVICING AND TRADE SHORTFALL.

3. IN 1981 POLAND WOULD NEED TO FIND ABOUT DOLLARS 8 BILLION TO SERVICE HARD CURRENCY DEBTS (INCLUDING INTEREST). VIRTUALLY ALL WOULD BE COVERED BY HARD CURRENCY EXPORTS, BUT POLAND WOULD NEED CREDIT FOR ESSENTIAL IMPORTS. MOST WOULD HAVE TO BE GOVERNMENT BACKED. DEBT SERVICING PROBLEMS WOULD BE PARTICULARLY ACUTE IN FIRST TWO MONTHS OF 1981 WHEN OVER DOLLARS 1.2 BILLION WAS DUE TO BE REPAYED. BANK HANDLOWY WOULD ADVISE US OF THE MAIN PROJECT-RELATED PAYMENTS DUE IN THIS PERIOD - THE AGREEMENT TO DEFER REPAYMENT OF THE FIRST INSTALLMENT OF PRINCIPAL ON THE LOT PROJECT LOAN AT THE END OF NOVEMBER HAD COME TOO LATE, AND THE MONEY HAD BEEN PAID OVER (BANK HANDLOWY WOULD BE RELIEVED IF SOME MEANS COULD NOW BE FOUND OF RETURNING IT) IT WAS THE BANK'S FIRST PRIORITY TO AVOID DEFAULTING ON ANY LOAN REPAYMENT.

4. POLAND DESPERATELY NEEDED BRIDGING FINANCE OVER THE NEXT FEW WEEKS SO THAT SHE COULD MEET HER COMMITMENTS. AS AGREED IN PARIS RECENTLY SHE WOULD SEEK SUCH HELP BILATERALLY WHILST A WIDER, CONCERTED ARRANGEMENTS WAS BEING EVOLVED. AS SOON AS WORD WAS FORTHCOMING FROM THE MINISTRY OF FINANCE A FORMAL APPROACH FOR URGENT HELP WOULD BE MADE THROUGH THE BRITISH EMBASSY IN WARSAW, AND BY THE POLISH EMBASSY IN LONDON TO ECGD. THE CONTACTS MADE WITH HM TREASURY IN PARIS WOULD ALSO BE RENEWED

RESTRICTED

5. IN RESPONSE TO QUESTIONS ABOUT THE EXTENT OF CMEA FINANCIAL HELP, WOLOSZYN SAID THAT HARD CURRENCY AID FROM THE DDR WOULD NOT BE USED TO MEET PAYMENTS OBLIGATIONS BUT WOULD BE ADDED TO POLAND'S RESERVES. THE HARD CURRENCY LOAN OF ONE BILLION DOLLARS FROM THE USSR HAD ALREADY BEEN USED TO MEET EXISTING OBLIGATIONS (WOLOSZYN DID NOT DISSENT WHEN MELHUIH SUGGESTED THAT IT HAD BEEN USED TO FILL THE 1980 BORROWING SHORTFALL).

ON THE BASIS OF EXISTING AGREEMENTS THE ONLY HELP STILL OUTSTANDING FROM THE USSR WAS IN THE FORM OF QUOTE HARD CURRENCY GOODS UNQUOTE, WHICH WOULD BE DELIVERED DURING 1981.

6. THE CONVERSATION ALSO TOUCHED ON THE PROBLEM OF DELAYED PAYMENTS WOLOSZYN SAID THAT THE BANK WAS PARTICULARLY SENSITIVE TO CASES OF ECGD-BACKED DEBTS, AND SEEMED GENUINELY SURPRISED THAT SEVERAL OF THESE REMAINED OUTSTANDING. HE UNDERTOOK TO CHECK THE POSITION ON THEM.

7. FINALLY, WOLOSZYN SAID ONCE AGAIN THAT POLAND WAS LOOKING FOR REFINANCING FOR HER OUTSTANDING DEBTS, NOT RESCHEDULING. COMMERCIAL BANKERS TO WHOM HE HAD SPOKEN SHARED HIS VIEW THAT THIS WAS THE BEST APPROACH. FRANCE AND ITALY SEEMED WILLING TO PROVIDE REFINANCING AID. THE US WAS A PROBLEM, PARTLY BECAUSE OF THE CHANGEOVER OF THE ADMINISTRATION BUT ALSO BECAUSE OF THE VERY HIGH RATES OF INTEREST POLAND WAS PAYING ON CCC CREDIT. MELHUIH SAID THAT BRITAIN WAS WILLING TO HELP BY PROVIDING CREDIT FOR PURCHASES OF BEEF, BUTTER AND BARLEY; AND SYMPATHETIC CONSIDERATION WAS BEING GIVEN TO POLAND'S REQUESTS FOR OTHER KINDS OF FINANCIAL HELP ALTHOUGH NO FINAL DECISIONS HAD YET BEEN TAKEN.

PRIDHAM

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HQ ECO(E)

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*The grounds are though
the situation is at least
as serious as we had
thought.*

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FM WARSAW 231430Z DEC
TO IMMEDIATE FCO
TELEGRAM NUMBER 551 OF 23 DEC

IMMEDIATE

INFO PRIORITY PARIS BONN WASHINGTON ROME VIENNA TOKYO
BERNE STOCKHOLM BRUSSELS DOT TREASURY ECGD

mf

YOUR TEL NO 639 : ECONOMIC ASSISTANCE FOR POLAND

1. I SPOKE AS INSTRUCTED TO THE MINISTER FOR FOREIGN TRADE THIS MORNING, LEAVING BEHIND AN AIDE MEMOIRE BASED ON FCO TEL NO 637.
2. IN THE ENSUING DISCUSSION KARSKI AND HIS ADVISERS WERE CLEARLY MOST CONCERNED ABOUT THE GENERAL POLISH REPAYMENT POSITION. THE MINISTERS FIRST QUESTIONS WERE ABOUT THE PRECISE IMPLICATION OF THE WORDS "AT LEAST" IN PARAGRAPH 1(IV) OF FCO TEL 637 AND FOR MORE INFORMATION ABOUT FIGURES FOR POSSIBLE BRITISH FINANCIAL ASSISTANCE. I DECLINED TO BE DRAWN ON EITHER POINT. HE THEN SAID THAT HE WAS VERY WORRIED ABOUT TIMING. HE HAD HOPED FOR FIRM DECISIONS BY THE END OF 1980. BUT IT NOW SEEMED UNLIKELY THAT FIRM PROPOSALS WOULD RESULT FROM THE PARIS MEETING CURRENTLY UNDER WAY. AMONG OTHER THINGS HE RECOGNISED THAT THE AMERICANS WERE NOT READY TO GIVE AN ANSWER. THE FOLLOW UP MEETING MIGHT NOT TAKE PLACE UNTIL LATE JANUARY AND

UP MEETING MIGHT NOT TAKE PLACE UNTIL LATE JANUARY AND EVEN THEN THE NEW US ADMINISTRATION WOULD HAVE OTHER THINGS ON ITS MIND. BUT POLAND HAD AN IMMEDIATE PROBLEM. WE WERE ONLY 8 DAYS FROM 1981, WHEN A NEW MONTH WOULD SEE NEW REPAYMENT OBLIGATIONS. IF IT WERE NOT FEASIBLE TO HAVE IMMEDIATE FINANCIAL HELP, COULD SOME SUB-BRIDGING ARRANGEMENT BE MADE? I ASKED WHAT REPAYMENTS WERE DUE TO BRITAIN IN JANUARY AND THE MINISTER PROMISED TO PROVIDE DETAILS. KARSKI CONCLUDED WITH A PLEA THAT HMG SHOULD GIVE THE POLES SOME IDEA OF THE LIKELY TIMETABLE MENTIONED IN THE LAST SENTENCE OF FCO TEL 637 AND I PROMISED TO PASS ON THIS REQUEST.

3. ON EC HELP KARSKI INTERJECTED THAT WHILE THE POLISH GOVERNMENT WAS PLEASED TO HAVE SECURED A SYMPATHETIC RESPONSE FROM BRUSSELS, IT WAS MISLEADING TO LABEL THIS FOOD "AID" SINCE IT WAS RATHER FOOD SALES ON SPECIAL TERMS", EVIDENCE OF TYPICAL POLISH SENSITIVITY. I REPEATED THAT WE WOULD PLAY OUR PART IN THIS COMMUNITY PACKAGE AND WAS ASKED WHAT WOULD BE THE TERMS AND CONDITIONS ATTACHED TO OUR CREDIT FACILITIES. I SAID THAT THE WAY WAS NOW CLEAR FOR THE POLISH EMBASSY IN LONDON TO DISCUSS DETAILS WITH MAFF AND ECGD.

4. THE MINISTER WAS GRATEFUL FOR THIS INTERIM REPLY BUT CLEARLY INTENSELY ANXIOUS ABOUT THE IMMEDIATE REPAYMENT SITUATION IN THE LIGHT OF PROBABLE DELAY IN REACHING COLLECTIVE WESTERN DECISION.

5. IT WOULD BE USEFUL IF POSSIBLE TO KNOW (A) DETAILS OF THE TERMS OF THE CREDIT PACKAGE WHICH ECGD WILL BE PUTTING TO THE POLISH EMBASSY FOR OUR BARLEY, BEEF AND BUTTER OFFERS AND (B) ECGD'S LIST OF MAJOR REPAYMENTS DUE IN JANUARY.

PRIDHAM

NNNN

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POLAND: ADVANCE COPIES 21

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PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
~~MR P H MOBERLY~~

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FM WARSAW 231030Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 548 OF 23 DECEMBER

INFO ROUTINE MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST

EAST BERLIN BELGRADE UKDEL NATO WASHINGTON PARIS

BONN HELSINKI STOCKHOLM MODUK

M I P T : KANIA'S SPEECH

1. THE SPEECH MADE BY THE FIRST SECRETARY AT THE FIRST MEETING OF THE CONGRESS PREPARATORY MEETING WAS AN IMPORTANT ONE, AND KANIA HAS USED IT TO DEVELOP TWO THEMES THAT HAVE APPEARED IN RECENT PUBLIC PRONOUNCEMENTS: ATTACKS ON KOR, AND ATTACKS ON THE WEST FOR INTERFERING IN POLAND'S INTERNAL AFFAIRS. BUT THIS IS THE FIRST TIME THAT EITHER ATTACK HAS BEEN MADE EXPRESSLY AT SUCH A HIGH LEVEL.

2. THE ATTACK ON KOR, WHICH FOLLOWS THE REMARKS OF FATHER ORSZULIK, (MY TELNO 545) IS PARTLY AN ATTEMPT TO DRIVE A WEDGE BETWEEN SOLIDARNOSC AND ITS MORE " ANTI-SOCIALIST" ADVISERS. BUT IT MAY POSSIBLY PRESAGE A MOVE AGAINST KOR OVER THE CHRISTMAS PERIOD (YOUR TELNO 541).

3. THE ATTACK ON NATO IS MORE PREDICTABLE, AND REFLECTS THE TENDENCY TO BE A RECURRING THEME IN THE NEXT FEW MONTHS

3. THE ATTACK ON NATO IS MORE PREDICTABLE, AND REFLECTS
WHAT IS LIKELY TO BE A RECURRING THEME IN THE NEXT FEW MONTHS.
NO DOUBT SUPPORT OF THE SOVIET LINE IS PART OF THE PRICE
THE POLISH GOVT MUST PAY, BUT THIS APPROACH IS UNLIKELY
TO CUT MUCH ICE WITH THE PEOPLE WHATEVER ITS EFFECT ON
EAST-WEST RELATIONS. BUT THERE IS SOME GENUINE RESENTMENT
AT THE SENSATIONAL REPORTS OF THE WESTERN MEDIA.
(CF REMARKS TO ME BY BISHOP DABROWSKI)

PRIDHAM

BT

NNNN

POLAND: ADVANCE COPIES 21

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PS/MR BLAKER
PS/MR HURD
PS/PUS
MR BULLARD
~~MR FERGUSSON~~
SIR A ACLAND
~~MR P H MOBERLY~~

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*3 Telegrams on the latest
developments in Poland.*

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FM WARSAW 231030Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 547 OF 23 DEC

INFO ROUTINE MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST BERLIN
BELGRADE UKDEL NATO WASHINGTON PARIS BONN HELSINKI STOCKHOLM
MODUK

KANIA'S SPEECH TO THE CONGRESS PREPARATORY COMMISSION

1. FOLLOWING ARE EXTRACTS FROM KANIA'S SPEECH AT THE WEEKEND TO THE FIRST MEETING OF THE CONGRESS PREPARATORY COMMISSION:

" ACTIONS FROM THE POSITIONS OPPOSED TO US ARE STILL TAKING PLACE. AT VARIOUS MEETINGS AND GATHERINGS REPRESENTATIVES OF THE KOR VOICE VIEWS WHICH NOT ONLY FAIL TO SERVE STABILITY IN THE COUNTRY BUT ARE AIMED AGAINST THE FUNDAMENTAL INTERESTS OF SOCIALIST POLAND. THE SITUATION IN THIS COUNTRY IS STILL GENERATING GREAT INTEREST IN THE INTERNATIONAL FORUM. WE TAKE NOTE OF ALL OPINIONS ABOUT US. WE WELCOME THE KIND VOICES, THERE ARE MANY OF THEM, YET WE ALSO WITNESS ATTEMPTS AT CREATING AN ARTIFICIAL ATMOSPHERE OF EXCITEMENT AND TENSION AROUND OUR COUNTRY, AT EXPLOITING THE EVENTS IN POLAND FOR THE REALIZATION OF ENDS WHICH NOT ONLY RUN COUNTER TO OUR INTERESTS BUT ALSO TO THE INTERESTS OF DETENTE AND WORLD PEACE....." " IT IS SYMPTOMATIC THAT AT THE SAME TIME A FLURRY OF STATEMENTS AND COMMENTS WAS WHIPPED UP IN THE WEST, WHOSE CONTENT REMAINS IN

SAME TIME A FLURRY OF STATEMENTS AND COMMENTS WAS WHIPPED UP IN THE WEST, WHOSE CONTENT REMAINS IN CLEARING CONTRAST TO OFFICIAL DECLARATIONS ON NON-INTERFERENCE IN THE INTERNAL AFFAIRS OF OUR COUNTRY. THE MASS MEDIA HAVE BEEN RECENTLY JOINED IN THEIR SPECULATIONS BY NATO'S LEADERSHIP CIRCLES AND OTHER POLITICAL CENTRES IN THE WEST. AN ALARMIST CAMPAIGN OF ABSURD INSINUATIONS ABOUT DANGERS TO POLAND ON THE PART OF HER ALLIES IS CONTINUING. INSINUATIONS OF THIS KIND HAVE BEEN CONTAINED IN THE COMMUNIQUE FROM THE RECENTLY CONCLUDED SESSION OF THE NATO COUNCIL. OF PARTICULARLY PROVOCATIVE AND COLD-WAR NATURE ARE THE STATEMENTS BY THE NATO SECRETARY, LUNS. WE STRONGLY PROTEST AGAINST SUCH ACTIVITIES. THE WEST'S PRESENT POLITICAL AND PROPAGANDA CAMPAIGN DOES NOT SERVE THE PROCESS OF NORMALISATION AND RENEWAL OF SOCIAL LIFE IN POLAND. THIS IS A HIGHLY IRRESPONSIBLE GAMBLE WHICH NOT ONLY HAMPERS THE STABILISATION OF INTERNAL SITUATION IN OUR COUNTRY BUT ALSO LEADS TO THE AGRAVATION OF RELATIONS BETWEEN THE WEST AND THE EAST, TO THE UNDERMINING OF THE DETENTE PROCESS IN EUROPE AND TO THE GROWTH OF INTERNATIONAL TENSION. PEKING HAS RECENTLY JOINED IN THAT CAMPAIGN AND BEHAVIOUR CONTRADICTING THE INTERESTS OF PEACE AND DETENTE.

2. FOR COMMENTS SEE MIFT.

PRIDHAM

BT

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FM WARSAW 221300Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 545 OF 22 DECEMBER

INFO ROUTINE MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST
EAST BERLIN BELGRADE UKDEL NATO WASHINGTON PARIS BONN
HELSINKI STOCKHOLM MODUK

DISSIDENT STATEMENT ON THE CHURCH.

1. KOR IN A SHORT STATEMENT ISSUED OVER THE WEEKEND EXPRESSED ITS SORROW AT REMARKS OF FATHER ORSZULIK, HEAD OF THE PRIMATE'S PRESS OFFICE, ABOUT THE ACTIVITIES OF KOR AND JACEK KURON. THE STATEMENT SAID THAT THESE REMARKS WERE IN DIRECT CONTRADICTION TO THE HISTORICAL ROLE OF THE CHURCH. ORSZULIK'S REMARKS, WHICH ACCOMPANIED THE CHURCH'S COMMUNIQUE, HAD INCLUDED IN ITS INTERPRETATION OF THE CHURCH'S STANCE ON THE LIMITS WITHIN WHICH THE "RENEWAL" CAN BE CONDUCTED A SPECIFIC ATTACK ON KOR.

2. ORSZULIK IS ONE OF THE CHURCHMEN WHO EMPHATICALLY BELIEVES THAT THE CHURCH SHOULD SUPPORT THE REGIME IN ORDER TO AVOID DISASTER. HIS VIEWS ARE PROBABLY STRONGER THAN THOSE OF MOST BISHOPS, EVEN INCLUDING DABROWSKI (MY TELNO 540), WHO WAS RATHER DEFENSIVE ABOUT THE COMMUNIQUE WHEN I CALLED ON HIM LAST WEEK.

3. ORSZULIK'S REMARKS HAVE BROUGHT INTO THE OPEN DIFFERENCES OF APPROACH BETWEEN THE CHURCH AND THE DISSIDENTS WHICH WERE PREVIOUSLY MUTED; INDEED THIS IS THE FIRST INCIDENCE OF A PUBLIC RIFT BETWEEN THE TWO BODIES. IT LOOKS AS IF HE SPOKE OUT OF TURN AND HIS REMARKS MAY ALSO HAVE DEEPENED THE ALLEGED RIFT WITHIN THE CHURCH. CERTAINLY SUCH PRO-DISSIDENT BISHOPS AS TOKARCZUK AND EVEN ARCHBISHOP GULBINOWICZ CANNOT HAVE BEEN HAPPY WITH IT. MEANWHILE THE PARTY MAY TAKE SOME COMFORT AT THIS EVIDENCE OF DISARRAY AMONG ITS OPPONENTS.

PRIDHAM

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FM PRAGUE 201045Z

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TO IMMEDIATE DESKBY FCO 201130Z

TO IMMEDIATE F C O LONDON TEL NO 253 OF 20 DEC 80.

REPEATED FOR INFO PRIORITY TO WARSAW, MOSCOW, EAST BERLIN,

UKDEL NATO, AND BONN, ROUTINE TO BUDAPEST BUCHAREST AND SOFIA.

VISIT OF FRG FOREIGN MINISTER TO PRAGUE: POLAND.

BLECH, POLITICAL D-G IN THE BONN FOREIGN MINISTRY, REPORTED AT

E C BRIEFING THIS MORNING THAT P M STROUGAL AND PRESIDENT HUSAK

HAD BOTH MADE A POINT YESTERDAY OF TELLING GENSCHER THAT THERE

WAS NO INTENTION OF A MILITARY INTERVENTION IN POLAND. STROUGAL

E C BRIEFING THIS MORNING THAT P M STROUGAL AND PRESIDENT HUSAK HAD BOTH MADE A POINT YESTERDAY OF TELLING GENSCHER THAT THERE WAS NO INTENTION OF A MILITARY INTERVENTION IN POLAND. STROUGAL REFERRED TO HIS ATTENDANCE AT THE MOSCOW SUMMIT, AND SAID THAT POLAND SHOULD " SOLVE ITS OWN PROBLEMS BY ITS OWN MEANS".

SUBSEQUENTLY HUSAK, WHO ALLUDED TO THE TWO EARLIER POSTPONEMENTS OF GENSCHERS' VISIT (CHARTER 77 AND AFGHANISTAN) SAID THAT HE WAS "GLAD NO OBSTACLE HAD COME UP" THIS TIME. HE, HUSAK HAD SPOKEN PERSONALLY TO BREZHNEV THAT MORNING (THE LATTER'S BIRTHDAY) AND IN THEIR DISCUSSION OF FUTURE PROSPECTS FOR EUROPEAN AND WORLD PEACE AND COOPERATION THEY HAD LOOKED AHEAD TO GENSCHERS PROJECTED VISIT TO MOSCOW NEXT SPRING "AGAINST WHICH NO OBSTACLES SHOULD ARISE".

2. BOTH BLECH AND FRG AMBASSADOR DIESEL EMPHASISED THAT THEY WERE REPORTING THIS "CLEAR MESSAGE" AS THEY HAD RECEIVED IT, AND REFRAINED FROM OFFERING AN IMMEDIATE EVALUATION.

GENSCHER, WHO HAD SPOKEN TO THE LUXEMBOURG AND BRUSSELS FORMULATIONS, ASKED STROUGAL WHY, IN VIEW OF WHAT HE NOW SAID, THE OFFICIAL COMMUNIST MEDIA HAD BEEN SO THREATENING TOWARDS POLAND. LATTER'S REPLY WAS TO COMPLAIN THAT WESTERN MINISTERIAL STATEMENTS AND MEDIA OUTPUT HAD BEEN UNHELPFUL.

3. THE CZECHOSLOVAKS EMPHASISED THE IMPORTANCE OF GENSCHERS' VISIT AS THE FIRST HIGH LEVEL EAST - WEST CONTACT SINCE THE

STATEMENTS AND MEDIA OUTPUT HAD BEEN UNHELPFUL.

3. THE CZECHOSLOVAKS EMPHASISED THE IMPORTANCE OF GENSCHERS' VISIT AS THE FIRST HIGH LEVEL EAST - WEST CONTACT SINCE THE MOSCOW SUMMIT. THEY TREATED POLAND AS A PROPER SUBJECT FOR SERIOUS DISCUSSION BETWEEN TWO OF HER CENTRAL EUROPEAN NEIGHBOURS, AS DISTINCT FROM AFGHANISTAN ON WHICH THEY HAD LITTLE TO SAY.
4. FULLER RECORD OF BRIEFING WILL FOLLOW. GENSCHER SPENDS TODAY IN BRATISLAVA BUT THE GERMANS DO NOT EXPECT ANY NEW POINTS OF SUBSTANCE TO ARISE WHILE HE IS THERE. BLECH DOES NOT PROPOSE FURTHER EC BRIEFING ON RETURN TO BONN.

BT

RICH.

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Poland

PRIME MINISTER

Aid for Poland

The Foreign and Commonwealth Secretary mentioned in Cabinet this morning that he would be raising Aid for Poland at OD this afternoon. He added that he and the Chancellor of the Exchequer were in full agreement on the subject. This is good news if true, since their officials certainly are not.

2. The Foreign and Commonwealth Secretary's minute to you of 16th December (PM/80/85) included a passing reference (paragraph 2) to the line we should take with the Poles in the context of the meeting of the creditors club which is due to be held in Paris on 22nd-23rd December (but may now be postponed at American insistence). The Chancellor of the Exchequer's minute to you of 17th December challenges this and suggests a more cautious line. The Chancellor is known to be under pressure from the Governor of the Bank of England not to be too generous to the Poles in the first part of 1981 and to move on as quickly as possible to some longer term settlement of the Polish debt problem; the Governor is of course under pressure from British banks, who have many unsecured loans to the Poles at stake as well as their Government-guaranteed loans.

3. The confusion between Lord Carrington's line and Sir Geoffrey Howe's derives partly from the fact that when OD considered the subject on 10th December it did not focus on what should be said to the Poles, but only on the more immediate question of what should be said to our fellow creditors. The Paris meeting is primarily a meeting of creditors. It is not designed as an occasion for negotiating with the Poles, although they will be present for part of the time.

4. OD's decision on the line to be taken with our fellow creditors was quite specific:-

- (a) Our representatives at the Paris meeting should seek to agree with them on an assistance package covering the first half of 1981 (not a shorter period).



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- (b) This package should include both debt relief through refinancing and also new credit.
- (c) If possible, the package should only commit the United Kingdom to two-thirds of what (on a pro rata basis) the Poles have asked for under those two heads; but we should be prepared to meet the remaining third as well, if that would keep us broadly in line with our main partners.

5. OD did not decide what should be said to the Poles. But the Foreign and Commonwealth Secretary is no doubt right in saying that there will be political advantage in being as forthcoming to them as our negotiating position allows and in doing so as soon as possible. This suggests that we should be prepared (in concert with our partners) to indicate to the Poles in Paris what we would be prepared to do during the first half of 1981, to the extent that this has by then been agreed with our partners. But the Chancellor is clearly right to insist that we should not get out in front of our partners by indicating to the Poles any British intentions which have not been so agreed.

6. You may wish to guide today's OD meeting accordingly.

ReA

(Robert Armstrong)

18th December 1980

GRS 300

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FM WARSAW 171200Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 536 OF 17 DECEMBER.

INFO ROUTINE MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST
BERLIN BELGRADE UKDEL NATO WASHINGTON PARIS BONN HELSINKI
STOCKHOLM MODUK

ms

MY TELNO 530 : MEMORIAL CEREMONY IN GDANSK

1. THE CEREMONY PASSED OFF WITHOUT INCIDENT, PARTLY NO DOUBT BECAUSE OF THE RECENT STRONG WARNINGS GIVEN BY THE CHURCH. THE GOVERNMENT WAS REPRESENTED BY PRESIDENT JABLONSKI, BY FIZSBACH, THE GDANSK PARTY LEADER, AND BY 3 OTHER SENIOR MEMBERS OF THE REGIME. THE CHURCH WAS REPRESENTED BY THE ARCHBISHOP OF KRAKOW AND 2 OTHER BISHOPS, AND THERE WAS A MILITARY GUARD OF HONOUR. A TELEGRAM FROM THE POPE AND A LETTER FROM THE PRIMATE WERE READ OUT AT THE CEREMONY, WHICH WAS SHOWN FOR 35 MINUTES ON NATIONAL TELEVISION.
2. AS IN THE CASE OF THE POPE'S VISIT, THE GOVERNMENT DECIDED THAT ITS BEST COURSE WAS TO SUPPORT THE OCCASION AND PRETEND TO LIKE IT. BUT IN THE VAST MONUMENT, THE ORDERLY CROWDS POLICED LARGELY BY SOLIDARITY AND THE IMPRESSIVE CEREMONY, THERE IS MORE THAN A HINT OF MENACE FOR THE REGIME.
3. IN HIS SPEECH WALESA QUOTED THE BISHOP'S APPEAL FOR RESTRAINT AND ADDED HIS OWN, CALLING FOR CALM, ORDER AND RESPECT FOR THE LAW. BUT HIS REFERENCE TO THE MONUMENT BEING A WARNING TO THE GOVERNMENT WAS OMITTED IN THE PRESS REPORTS TODAY. THERE IS SAID TO BE SOME RESTIVENESS ON THE PART OF SOME SOLIDARITY MEMBERS AT WALESA'S RELATIVE MODERATION. COMPARABLE THOUGH LESSER CEREMONIES ARE DUE ON 17 AND 18 DECEMBER AT GDYNIA AND SZCZECIN. IN THAT GDYNIA IS CONSIDERED MORE MILITANT THAN GDANSK THERE IS STILL A CHANCE OF DISTURBANCE, THOUGH AT SZCZECIN MATTERS SHOULD PASS QUIETLY.

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4. THE EFFECT OF THE GDANSK CEREMONY IS LIKELY TO BE TO STIFFEN RESOLVE AND PERHAPS MILITANCY AMONG SOLIDARITY MEMBERS, AT ANY RATE IN THE NORTH, AND TO DISSIPATE SOME OF THE CONTRARY EFFECTS OF THE RECENT SOVIET TROOP MOVEMENTS.

PRIDHAM

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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

Prime Minister

(2)

Paul

POLAND : CONTINGENCY PLANNING

The Foreign Secretary sent me a copy of his minute to you dated 16 December about this.

2. I agree that it is sensible to start contingency planning against the possibility of a Russian intervention. My officials will join in the work which I understand is being organised under Cabinet Office auspices.
3. However, paragraph 2 of his minute raises a different and difficult point. OD discussed last week the extent and nature of any economic assistance to Poland in the short term. We agreed that we could, if necessary, offer some refinancing of existing loans, and some new credits on a limited scale. The intention was to give no more than about six months' worth assistance. After that the position would need to be reviewed again. The papers before us at OD stress the need for a full-scale multilateral operation of some kind as early as possible, but no decisions were taken on this point. It was however agreed that our representatives should be guided by the attitude of other creditor countries. It would be a mistake, I suggest, for the UK to get out ahead of the field.
4. The Foreign Secretary now suggests that, at the meeting of creditor countries on 22 and 23 December, we should

S E C R E T



indicate that we are prepared to offer them some new credit and refinancing to carry them over the next six months. I see no difficulty in this in principle, but I would hope that we could be less specific about the period, because in my view it is important to engage the Poles in mulilateral talks as early as possible - perhaps by the Spring if the dust settles in time. He goes on to suggest that we should give them figures. I am very reluctant indeed to give figures at this meeting, unless it becomes clear that other countries are prepared to show their hand to the Poles. I would prefer that we confine ourselves to generalised statements of intent, reserving our precise offer until another meeting which I think the French are likely to call during January.

5. If the Foreign Secretary disagrees with this, it might be useful to have a word about the problem either at Cabinet or at OD tomorrow.

6. I am sending copies of this letter to the other members of OD, the Secretary of State for Energy, the Secretary of State for Industry and to Sir Robert Armstrong.

(G.H.)

17 December 1980

S E C R E T

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file

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cc: (FCO)

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17 December, 1980.

OTrade

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10 DOWNING STREET

From the Private Secretary

Dear Gerge,

Poland: Contingency Planning

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute to her of 16 December on this subject. She agrees that the Cabinet Office should be responsible for coordinating an agreed interdepartmental view, and that the necessary work should be put in hand and completed as soon as possible.

I am sending copies of this letter to the Private Secretaries to the members of OD, to Julian West (Department of Energy), Ian Ellison (Department of Industry), and David Wright (Cabinet Office).

Yours ever

Michael Alexander

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

SECRET

DSG

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FM OTTAWA 162126Z DEC 80

TO PRIORITY FCO

TELEGRAM NUMBER 549 OF 16 DECEMBER

INFO PARIS UKDEL NATO

YOUR TELNO 414:

PARIS MEETING ON ECONOMIC ASSISTANCE FOR POLAND

1. POINT REINFORCED YESTERDAY WITH MCLAIN, DIRECTOR, EASTERN EUROPEAN DIVISION, DEA WHO EXPLAINED THAT MR TRUDEAU HAD RECEIVED BRIEFING FOR SUPPLEMENTARY QUESTIONS TOGETHER WITH A CONFIDENTIAL BACKGROUND NOTE REFERRING TO THE PARIS MEETING. UNDER PRESSURE IN THE HOUSE FROM THE LEADER OF THE OPPOSITION (MY TELNO 543) HE HAD STRAYED INTO HIS CONFIDENTIAL BRIEF. HOWEVER, ON FRIDAY 12 DECEMBER THERE HAD BEEN A MORE DETAILED REUTERS REPORT FROM LONDON AND THE PARIS MEETING MUST NOW BE CONSIDERED AN OPEN SECRET.

2. MCLAIN SAID THAT CANADA WOULD BE REPRESENTED IN PARIS ONLY BY ECONOMIC SPECIALISTS. HE EXPECTED IT WOULD PROVE TO BE MERELY A STOCKTAKING MEETING. MCLAIN THOUGHT THAT POLAND'S ECONOMIC PROBLEMS WERE SO SERIOUS THAT MULTILATERAL HELP FROM A LARGE CONSORTIUM OF WESTERN COUNTRIES WOULD EVENTUALLY BE NECESSARY. IT WOULD PROBABLY BE DESIRABLE TO SECURE AT LEAST TACIT SOVIET BLESSING. THIS SHOULD NOT BE DIFFICULT SINCE THE SOVIET UNION WOULD NOT WANT AN ECONOMIC BURDEN THAT WESTERN NATIONS MIGHT SHOULDER. THE SIZE OF THIS BURDEN MUST WEIGH WITH THE SOVIET UNION AS A CONSIDERATION AGAINST INTERVENTION.

3. AT A PRESS CONFERENCE ON 12 DECEMBER MR TRUDEAU SAID THAT ECONOMIC HELP FOR POLAND SHOULD "NOT BE INTERPRETABLE AS AN INTERVENTION INTO POLISH AFFAIRS BUT SHOULD BE ALONG TRADITIONAL LINES OR AT THE SPECIFIC REQUEST OF THE POLISH GOVERNMENT AND PEOPLE." HE REFERRED AGAIN TO "A MEETING ON THE PERIPHERY OF THE OECD MEETING IN PARIS, WHICH WILL BE ATTENDED BY CANADA AND SEVERAL OTHER COUNTRIES INTERESTED" AND TO ITS NEW DATE. MR TRUDEAU ALSO CRITICISED AS "QUITE INOPPORTUNE" REPORTED STATEMENTS BY THE NATO SECRETARY-GENERAL TO THE EFFECT THAT WESTERN COUNTRIES WERE READY TO TAKE DIPLOMATIC, ECONOMIC AND MILITARY MEASURES FOLLOWING ANY SOVIET INTERVENTION. HE SAID SUCH STATEMENTS COULD INCREASE TENSIONS. AT QUESTION TIME IN THE HOUSE YESTERDAY, MR MACGUIGAN DENIED THAT THIS SIGNALLED A POLICY DIFFERENCE BETWEEN HIM (AS CANADA'S REPRESENTATIVE AT THE NATO MEETING) AND TRUDEAU. HE EXPLAINED THAT LUNS HAD BEEN MISQUOTED AND DESCRIBED CANADA AS SUBSCRIBING TO THE VIEW IN THE NATO COMMUNIQUE THAT SOVIET INTERVENTION WOULD COMPEL THE ALLIES TO REACT IN THE MANNER WHICH THE GRAVITY OF THIS DEVELOPMENT WOULD REQUIRE: IT WAS NOT HELPFUL TO SPECULATE FURTHER ABOUT WHAT THE REACTION MIGHT BE.

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/4. COMMENT

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4. COMMENT: LIKE MOST NATO MEMBERS, TRUDEAU IS CONCERNED THAT THE WEST SHOULD STRIKE THE RIGHT BALANCE BETWEEN FIRMNESS AND A STANCE THAT RISKS PROVOKING CONFRONTATION. HE ALSO CONTINUES TO STRESS THE NEED FOR BETTER WESTERN CONSULTATION AND MANAGEMENT OF CRISES. WE DO NOT BELIEVE THAT HE WOULD DISSENT FROM THE WORDING OF THE NATO COMMUNIQUE. WE DO NOT KNOW WHETHER HE CONSIDERABLY BROKE CONFIDENTIALITY ABOUT THE PARIS MEETING. IT IS HOWEVER CLEAR THAT ALTHOUGH OFFICIALS WERE PERTURBED BY THE LEAK, THEY ARE LESS CONCERNED THAN WE ARE BY THE POTENTIAL SOVIET REACTIONS TO WESTERN ECONOMIC ASSISTANCE TO POLAND. THIS IS IN LINE WITH MACGUIGAN'S SUGGESTION IN NATO THAT IT MIGHT HELP TO TELL THE RUSSIANS (UKDEL NATO TELNO 497).

FORD

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① 12A



PM/80/85

PRIME MINISTER

Prime Minister

Yes

Agree that Cabinet Office should begin
a.s.a.p. to coordinate an inter departmental
view on the catalogue of possible measures?

Amul 16/K11

Poland: Contingency Planning

1. The meeting of NATO Foreign Ministers in Brussels last week was dominated by the question of Poland. There was a very strong feeling, reflected in the communique, that a Soviet military intervention would be a development of the utmost gravity, striking at the root of detente and creating an entirely new situation in East/West and international relations.
2. It was recognised that, although there was little more that we could do to deter an intervention, the early provision of aid to Poland would make it less likely that economic difficulties this winter would provoke a breakdown of law and order and thus a pretext for intervention. The point is an important one. Food aid from the Community will help to meet it, but I am concerned that the Paris meeting of Western creditors is taking too leisurely an approach to the urgent problems of the short term. We should aim to make it clear to the Poles at the meetings on 22 and 23 December that, although what we may be able to do to help the Poles in the longer term will require careful consideration, we are prepared to offer them some new credit and refinancing to tide them over the next six months. The sooner we are able to give them figures on this, the better.
3. Discussions in Brussels then turned to what action Western countries should take in response to an intervention. Permanent Representatives in Brussels were instructed to keep the situation under close review and to work out proposals for the kind of response which, it was agreed, the West would need to make.

/4.

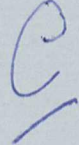


4. In subsequent discussion with our closest allies, officials have worked out a catalogue of the economic measures which could be considered by Governments in the event of an outright Soviet invasion of Poland, recognising that they would of course need to be accompanied by a full range of political measures; that actual decisions would be reserved to Governments to take at the time; and that a Soviet intervention in a form falling short of outright invasion would call for a proportionately lesser response. / I enclose a copy of the catalogue. The seven headings in it constitute a text which we have agreed with our closest partners as a basis for further discussion. The sub-headings are items which we and they have agreed informally to study in capitals.

5. I think we now need to reach an agreed inter-Departmental view on the various items in this catalogue in preparation for the next round of discussions both in the same small group of close allies and in the Nine/Ten and NATO. (Other institutions, such as the OECD and COCOM, would need to be brought into the process once the Allies had agreed to take action.) If you agree, I suggest that the Cabinet Office should arrange the necessary coordination.

6. The situation in Poland is such that Soviet intervention might occur at any time and with very little warning. I am therefore obliged to ask that this exercise be got under way and completed as soon as possible.

7. I am copying this minute to the members of OD and to Sir Robert Armstrong and to the Departments of Energy and Industry.


(CARRINGTON)

Foreign and Commonwealth Office
16 December 1980



SECRET

POLAND CONTINGENCY PLANNING

POSSIBLE ECONOMIC MEASURES

1. Selective restrictions on trade.

(a) Trade in food (note EC competence).

(b) Export credits.

(i) Lines of credit

(ii) Export credit subsidies

(iii) Export credit insurance

(iv) New consensus on terms for the Soviet Union.

(c) COCOM and technology.

(i) Maintain existing post-Afghanistan restrictions

(ii) Further tightening - a complete 'no exceptions policy'

(iii) Extension of the three lists, to include eg semi-conductor manufacturing technology, laser interferometers, categories of automatic testing devices, etc

(iv) Settling differences over computers.

(d) Problems related to industrial contracts (sic)

(i) New or existing contracts?

(ii) Large contracts only?

2. Possible suspension of air services with the Soviet Union.

(i) Passenger services

(ii) Charter flights

(iii) Overflights

/3.

SECRET



SECRET

3. Shipping

- (i) Closure of ports
- (ii) Possible termination of maritime agreements
- (iii) Trans-Siberian Railway.

4. Fishing.

- (i) Termination of fishing agreements
- (ii) Factory ships.

5. Energy

- (i) Suspension of gas pipeline project.

6. Finance

- (i) Restriction of acceptance of Soviet deposits by Western Banks
- (ii) Restriction of loans by Western Banks to the Soviet Union.
- (iii) Restrictions on the activities of Soviet Banks.
- (iv) Freezing of Soviet assets.

SECRET

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FM WARSAW 131415Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 531 OF 15 DECEMBER

INFO ROUTINE MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST BERLIN
BELGRADE UKDEL NATO WASHINGTON PARIS BONN HELSINKI STOCKHOLM
MODUK

mo

YOUR TELNO 6⁸⁴ TO MOSCOW : POLISH SITUATION

1. WHILE I MAY BE PROVED WRONG BY EVENTS IN GDANSK OR GDYNIA THIS WEEK I DO NOT THINK ANOTHER CONFRONTATION BETWEEN THE GOVERNMENT AND SOLIDARITY IS SO IMMINENT AS YOUR TUR (NOT TO ALL) SUGGESTS.

2. THE SOLIDARITY APPEAL FOR THE RELEASE OF POLITICAL PRISONERS SEEMED ILL-TIMED AND PROVOCATIVE BUT IT WAS NOT BACKED UP BY ANY STRIKE THREAT. ON THE CONTRARY, WALESZA HAS CALLED FOR A SIX-WEEK MORATORIUM ON STRIKES, AND STRESSED THE NEED FOR PEACE, CO-OPERATION AND GOOD WORK. MEANWHILE THE EPISCOPAL CONFERENCE HAS ISSUED A STATEMENT WHICH MOST PEOPLE REGARD AS SURPRISINGLY PRO-REGIME THOUGH IT DID NOT CONTAIN ANY SPECIFIC ATTACK ON SOLIDARITY OR DISSIDENTS. A KEY PASSAGE STATED THAT " THE CHANGES AND RENEWAL WHICH ARE TAKING PLACE IN OUR COUNTRY AWAKEN MUCH HOPE, BUT THEY ARE NOT FREE FROM DANGERS. UNIVERSAL RENEWAL MUST BASE ITSELF ON PERMANENT PRINCIPLES, WHICH FOR CHRISTIANS MEANS THE TEACHING OF CHRIST. IT IS NOT PERMISSIBLE TO UNDERTAKE ACTIONS WHICH COULD THREATEN OUR HOMETLAND'S FREEDOM AND STATEHOOD. THE EFFORTS OF ALL POLES MUST BE DIRECTED TO STRENGTHENING THE PROCESS OF RENEWAL WHICH HAS ALREADY BEGUN AND CREATE CONDITIONS FOR AGREEMENT BETWEEN THE AUTHORITIES AND SOCIETY. DIFFICULT YEARS ARE AHEAD OF US WE MUST HOPE THAT THERE WILL BE SENSE IN THEM AND THAT THEY WILL LEAD TO A BETTER TOMORROW AND A FREE HOMETLAND. WE MUST OPPOSE ATTEMPTS TO BENEFIT FROM OUR PRESENT DIFFICULTIES FOR REASONS OTHER THAN THE GOOD OF THE NATION AND THE STATE. OUR COUNTRY NEEDS INTERNAL PEACE ABOVE ALL ..." (FULL TEXT FOLLOWS BY BAG.) THE MESSAGE WAS REINFORCED BY A PASTORAL LETTER READ OUT YESTERDAY IN ALL CHURCHES ENTITLED " RESPONSIBILITY FOR THE HOMETLAND".

3. THIS SUGGESTS THAT THE CHURCH'S INFLUENCE IS BEING THROWN VERY STRONGLY ON THE SIDE OF RESTRAINT AND MODERATION. FOR THEIR PARTY THE 3 GOVERNMENT PARTIES ISSUED A JOINT STATEMENT OVER THE WEEKEND TO THE EFFECT THAT POLAND CAN ONLY DEVELOP AS A SOCIALIST COUNTRY AND WITHIN ITS PRESENT ALLIANCE AND ECONOMIC GROUPING.

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4. THIS WEEK WILL BE A TENSE TIME IN THE NORTHERN PORTS. BUT IF, AS IT IS REASONABLE TO HOPE, THERE IS NO MAJOR FLARE-UP, FURTHER CONFRONTATION BETWEEN THE GOVERNMENT AND SOLIDARITY SHOULD BE AVOIDED, AT LEAST UNTIL MID-JANUARY. THERE IS A VERY CONSIDERABLE MEASURE OF CO-OPERATION BETWEEN THE GOVERNMENT, THE CHURCH AND THE MODERATE WING OF SOLIDARITY LED BY WALES.

PRIDHAM

[COPIES SENT TO NO 10 DOWNING STREET]

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SIR K COUZENS } TREASURY
MISS BAKER }
MR P J BULL BANK OF ENGLAND
MR COTTERILL ECGD
MR WOOLGAR D/EMPLOYMENT O/P/3
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TO IMMEDIATE FCO

TELEGRAM NUMBER 929 OF 13 DECEMBER

INFO PRIORITY MOSCOW, WASHINGTON, PARIS, UKDEL NATO

POLAND

1. AT OUR PERIODIC QUADRIPARTITE LUNCH HERE YESTERDAY, VAN WELL GAVE A RELATIVELY SANGUINE ASSESSMENT, AS USUAL, OF THE PROSPECTS FOR POLAND, EMPHASISING AMONG OTHER THINGS THE ASSURANCE GIVEN TO GENSCHER BY THE CZECHOSLOVAK GOVERNMENT THAT NOTHING WOULD HAPPEN DURING HIS VISIT TO PRAGUE ON 18 DECEMBER. THE GERMAN IMPRESSION WAS THAT IT WAS THE GDR WHICH HAD PRESSED MOST STRONGLY IN THE WARSAW PACT MEETING AT MOSCOW FOR SOMETHING TO BE DONE, NO DOUBT FOR FEAR OF THE POLISH CONTAGION SPREADING TO THEM. THE GERMANS THOUGHT THE MILITARY RESTRICTIONS ON THE BORDER AREAS BETWEEN THE GDR AND POLAND HAD BEEN IMPOSED BECAUSE FORCES IN WESTERN AREAS OF THE SOVIET UNION HAD NOT BEEN READY FOR INTERVENTION, AND THEY HAD WANTED TO BE IN A POSITION TO INTERVENE WITH SOVIET UNITS STATIONED IN GDR. ONCE THE WESTERN AREAS WERE READY THE RESTRICTIONS HAD BEEN LIFTED.
2. VAN WELL SAID THE GERMANS CONSIDERED THAT THE RUSSIANS WERE ALREADY IN BREACH OF THE HELSINKI FINAL ACT, SINCE THIS PROVIDED THAT 15 DAYS NOTICE SHOULD BE GIVEN OF MAJOR TROOP MOVEMENTS (SIC, THOUGH HAVING CHECKED THE TEXT OF THE ACT I NOTE THAT IT SAYS NOTHING OF THE SORT). IF THE RUSSIANS WERE TO INTERVENE IN POLAND, THIS WOULD IN THE GERMAN VIEW INFRINGE ARTICLE 2 OF THEIR OWN TREATY WITH THE SOVIET UNION WHICH CONCERNED RENUNCIATION OF THE USE OF FORCE IN WESTERN EUROPE. THE GERMANS WOULD DRAW PUBLIC ATTENTION TO THIS BUT WOULD NOT THEMSELVES ABROGATE THE TREATY.
3. AS REGARDS POSSIBLE TRADE SANCTIONS AGAINST THE SOVIET UNION, VAN WELL SAID THAT GERMAN ATTITUDE WOULD BE CONDITIONED ABOVE ALL BY THE CONSEQUENCES FOR BERLIN. THEY WOULD FOR EXAMPLE BE AGAINST THE SUGGESTION THAT INNER-GERMAN TRADE SHOULD CEASE TO HAVE A PRIVILEGED POSITION WITH THE EUROPEAN COMMUNITY. INNER-GERMAN TRADE WAS ESTABLISHED BY A BERLIN PROTOCOL AND THE TREUHANDSTELLE WAS ACTUALLY ESTABLISHED IN BERLIN. AS FOR TRADE IN GENERAL, THE GERMANS WOULD NOT WANT TO BE THE FIRST TO BREACH AN ARRANGEMENT SET UP UNDER THE TREATIES. THEY CONSIDERED IT ESSENTIAL, BOTH FOR HISTORICAL AND BERLIN REASONS, THAT THEY SHOULD GIVE THE EAST NO EXCUSE FOR SAYING THEY WERE NOT MEETING THEIR OBLIGATION. THIS MEANT THAT EXISTING AGREEMENTS AND ARRANGEMENTS WOULD CONTINUE BUT THAT NO NEW ARRANGEMENTS WOULD BE ENTERED INTO.
4. I ASKED ABOUT THE GAS DEAL. VAN WELL SAID HE DID NOT THINK THAT EVEN A DEAL OF THIS MAGNITUDE COULD EXERT MUCH LEVERAGE WITH THE RUSSIANS IF THEY FELT IT POLITICALLY NECESSARY TO INTERVENE IN

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/POLAND

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POLAND. MY FRENCH COLLEAGUE, REFERRING TO FRENCH INVOLVEMENT IN THE DEAL, COMMENTED THAT GAS PIPES COULD HARDLY BE LAID ACROSS POLAND IF THE RUSSIANS WERE IN CONTROL THERE; PUBLIC OPINION IN FRANCE WAS NOW VERY STRONG OVER POLAND. VAN WELL SEEMED TO AGREE, BUT WITH LESS CONVICTION.

WRIGHT

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TO IMMEDIATE FCO

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Mr Pridham has been instructed to decline.

TELEGRAM NUMBER 538 OF 12 DEC
INFO ROUTINE WASHINGTON PARIS BONN ROME COPENHAGEN
BRUSSELS THE HAGUE

POLAND: DECEMBER 16

1. IN COMMON WITH ALL OR MOST OTHER AMBASSADORS I HAVE RECEIVED TODAY AN INVITATION FROM THE "COMMITTEES FOR BUILDING MONUMENTS TO THE DEAD SHIPYARD WORKERS AND THE VICTIMS OF DECEMBER 1978" AT GDANSK AND GDYNIA TO ATTEND COMMEMORATION CEREMONIES AT THESE CITIES FROM 14 TO 18 DECEMBER. THE CENTRAL ONE IS THE UNVEILING OF THE MONUMENT AT GDANSK AT 5 PM ON 16 DECEMBER. THE COMMITTEES ARE PROBABLY OFFSHOOTS OF SOLIDARITY.

ms

2. MY VIEW AND THAT OF MY EC AND AMERICAN AND CANADIAN COLLEAGUES IS THAT WHILE SOLIDARITY IS NOW A RECOGNISED INSTITUTION AND WHILE PERHAPS (IT IS NOT YET CERTAIN) A SENIOR POLISH GOVERNMENT REPRESENTATIVE WILL ATTEND, THIS IS A CEREMONY BEST LEFT TO THE POLES. IT WILL INEVITABLY BE A TENSE AND EMOTIONAL OCCASION WITH VERY LARGE CROWDS: THE AUTHORITIES (AND PERHAPS THE RUSSIANS) MUST BE NERVOUS ABOUT IT: IT COULD TURN INTO AN ANTI-GOVERNMENT DEMONSTRATION. FOR WESTERN AMBASSADORS, WITH FLAGGED CARS, TO INTERPOSE THEMSELVES WOULD BE TO OPEN THE WAY, AT A MOMENT OF INTERNATIONAL TENSION, TO ACCUSATIONS OF WESTERN INTERFERENCE. OUR STRONG INCLINATION IS THEREFORE NOT TO ATTEND AND AT THE MOST BE REPRESENTED BY A MEMBER OF OUR STAFFS. THE INVITATION IS A CIRCULAR ONE AND DOES NOT CALL FOR A REPLY.

3. GRATEFUL TO KNOW IF YOU AGREE AND IF I MAY HAVE DISCRETION TO SEND OR NOT TO SEND A MEMBER OF MY STAFF.

PRIDHAM

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SIR K COUZENS } TREASURY
MISS BAKER }
MR P J BULL BANK OF ENGLAND
MR COTTERILL ECGD
MR WOOLGAR D/EMPLOYMENT
CAYTON HOUSE TOTHELL STREET

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S E C R E T

GRS 120

D E D I P

SECRET BURNING BUSH

DESKBY 110820Z

FM UKDEL NATO 110820Z DEC 80

TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,
TELEGRAM NUMBER 483 OF 11 DECEMBER 1980.

FOR PS/LPS FROM PRIVATE SECRETARY.

POLAND.

MY 2 IFTS CONTAIN AN ACCOUNT OF THE DISCUSSION OF THIS SUBJECT AT THE FOUR FOREIGN MINISTERS' DINNER LAST NIGHT. THERE WAS UNANIMOUS AGREEMENT THAT THE LIKELY PUBLIC REACTION TO A SOVIET INVASION OF POLAND WOULD BE SUCH AS TO REQUIRE WESTERN RETALIATORY MEASURES GOING BEYOND THE CATALOGUE DRAWN UP BY OFFICIALS. THE LORD PRIVY SEAL MAY WISH TO SAY IN CABINET THAT THIS WAS THE MOOD AND THAT A WIDE RANGE OF POSSIBILITIES WILL NEED TO BE URGENTLY LOOKED AT, ESPECIALLY IN THE ECONOMIC FIELD. THE SECRETARY OF STATE'S VIEW IS THAT THIS CONVOY WILL IN PRACTISE ONLY BE ABLE TO MOVE AT THE SPEED OF THE SLOWEST SHIP, WHICH WILL NOT BE THE UK.

ROSE.

LIMITED

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PS/MR BLAKER
PS/PUS
SIR E YOUDE
MR BULLARD
LORD BRIDGES
MR FERGUSSON
MR EVANS

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S E C R E T

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Poland

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SECRET BURNING BUSH

DESKBY 110800Z

FM UKDEL NATO 110822Z DEC 80

TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,

TELEGRAM NUMBER 484 OF 11 DECEMBER 1980,

INFO PRIORITY MODUK, WASHINGTON, PARIS, BONN, MOSCOW, WARSAW.

POLAND.

1. AT THE FOUR FOREIGN MINISTERS' DINNER HERE ON 10 DECEMBER BLECH (FRG) REPORTED AS FOLLOWS ON THE CONCLUSIONS REACHED EARLIER BY THE FOUR POLITICAL DIRECTORS.
2. THERE WAS MORE AGREEMENT ON THE NATURE OF THE PRESENT SITUATION THAN ON THE CHANCES OF AVOIDING OUTRIGHT SOVIET INTERVENTION. SO LONG AS THINGS REMAINED AS AT PRESENT, THERE WAS LITTLE THE WEST COULD DO THAT WE HAD NOT DONE ALREADY. WE SHOULD REITERATE OUR WARNINGS, BUT NOT TO THE POINT WHERE THEY BECAME DEVALUED BY REPETITION OR WHERE THE RUSSIANS FELT COMPELLED TO DEFY THEM. THE BRITISH SUGGESTION OF INVITING A SENIOR CHINESE POLITICAL FIGURE TO WASHINGTON AND EUROPEAN CAPITALS QUOTE FOR CONSULTATIONS ON THE INTERNATIONAL SITUATION UNQUOTE RAISED TOO MANY DIFFICULTIES. NOR COULD WE THREATEN THE SOVIET UNION WITH PRECISE FORMS OF RETALIATION, EG A GRAIN EMBARGO, AS ALSO SUGGESTED BY THE UK, UNTIL THERE HAD BEEN CLEAR DECISIONS IN WESTERN CAPITALS ON WHAT TO DO AND IN WHAT CIRCUMSTANCES.
3. THE QUESTION WHETHER SOVIET INTERVENTION IN POLAND WOULD INCREASE THE MILITARY THREAT TO THE ALLIANCE NEEDED TO BE STUDIED FURTHER: IT WAS IMPORTANT FOR THE PRINCIPLE OF POLITICAL CONTROL OF MILITARY DECISIONS. THIS MIGHT REQUIRE HIGH-LEVEL MEETINGS IN NATO AT THE TIME.
4. INTERVENTION MIGHT TAKE MANY FORMS, BUT A LIST OF COUNTERMEASURES APPROPRIATE TO THE EXTREME CASE OF A FULL-SCALE INVASION COULD BE DRAWN UPON SELECTIVELY FOR INTERMEDIATE CONTINGENCIES, EG REPRESSION BY THE POLISH SECURITY FORCES WITH SOVIET FORCES IN THE BACKGROUND. SUCH A LIST MIGHT BE AS FOLLOWS (POLITICAL DIRECTORS' COMMENTS IN BRACKETS):
 - (A) APPROPRIATE STATEMENTS AND DIPLOMATIC PROTESTS BY NATO AND NATO MEMBER STATES.
 - (B) SPECIAL MEETING OF NORTH ATLANTIC COUNCIL.
 - (C) HIGH-LEVEL VISITS TO AND FROM THE SOVIET UNION SHOULD CEASE EXCEPT FOR PURPOSES OF CRISIS MANAGEMENT, IN WHICH CASE THERE SHOULD BE PRIOR CONSULTATION.

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S E C R E T

- (D) USE MADRID FORUM TO CONDEMN SOVIET ACTION, AND POSSIBLE SUSPEND THE CONFERENCE. (NO AGREEMENT ON WHETHER BETTER FOR THE WEST TO SUSPEND ITS OWN PARTICIPATION OR ORGANIZE MATTERS SO THAT THE RUSSIANS THEMSELVES WOULD WALK OUT. FURTHER STUDY NEEDED). ?!
- (E) REQUEST MEETING OF UN SECURITY COUNCIL. FOLLOWING SOVIET VETO, TAKE MATTER TO GENERAL ASSEMBLY. (VOTE MIGHT NOT BE SO OVERWHELMING AS ON AFGHANISTAN).
- (F) INTERNATIONAL EFFORT TO FOCUS 3RD WORLD OPINION.
- (G) SPECIAL STEPS TO CONCERT POLICY WITH KEY NON-MEMBERS OF NATO EG JAPAN.
- (H) SUSPEND MBFR AND POSSIBLY OTHER ARMS CONTROL NEGOTIATIONS (TNF? SALT?).
- (I) POSSIBLE SPECIAL MEASURES IN THE BALTIC, EG TO PROTECT POLISH REFUGEES OR ASSERT RIGHT OF NATO WARSHIPS TO OPERATE IN INTERNATIONAL WATERS. (FURTHER STUDY NEEDED).
- (J) ECONOMIC MEASURES. (DISCUSSION HAD BEEN BRIEF AND NOT CARRIED TO CONCLUSIONS. COCOM AND HIGH TECHNOLOGY HAD BEEN MENTIONED. SHOULD INTER-GOVERNMENTAL AGREEMENTS AND COMMERCIAL CONTRACTS BE ABROGATED, OR COULD THEIR APPLICATION BE SUSPENDED?).
- (K) SPECIAL CONSIDERATION OF SITUATION OF YUGOSLAVIA IN LIGHT OF CIRCUMSTANCES.
- (L) ASK SPANIARDS WHETHER THEY DREW ANY CONCLUSIONS AS REGARDS THEIR POSSIBLE MEMBERSHIP OF NATO.
- (M) MUTATIS MUTANDIS, TAKING ACCOUNT EG OF DEGREE OF ZEAL SHOWN, ANY MEASURES TAKEN AGAINST THE SOVIET UNION SHOULD BE EXTENDED TO EAST EUROPEAN COUNTRIES WHICH TOOK PART IN AN INVASION OF POLAND.

5. SEE MIFT.

ROSE.

LIMITED

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HEAD/ACDD	MR BULLARD
HEAD/EESD	LORD BRIDGES
HEAD/DEFENCE D	MR FERGUSSON
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S E C R E T

D E D I P
SECRET BURNING BUSH
DESKBY 110800Z
FM UKDEL NATO 110825Z DEC 80
TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,
TELEGRAM NUMBER 485 OF 11 DECEMBER 1980,
INFO PRIORITY MODUK, WASHINGTON, PARIS, BONN, MOSCOW, WARSAW.

MIPT : POLAND.

1. FOLLOWING THIS REPORT FOREIGN MINISTERS DISCUSSED THE SUBJECT FOR ABOUT AN HOUR.
2. GENSCHER SAID THAT IN A SENSE SOVIET INTERVENTION HAD ALREADY BEGUN, WITH 50 DIVISIONS MASSED ON POLAND'S BORDERS CONTRARY TO THE HELSINKI PRINCIPLE ON NO THREAT OF FORCE. BUT HE WAS NOT PREPARED TO REGARD AN OUTRIGHT INVASION AS INEVITABLE. SOVIET INVOLVEMENT COULD TAKE MANY FORMS, JUST AS PREVIOUS EXAMPLES HAD DIFFERED, FROM THE BALTIC STATES IN 1940 TO CZECHOSLOVAKIA IN 1968. IT WAS SIGNIFICANT THAT THE FREE TRADE UNIONS AS SUCH HAD NOT BEEN CRITICIZED BY EASTERN MEDIA SINCE THE MOSCOW MEETING OF 5 DECEMBER. EVIDENTLY THE POLISH LEADERS HAD CONVINCED THEIR ALLIES THAT WALESZA AND HIS COLLEAGUES WERE NECESSARY. A NATIONAL CONSENSUS HAD BEEN CREATED, AND THIS WOULD BE SYMBOLISED BY THE ATTENDANCE OF WALESZA AND THE PRESIDENT OF POLAND AT THE DEDICATION OF THE MEMORIAL TO THE GDANSK VICTIMS OF 1970. BUT THERE WERE REPORTS OF A POSSIBLE SOVIET MOVE NEXT WEEK UNDER COVER OF MANUEUVRES.
3. SPEAKING FOR THE UK YOU DISTINGUISHED 3 QUESTIONS, OF WHICH THE FIRST WAS WHETHER ANYTHING MORE COULD BE DONE TO MAKE THE WORST CASE LESS LIKELY. AS A RESULT OF WESTERN WARNINGS, INCLUDING THOSE OF MEMBERS OF MR REAGAN'S TEAM, THE SOVIET UNION WAS AWARE - NOT IN DETAIL, BUT IN SCALE - OF WHAT THE CONSEQUENCES OF INTERVENTION WOULD BE. IF THEY TOOK THIS DECISION IT WOULD BE WITH THEIR EYES OPEN. BUT THE WESTERN RESPONSE TO POLISH REQUESTS FOR ECONOMIC SUPPORT COULD HELP, AND THIS SHOULD BE DECIDED AT THE MEETING IN PARIS ON 22 DECEMBER.

S E C R E T

/ 4. SECONDLY,

S E C R E T

4. SECONDLY, WAS THE POLITICAL DIRECTOR' CATALOGUE OF MEASURES ADEQUATE? YOU DID NOT THINK SO. EACH OF OUR COUNTRIES HAD SPECIAL REASONS TO FEEL DEEPLY ABOUT POLAND. PUBLIC REACTION WOULD BE INFINITELY STRONGER THAN IN THE CASE OF AFGHANISTAN. (THE OTHER 3 FOREIGN MINISTERS AGREED, MUSKIE WITH PARTICULAR VEHEMENCE. POLITICAL DIRECTORS WERE INSTRUCTED AS SOON AS POSSIBLE (A) TO ENLARGE AND STRENGTHEN THE CATALOGUE OF MEASURES AND (B) TO DEFINE THE VARIOUS POSSIBLE FORMS WHICH SOVIET INTERVENTION MIGHT TAKE).

5. THIRDLY, YOU ASKED HOW THE SUBJECT COULD BEST BE HANDLED AT THE NATO MINISTERIAL MEETING TODAY. IT WAS AGREED TO TRY TO AVOID A FULL DISCUSSION AND TO WORK FOR A STRONG BUT COMPACT FORM OF WORDS FOR INCLUSION IN THE COMMUNIQUE. MEANWHILE THE PRESS SHOULD BE TOLD SIMPLY THAT PERMANENT REPRESENTATIVES HAD BEEN INSTRUCTED TO KEEP THE MATTER UNDER CLOSE AND CONTINUOUS REVIEW.

6. AS DINNER WAS ENDING GENSCHER, SOMEWHAT INCONSISTENTLY WITH HIS EARLIER REMARKS, ANNOUNCED THAT HE HAD BEEN INVITED TO VISIT PRAGUE ON 18 DECEMBER AND THAT BILAK HAD ASSURED HIM THAT NOTHING UNTOWARD WOULD HAPPEN BEFORE THEN.

ROSE.

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Prime Minister

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TO IMMEDIATE FCO
TELEGRAM NUMBER 917 OF 10 DECEMBER
AND TO IMMEDIATE UKDEL NATO
INFO PRIORITY MOSCOW, WARSAW, WASHINGTON, PARIS
BONN TELNO 909 TO FCO: POLAND

MS

1. CHANCELLOR SCHMIDT GAVE AN OFF THE RECORD BRIEFING TO A GROUP OF GERMAN JOURNALISTS YESTERDAY EVENING. THE FOLLOWING IS DRAWN FROM A RECORD BY ONE OF THE JOURNALISTS PRESENT WHICH HAS BEEN GIVEN TO US ON A PERSONAL BASIS (PLEASE PROTECT). ITS MAIN POINTS HAVE BEEN CONFIRMED BY ANOTHER SOURCE. SCHMIDT SAID IT WAS LIKELY THAT THE WARSAW PACT WOULD HOLD MANOEUVRES IN POLAND IN THE COMING WEEK AND WOULD ALSO BRING IN TROOPS FROM OUTSIDE FOR THIS PURPOSE. AN INVASION BY FORCE, WHICH TECHNICALLY COULD TAKE PLACE INSIDE 3 HOURS, WAS UNLIKELY. HE DID NOT EXPECT AN INVASION ON THE LINES OF BUDAPEST IN 1956 BUT RATHER AN INTERVENTION, WHOSE PROPORTIONS WOULD LIE BETWEEN THAT IN EAST BERLIN IN 1953 (WHEN THE SOVIETS HAD BEEN OPERATING IN ACCORDANCE WITH TREATY PROVISIONS IN THE GDR WITHOUT FURTHER TROOPS BEING BROUGHT IN) AND THAT IN PRAGUE IN 1968 (WHICH HAD IN FACT BEEN AN INVASION, BUT WITHOUT LARGE-SCALE FIGHTING). MANOEUVRES OF THE SIZE INDICATED WOULD BE EXTREMELY DIFFICULT FOR THE SOVIET LEADERSHIP, PARTLY BECAUSE OF THEIR UNCERTAINTY ABOUT THE NEW US LEADERSHIP UNDER REAGAN. QUOTE THE WORLD 'WOULD CHANGE UNQUOTE. SCHMIDT BASED THESE

IDEAS ON AN APPRAISAL BY THE FRENCH AND THE AMERICANS. A CLEAR INTERVENTION WOULD TRIGGER OFF EMOTIONS IN ALL WESTERN STATES, QUOTE IT WOULD PUT EVERYTHING THAT AFGHANISTAN HAD TRIGGERED OFF INTO THE SHADE UNQUOTE. ACCORDING TO SCHMIDT THE 3 POWER CENTRES IN POLAND, THE PARTY APPARATUS, THE CHURCH AND SOLIDARITY, WERE AGREED THAT A CATASTROPHE MUST BE PREVENTED. THE QUESTION WAS, HOWEVER, HOW FAR THE POLISH PEOPLE WOULD STILL ALLOW ITSELF TO BE RULED BY THEM. ALL 3 POWER CENTRES HAD LOST AUTHORITY. WALESA WOULD HAVE TO BE CAREFUL NOT TO OVERPLAY HIS HAND. THE POLES WERE PERHAPS THE MOST COURAGEOUS PEOPLE IN EUROPE, BUT THEY COULD NOT ORGANISE THEMSELVES, AND HAD NEVER BEEN DISCIPLINED. HONECKER WAS CONCERNED ABOUT POLAND BUT HIS CONCERN WAS QUOTE NOT THE LEAST IN THE EAST AND NOT THE GREATEST, WHICH WAS THAT OF CEAUSESCU UNQUOTE. IF THERE WERE TO BE LARGE MANOEUVRES, SCHMIDT DOUBTED THAT THE TROOPS WOULD LEAVE POLAND AGAIN. SUCH MANOEUVRES WOULD BE FIRMLY BASED ON TREATIES. MOREOVER THE USSR ALREADY HAD TWO DIVISIONS STATIONED IN POLAND. ASKED WHETHER MANOEUVRES OF THIS SORT WOULD MEAN AN END TO DETENTE, SCHMIDT SAID THAT IT WAS A QUESTION OF AT WHAT POINT THE BREAKING OF INTERNATIONAL LAW BEGAN, AND WHAT THE USSR COULD DO UNDER THE WARSAW PACT AGREEMENT. BUT HE REPEATED THAT THE WORLD WOULD CHANGE, AND REFERRED TO THE GERMAN/FRENCH DECLARATION OF AFGHANISTAN OF FEBRUARY 1980.

COMMENT. SCHMIDT'S REPORTED ASSESSMENT OF THE PROSPECTS FOR POLAND IS CONSIDERABLY GLOOMIER THAN BLECH'S REPORTED IN MY TUR. HIS THEORY THAT THE RUSSIANS WOULD INTERVENE BY MEANS OF MANOEUVRES IN POLAND, THUS STAYING WITHIN THE BOUNDS OF INTERNATIONAL LAW, WAS FORESHADOWED IN COMMENTS TO US BY GERMAN OFFICIALS LAST WEEK. HIS ENIGMATIC REPLY ON THE QUESTION OF WESTERN RESPONSE TO SUCH A DEVELOPMENT SUGGESTS THAT IT WOULD, IN HIS VIEW, CREATE A DILEMMA FOR THE WEST - NOT LEAST FOR THE FRG.

WRIGHT

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SENT AT 10/1854Z JMC

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Ref. A03777

PRIME MINISTER

Poland: Economic Assistance

(OD(80) 74)

BACKGROUND

✓ On 23rd October OD agreed that we should help Poland economically, but only to the extent justified by our economic circumstances and by the parallel response of our main partners. The approach proposed in the Lord Privy Seal's minute to you of 20th October was broadly approved and officials were asked to do further work on that basis.

2. A report by an official Working Group has now been circulated under cover of OD(80) 74. Its final paragraph (on page 11) sets out the immediate questions for Ministers. Paragraph 4 of the covering paper recommends possible answers. We think that officials will be briefing their Ministers to endorse these recommendations, although they have not formally been agreed with the Departments represented on the Working Group (Treasury, Foreign and Commonwealth Office, Trade, ECGD, Industry, Agriculture, Defence Economic Intelligence and the Bank of England) who naturally wished to protect their Ministers' freedom of decision.

3. There are two main areas of underlying Departmental disagreement.

- (a) The Foreign and Commonwealth Office regard the political imperative as paramount: Poland must be helped, to avoid excessive dependence on the Russians and/or economic collapse leading to disorder and Soviet invasion. The Treasury and Bank wish to limit the economic risks for Britain, and are inclined to argue that the Russians could and should be bluffed into carrying more of the financial can for their protege.
- (b) Less obviously, the Bank and some Treasury officials regard a re-scheduling operation as the only sensible way for the West to "get off the escalator" of giving the Poles even larger loans (each of which will be used mainly to pay interest on earlier loans). ECGD and other Treasury officials prefer the refinancing route, as being less certain to involve losses for ECGD and therefore the PSBR.

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4. But everyone agrees that we should not at this stage go beyond a package covering the first half of 1981. In that timescale the row at (b) above will not surface, because no rescheduling operation could be set up so quickly; and the gap between the two sides at (a) above will still be pretty small. Both rows, however, will be audible as background noise during your discussion.

5. The immediate decisions sought in OD(80) 74 are required for the next meeting of the creditors' club in Paris. We have just heard that that meeting has been postponed from 11th-12th December to 22nd-23rd December, but Ministers will not have another convenient opportunity to consider the matter in the interval. If the Russians invade (or the Polish authorities crack down), all bets are of course off and assistance policy starts again from scratch. That is itself the best reason for not looking too far ahead at this stage - as our fellow creditors, led by the French, seem likely to agree.

HANDLING

6. You should ask the Foreign and Commonwealth Secretary to open the discussion; he might be followed by the Chancellor of the Exchequer and then by the Governor of the Bank of England (if you have agreed to his being present) and the Secretary of State for Trade (who speaks for ECGD as well as the Department of Trade). You may also like to see if the Secretary of State for Industry and the Minister of Agriculture (who have both been invited) wish to contribute on respectively the British exports at stake and the scope for Community-organised food aid.

7. You may then wish to assess briefly how your colleagues' minds are moving on the longer-term issues. In particular:-

- (i) Do they accept the paper's analysis of Poland's long-term debt problem?
- (ii) Do they at this stage see rescheduling or continued refinancing as the long-term solution?
- (iii) What do they think of the "umbrella theory" - that the Soviet Union will always keep Poland economically afloat? Can we rely on it? If so, would we like the consequences?
- (iv) If the West is to undertake a massive rescue operation for Poland's economy, how can we in this case seek to attach even the sort of frail strings which the IMF machinery imposes on Western debtors like Turkey? If we cannot, will she ever set her economic house in order?



8. Against this background, you will wish to seek clear decisions on the specific points listed in paragraph 29 of the Working Group's report:-

- (i) Should ECGD continue cover?
- (ii) Should we confine our present efforts to the first half of 1981 (the "medium term")?
- (iii) Should we offer in that context both a measure of refinancing and some new credit?
- (iv) Should we, without getting out of line with our partners, be prepared to meet the Poles' refinancing and new credit requests in full (pro rata) for the first half of 1981, if that seems necessary in order to achieve the politico-economic holding operation we want, while making clear that we would prefer if possible to go rather less far?

CONCLUSIONS

9. Subject to the discussion, you may feel able to lead your colleagues to agree:-

- (i) That the answers to each of the questions in paragraph 8 above should be "yes" (as recommended in paragraph 4 of OD(80) 74's cover note).
- (ii) That the Foreign and Commonwealth Secretary should instruct our representatives at the Paris meeting accordingly.
- (iii) That officials should report further to Ministers on the longer-term policy problem as soon as Polish prospects and the attitudes of our fellow creditors are clearer.

ROBERT ARMSTRONG

9th December, 1980

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TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,
TELEGRAM NUMBER 475 OF 9 DECEMBER 1980,
INFO IMMEDIATE WASHINGTON, PARIS, MOSCOW, BONN, MODUK (DS12).

MY TELEGRAM NUMBER 472 : POLAND.

1. DPC MINISTERS RESUMED DISCUSSION IN SPECIAL RESTRICTED SESSION THIS AFTERNOON. BROWN (US) GAVE A DETAILED ASSESSMENT OF CURRENT THINKING ABOUT SOVIET INTENTIONS AND OF THE ACTION THE ALLIANCE MIGHT TAKE IN THE EVENT OF A SOVIET INVASION. IT WAS AGREED THAT THE ALLIANCE REACTION IN THAT EVENT SHOULD BE FIRM, SWIFT AND ABOVE ALL, CREDIBLE IN ITS CONTENT. IT WAS ACCEPTED THAT IT WOULD BE APPROPRIATE FOR DEFENCE MINISTERS TO REFER TO POLAND IN THEIR COMMUNIQUE BUT THERE WAS GENERAL AGREEMENT THAT THE COUNCIL COMMUNIQUE SHOULD BE THE MAIN FORUM FOR DEALING WITH THE ISSUE.

2. BROWN SAID U S CONCERN HAD BEEN INTENSIFIED RATHER THAN ALLEVIATED BY THE KNOWLEDGE THAT THERE WAS VERY LITTLE THAT COULD BE DONE IN AN ACTIVE WAY AND ALMOST NOTHING THAT COULD OR SHOULD BE DONE IN A MILITARY WAY TO AFFECT THE OUTCOME. THE DECISION WOULD BE TAKEN BY THE SOVIET POLITBURO BUT THERE WERE SOME STEPS THE ALLIANCE COULD TAKE WHICH MIGHT AFFECT SLIGHTLY THAT DECISION. THE SITUATION IN AND AROUND POLAND CONTINUED TO GROW MORE TENSE AND THE POSSIBILITY OF SOVIET INTERVENTION LOOMED ON THE HORIZON. THE INDICATORS WERE OMINOUS NOT LEAST BECAUSE THEY WERE UNCHANGED. BUT THE DECISION TO INVADE MIGHT NOT YET HAVE BEEN TAKEN AND WE SHOULD NOT ASSUME THAT INVASION WAS IMMINENT. IT WAS FOR THAT REASON THAT THE ALLIANCE SHOULD DO EVERYTHING POSSIBLE TO CAUTION THE SOVIETS AND POLISH PEOPLE TOWARDS RESTRAINT. U S INTELLIGENCE INDICATED THAT THE SOVIETS, TOGETHER WITH CZECH AND EAST GERMAN FORCES IN PARTICULAR, HAD DONE ALL THAT WAS NECESSARY TO ALLOW THEM TO MOVE MASSIVELY AND RAPIDLY INTO POLAND. THEIR FORCES HAD BEEN BROUGHT TO A HIGH STATE OF READINESS AND THEY NOW HAD A CAPABILITY TO MOVE SOME 31 DIVISIONS (NOT ALL SOVIET) ON SHORT NOTICE AND WITH MINIMUM WARNING. THERE WAS STILL LIKELY TO BE SOME 24-48 HOURS WARNING OF MOVEMENT THOUGH SOME EXPERTS FORECAST LESS. THE GUISE FOR SOVIET INTERVENTION WOULD BE ALLEGED POLISH ACTIONS. THIS MIGHT BE PRECEDED OR ACCOMPANIED BY A MASSIVE CRACK DOWN BY POLISH SECURITY FORCES. WHATEVER THE SOVIETS DID WOULD BE PRESENTED AS AN EFFORT TO MAINTAIN LAW AND ORDER AND THE BLAME WOULD BE PLACED ON THE WEST.

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3. BROWN WENT ON TO POSE AND ANSWER THE RHETORICAL QUESTION: WHAT COULD THE WEST DO IN AN ATTEMPT TO INFLUENCE THE SOVIETS AGAINST INTERVENTION? THERE WAS AN OBLIGATION TO TELL OUR PEOPLE AND THOSE WHO WOULD LISTEN IN THE EAST WHAT THE SOVIETS WERE DOING. NOT TO DO SO WOULD BE TANTAMOUNT TO COMPLICITY IN SOVIET ACTIONS AND ONLY THE SOVIETS WOULD BENEFIT FROM SILENCE AT THIS TIME. WE SHOULD DO WHATEVER WE COULD DO TO MAKE IT MORE DIFFICULT FOR THE SOVIETS TO ACCOMPANY SUCH ACTION WITH A DIS-IMFORMATION CAMPAIGN. THIS WOULD HAVE ONLY A MARGINAL EFFECT BUT COULD DELAY THEIR DECISION TO MOVE. IN THE EVENT OF AN INVASION THERE COULD BE WIDESPREAD RESISTANCE AND BLOODY FIGHTING ALTHOUGH ORGANISED MILITARY RESISTANCE WAS UNLIKELY TO LAST LONG. SOVIET INTERVENTION WOULD HAVE INCLACUABLE BUT CLEARLY NEGATIVE EFFECTS ON EAST/WEST RELATIONS AND ALLIANCE SECURITY. IT WAS ESSENTIAL FOR THE SOVIETS TO KNOW AND APPRECIATE THIS. HE DISMISSED CATEGORICALLY ANY PROSPECT OF ESCALATION BY THE WEST TO THE USE OF MILITARY FORCE. HOWEVER, IT DID MAKE SENSE TO ENHANCE OUR READINESS IN CASE THE INTERNAL DISORDER RESULTING FROM SOVIET INTERVENTION SPILLED OVER THE EAST/WEST BORDER. HE FOUND THE SUGGESTION THAT THE RUSSIANS HAD A RIGHT TO INTERVENE SINCE POLAND WAS A MEMBER OF THE WARSAW PACT, UNACCEPTABLE ON MORAL AND POLITICAL GROUNDS. EVEN THOUGH THE RUSSIANS MIGHT CLAIM THAT THEY HAD BEEN INVITED, THIS WOULD BE UNCONVINCING AND WOULD NOT MAKE THERE ACTION ANY MORE RESPECTABLE. HE DID NOT REGARD POLAND AS AN INTERNAL SOVIET MATTER AND IT WAS CERTAINLY NOT A NATO MATTER EITHER. WE COULD NOT DO ANYTHING MILITARILY BUT WE NEEDED TO MAKE CLEAR THAT INTERVENTION WOULD CAUSE THE ALLIANCE TO MOVE BEYOND THE MEASURES ALREADY AGREED AND REPORTED IN MY TELEGRAM NUMBER 471.

4. BROWN SAID THAT THE ALLIANCE WOULD ALSO NEED TO RECONSIDER THE BROADER POLITICAL AND ECONOMIC LINKS WITH THE SOVIETS AND THE FUTURE OF ARMS CONTROL NEGOTIATIONS IN THE EVENT OF INVASION. HE DEFINED THE MINIMUM ACTION REQUIRED IN THE FOLLOWING TERMS. THE SOVIET ACTIONS SHOULD BE CONDEMNED AT THE CSCE CONFERENCE. THERE SHOULD BE LASTING DEVELOPMENTS TO ENHANCE OUR DEFENCE POSTURE INCLUDING REAFFIRMATION AND IMPLEMENTATION OF LRTNF MODERNISATION. CONSIDERATION WOULD ALSO HAVE TO BE GIVEN AT SUSPENDING ARMS CONTROL NEGOTIATIONS EXCEPT SALT AND TNF (WHICH WERE IN A SPECIAL CATEGORY) PENDING A COMPREHENSIVE ALLIANCE ASSESSMENT OF THEIR CONTINUING UTILITY. URGENT ACTION WOULD NEED TO BE GIVEN TO ECONOMIC SANCTIONS INCLUDING FURTHER COCOM, GRAIN AND CREDIT RESTRICTIONS. THESE MEASURES WOULD HOWEVER BE PRIMARILY THE CONCERN OF FOREIGN MINISTERS. CONCLUDING HE STRESSED THAT TRAGIC AS THE INVASION OF POLAND WOULD BE THE ALLIANCE MUST AT ALL COSTS AVOID A SITUATION IN WHICH THEY FOUND THEMSELVES DIVIDED. THEY MUST SHAPE THEIR REACTION TO REFLECT THE INVASION SHOULD IT COME.

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5. MR PYM SPOKE NEXT. HE UNDERLINED THE IMPORTANCE OF ENSURING THAT THE WORLD KNEW WHAT WAS HAPPENING. WE FACED A BATTLE OF MINDS AND IT WAS TRUE THAT ONLY THE SOVIETS STOOD TO GAIN FROM SILENCE.

IT WAS ALSO TRUE THAT WE MUST HAVE A UNIFIED ALLIANCE POSITION. MINISTERS HAD TAKEN THE DECISIONS NEEDED AT THIS MOMENT BUT IF THE INVASION TOOK PLACE WE WOULD NEED RAPID AGREEMENT TO FURTHER MEASURES AND NEED TO BE ABLE TO RESPOND VERY QUICKLY. WE WOULD ALSO NEED A VERY CLEAR UNDERSTANDING OF OUR OBJECTIVES AND THE PURPOSE OF EACH STEP AND HOW BEST TO PRESENT IT PUBLICLY. A CERTAIN AMOUNT OF PREPARATORY WORK COULD BE UNDERTAKEN IN THAT REGARD. THERE WAS NO DOUBT THAT WORK IN THE CSCE AND ARMS CONTROL FORA WOULD BE VERY SERIOUSLY DAMAGED AND THAT OUR PUBLICS WOULD BE MISLEAD IF WE SUGGESTED OTHERWISE. IF THE INVASION TOOK PLACE WE WOULD NEED TO ACT SWIFTLY AND TO BE SEEN THROUGH CONSISTENT REACTIONS TO BE STICKING TO AGREED MEASURES.

6. IN THE ENSUING DEBATE THERE WAS GENERAL AGREEMENT WITH THESE REMARKS FROM THE TURKISH, DUTCH, ITALIAN, GERMAN, NORWEGIAN AND BELGIAN MINISTERS. LAGORIO (ITALY) STRESSED THAT IT WOULD BE VERY EXTENSIVE ON THE POLITICAL, ECONOMIC AND DIPLOMATIC PLAIN. IT WAS, HOWEVER, FOR FOREIGN MINISTERS TO GO INTO DETAILS. WIECK (GERMANY) STRESSED THAT IT WOULD BE OF IMMENSE IMPORTANCE FOR THE WEST TO SPEAK WITH ONE VOICE. THE HEADS OF GOVERNMENT OF THE NINE HAD ALREADY ISSUED A SERIOUS WARNING. STOLTENBERG (NORWAY) CAUTIONED THAT WHATEVER THE ALLIANCE MIGHT SAY OR DO SHOULD NOT PROVIDE A PRETEXT FOR A SOVIET INVASION.

ROSE.

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No. 10 DOWNING STREET

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FILE

VLB

Poland

9 December 1980

Call by the Deputy Prime Minister of Poland

I enclose a record of the conversation which took place between the Prime Minister and the Deputy Prime Minister of Poland, Mr. Henryk Kisiel, earlier today.

MICHAEL ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

KRS

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE
DEPUTY PRIME MINISTER OF POLAND, MR. HENRYK KISIEL, AT
10 DOWNING STREET ON 9 DECEMBER 1980 AT 1230 HOURS

Present:

Prime Minister

Mr. Kisiel

Mr. M.O'D.B. Alexander

H.E. Mr. Bisztyga

Mr. Kucharski

The Situation in Poland

After an exchange of courtesies, during which Mr. Kisiel conveyed to the Prime Minister his own Prime Minister's warmest regards, Mr. Kisiel said that Poland was living through difficult times. He himself had been a member of the Polish Government for a long time and had been aware for a considerable period that the situation in the country was bad politically as well as economically. The previous leadership had ignored the development of a new spirit among the workers. Last summer's rebellion had been carried out by a new generation whose mentality was quite different from their predecessors. They believed that they owned the means of production and they wanted a say in how they were to be used. The technocratic and bureaucratic methods of the past would work no longer. The new generation could not simply be told what to do.

Unfortunately no serious effort had been made to prepare the ground for the take-over of power by this new generation. It was not the first time that a Polish Government had been faced with a crisis from which they had to draw conclusions. The methods used in 1956 and 1970 could not be used again. They had been too painful. Too much blood had been spilled. This time the problem had to be solved by argument and persuasion. Authoritarianism was out. Democratisation was not a gesture it was the right of the people. The discussions in August had led to the conclusion that this was the only path. The previous leadership had been too conscious of their own past experience and had therefore had to be changed. Of the fifteen members of the Politburo in August, only four now remained. This was the first step towards a restoration of trust between the Government and the population. Without that trust nothing could be done.

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/ The workers

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The workers, for their part, had set up Solidarity. It was not easy for the Government to find a way from their former methods to new methods in which the workers would have confidence. Hence the various changes of course in recent months. But for the moment the situation, though tense, was characterised by stability, quietness and a "tendency to order". There was also considerable anxiety about possible unpleasant developments. The population were tired and worried about "what might happen tomorrow". Some of those involved in recent developments had unrealistic hopes. These could, if not controlled, lead to unpleasant confrontations. The Government were very patient. They had enough patience to calm down the hotheads of the younger generation. It was not excluded that there were some forces who might not have a positive attitude to recent changes. There were some "cold political players" who did not realise the dangers to which their activities could lead. They were steering young people into dangerous situations. They could not be treated as "good Poles".

It was to try to contain this situation that more and more open discussions were taking place between the Government and Solidarity. The hope was to create confidence that the Government would not try to revert to the previous situation. The fact was that there was no way back for the Government. They had burnt the bridges joining them to the past. Admitting this frankly had made it easier for the two sides to get on. In Walesa's words: "a Pole with a Pole will always find a solution". Failure to do so in this instance would lead to grave dangers for the future of the country.

The Polish Government were aware of Poland's special place in Europe. Their friends to the East and to the West wished Poland well but were uneasy about the future. The Polish Government understood this. But they needed a little more time and patience from their friends. They had to have time for the new way to be developed. They had to give proper weight to the role and influence of the church. They had to give room for a new generation who wished to create their own future.

/ The Prime Minister

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The Prime Minister said that, as someone looking at the situation from the outside, she was conscious of having witnessed a change/^{of a kind} that had not occurred in a socialist state in the last 60 years. This was not a case of the traditional replacement of the old generation by the new within the same system. A new group of people were asking for power on their own terms. They wanted to exercise it independently of the Government. New centres of power and influence were being formed. The task of the Government was to be to regulate democratically other centres of power. This, for a Communist Government, was, of course, an absolutely fundamental change. The new situation imposed tremendous responsibilities both on the Government and on the emerging centre of power. The price of power was responsibility. It would require time for the new leaders to acquire the wisdom to exercise their power properly.

The Prime Minister said that the present developments were very exciting for someone who believed, as she did, in liberty. The socialist system had succeeded in supressing the human spirit for a surprisingly long time. But she had always been confident that eventually there would be a break through. Of course others were aware of the significance of what was happening and were wondering whether they could allow it to go on. Afghanistan had at least served to alert the rest of the world to the willingness of the Soviet Union to impose a system on people who did not wish it. The British people were watching events with close attention and great goodwill. Their interest in Poland was qualitively different from their interest in other countries. There was a large Polish minority here and we had, after all, gone to war over Poland in 1939. Everyone here knew what was at stake.

Mr. Kisiel said that he agreed with the Prime Minister's analysis of the situation in Poland. The fundamental desire was the desire to govern one's own future. The greatest fault of leadership in Poland in recent years had been to concentrate on centralising rather than de-centralising authority. The leadership had lost its feel for the wishes of the Polish people.

/ The Prime Minister
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The Prime Minister said that she wished the Poles well and hoped they would find a way through the present crisis. If they did so, the whole world would benefit. Western governments, strongly though they felt, had been careful to be restrained in their reaction. But they were also being vigilant. Mr. Kisiel said that the Polish Government had been conscious of the wisdom and patience of Western governments. They knew that the West wished them well.

As regards the attitudes of the Soviet Government, Mr. Kisiel said he thought there had been a development in recent months. When he had visited Moscow in September he had thought that there was not a full understanding. But he believed that Soviet visitors to Poland such as Mr. Baibakov, whom he had himself entertained, had learnt a lot. So had President Brezhnev from his discussions with Mr. Kania. The Polish leadership had returned from their visit to Moscow last week in a more relaxed frame of mind. The Prime Minister urged Mr. Kisiel not to relax and to remember Czechoslovakia. Mr. Kisiel said that the Polish Government was indeed alert. He exemplified the speed with which they had rebutted the Tass communique the previous day. The Poles felt that they were a little different from the other Eastern European states and had the right to create their own path to socialism. He hoped that when Mr. Brezhnev returned from Delhi, it would be possible to make further progress towards resolving the outstanding problems.

At the end of the discussion, the Prime Minister said that she hoped Mr. Kisiel would feel free to come to see her whenever he was in London. The discussion ended at 1310.

Am

9 December 1980

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Rennie Amster
Amster (2) 11
Foreign and Commonwealth Office

ms
London SW1A 2AH

ts Amster
9 December 1980

Dear Michael,

Poland: Measures for which SACEUR has requested Pre-Delegated Authority

You told me on the telephone that the Prime Minister had asked for a list of the five specific measures for which SACEUR had requested pre-delegated authority. The measures are:-

- (a) activation of SHAPE War Headquarters with 24 hour skeleton manning to maintain a close watch on developments;
- (b) order to major subordinate commanders to man situation centres on a 24 hour basis;
- (c) review of contingency plans and testing of ACE communications;
- (d) advice to major subordinate commanders to take all possible covert action short of formal state of military vigilance to ensure that ACE forces are fully up to peacetime state of operational readiness;
- (e) depending on air threat situation, consider increasing readiness of ACE air defence by doubling aircraft on stand-by to four per squadron and doubling number of SAM site missiles ready for use within 20 minutes.

There is an inherent ambiguity about what is proposed under measure (d). SACEUR's request refers to covert action. On the other hand, steps to bring NATO forces to full peacetime readiness could involve the cancellation of leave. This would, of course, be highly overt. It is for this reason that the draft reply to President Carter's message submitted yesterday speaks of taking only covert action at this stage, thereby excluding from the steps currently envisaged the cancellation of leave or the recall of personnel already on leave.

Measure (e) will have to be interpreted in its spirit rather than the letter since not all nations have the same arrangements for aircraft or SAM site missiles on immediate standby.

It is clear from discussions in NATO so far that there is general agreement on measures (a), (b) and (c). Some Allies

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particularly the Germans, have shown signs of hesitation about measures (d) and (e). For our part we see no objection giving authority for all the measures, providing that no obtrusive steps are taken at this juncture which could offer the Soviet Union a pretext for claiming that NATO is interfering in the Polish crisis.

Yours etc
Paul

(P Lever)
Private Secretary

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POLAND: ADVANCE COPIES 21

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PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSON
SIR A ACLAND
MR P H MOBERLY

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TO PRIORITY FCO

TELEGRAM NUMBER 266 OF 09. DECEMBER

INFO PRIORITY UKDEL NATO, BONN, STOCKHOLM, OSLO

ADVANCE COPY

POLISH CRISIS: POSSIBLE REPERCUSSIONS FOR DENMARK

1. THERE IS A CERTAIN AMOUNT OF PRESS SPECULATION HERE ABOUT THE HANDLING OF REFUGEES IN THE EVENT OF A SOVIET INVASION OF POLAND, INCLUDING THE POSSIBILITY OF HOT PURSUIT BY WARSAW PACT UNITS, EITHER AT SEA OR IN THE AIR, AND THE MILITARY AND POLITICAL PROBLEMS THIS WOULD CAUSE THE DANES.

2. THE MFA AND MOD HAVE TOLD US INFORMALLY THAT CONTINGENCY PLANS HAVE BEEN RE-EXAMINED AND THE DANISH MILITARY RULES OF ENGAGEMENT FOR THE PROTECTION OF SOVEREIGNTY RE-EMPHASISED. BUT THE MFA IN PARTICULAR ARE BEING UNCHARACTERISTICALLY CAGEY, INSISTING ON FINE BALANCE BETWEEN BEING MENTALLY PREPARED, WHILE GIVING NO VISIBLE SIGN OF PREPARATIONS WHICH COULD BE CONSTRUED BY THE RUSSIANS AS PROVOCATIVE. THEY HAVE PLAYED DOWN A REPORT (WHICH WE DREW TO THEIR ATTENTION) THAT THE RECENTLY RETIRED COMBALTAP HAD JOINED IN SPECULATION ABOUT CLASHES IN DANISH AIR SPACE. WE KNOW THEY HAVE HAD INFORMAL CONSULTATIONS WITH THE SWEDES BUT THEY ARE VERY RETICENT ABOUT THE OUTCOME.

3. MOST ATTENTION CENTRES ON BORNHOLM, WHICH IS THE NEAREST AND

3. MOST ATTENTION CENTRES ON BORNHOLM, WHICH IS THE NEAREST AND MOST LIKELY DESTINATION, AND POLITICALLY THE MOST SENSITIVE IN THE LIGHT OF THE DANISH/SOVIET UNDERSTANDING OF 1946 WHEN SOVIET FORCES EVACUATED. MOD OFFICIALS TELL US THAT DESPITE THIS UNDERSTANDING THE DANISH INTENTION WOULD BE TO HANDLE REFUGEES REACHING BORNHOLM EXACTLY AS ANY WHO CAME TO METROPOLITAN DENMARK, I.E. THEY WOULD BE PERMITTED TO LAND (MILITARY REFUGEES BEING DISARMED IF NECESSARY), AND TAKEN INTO CUSTODY PENDING INVESTIGATION. ANY INCURSION BY PURSUING FORCES INTO DANISH TERRITORIAL WATERS OR AIR SPACE WOULD BE COUNTERED BY FORCE IF NECESSARY. THE MFA WOULD CONCEDE NO MORE THAN THAT THIS EVENTUALITY IS IN THE CATALOGUE OF THOSE BEING STUDIED.

WARBURTON

NNNN

SENT AT 09/1723Z CJB

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10

Covering SECRET

9 December 1980

Message to President Carter

Further to your letter to me of 5 December, I enclose the text of the message which the Prime Minister has now sent to President Carter about Poland. As you know, the Prime Minister declined to send the message enclosed with your letter under reference. The attached text is identical to that forwarded to us in Dublin yesterday.

MICHAEL ALEXANDER

G. G. H. Walden, Esq.,
Foreign & Commonwealth Office.

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Innapia

T238/80.

10 DOWNING STREET

[Signature]
THE PRIME MINISTER

[To go on the Swift line.]

Dear Mr President,

I was on the point of replying to your message of 1 December about Poland when I received your further message of 7 December on the same subject, in which you refer to evidence indicating that the Soviet Union has made the decision to intervene. This goes further than our own judgement, but I have asked our experts to compare notes urgently with yours. It is more than ever important that we should keep in very close touch on these assessments.

As far as messages to the Soviet Union are concerned, we have as you know made our position very clear both nationally and in the statement issued after the meeting of the European Council on 1 and 2 December. Peter Carrington summoned the Soviet Charge d'Affaires on 3 December to reinforce this message and to seek assurances from the Soviet Government that they would respect their international obligations. The communique of the Warsaw Pact Summit clearly does not fore-close the option of intervention and we shall bring out in our comments on it the need for the principle of the non-use or threat of force, referred to in the communique, to be strictly applied in relation to Poland.

The question of giving SACEUR pre-delegated authority to take five specific measures immediately if an invasion takes place has already been discussed in the North Atlantic Council. I understand that the Council today discussed the possibility of giving SACEUR discretion to take these measures when he considers

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necessary, even in advance of an invasion. I am instructing the United Kingdom Representative on the Council to approve this latest proposal on the understanding that at this stage only covert action is involved.

Yours sincerely

Michael Alexander

The President of the United States of America

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Group/Class PREM 19
Piece 559

Message (T.238/80) from
Prime Minister to US President
dated 8 December 1980

Paper extracted and
temporarily retained
under Section 3(4)
pending completion of
review.

(date) 1 September 2011

(Signed) A. Wayland

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FM WARSAW 081630Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 515 OF 8 DECEMBER

INFO ROUTINE MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST
BERLIN BELGRADE UKDEL NATO WASHINGTON PARIS BONN HELSINKI
MODUK

Read full

POLISH REACTION TO WARSAW PACT SUMMIT

1. ON 6 DECEMBER THE POLITBURO MET TO DISCUSS THE MOSCOW WARSAW PACT SUMMIT. IT EXPRESSED SATISFACTION WITH THE WARSAW PACT'S CONFIDENCE IN THE ABILITY OF POLAND'S HRRKING CLASS TO SOVLVE HER PROBLEMS. THE POLITBURO ALSO SAID THAT IT VALUED HIGHLY THE ECONOMCI HELP GIVEN BY OTHER MEMBERS OF THE WARSAW PACT AND THE POSSIBILITY OF FURTHER HELP IN THE FUTURE.
2. MY EC COLLEAGUES AND I THINK THAT THE MILITARY DEMONSTRATIONS BY THE USSR HAVE SOBERED THE POPULATION: THAT WITH THIS RESPITE THE REGIME IS EXPECTED TO RE-ESTABLISH CONTROL WITHIN PERHAPS A FEW MONTHS AND THAT THE REGIME ACCEPTS THIS AS ITS LAST CHANCE AND IS READY TO ADOPT A MUCH TOUGHER LINE TOWARDS "ANTI-SOCIALIST ELEMENTS".
3. THE POLISH LEADERSHIP WILL NOW HAVE TO HAMMER HOME THE OTHER ELEMENTS IN THE SUMMIT COMMUNIQUE (IN PARTICULAR THE MESSAGE THAT POLAND MUST CONTINUE TO BE A SOCIALIST STATE) USING THE BRPGTHING-SPACE GRANTED. DHEIR OBJECTIVE MUST BE TO TRY TO PUT THE COUNTRY BACK ON TO THE RIGHT LINES WHILE AVOIDING ANOTHER CONFRONTATION WITH THE UNIONS. TODAY'S STATEMENT FROM TASS ABOUT REACTIONARIES SOUNDS A BIT OMINOUS. BUT ASSUMING IT IS INTENDED ONLY TO KEEP THE PRESSURE UP THE NEXT DANGER POINT IS LIKELY TO BE ON DEC 16 WHEN THE MEMORIAL TO THOSE KILLED IN THE GDANSK RIOTS OF 1970 IS TO BE UNVEILED. THERE ARE PLENTY OF YOUNGER POLES WHO ARE NOT MUCH DISTURBED AT THE THOUGHT OF A CLASH WITH THE AUTHORITIES OR CONCERNED WITH THE SECURITY OF EUROPE WHICH THEY THINK BETRAYED THEM AT YALTA.
4. IF THIS PASSES OFF SUCCESSFULLY, 31 DECEMBER IS THE DEADLINE FOR A NUMBER OF PROMISES MADE IN THE GDANSK FNUAGREEMENT WHICH MAY HAVE TO BE BROKEN. NOW THAT THE GOVERNMENT HAS DECIDED TO DELAY THE INTRODUCTION OF MEAT-RATIONING UNTIL 1 FEBRUARY, A CRISIS ARISING FROM THE GOVERNMENTS INABILITY TO DELIVER THE RATION IT PROMISES CANNOT ARISE UNTIL AFTER THAT DATE.

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BUT THAT TOO COULD SPARK OFF CONFRONTATION. THERE IS ALSO THE CONSTANT POSSIBILITY OF INDUSTRIAL ACTION FOLLOWING NON-IMPLEMENTATION OF PAY AGREEMENTS. THE REUTERS' CORRESPONDENT TOLD US TODAY THAT SOLIDARITY PLAN TO HOLD NATIONWIDE DIRECT ELECTIONS TO THEIR NATIONAL COUNCIL - WHICH WOULD IN EFFECT BE POPULAR ELECTIONS WITH AN ELECTORATE OF OVER 10 MILLION. THIS WOULD ALSO BE CRITICAL.

5. THE DECISION TO DELAY MEAT-RATIONING UNTIL 1 FEBRUARY, WHICH WAS ANNOUNCED OVER THE WEEKEND, MAY HAVE BEEN TAKEN BECAUSE THE GOVERNMENT KNOWS THAT IT CANNOT DELIVER THE PROMISED RATION, OR IT MAY SIMPLY REFLECT ADMINISTRATIVE PROBLEMS. PSYCHOLOGICALLY, IT WILL HAVE A HELPFUL EFFECT ON MOST POLES WHO WILL FEEL THAT THEIR MEAT SUPPLY HAS NOT BEEN RESTRICTED. BUT IN PRACTICE, IT WILL MEAN THAT THE AVERAGE POLE GETS LESS MEAT IN JANUARY RATHER THAN MORE.

6. TO ACHIEVE OUR MAJOR OBJECTIVE OF PREVENTING SOVIET INTERVENTION IT SEEMS TO ME THAT OUR WARNINGS OF THE CONSEQUENCES MUST NOT ON THE ONE HAND ENCOURAGE THE RASHER POLES (SINCE ACTION BY THEM WOULD PRECIPITATE INTERVENTION) NOR AT THE OTHER EXTREME SUGGEST ANY COMFORT FOR OVER-REPRESSIVE ACTION BY THE POLISH GOVT. I VERY MUCH AGREE WITH YOUR REPORTED STATEMENT THAT THERE MIGHT NOW BE A TRUCE ON PUBLIC STATEMENTS, TO BE REPLACED BY MORE PRIVATE WARNINGS TO THE SOVIET UNION.

PRIDHAM

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Foreign and Commonwealth Office

London SW1A 2AH

8 December 1980

Dear Michael,

Call by Mr Kisiel

Thank you for your letter about the call by the Polish Deputy Prime Minister Mr Henryk Kisiel at 12.30 on 9 December.

/ I enclose briefing for this meeting.

Yours truly

Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

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CALL ON THE PRIME MINISTER BY POLISH DEPUTY PRIME MINISTER, HEKRYK
KISIEL: TUESDAY 9 DECEMBER AT 1230

POINTS TO MAKE

Political

1. As Lord Carrington told Mr Kania and Mr Pinkowski, we regard these problems as matters for the Polish people to resolve without outside interference. Welcome your government's emphasis on peaceful negotiation. Have made clear to Soviet Union very serious consequences of any internationalisation of the problem. Need now for a period of calm. Hope this is the message of the Warsaw Pact Summit. How do you see prospects after your Central Committee Plenum?

Economic

2. Hope we shall be able very soon to respond to requests you have made. Longer term problems will require careful consideration, but we may be able to do something quickly to help over short term.
3. Important that you should let us know as much as possible about your economic situation and your plans for recovery.
4. [European Council] Natural that we should discuss with our partners. General readiness to help within our means.
6. [Paris meeting] Scale of longer term problem requires consultation with major creditors. Will continue to observe maximum confidentiality. [If Kisiel refers to Polish participation] Welcome this. We shall all have to cooperate very closely.

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ESSENTIAL FACTS

1. Kisiel [KEE-SHELL], formerly Minister of Finance, was appointed Deputy Prime Minister and Chairman of the Planning Commission during the labour crisis in August this year. He is primarily responsible, after the Prime Minister, for the direction of the Polish economy. He called on the Chancellor of the Exchequer in April. He is visiting London for medical treatment as follow up to operations here for cancer. He will be accompanied by the Polish Ambassador, Mr Jan Bisztyga [BISH-TEA-GAH], and his Commercial Counsellor, Mr Kucharski, who will act as interpreter. (A profile of Kisiel is attached)

Political

2. Situation remains critical. Internal problems - especially food and fuel supplies, debt, inflation - severe. Unions only gradually adjusting to consequences of their new power. Party still in disarray, though Plenum on 1-2 December strengthened Kania's position in Politburo with dismissal of 4 members associated with Gierek. Warsaw Pact agreement in Moscow on 4 December apparently gave Kania a further breathing space to seek to get events under control. However, summit itself indicated deep concern throughout Eastern Europe and revived memories of 1968.

3. Invasion could be launched at very short notice. Russians in no doubt of its costs, but are keeping the option open. No change in this respect since Warsaw Pact Summit. A TASS report today which talks of counter-revolutionary forces in Solidarity 'moving towards open confrontation with communist party organisations' is a further cause for concern.

4. Statement by the European Council on 2 December emphasised that events in Poland are a purely internal Polish affair to be resolved by the Poles themselves without outside interference, and serious consequences that would follow if others took different attitude.

Economic

5. We are still considering bilateral Polish requests for economic assistance. The issue is to be discussed in OD on 10 December on the basis of a full background paper. It is hoped that an interim package can be put together for the first half of next year. Meanwhile confidential multilateral consultations are being pursued in a group of major Western creditors coordinated by the French. The Poles would be sensitive to any public Western grouping on this issue, but are reported to be willing to participate in private exchanges with the group.

6. The European Council Statement of 2 December set out members' willingness to respond to economic requests as far as their resources allow. Commission still considering provision of food on special conditions.

KIESEL, HENRYK

Deputy Prime Minister and Chairman of the Planning Commission.

Born 1 July 1921 in Łódź, into a worker's family. In 1945 took a job in the Polish National Bank (NBP) in Łódź as a trainee and studied at the Department of Law and Economics at Łódź University, obtaining the degree of Master of Economics.

From 1949 to 1964 worked in the Polish National Bank, as director of its Gdansk branch (1952), director of several foreign departments in the Central Office (1952-61), and as Director of that Office (1961-64). In 1964 he was transferred to the post of Director of the Handlowy Bank in Warsaw and from 1966 to 1968 was Chairman of that Bank. In July 1968 was appointed Under-Secretary of State in the Ministry of Finance. He became a Vice-Minister of Foreign Trade in April 1971, and Deputy Chairman of the Planning Commission in October of that year. He was promoted Minister of Finance in November 1974. Elected as Candidate Member of the CC at VII Congress, December 1975. Moved to his present position in August 1980.

Likes to describe himself as 'an old red banker' and is indeed an interesting combination of convinced Marxist (and a firmer believer in the virtues of central planning) and most able financier, who commands great respect in Western banking circles.

An extremely likeable and agreeable man who sadly has recently had two operations for cancer. Pays regularly 6-monthly visits to London for continuing medical treatment.

He speaks fluent French and has conversational English.

His wife is an economist with Bipromasz.

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MINISTER FOR TRADE'S OFFICE MINUTE NO: 1445

MEETING BETWEEN THE MINISTER FOR TRADE AND THE POLISH DEPUTY PRIME MINISTER AND CHAIRMAN OF THE PLANNING COMMISSION; MONDAY 8 DECEMBER 1980

PRESENT: Mr Cecil Parkinson MP
Mr Michael Spicer MP
Mr Gavin Dick, CRE/4

HE Mr Henryk Kisiel, Deputy Chairman of the Council of Ministers (Deputy Prime Minister) and Chairman of the Planning Commission
HE Mr Jan Bisztyga, Polish Ambassador, London
Mr Adam Kucharski, Commercial Counsellor Polish Embassy, London

SUMMARY

1 Mr Kisiel was on a private visit to the UK for a medical check, with which he was combining calls on the Prime Minister and Mr Parkinson. Mr Kisiel brought Mr Parkinson up-to-date with economic and political developments since his visit to Poland in November. Mr Kisiel repeated Polish requests for commodity credits, on credits falling due on the three major projects of interest to the UK, and on the repayment of credits guaranteed by ECGD. Mr Parkinson said we were actively considering the requests while the continued uncertainty surrounding Poland's political future made this more difficult.

DISCUSSION

2 Mr Kisiel, commenting on the state of the economy, said that industrial production was still below its proper level, and while output in the first half of 1980 had been satisfactory, in the year as a whole it would not exceed 1979. Agricultural production would fall 12% in 1980 (and 1979 had itself been 4% down). The potato crop was down about half. Sugar production would be about 1,100,000 tonnes compared with 1,450,000 tonnes in 1979, and a planned level for 1980 of 1,700,000 tonnes. Fruit and vegetable production was also down, as were hay and fodder - which would lead to a 2½% drop in cattle production and a 15% drop in pig production. Poland's balance of payments would be £800-1,000 million in deficit - political, economic and agricultural events had all played their part in this. Exports of coal, minerals and agricultural produce would be reduced and, realistically, output in 1981 would remain at this year's levels. Mineral and raw material production could not rise, and inputs would have to be reduced. Access to raw materials on credit terms was, therefore, very important, as had been discussed, and Mr Kisiel hoped for UK help here to get a 5 year repayment period with a 2 year grace period. There would be delays of several years in the PVC complex at Wloclawvek and the Massey Ferguson Perkins (MFP) tractor project (URSUS). More exact completion dates would be available before the end of March 1981. Mr Kisiel hoped that the credit on these projects could be prolonged, so that the obligation fell after 1983. He noted that the Planning Commission wanted the PVC plant on stream as soon as possible to use its output for agricultural irrigation pipes. The MFP project, which was the subject of two Commissions of Inquiry, would continue, but at a smaller scale in 1981, and would concentrate on engine production. Mr Kisiel also noted the problem of the Air Terminal Project. He drew attention to the repayment of ECGD guaranteed credits, which would amount to £140 million in 1981, £100 million in 1982 and £70 million in 1983; how far would the UK postpone these repayments?

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3 It was hard, Mr Kisiel said to allocate blame for the present political situation. There would be economic reforms which would be published this week, and which would restore the scope for initiative and give responsibility to people at plant level. Workers' Councils would be established. There would be deeper problems if these reforms were not introduced, while it was perhaps odd to undertake them during a period of uncertainty. Mr Kisiel said the planning system would be simplified in 1981. There would be a major economic reform in 1982 involving a complete change in the system of inter-factory and retail prices.

4 Mr Parkinson said he had reported to his colleagues on his visit, and the Poles' requests were being actively considered. However, the uncertainty regarding Poland's future made this more difficult. All wished Poland well. Mr Kisiel understood the difficulty caused by the uncertainty. The recent weeks had been politically tense both internally and externally. The Poles wanted to find their own way out of the present situation, which would not be easy. Certain conditions needed to be clearly understood and certain bounds could not be exceeded. There had been relative calm for several days, while Solidarity had not been able to control fully its local branches. Mr Kisiel said Poland understood the uneasiness on the part of Poland's East European neighbours, and they had tried to explain their position in Moscow. Their neighbours now accepted the position, and the USSR and GDR had given \$1,300 million and 300 million Deutschmarks respectively, which were signs of trust in Poland's actions. Her neighbours wanted to help. He would elaborate on this with the Prime Minister.

Matthew Cruickshank

MATTHEW CRUICKSHANK
APS/Minister for Trade
V/835
215-5146
9 December 1980

cc PS/PM
PS/SOS(T)
Mr Dick, CRE4
Mr Hall, ECGD
Mr Facey, EESD/FCO

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Ref. A03778

MR. ALEXANDER

Original on: -
Cabinet: Attendance
PZ

OD: Wednesday 10th December

There is only one item on the agenda for this meeting of the Defence and Overseas Policy Committee, Economic Assistance to Poland. As you will have seen from the paper (OD(80) 74), United Kingdom banks have \$3.6 billion of claims outstanding against Poland. One means of economic assistance which the Committee will be asked to consider will be refinancing the Polish debt. The Chancellor of the Exchequer has suggested that, since the Committee will have before them a number of difficult financial questions, such as debt relief and new credit for the Poles, as well as ECGD cover, The Governor of the Bank of England might be invited to attend the meeting. The Bank have been involved in work at official level on economic assistance to Poland.

2. Sir Robert Armstrong has been consulted about this suggestion and agrees with it.

D. J. WRIGHT

D. J. WRIGHT

8th December, 1980

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Ref. A03769

MR. WHITMORE

There is to be a meeting of Personal Representatives of the seven Heads of Government of the Economic Summit in Paris tomorrow evening and on Wednesday 10th December. If the Prime Minister is content, I shall be absent tomorrow afternoon and on Wednesday for the purpose of attending this meeting. Provided there are no holdups on account of weather, I expect to be back in time for Cabinet on Thursday 11th December.

2. We shall be mainly concerned with making progress on the aid study which Heads of Government commissioned at the Economic Summit in Venice last June; but we shall also have a first discussion of preparations for discussion at Ottawa of other economic matters, and also a discussion of the arrangements for Ottawa.

3. In the message which Mr. Trudeau sent the Prime Minister on 4th December, he suggested that there might be merit in considering whether Personal Representatives should look at ways in which the process of consultation among the seven on crisis management could be made. I doubt whether we shall make very much progress on this subject, partly because the new American Administration will not be represented and partly because a number of the Personal Representatives for the purposes of economic matters would not be those who would be engaged in political consultation. My line will be that the Ottawa Summit is likely to have to deal with political subjects, just as the Venice Summit did, and that there will need to be consultation among the seven beforehand; but that this group of Personal Representatives is probably not the right group for the purpose. I shall make it clear that we shall not be in favour of institutionalising the seven-power group for the purpose of consultation on crisis management, but that we favour leaving it to the established diplomatic processes (including political directors).

ROBERT ARMSTRONG

ROBERT ARMSTRONG

8th December, 1980

Original on:-
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Jan 1980

Group/Class..... PREM 19

Piece..... 559

Message (T.237/80) from
US President to Prime
Minister dated

7 December 1980

Paper extracted and
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(date)..... 1 September 2011

(Signed)..... Alwayland

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Prime Minister

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TO IMMEDIATE FCO
TELEGRAM NUMBER 691 OF 6 DECEMBER
INFO PRIORITY WASHINGTON, PARIS, BONN, ROME, OTTAWA, MOSCOW, WARSAW,
UKDEL NATO

MY TELNO 689 (NOT TO ALL): POLAND

1. MR MIYAZAWA, THE CHIEF CABINET SECRETARY TOLD THE PRESS ON 5 DECEMBER THAT JAPAN COULD NOT REMAIN IDLE IF THE RUSSIANS INVADED POLAND AND WOULD CONSULT OTHER WESTERN COUNTRIES ABOUT THE MEASURES TO TAKE AGAINST THE SOVIET UNION. TAKASHIMA, THE MFA VICE-MINISTER, TOLD A MEETING OF LDP DIETMEN EARLIER THAT JAPAN WOULD HAVE TO IMPOSE FAR STRICTER SANCTIONS IN THIS EVENT THAN AFTER AFGHANISTAN.
2. THE MFA ARE RECOMMENDING THAT MR ITO ISSUE A STATEMENT TODAY BEFORE HIS DEPARTURE FOR EUROPE.

CORTAZZI

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TO IMMEDIATE F C O

TELEGRAM NUMBER 772 OF 6 DECEMBER

INFO WASHINGTON, UKDEL NATO, WARSAW, MODUK, BUDAPEST, BUCHAREST,
SOFIA, PRAGUE, EAST BERLIN, BONN, PARIS, HELSINKI, BELGRADE.

M.I.P.T. : WARSAW PACT MEETING.

1. THERE ARE THREE PRINCIPAL CONCLUSIONS TO BE DRAWN :-
 - (A) THE SOVIET UNION HAS DECIDED AT THIS STAGE TO TRY TO RESOLVE ITS POLISH PROBLEM BY MAXIMUM POLITICAL PRESSURE RATHER THAN IMMEDIATE MILITARY INTERVENTION;
 - (B) THE POLES ARE ON PROBATION, AND
 - (C) THE SOVIET UNION CONTINUES TO HOPE IT CAN LIMIT THE DAMAGE TO ITS RELATIONS WITH THE WEST AND DEVELOP A CONSTRUCTIVE PARTNERSHIP ON SOVIET TERMS WITH THE NEW U.S. ADMINISTRATION.

2. THE LAST POINT WAS MADE EXPLICIT IN THE STATEMENT'S DIRECT REFERENCE TO THE U.S.A., AND ITS SPIRIT INFORMED THE FIRST PART. IT WAS ALSO IMPLICIT IN THE ABSENCE OF ALLEGATIONS OF WESTERN INVOLVEMENT IN DEVELOPMENTS IN POLAND. THE SOVIET MEDIA HAVE, INCIDENTALLY, NOT PURSUED THAT THEME WITH MUCH VIGOUR FOR THE PAST SEVERAL WEEKS.

3. WARSAW PACT REPRESENTATIVES HERE ARE ALREADY CLAIMING THE MEETING WAS CALLED TO DISCUSS THE INTERNATIONAL SITUATION

3. WARSAW PACT REPRESENTATIVES HERE ARE ALREADY CLAIMING THE MEETING WAS CALLED TO DISCUSS THE INTERNATIONAL SITUATION IN GENERAL, NOT ONE PARTICULAR ISSUE, BUT THERE IS CLEARLY NO ROOM FOR DOUBT THAT POLAND WAS THE MAIN SUBJECT. KANIA MAY HAVE HAD A HARD TIME REASSURING BREZHNEV AND THE OTHER PARTICIPANTS OF THE POLISH PARTY'S ABILITY AND WILL TO RE-ESTABLISH CONTROL. HE CERTAINLY LOOKED SOMEWHAT AT BAY ON TELEVISION. AT THE SAME TIME, HE MUST PRESUMABLY HOPE THAT THE POLISH PUBLIC WILL UNDERSTAND WHAT IS MEANT BY THE REFERENCE TO "FRATERNAL SOLA RITY AND SUPPORT" AND THE STATEMENT "POLAND HAS BEEN, IS AND WILL REMAIN A SOCIALIST STATE, A FIRM LINK IN THE COMMON FAMILY OF THE COUNTRIES OF SOCIALISM".

4. THE POLES HAVE BEEN GIVEN A BREATHING SPACE, BUT THE RUSSIANS HAVE GIVEN THEM A STRONG PUBLIC WARNING OF THE NECESSITY OF OVERCOMING THEIR "DIFFICULTIES" IN A MANNER ACCEPTABLE TO THE OTHER EASTERN EUROPEANS (AND THE KREMLIN IN PARTICULAR). IN SO DOING, THE PRINCIPAL MEMBERS OF THE SOVIET POLITBURO HAVE MADE A DEMONSTRATIVE SHOW OF COMMON RESOLUTION AND HAVE LINED UP ALL THEIR WARSAW PACT ALLIES AT THE HIGHEST LEVEL IN A DISPLAY OF UNITY WHICH RECALLS 1968 TOO OBVIOUSLY FOR ANYONE BUT THE INCURABLE OPTIMIST TO CONCLUDE THAT THE THREAT OF A SOVIET INVASION HAS BEEN REMOVED.

KEEBLE

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TO IMMEDIATE F C O

TELEGRAM NUMBER 771 OF 6 DECEMBER

INFO WASHINGTON, UKDEL NATO, MODUK, BUDAPEST, BUCHAREST,
SOFIA, PRAGUE, WARSAW, EAST BERLIN, PARIS, BONN, BELGRADE,
HELSINKI.

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WARSAW PACT MEETING.

1. A WARSAW PACT MEETING AT THE HIGHEST LEVEL WAS HELD IN
MOSCOW ON 5 DECEMBER ATTENDED BY THE GENERAL OR FIRST
SECRETARIES OF ALL SEVEN COUNTRIES. SIX COUNTRIES SENT THEIR
PRIME MINISTERS, WHILE HUNGARY WAS REPRESENTED BY A DEPUTY
PRIME MINISTER. THERE WERE THREE DEFENCE MINISTERS (SOVIET
UNION, POLAND AND GDR), AND THE SAME THREE COUNTRIES SENT THEIR
MINISTERS FOR STATE SECURITY/INTERNAL AFFAIRS. THERE WERE
FOREIGN MINISTERS FROM BULGARIA, POLAND, ROMANIA AND THE
SOVIET UNION. ON THE SOVIET SIDE THE MEETING WAS ALSO
ATTENDED BY SUSLOV, AND ON THE CZECH BY BILAK.

2. THE STATEMENT ISSUED AFTER THE MEETING DESCRIBED IT AS
BEING HELD IN "AN ATMOSPHERE OF COMRADELY MUTUAL UNDER-
STANDING AND UNIFORM VIEWS". MAIN POINTS WERE AS FOLLOWS:-

INTERNATIONAL SITUATION.

INTERNATIONAL SITUATION.

THE PARTICIPANTS ENDORSED THE ASSESSMENTS AND PROPOSALS OF THE WARSAW PACT POLITICAL CONSULTATIVE COMMITTEE MEETING IN MAY 1987. THEY NOTED WITH SATISFACTION THE ACTIVISATION OF CONTACTS BETWEEN STATES WITH DIFFERENT SOCIAL SYSTEMS; THE CONTINUATION OF THE DIALOGUE ON MAJOR INTERNATIONAL PROBLEMS AND THE WORK OF THE UNGA ON ARMS CONTROL PROPOSALS, ALL OF WHICH CONTRIBUTED TO THE PROCESS OF DETENTE. THEY EXPRESSED THEIR INTENTION TO HELP IMPROVE THE INTERNATIONAL CLIMATE: PROMOTE PEACE, DETENTE, INTERNATIONAL CO-OPERATION AND THE PEACEFUL NEGOTIATED SETTLEMENT OF CONFLICTS. THEY ENDORSED THE DEVELOPMENT OF RELATIONS WITH ALL COUNTRIES, IRRESPECTIVE OF THEIR SOCIAL SYSTEM, AND PARTICULARLY CO-OPERATION WITH "PROGRESSIVE, DEMOCRATIC", ANTI-IMPERIALIST FORCES". THEY "EXPRESSED READINESS FOR A CONSTRUCTIVE APPROACH TO THE DEVELOPMENT OF RELATIONS WITH THE UNITED STATES OF AMERICA, IF THE NEW AMERICAN ADMINISTRATION DISPLAYS THE SAME APPROACH". THEY WELCOMED THE OPENING OF THE MADRID MEETING AND EXPRESSED HOPES FOR ITS SUCCESSFUL CONTINUATION BUT WARNED THAT THE INTERNATIONAL SITUATION REMAINED TENSE, NOTING THE "INCREASINGLY DANGEROUS NATURE" OF THE ARMS RACE AND THE EXISTENCE OF SEATS OF MILITARY CONFRONTATION AND TENSION IN VARIOUS PARTS OF THE WORLD.

SOCIALIST WORLD.

THE SITUATION CALLED FOR "HIGHER VIGILANCE IN RESPECT TO AGGRESSIVE ASPIRATIONS OF THE IMPERIALIST FORCES, THE ATTEMPTS BY REACTION TO DAMAGE THE POSITIONS OF SOCIALIST COUNTRIES, DEVELOPING STATES AND NATIONAL-LIBERATION MOVEMENTS". PARTICIPANTS DECLARED THEIR RESOLVE "TO CONTINUE TO CONSOLIDATE THE UNITY OF THE SOCIALIST COUNTRIES ON THE BASIS OF MARXISM-LENINISM AND INTERNATIONAL SOLIDARITY AND EQUAL MUTUALLY-ADVANTAGEOUS CO-OPERATION." THE PARTICIPANTS EXCHANGED INFORMATION ON SOCIALIST AND COMMUNIST CONSTRUCTION IN THEIR COUNTRIES AND ENDORSED THE FURTHER DEVELOPMENT OF ECONOMIC, SCIENTIFIC AND TECHNOLOGICAL COOPERATION AND PLAN COORDINATION IN THE INTEREST OF SOCIALIST AND COMMUNIST CONSTRUCTION AND "THE RAISING OF THE MATERIAL WELL-BEING OF THEIR PEOPLES".

POLAND

REPRESENTATIVES OF THE POLISH UNITED WORKERS' PARTY INFORMED THE MEETING PARTICIPANTS ON THE DEVELOPMENT OF THE SITUATION

REPRESENTATIVES OF THE POLISH UNITED WORKERS' PARTY INFORMED THE MEETING PARTICIPANTS ON THE DEVELOPMENT OF THE SITUATION IN THE POLISH PEOPLE'S REPUBLIC, ABOUT THE RESULTS OF THE 14TH PLENUM OF THE CENTRAL COMMITTEE OF THE POLISH UNITED WORKERS' PARTY. THE MEETING PARTICIPANTS EXPRESSED THE CONFIDENCE THAT COMMUNISTS, THE WORKING CLASS, THE WORKING PEOPLE OF FRATERNAL POLAND WILL BE ABLE TO OVERCOME THE PRESENT DIFFICULTIES AND WILL ASSURE THE COUNTRY'S FURTHER DEVELOPMENT ALONG THE SOCIALIST PATH. IT WAS REITERATED THAT SOCIALIST POLAND, THE POLISH UNITED WORKERS' PARTY AND THE POLISH PEOPLE CAN FIRMLY COUNT ON THE FRATERNAL SOLIDARITY AND SUPPORT OF COUNTRIES MEMBERS OF THE WARSAW PACT. REPRESENTATIVES OF THE POLISH UNITED WORKERS PARTY STRESSED THAT POLAND HAS BEEN, IS AND WILL REMAIN A SOCIALIST STATE, A FIRM LINK IN THE COMMON FAMILY OF THE COUNTRIES OF SOCIALISM."

3. PLEASE SEE M.I.F.T.

KEEBLE

NNNN



file to

10 DOWNING STREET

From the Private Secretary

5 December 1980

MESSAGE TO MR. TRUDEAU

I enclose the text of the Prime Minister's reply to Mr. Trudeau's message to her of 4 December which I forwarded to you under cover of my letter to Paul Lever of 4 December.

I should be grateful if you could arrange for the early delivery of the Prime Minister's message in Ottawa.

M. O'D. B. ALEXANDER

G. G. H. Walden, Esq.,
Foreign and Commonwealth Office.

imm. by [unclear] GB



file kb

10 DOWNING STREET

From the Private Secretary

5 December 1980

I enclose the text of the Prime Minister's reply to Prime Minister Trudeau's message of yesterday. The Prime Minister's message is being delivered to Mr. Trudeau in Ottawa.

M. O. D. B. ALEXANDER

Her Excellency Mrs. Jean Wadds.

T235/80

SUBJECT

P. Trudeau

Thank you very much for your message about Poland. I agree that the situation has been deteriorating and that a Soviet military intervention would be a calamity. You will have seen that the European Council has issued a statement about this. Peter Carrington has handed a copy to the Soviet Charge d'Affaires in London, and stressed the importance which we attach to it. I welcome the idea that you also should convey your concern to President Brezhnev. The line you propose to take seems admirable. I hope there may now be a period of relative calm, during which the Poles themselves can be left to sort out their problems.

I fully agree about the importance of consultations between us - I was so pleased to receive your letter about your message to Brezhnev. I hope there will be a good discussion about Poland at the NATO Ministerial meeting next week. Another meeting next week - that of our Personal Representatives in Paris - will provide the opportunity to discuss the role in all this of the Summits of the Seven.

M. Thatcher

5.12.80

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T235/80

7



Foreign and Commonwealth Office

London SW1A 2AH

5 December 1980

(1)

Prime Minister

Apex text? No

And

Dear Michael,

Draft Message from the Prime
Minister to President Carter

As requested in Mike Pattison's letter of 1 December, I enclose a draft reply to President Carter's message about Poland.

In re

J. G. H. Walden

(G G H Walden)
Private Secretary

*This message
seems to have
the Fri evening
committee*

M O'D B Alexander Esq
10 Downing Street

DSR 11(Revised)

SECRET

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT: DRAFT MESSAGE FROM THE PRIME MINISTER TO

.....In Confidence

PRESIDENT CARTER

CAVEAT.....

Thank you for your further message of 1 December about Poland. I agree with you entirely both about the seriousness of the situation, which has continued to worsen in the last few days, and about the need to maintain the very close consultation which we have established on this subject. It is obviously essential that the Russians should not be in any doubt of the Western attitude, and I feel sure they will have taken due note of your strong statement of 3 December, and also of the communique issued by the European Council in Luxembourg the previous day, together with the other private and public warnings which have been conveyed on a national basis. The question what to do in the worst case is now under consideration in NATO and in the Quadripartite group, and the meetings in Brussels next week will provide the opportunity to make progress on both these fronts.

Enclosures—flag(s).....



File 16

10 DOWNING STREET

From the Private Secretary

5 December 1980

MR. KISIEL

The Prime Minister has seen your letter to me of 26 November and has agreed to see Mr. Kisiel at 1230 hours on Tuesday, 9 December.

I am sending copies of this letter to John Wiggins (H.M. Treasury) and Anthony Loehnis (Bank of England).

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

o/o

POLAND: ADVANCE COPIES 1921

PS
PS/IPS
PS/BLAKER
PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR P H MOBERLY

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DIO CABINET OFFICE
ASSESSMENTS STAFF
CABINET OFFICE

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HEAD/PLANNING STAFF

Head. Com. D.
Head. Com. Ev. U.

GRS 750

RESTRICTED

FM WARSAW 051000Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 500 OF 5 DEC

Read i full.

INFO ROUTINE MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST
EAST BERLIN BELGRADE UKDEL NATO WASHINGTON PARIS
BONN HELSINKI MODUK

mb

POLISH SITUATION: KLASA'S PRESS CONFERENCE

1. TWO MEMBERS OF CHANCERY ATTENDED THE PRESS CONFERENCE GIVEN BY THE CENTRAL COMMITTEE SI CESMAN, JOZEF KLASA, ON 4 DECEMBER, WHICH WAS WIDELY REPORTED ON THE BBC AND ELSEWHERE.

2. KLASA SAID THAT HE FELT LESS OPTIMISTIC THAN AFTER THE 6TH PLENUM BECAUSE:

- (1) THE ECONOMY AND THE SUPPLY SITUATION WERE MUCH WORSE;
- (2) NO-ONE, NOT EVEN GENERAL MOCZAR'S SUPREME CHAMBER OF CONTROL, HAD HITHERTO REALISED HOW CORRUPT AND DISORGANISED THE ADMINISTRATION AND ECONOMIC MANAGEMENT HAD BECOME;
- (3) PRODUCTIVITY WAS STILL DISASTROUSLY LOW. PEOPLE WERE WORKING HARD WHEN THEY HAD THE CHANCE BUT WERE TOO OFTEN DENIED SUPPLIES OF RAW MATERIALS OR ENERGY.

3. TENSION EXISTED BETWEEN THE AUTHORITIES AND SOLIDARNOSC- NOT SO MUCH WITH THE MAJORITY OF THE UNION MEMBERSHIP AS WITH SOME OF ITS LEADERS AND SOME PEOPLE IN THE UNION'S ORBIT. KLASA SAID THAT SOLIDARNOSC HAD ENGAGE CRECEODLY IN POLITICAL ACTIVITY THAT EXCEEDED THE LIMITS LAID DOWN BY THE GOVERNMENT.

SOME OF ITS LEADERS AND SOME PEOPLE IN THE UNION'S ORBIT. KLASA SAID THAT SOLIDARNOSC HAD ENGAGED CRECEODLY IN POLITICAL ACTIVITY THAT EXCEEDED THE LIMITS LAID DOWN IN ITS STATUTES; THE STRIKES LAST WEEK AT URSUS AND HUTA WARSZAWA FOR THE RELEASE OF NAROZNIAK HAD BEEN PURELY POLITICAL AND MUST NOT BE REPEATED.

4. KLASA SAID THAT THE IMPROVEMENT IN THE ADMINISTRATION AND THE GOVERNMENT LOOKED FOR AT THE TIME OF THE 6TH PLENUM HAD NOT HAPPENED. THE ATMOSPHERE IN THE COUNTRY WAS STILL FULL OF TENSIONS AND NO BETTER THAN AT THE TIME OF THE 6TH PLENUM. HENCE THE TONE OF THE APPEAL FROM THE CENTRAL COMMITTEE (MY TELNO 496). IT DID NOT PRESAGE A FIGHT WITH SOLIDARITY BUT A FIGHT ABOUT SOLIDARITY, WHICH MUST BE A PURELY SOCIALIST ORGANISATION. KLASA STRESSED THAT THE CREATION OF FEAR IN THE COUNTRY WAS NOT THE AIM OF THE APPEAL.

5. IN ANSWER TO QUESTIONS, KLASA SAID THAT THE APPEAL HAD TAKEN 24 HOURS TO APPEAR BECAUSE THE IDEA FOR IT HAD ARISEN ONLY AT MIDNIGHT ON 2/3 DECEMBER. THE CENTRAL COMMITTEE HAD APPROVED THE IDEA OF THE APPEAL IN PRINCIPLE AND MANDATED THE POLITBURO TO DRAW IT UP. KANIA HAD ONLY BEEN ABLE TO SEE AND APPROVE THE CONTENT ON HIS RETURN FROM THE MINERS' CELEBRATIONS IN KATOWICE ON 3 DECEMBER.

6. WHEN ASKED WHY THE AUTHORITIES HAD LAUNCHED THE APPEAL AT A TIME OF COMPARATIVE CALM IN THE COUNTRY, KLASA SAID THAT THE AUTHORITIES DID NOT MERELY NOTICE THE DRAMATIC EVENTS OF INDUSTRIAL UNREST BUT HAD TO CONSIDER THE SUM OF ALL THE CURRENT DISRUPTIVE ELEMENTS. DESPITE THE COMPARATIVE CALM, THE COUNTRY WAS STILL HEADED IN A WORSENING DIRECTION. HE QUALIFIED THIS BY SAYING THAT HE DID NOT BELIEVE THE SITUATION WAS AT THIS MOMENT REVOLUTIONARY; THE AUTBRITIES WERE NOT EXPECTING AN UPRISING TOMORROW.

7. WHEN ASKED IF HE FELT THE SOVIET UNION WOULD INTERVENE MILITARILY IN POLAND, KLASA REPLIED THAT HE WAS CONVINCED THAT POLAND'S FRIENDS (HE EMPHASISED THE WORD 'FRIENDS' BY REPEATING IT TWICE) DID NOT WISH POLAND TO GET TO THE POINT WHERE THEY HAD TO HELP MILITARILY. HE ASKED RHETORICALLY WHETHER THE POLISH COMMUNISTS WOULD ASK FOR MILITARY HELP IF THEY BELIEVED SOCIALISM WAS THREATENED AND ANSWERED HIS QUESTION BY SAYING THAT UP TILL THIS TIME THE AUTHORITIES IN POLAND HAD BELIEVED, AND STILL BELIEVE, THAT THEY COULD COPE BY THEMSELVES.

TILL THIS TIME THE AUTHORITIES IN POLAND HAD BELIEVED, AND STILL BELIEVE, THAT THEY COULD COPE BY THEMSELVES. NEVERTHELESS, SOCIALISM WAS UNDER SERIOUS THREAT. TO COUNTER THIS THREAT THE PARTY MUST FIGHT POLITICALLY AND FIGHT HARDER THAN IT HAD DONE UP TILL NOW.

8. IN RESPONSE TO QUESTION ABOUT SOVIET TROOP MOVEMENTS AND WESTERN COMMENTS ON THEM, HE SAID THAT, AS FAR AS HE KNEW, THE SCALE OF SOVIET MILITARY ACTIVITY ON POLAND'S BORDER WAS NO GREATER THAN IT HAD BEEN FOR SEVERAL MONTHS, AND HE FELT THAT SOME WESTERN LEADERS WERE DELIBERATELY, FOR THEIR OWN PURPOSES, CREATING A SCARE ABOUT A POSSIBLE SOVIET INTERVENTION. THIS WAS IN LINE WITH THE POLICY OF SOME WESTERN CIRCLES OF ENCOURAGING ANTI-SOCIALIST CHANGE IN POLAND. HE ASSURED HIS AUDIENCE THAT THE POLISH LEADERSHIP HAD VERY RECENTLY HAD CONTACTS WITH THE SOVIET, EAST GERMAN AND CZECH LEADERSHIPS. ASKED ABOUT THE MILITARY COUNCIL WHICH ISSUED A STATEMENT ON 4 DECEMBER EXPRESSING ANXIETY ABOUT THE PRESENT SITUATION, KLASA SAID THAT IT WAS A BODY WHICH HAD EXISTED FOR 30 YEARS BUT MET ONLY ON PROTOCOL AND VERY SERIOUS OCCASIONS. HE FELT THAT THE PRESENT SITUATION COULD BE DESCRIBED AS VERY SERIOUS.

9. TAKEN TO THE TOPIC OF POSSIBLE UNINVITED SOVIET MILITARY HELP, KLASA SAID THAT THE POLISH PEOPLE WOULD DO EVERYTHING THEY COULD TO AVOID PUTTING THE USSR IN SUCH A DIFFICULT SITUATION. BUT JUST AS THE POLISH LEADERSHIP HAD ASKED THEIR NEIGHBOURS FOR ECONOMIC AND FINANCIAL HELP, SO TOO THEY WOULD HAVE A DUTY TO ASK FOR AID OF ANY KIND TO MEET AN EMERGENCY.

COMMENT

10. THIS LAST POINT COULD BE INTERPRETED IN TWO WAYS: EITHER KLASA WAS SAYING THAT HE HOPED THAT COMMONSENSE WOULD PREVAIL IN POLAND, OR THAT THE POLISH LEADERSHIP WOULD TAKE UPON THEMSELVES THE BURDEN OF DECIDING WHEN TO ASK FOR SOVIET INTERVENTION RATHER THAN LEAVING THE DECISION TO THE SOVIET UNION. FURTHER COMMENT WILL FOLLOW.

PRIDHAM

BSQQ

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

5 December 1980

I will keep you informed.

Duty Clerk
9/12

MS

Dear Nick,

Warsaw Pact Summit Meeting in Moscow

We have not yet seen the full text of the communique, but you may like to have a very preliminary reaction to the excerpts we have seen so far. I enclose a copy of a minute by Mr Fall (the Head of Eastern European and Soviet Department).

As regards the press, I have asked our News Department to refrain from all comment until we have seen the full text and analysed it properly.

For ever
your
G G H

(G G H Walden)
Private Secretary

N Sanders Esq
10 Downing Street

CONFIDENTIAL

CONFIDENTIAL

Private Secretary

Copy to: News Department

WARSAW PACT SUMMIT IN MOSCOW

1. We spoke about the preliminary Reuters report that the communique published after the session said that Poland's six partners in the Alliance assured the Warsaw leadership of their fraternal solidarity.
2. It is not possible to draw conclusions from this extract; and my guess is that analysis of the full text of the communique when we get it is unlikely to allow us to conclude that it is a good or a bad sign. A Warsaw Pact summit took place in Bratislava on 3 August 1968. After the signing ceremony Dubcek said: 'we achieved what we had promised and we did a good job'. Another Czechoslovak representative, Smrkovsky, assured the crowd that: 'everything has turned out all right ... normal life resumes as from tomorrow'. The invasion began late on the night of 20 August. The communique said inter alia that the communist parties concerned would deepen their cooperation 'on the basis of the principle of equality, respect for sovereignty and national independence, territorial integrity, fraternal mutual assistance and solidarity'.
3. It is significant that the Romanians were not present at Bratislava, whereas Reuters report tends to confirm other evidence that they are present in Moscow. It may be also that the Moscow communique will not contain sentences like
'consolidation and protection of the gains (of socialism) is a common international duty of all socialist countries'
whose significance is more apparent now than it was at the time. But we should clearly not be too ready to assume from the meeting and the communique that military intervention is now less likely. The military position is still such that it could be launched at very short notice.
4. [~~For~~ News Department] I see no reason why you should not draw unattributably on all the above, though we should not give the impression that the fact of the meeting is necessarily a bad sign. I shall be available at home this evening if required and will be in the office tomorrow morning.
5. Postscript: I have now seen a somewhat more detailed account of the communique. Its positive tone

Better no comment at all? Jett. ew

CONFIDENTIAL

on East/West relations (a reference to 'a constructive approach in the development of relations with the United States ...') is on the whole encouraging, and there is nothing sinister in the expressions used about Poland. So far so good; but the communique does not foreclose any options.

B J P Fall

B J P Fall
Eastern European & Soviet Department
5 December 1980

CONFIDENTIAL

4 December, 1980

BF 5. 12. 80

I enclose a copy of a message which the Prime Minister has received from the Prime Minister of Canada about the situation in Poland. As you will see Mr Trudeau proposes to send a message to President Brezhnev within the next two days unless the Prime Minister has "marked reservations". I should be grateful if you could let me have advice which I might submit to the Prime Minister in the course of tomorrow morning.

M. O'D. B. ALEXANDER

Paul Lever, Esq
Foreign and Commonwealth Office

4 December, 1980

I am replying on the Prime Minister's behalf to your letter of 4 December containing a message to the Prime Minister from Mr Trudeau. Mr Trudeau's message has of course been brought to the Prime Minister's immediate attention.

M. O'D. B. ALEXANDER

HE Mrs Jean Wadds

GR 260
UNCLASSIFIED
FM WASHINGTON 041526Z DEC 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 4790 OF 4 DECEMBER 1980
INFO ROUTINE PARIS, BONN, MOSCOW, WARSAW, UKDEL NATO

MIPT POLAND

1. FOLLOWING IS THE TEXT OF A STATEMENT BY PRESIDENT CARTER RELEASED BY THE WHITE HOUSE LATE ON 3 DECEMBER.

THE UNITED STATES IS WATCHING WITH GROWING CONCERN THE UNPRECEDENTED BUILDUP OF SOVIET FORCES ALONG THE POLISH BORDER AND THE CLOSING OF CERTAIN FRONTIER REGIONS ALONG THE BORDER. THE UNITED STATES HAS ALSO TAKEN NOTE OF SOVIET REFERENCES TO ALLEGED QUOTE ANTI-SOCIALIST UNQUOTE FORCES WITHIN POLAND. WE KNOW FROM POSTWAR HISTORY THAT SUCH ALLEGATIONS HAVE SOMETIMES PRECEDED MILITARY INTERVENTION.

THE UNITED STATES CONTINUES TO BELIEVE THAT THE POLISH PEOPLE AND AUTHORITIES SHOULD BE FREE TO WORK OUT THEIR INTERNAL DIFFICULTIES WITHOUT OUTSIDE INTERFERENCE. THE UNITED STATES, AS WELL AS SOME WESTERN GOVERNMENTS, AND ALSO THE SOVIET UNION, HAVE PLEDGED ECONOMIC ASSISTANCE TO POLAND IN ORDER TO ALLEVIATE INTERNAL POLISH DIFFICULTIES. THE UNITED STATES HAS NO INTEREST IN EXPLOITING IN ANY FASHION THE POLISH DIFFICULTIES FOR ITS POLITICAL ENDS.

FOREIGN MILITARY INTERVENTION IN POLAND WOULD HAVE MOST NEGATIVE CONSEQUENCES FOR EAST-WEST RELATIONS IN GENERAL AND U.S.-SOVIET RELATIONS IN PARTICULAR. THE CHARTER OF THE UNITED NATIONS ESTABLISHES THE RIGHT OF ALL STATES, BOTH LARGE AND SMALL, TO EXIST FREE OF FOREIGN INTERFERENCE, REGARDLESS OF IDEOLOGY, ALLIANCES OR GEOGRAPHIC LOCATION. I WANT ALL COUNTRIES TO KNOW THAT THE ATTITUDE AND FUTURE POLICES OF THE UNITED STATES TOWARD THE SOVIET UNION WOULD BE DIRECTLY AND VERY ADVERSELY AFFECTED BY ANY SOVIET USE OF FORCE IN POLAND.

HENDERSON

[COPIES SENT TO NO 10 DOWNING STREET]

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Copied to :-

SUBJECT For. Pol.: Quadripartite ; Jan 80



Canadian High Commission

PRIME MINISTER'S

Haut Commissariat du Canada

SERIAL No. T 233/80

Prime Minister

(2)

I have asked for

advise.

Paul

Macdonald House
1 Grosvenor Square
London, W1X 0AB

December 4, 1980

My dear Prime Minister,

I have been requested to convey to you the following message from my Prime Minister:

Dear Margaret,

I am deeply worried by the deterioration in the Polish situation and, in particular, the increased danger of a Soviet military intervention and all the consequences we would have to face if this took place. I am therefore proposing to send a personal appeal to President Brezhnev in which, in addition to emphasizing that the Polish situation is a strictly internal affair to be resolved by the Poles themselves, I would strongly assert that there is not on our part any intention of interfering in Polish affairs. I would also convey that we expect the Soviet Union and its Warsaw Pact allies to act likewise in the full awareness that any outside interference would cause irreparable damage to detente and destroy the CSCE process.

I would propose to send this message within the next two days unless you have marked reservations. I am consulting with you in this way because Poland is a shared concern and also because I strongly hold to the view that we must devise means to improve our concentration and

.../2

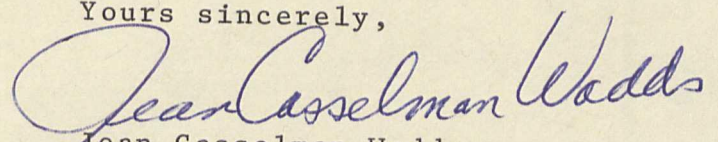
The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister of the United Kingdom
10 Downing Street
London, SW1

consultation in the face of crises of this nature. The changes in procedure which have been agreed to for the forthcoming NATO Ministerial Meeting should help to achieve this objective. We might also examine the advisability of improved consultations in other forms, for example among political directors of our respective Foreign Ministries. Furthermore, there may be merit in considering whether personal representatives, in preparing for the Summit, should not also be looking at ways in which our consultative process could be improved.

Yours sincerely,

Pierre Elliott Trudeau

Yours sincerely,


Jean Casselman Wadds
High Commissioner

POLAND: ADVANCE COPIES 19

PS
PS/LPS
PS/MR BLAKER
PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR P H MOBERLY

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CABINET OFFICE

Poland

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HEAD/WED
HEAD/NEWS D
HEAD/PLANNING STAFF

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RESIDENT CLERK

ADVANCE

CONFIDENTIAL

FROM BUDAPEST 041520Z
TO PRIORITY FCO

TEL NO 658 OF 4/12

ms

INFO ROUTINE WARSAW, MOSCOW, EAST BERLIN, PRAGUE, BUCHAREST,
SOFIA, UKDEL NATO, BONN, PARIS AND WASHINGTON

POLAND.

1. THE US EMBASSY HERE HAVE LEARNED FROM AN UNDISCLOSED SOURCE, WHICH THEY CONSIDER RELIABLE, THAT WHEN TADEUS GRABSKI (PZRP CENTRAL COMMITTEE SECRETARY) PAID A ONE-DAY VISIT TO BUDAPEST ON 27 NOVEMBER HIS PRINCIPAL HUNGARIAN INTERLOCUTORS NEMETH (HSWP CENTRAL COMMITTEE SECRETARY) AND GASPAR (GENERAL SECRETARY, TRADE UNION COUNCIL), EXPRESSED PROFOUND ANXIETY OVER THE FUTURE COURSE OF EVENTS IN POLAND AND PLEADED WITH HIM TO DO EVERYTHING POSSIBLE TO ACHIEVE A POLISH SOLUTION WITHOUT 'HELP' FROM OUTSIDE. GRABSKI WAS TOLD THAT IF OUTSIDE INTERVENTION BECAME NECESSARY 'TO PROTECT THE FRONTIERS OF SOCIALISM', HUNGARY WOULD BE OBLIGED TO PARTICIPATE. I FIND THIS REPORT WHOLLY CREDIBLE.

2. IF THERE WERE TO BE A COMBINED WARSAW PACT OPERATION TO RESTORE ORDER IN POLAND THE WESTERN REACTION WOULD...

2. IF THERE WERE TO BE A COMBINED WARSAW PACT OPERATION TO RESTORE ORDER IN POLAND, THE WESTERN REACTION WOULD, I ASSUME, AFFECT BILATERAL (INCLUDING ECONOMIC) RELATIONS WITH EASTERN EUROPEAN PARTICIPANTS, HOWEVER RELUCTANT, IN MILITARY INTERVENTION AND NOT MERELY RELATIONS WITH THE SOVIET UNION ALONE. IF SO, IT LOOKS FROM HERE AS IF THERE MIGHT BE ADVANTAGE IN MAKING THIS CLEAR, AT LEAST TO THE HUNGARIANS AND PERHAPS (SUBJECT TO POSTS' VIEWS) TO OTHER PROBABLE PARTICIPANTS, VERY SOON AND IN DISPELLING ANY ILLUSIONS WHICH MAY EXIST THAT THEY COULD AVOID UNCARRYING THEIR SHARE OF THE ODIUM. THIS WOULD STRENGTHEN THE HAND OF THOSE WITHIN THE HUNGARIAN LEADERSHIP WHOM I WOULD EXPECT TO ATTEMPT, EVEN IF UNSUCCESSFULLY, TO RESIST SOVIET PRESSURE ON THEM TO JOIN THE ACK, BY ENABLING THEM TO POINT TO THE LIKELY IMPLICATIONS FOR HUNGARY'S ECONOMY AND HENCE POLITICAL STABILITY. IT WOULD ALSO ENABLE US TO RESPOND TO HUNGARIAN PROTESTATIONS, IF THE WORST SHOULD HAPPEN, BY REMINDING THEM THAT THEY HAD BEEN GIVEN A CLEAR WARNING THAT THEY COULD NOT EXPECT TO HAVE THEIR CAKE AND EAT IT AND THAT THEY MUST ACCEPT THE CONSEQUENCES OF THEIR ACTIONS.

3. IF A DECISION WERE TO BE TAKEN TO ACT ALONG THESE LINES, WHETHER ALONE OR IN CONCERT WITH ALLIES. I SUGGEST, HAVING JUST SEEN YOUR TELEGRAM NO 668 TO MOSCOW ABOUT YOUR MEETING WITH THE SOCIET CHARGE, THAT THE HUNGARIAN AMBASSADOR MIGHT BE SPOKEN TO IN SIMILAR TERMS.

CARTLEDGE

NNNN

PS
PS/LPS
PS/MR BLAKER
PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR P H MOBERLY
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DIO CABINET OFFICE
ASSESSMENTS STAFF
CABINET OFFICE

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RESIDENT CLERK

IMMEDIATE

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DESKBY 041740Z

FM UKDEL NATO 041600Z DEC 80

mt

TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE

TELEGRAM NUMBER 452 OF 4 DECEMBER 1980,

INFO IMMEDIATE MODUK (DUSP, DS12, COSSEC), WASHINGTON, PARIS,
BONN, MOSCOW.

YOUR TELNO 206 : POLAND.

*NATO is being reasonably purposeful.
You will see in the third telegram that some
of the problems of co-ordinating work in the 9 (EEC)
& the 15 (NATO) are beginning to surface.*

1. AT THIS MORNING'S PRIVATE MEETING, BENNETT (US) OPENED THE DISCUSSION BY REPORTING ON THE LATEST U S INTELLIGENCE ASSESSMENT. WITHIN THE LAST 48 HOURS, SOVIET FORCES HAD INCREASED THEIR MILITARY PREPAREDNESS IN THE WESTERN MILITARY DISTRICTS AND THERE WAS UNUSUAL GROUND ACTIVITY. THERE WAS ALSO EXERCISE ACTIVITY AT LOWER LEVELS IN THE GDR, CZECHOSLOVAKIA AND HUNGARIAN ARMED FORCES. A JOINT EXERCISE WAS THOUGHT TO BE IMMINENT, AND SOVIET FORCES WOULD HAVE TAKEN THE NECESSARY STEPS TO MOUNT A MAJOR EXERCISE BY THIS WEEKEND. THERE WERE SIGNS OF PREPARATIONS FOR GROUND AND AIR ACTIVITY IN THE AREA OF THE GDR WHICH HAD BEEN DECLARED RESTRICTED. AFTER LISTING A SERIES OF U S PROPOSALS FOR CONTINGENCY PLANNING FOR POLITICAL AND ECONOMIC MEASURES (SEE MIFT), BENNETT SAID THAT THE U S AUTHORITIES AGREED TO THE PROPOSALS BY SACEUR LISTED IN MY TELNO 447, AND WOULD NOT RULE OUT THE NEED FOR FURTHER MEASURES IN THE EVENT OF A SOVIET INTERVENTION.

2. NORWEGIAN, ITALIAN, DANISH, BELGIAN, LUXEMBOURG AND TURKISH AMBASSADORS SAID THEY COULD ALSO AGREE TO SACEUR'S PROPOSALS (A) TO (E) OR RALLY TO A CONSENSUS ON THEM. I SPOKE IN ACCORDANCE WITH

AMBASSADORS SAID THEY COULD ALSO AGREE TO SACEUR'S PROPOSALS (A) TO (E) OR RALLY TO A CONSENSUS ON THEM. I SPOKE IN ACCORDANCE WITH THE INSTRUCTIONS IN PARAS 1 AND 2 OF YOUR TELEGRAM UNDER REFERENCE, BUT STRESSED THE IMPORTANCE OF RECEIVING CONFIRMATION THAT SACEUR'S PROPOSALS WERE ENDORSED BY THE MILITARY COMMITTEE AND BACKED UP WITH AN INTELLIGENCE ASSESSMENT. ADMIRAL FALLS (CMC) THEN CIRCULATED A MILITARY COMMITTEE PAPER (COPIES BY BAG TO FCO AND MOD TOMORROW, BUT ALREADY AVAILABLE IN LONDON THROUGH MILITARY CHANNELS) WHICH I AGREED MET THIS REQUIREMENT.

3. WIECK (FRG) SAID HIS AUTHORITIES COULD AGREE TO MEASURES (A), (B) AND (C), WHICH RELATED TO ENHANCING ABILITY TO COLLECT AND COLLATE INTELLIGENCE, BUT WERE NOT YET READY TO PRE-DELEGATE AUTHORITY ON (D) AND (E), ALTHOUGH THEY DID NOT RULE THIS OUT FOR LATER DECISION.

4. BARKMAN (NETHERLANDS) COULD AGREE TO ALL FIVE MEASURES, ON THE UNDERSTANDING THAT (D) RELATED SOLELY TO COVERT ACTIVITY AND THAT (E), WHICH COULD NOT BE COVERT, WAS DEPENDENT ON THE AIR THREAT SITUATION: A STRONG MILITARY RATIONALE WOULD BE NECESSARY.

5. HALSTEAD (CANADA) SAID HE HAD AS YET NO INSTRUCTIONS ON SACEUR'S PROPOSAL, SINCE HIS AUTHORITIES HAD BEEN AWAITING FORMAL MILITARY COMMITTEE ENDORSEMENT AND AN INTELLIGENCE ASSESSMENT. PORTUGUESE AND GREEK AMBASSADORS DID NOT SPEAK. LUNS URGED THOSE GOVERNMENTS WHICH DID NOT YET HAVE INSTRUCTIONS ON SACEUR'S PROPOSAL TO OBTAIN THEM AS QUICKLY AS POSSIBLE.

6. ON STANAVFORLANT, LUNS REPORTED THAT, IN ACCORDANCE WITH THE DECISION TAKEN ON 2 DECEMBER (MY TELNO 447 PARA 6) DISPERSAL OF STANAVFORLANT HAD BEEN DELAYED AND HE HAD AGREED WITH SAACLANT A CONTINGENCY PRESS LINE FOR DEFENSIVE USE EXPLAINING THAT THIS HAD BEEN DONE IN ORDER TO EXPLOIT FURTHER TRAINING OPPORTUNITIES. SO FAR AS I KNOW THIS HAS NOT YET HAD TO BE USED.

7. WIECK (FRG) SAID HIS AUTHORITIES SAW NO ADVANTAGE IN DELAYING DISPERSAL OF STANAVFORLANT AND STANAVFORCHAN, BUT DANISH AND BELGIAN AMBASSADORS WERE PREPARED TO RALLY TO A CONSENSUS. I SPOKE ON THE LINES OF PARA 4 OF YOUR TELEGRAM UNDER REFERENCE, AND POINTED OUT THAT IF U S AND CANADIAN SHIPS REMAINED ON THIS SIDE OF THE ATLANTIC FOR LONGER THAN THE TEMPORARY DELAY OF UP TO A WEEK HE HAD ENVISAGED THIS WOULD INVOLVE CANCELLATION OF CHRISTMAS LEAVE OF CREWS WHICH WOULD BE AN OVERT AND POLITICAL ACT. NO DECISION WAS TAKEN, AND PERMREPS NOTED THAT THE MILITARY COMMITTEE WOULD BE MEETING THIS AFTERNOON TO CONSIDER FURTHER THE OPTIONS FOR

WAS TAKEN, AND PERMREPS NOTED THAT THE MILITARY COMMITTEE WOULD BE MEETING THIS AFTERNOON TO CONSIDER FURTHER THE OPTIONS FOR STANAVFORLANT. I UNDERSTAND THAT THE PRESENT SITUATION IS THAT THE GERMAN AND NETHERLANDS SHIPS HAVE RETURNED TO THEIR HOME PORTS, THAT THE UK FLAG SHIP AND THE U S AND CANADIAN SHIPS ARE STILL UNDERWAY TOGETHER IN THE NORTH SEA.

8. THERE WAS ALMOST NO DISCUSSION ON AWACS (PARA 8 OF YOUR TELEGRAM UNDER REFERENCE), BUT I UNDERSTAND THAT IT IS NOW TACITLY AGREED THAT THIS MATTER WILL BE DECIDED BETWEEN SACEUR AND THE U S AUTHORITIES DIRECT WITHOUT INVOLVEMENT OF NATO GOVERNMENTS. THROUGHOUT THE DISCUSSION THERE WAS GENERAL AGREEMENT THAT NOTHING SHOULD BE DONE IN THE MILITARY FIELD IN THE PRESENT CIRCUMSTANCES WHICH COULD EITHER GIVE RISE TO SOVIET CHARGES OF NATO PROVOCATIVE ACTION OR SIGNAL THAT NATO REGARDED SOVIET INTERVENTION AS INEVITABLE.

9. SEE MIFT.

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POLAND: ADVANCE COPIES

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TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,
TELEGRAM NUMBER 453 OF 4 DECEMBER 1980,
INFO IMMEDIATE MODUK (DUSP, DS12, COSSEC), WASHINGTON, BONN, PARIS,
MOSCOW.

MIPT: POLAND: POLITICAL/ECONOMIC CONTINGENCY PLANNING.

1. AT THIS MORNING'S PRIVATE MEETING OF PERMREPS, BENNETT (US) STRESSED THE NEED FOR A STRONG, PROMPT AND UNIFIED RESPONSE BY THE ALLIANCE IN THE EVENT OF SOVIET ACTION IN POLAND. HIS AUTHORITIES HAD BEEN ENCOURAGED BY THEIR ALLIES' RECOGNITION OF THIS AS SHOWN IN THE DISCUSSIONS HELD EARLIER IN THE WEEK. THE RUSSIANS (AND PERHAPS ALSO THE POLES) WOULD STRIVE FOR MAXIMUM AMBIGUITY. ONE POSSIBLE SCENARIO WAS THAT THE POLES WOULD THEMSELVES USE FORCE, THAT THIS WOULD ESCALATE INTO LARGER SCALE DISORDERS, AND THAT THE RUSSIANS WOULD THEN INTERVENE WITH OR WITHOUT AN INVITATION FROM THE POLISH GOVERNMENT. THERE MIGHT BE CONSIDERABLE OVERLAP BETWEEN THESE STAGES, AND THE NATO RESPONSE WOULD HAVE TO BE TAILORED ACCORDINGLY. CONTINGENCY PLANNING SHOULD FOCUS ON THE RESPONSE TO FULL SCALE SOVIET INTERVENTION, BUT THERE WOULD ALSO BE A NEED TO RESPOND TO REPRESSION BY THE POLISH AUTHORITIES, EG PUBLIC STATEMENTS TO THE EFFECT THAT THIS WOULD AFFECT POLITICAL AND ECONOMIC RELATIONS WITH POLAND. AS REGARDS A RESPONSE TO SOVIET INTERVENTION, THE AMERICANS SUGGESTED TWO CATEGORIES OF MEASURES: (A) DETERRENT MEASURES WHEN INTERVENTION APPEARED TO BE IMMINENT (THE TIMING OF THIS WOULD BE A MATTER OF JUDGEMENT).

(A) DETERRENT MEASURES WHEN INTERVENTION APPEARED TO BE IMMINENT
(THE TIMING OF THIS WOULD BE A MATTER OF JUDGEMENT).

(B) MEASURES IN RESPONSE AFTER INTERVENTION.

2. BENNETT THEN LISTED THE FOLLOWING POSSIBILITIES (WHICH HE STRESSED SHOULD BE TREATED AS HIGHLY SENSITIVE) UNDER THESE TWO HEADINGS:

- (A)(1) STRONG PUBLIC STATEMENTS BY WESTERN LEADERS CALLING ON THE RUSSIANS TO EXERCISE RESTRAINT AND EMPHASISING THE INCALCULABLE CONSEQUENCES OF INTERVENTION. (HERE BENNETT DREW ATTENTION TO PRESIDENT CARTER'S STATEMENT REPORTED IN WASHINGTON TELNO 4771).
- (2) PRIVATE MESSAGES BY WESTERN HEADS OF GOVERNMENT TO BREZHNEV.
- (3) PUBLIC AND PRIVATE APPROACHES BY WESTERN REPRESENTATIVES AT THE MADRID MEETING.
- (4) WESTERN APPROACHES TO MAJOR NON-ALIGNED COUNTRIES AND INTERNATIONAL, ILO AND THE WORLD PEACE MOVEMENT.
- (5) APPEAL TO THE SECURITY COUNCIL FOR UN ACTION TO DETER INTERVENTION (FOLLOWED IN THE CASE OF SOVIET VETO BY A CALL FOR A SPECIAL SESSION OF THE GENERAL ASSEMBLY).
- (6) A SPECIAL MINISTERIAL SESSION OF THE NORTH ATLANTIC COUNCIL.

- (B) (1) PUBLIC STATEMENTS BY WESTERN HEADS OF GOVERNMENT CONDEMNING SOVIET INTERVENTION AND ANNOUNCING ECONOMIC AND POLITICAL SANCTIONS.
- (2) WITHDRAWAL OF WESTERN AMBASSADORS FROM MOSCOW FOR CONSULTATIONS.
- (3) AT MADRID, SHARP CONDEMNATION OF SOVIET ACTION FOLLOWED BY DEPARTURE OF WESTERN DELEGATIONS.
- (4) EMERGENCY MEETING OF NATO MINISTERS.
- (5) CALLS FOR SECURITY COUNCIL AND GENERAL ASSEMBLY RESOLUTIONS.
- (6) WESTERN DEMARCHES TO NON-ALIGNED COUNTRIES AND OTHERS (AS IN (A)(4)).
- (7) REDUCTION IN SIZE OF WESTERN DIPLOMATIC MISSIONS IN MOSCOW AND COMMENSURATE CURTAILMENT OF SOVIET DIPLOMATIC MISSIONS.
- (8) REVIEW OF ARMS CONTROL NEGOTIATIONS, ESPECIALLY THOSE CONCENTRATED ON EUROPE, TO DECIDE WHETHER IT WAS USEFUL TO CONTINUE THEM.
- (9) WHILE MAINTAINING CHANNELS OF COMMUNICATION WITH THE SOVIET UNION, SUSPENSION FOR A PERIOD OF ALL HIGH LEVEL CONTACTS AND RESTRICTION TO A MINIMUM OF OFFICIAL CONTACTS.
- (10) DISCUSSION OF ECONOMIC MEASURES. THE UNITED STATES WOULD ABROGATE A WIDE RANGE OF ECONOMIC EXCHANGE AGREEMENTS, BUT THE REACTION OF EUROPEAN GOVERNMENTS WOULD BE CRITICAL AND SHOULD PREFERABLY INCLUDE CANCELLATION OF THE SOVIET/EUROPEAN GAS PIPELINE DEAL AND OF MAJOR TURNKEY AND OTHER LARGE PROJECTS.

3. AS REGARDS PUBLIC STATEMENTS IN THE MEANTIME, BENNETT SAID HE

3. AS REGARDS PUBLIC STATEMENTS IN THE MEANTIME, BENNETT SAID HE THOUGHT THE LANGUAGE PROPOSED FOR THE MINISTERIAL COMMUNIQUE WAS ABOUT RIGHT IN PRESENT CIRCUMSTANCES AND SHOULD BE THE ONLY PUBLIC STATEMENT BY THE ALLIANCE FOR THE TIME BEING. NATO GOVERNMENTS MUST AVOID IMPLYING BY THEIR STATEMENTS THAT THEY REGARDED INTERVENTION AS INEVITABLE, OR LAY THEMSELVES OPEN TO A CHARGE OF PROVOCATION.

4. WIECK (FRG) AGREED THAT ALLIED GOVERNMENTS SHOULD CONTINUE TO ISSUE WARNING STATEMENTS, AND SUGGESTED THAT THE MAJOR ARGUMENTS IN THESE WARNINGS SHOULD BE COORDINATED. IN THE EVENT OF INTERVENTION, HE AGREED THAT THERE SHOULD BE IMMEDIATE PROTESTS, IMMEDIATE CONSULTATIONS AT MINISTERIAL LEVEL, AND IMMEDIATE INVOLVEMENT OF THE UN. HIS AUTHORITIES WERE NOT PREPARED TO COMMIT THEMSELVES AT THIS STAGE TO DECISIONS REGARDING THE CSCE MEETING AND ARMS CONTROL NEGOTIATIONS. AS REGARDS ECONOMIC MEASURES, THEY THOUGHT THAT DRASTIC MEASURES FOR LIMITATION OF ECONOMIC COOPERATION WOULD BE INDISPENSIBLE. SEVERAL OTHER AMBASSADORS SAID THAT THEY WOULD STUDY THE U S PROPOSALS URGENTLY.

5. ARNAUD (FRANCE), WHO WAS PRESENT THROUGHOUT THE DISCUSSION EVEN THOUGH THE MATTERS DEALT WITH IN MIPT WERE STRICTLY WITHIN THE COMPETENCE OF THE DPC, SAID AT THE END OF THE MEETING THAT HE VERY MUCH WELCOMED THE U S LIST OF PROPOSED MEASURES, WHICH WERE CONSISTENT WITH THOSE HE HAD MENTIONED AT THE PERMREPS LUNCH ON 2 DECEMBER (MY TELNO 446), AND WHICH WOULD FORM AN EXCELLENT BASIS FOR DISCUSSION BY MINISTERS AT THE VERY RESTRICTED SESSION ON 11 DECEMBER.

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POLAND: ADVANCE COPIES

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TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,

TELEGRAM NUMBER 454 OF 4 DECEMBER 1980,

INFO IMMEDIATE MODUK (DUSP, DS12, COSSEC), MOSCOW, BONN, PARIS,
WASHINGTON.

MIPT: POLAND: POLITICAL/ECONOMIC CONTINGENCY PLANNING

1. THE US INITIATIVE TO PLACE BEFORE NATO PERMREPS AT THIS MORNING'S MEETING A CONTINGENCY LIST OF POLITICAL AND ECONOMIC MEASURES TO BE TAKEN BY WESTERN GOVERNMENTS IN THE EVENT OF IMMINENT OR ACTUAL SOVIET INTERVENTION MADE IT INAPPROPRIATE FOR ME TO SPEAK ON THE LINES OF PARA 6 OF YOUR TELNO 206, PARTICULARLY IN THE LIGHT OF THE ROBUST REACTIONS OF MY GERMAN AND FRENCH COLLEAGUES. SEVERAL OF MY COLLEAGUES REFERRED TO THE IMPORTANCE OF HAVING AN AGREED ALLIANCE POSITION AND IT IS CLEARLY THE GENERAL EXPECTATION THAT NATO MINISTERS SHOULD DISCUSS SUCH MEASURES IN DEPTH AT THEIR VERY RESTRICTED MEETING ON 11 DECEMBER. I HOPE YOU WILL BE PREPARED TO DO THIS. THE US INITIATIVE IS IN MARKED CONTRAST TO THE WAY IN WHICH THEY HANDLED THE AFGHANISTAN SITUATION, AND THEIR WILLINGNESS TO EMBARK ON GENUINE CONSULTATION IS WARMLY TO BE WELCOMED. INDEED FAILURE ON THE PART OF THEIR ALLIES TO RESPOND ADEQUATELY COULD HAVE UNFORTUNATE CONSEQUENCES FOR THE FUTURE.

2. IN ANY CASE, WITH RESPECT, IT IS NOT OBVIOUS TO ME WHY WE SHOULD WISH TO MAKE MAXIMUM USE OF THE NINE AS A FORUM TO COORDINATE POLITICAL AND ECONOMIC RESPONSES (PARA 5 OF YOUR TUR).

IN ANY CASE, WITH RESPECT, IT IS NOT OBVIOUS TO ME WHY WE SHOULD WISH TO MAKE MAXIMUM USE OF THE NINE AS A FORUM TO COORDINATE POLITICAL AND ECONOMIC RESPONSES (PARA 5 OF YOUR TUR). WE ARE DEALING WITH WHAT IS ESSENTIALLY A POTENTIAL EAST/WEST CONFRONTATION, PROBABLY ON A LARGER SCALE THAN ANY SINCE THE BERLIN CRISIS, AND THIS IS CLEARLY THE BUSINESS OF NATO. MOREOVER, THIS CRISIS HAS COME UPON US AT A TIME WHEN DIVERGENCES IN US AND EUROPEAN RESPONSES TO AFGHANISTAN AND IRAN HAVE CREATED A CLIMATE IN THE US - SHARPENED BY THE REPUBLICANS VICTORIES IN THE PRESIDENTIAL AND STILL MORE IN THE SENATE ELECTIONS COULD WELL LEAD TO MAJOR TENSION WITH THE ALLIANCE.

3. IN THESE CIRCUMSTANCES, IT SEEMS TO BE ESSENTIAL THAT WESTERN REACTIONS TO A SOVIET INTERVENTION IN POLAND SHOULD BE COORDINATED NATO-WIDE, AND THAT WE SHOULD AVOID SO FAR AS POSSIBLE THE SERIOUS DANGER OF DEMONSTRATING ANY LACK OF SOLIDARITY BETWEEN THE US AND THE EUROPEANS, PARTICULARLY THE NINE. THE MILITARY RESPONSE TO INTERVENTION IN POLAND, WHETHER IT BE IN THE FORM OF ENHANCED READINESS OF NATO FORCES TO DEMONSTRATE RESOLVE AND MEET THE ENHANCED RISK OR IN THE FORM OF INCREASED DEFENCE EFFORTS BY SOME OF THE LAGGARDS (PARTICULARLY DENMARK, WHOSE PUBLIC OPINION MAY WELL BE STIFFENED BY EVENTS IN POLAND) WILL IN ANY CASE HAVE TO BE DECIDED BY NATO AND MUST SURELY GO HAND IN HAND WITH POLITICAL AND ECONOMIC RESPONSES.

4. THE EUROPEAN COUNCIL STATEMENT OF 2 DECEMBER IS A WELCOME DEMONSTRATION TO THE AMERICANS OF SOLIDARITY ON THE PART OF THE NINE, AND I ACCEPT THAT MINISTERS OF THE NINE WILL WISH TO REACT QUICKLY TO FOLLOW UP THIS STATEMENT AND TO DISCUSS IN PARTICULAR A RANGE OF ECONOMIC MEASURES. BUT THE STRENGTH OF THE WESTERN RESPONSE WILL BE GREATLY ENHANCED IF IT IS GIVEN PRIMARILY BY THE FIFTEEN MEMBERS OF NATO IN UNANIMITY, AND I WOULD STRONGLY URGE THAT MINISTERS SHOULD, IF THE CONTINGENCY ARISES, GIVE PRIORITY TO A CALL BY THE US FOR AN EMERGENCY MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL. THE INTERVENTIONS OF MY FRENCH COLLEAGUE OF 2 DECEMBER (MY TELNO446) AND OF HIM AND MY GERMAN COLLEAGUE TODAY SUGGEST THAT THIS IS LIKELY TO BE THE REACTION OF FRANCOIS PONCET AND GENSCHER.

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TO IMMEDIATE FCC
TELEGRAM NUMBER 997 OF 4 DECEMBER
INFO IMMEDIATE WASHINGTON, PARIS, MOSCOW

Mr Alexander

No 10

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Read in full

YOUR TELEGRAMS NOS. 1869 AND 1870 TO WASHINGTON:
POLAND.

1. MINISTER SAW BLECH THIS AFTERNOON AND SPOKE AS INSTRUCTED, LEAVING A SPEAKING NOTE CONTAINING THE STEPS IN YOUR SECOND TUR. HE ALSO DREW ON WASHINGTON TELNO 4782 TO INFORM BLECH, WHERE APPROPRIATE, OF NEWSOM'S COMMENTS. BLECH SAID THAT HE WOULD IN PRINCIPLE BE ABLE TO GET TO BRUSSELS FOR A MEETING ON THE EVENING OF 9 DECEMBER IF THAT WAS THE GENERAL WISH. HE WOULD BE SPEAKING ON THE TELEPHONE TO ROBIN AND WOULD CHECK WHETHER HE TOO WAS ABLE TO GO. BLECH OFFERED THE FOLLOWING COMMENTS ON THE LIST OF STEPS.
2. STEP ONE. HE NOTED THAT LORD CARRINGTON HAD ALREADY SPOKEN TO THE SOVIET CHARGE D'AFFAIRES IN LONDON. GENSCHER WAS DUE TO SEE SEMEONOV WITHIN THE NEXT WEEK BEFORE THE LATTER'S DEPARTURE FROM BONN, AND WOULD DOUBTLESS TAKE THE OPPORTUNITY TO DRAWING HIS ATTENTION TO THE RELEVANT PART OF THE LUXEMBOURG COMMUNIQUE. HE DID NOT THINK THAT GENSCHER WOULD WANT TO HAND SEMEONOV THE TEXT. HE ADDED THAT THE GERMANS HAD ALREADY QUOTE DONE A GREAT DEAL WITH THE SOVIETS AT A VERY HIGH LEVEL UNQUOTE AT AN EARLIER STAGE OF THE CRISIS. SPEAKING PERSONALLY, HE DOUBTED WHETHER FURTHER DIPLOMATIC ACTIVITY NOW OF THE KIND WE HAD IN MIND WOULD ADD SIGNIFICANTLY TO THE IMPACT OF THE WARNINGS CONVEYED EARLIER.
3. HE HAD NOT YET HAD A REPORT FROM MOSCOW OF SIR C. KEEBLE'S APPROACH TO HIS COLLEAGUES (MOSCOW TELNO 767). THIS WOULD NEED CONSIDERATION. BUT HIS INITIAL REACTION WAS TO QUESTION THE WISDOM OF PUTTING THE AMBASSADOR REPRESENTING THE PRESIDENCY IN TO BAT WITH GROMYKO. THE LUXEMBOURG COMMUNIQUE DELIBERATELY DID NOT MENTION THE SOVIET UNION BY NAME, AND GROMYKO WOULD ASK WHY IT WAS BEING HANDED OVER TO THE SOVIET GOVERNMENT. IT WOULD BE DIFFICULT FOR THE AMBASSADOR TO GIVE A SATISFACTORY ANSWER WITHOUT GOING BEYOND THE TERMS OF THE LUXEMBOURG STATEMENT ITSELF AND THUS ESCALATING THE LEVEL OF WARNING BEYOND WHAT THE HEADS OF GOVERNMENT HAD INTENDED.
4. STEP TWO. THE AUSWAERTIGES AMT WAS IN CONTINUOUS TOUCH WITH THE POLISH AND OTHER EAST EUROPEAN AMBASSADORS IN BONN.
5. STEP THREE. THE FEDERAL GOVERNMENT WAS DOUBTFUL ABOUT THIS. WHAT DID QUOTE CIRCULATING UNQUOTE MEAN? THE COMMUNIQUE COULD HARDLY BE CIRCULATED AS A CONFERENCE DOCUMENT. THE ONLY COUNTRY MENTIONED IN IT BY NAME WAS POLAND. NOR WAS IT CLEAR WHAT THE PURPOSE

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WOULD BE OF CIRCULATING IT SIMPLY AS A PRESS RELEASE. THE GERMAN PREFERENCE WOULD BE FOR THE REPRESENTATIVE OF THE PRESIDENCY TO DRAW ATTENTION TO THE LUXEMBOURG COMMUNIQUE IN THE COURSE OF A STATEMENT IN THE DEBATE. BUT THE GERMANS WOULD NOT WANT TO STAND IN THE WAY OF CIRCULATION IF THE MAJORITY OF THE NINE WERE IN FAVOUR.

6. BLECH WENT ON TO REFER TO A STATEMENT BY THE PRIME MINISTER TO THE EFFECT THAT MADRID COULD NOT CONTINUE IF THE SOVIET UNION INTERVENED IN POLAND. THIS NEEDED TO BE THOUGHT THROUGH. THE WEST SHOULD NOT CREATE THE IMPRESSION THAT ITS PARTICIPATION IN THE CSCE PROCESS WAS IN SOME WAY A FAVOUR TO THE SOVIET UNION.

IF ALLIED PARTICIPANTS WALKED OUT, THERE WAS NO GUARANTEE THAT THE NEUTRALS WOULD FOLLOW. GOODALL SAID HIS UNDERSTANDING OF THE PRIME MINISTER'S STATEMENT WAS THE SELF-EVIDENT TRUTH THAT IT WOULD BE IMPOSSIBLE FROM EVERY POINT OF VIEW FOR THE WEST TO GO ON TALKING TO THE SOVIET UNION AT MADRID IF THE SOVIET UNION INVADED POLAND. SHE WAS NOT NECESSARILY PRESCRIBING HOW THE PROCEEDINGS SHOULD BE BROUGHT TO AN END. BLECH AGREED THAT THERE COULD BE NO QUESTION OF THE WEST CONTINUING TO TALK TO THE SOVIET UNION ON OTHER ASPECTS OF CSCE. POLAND WOULD BECOME THE SOLE SUBJECT OF DEBATE. THE ALLIES SHOULD HAMMER AWAY AT THAT UNTIL THE RUSSIANS HAD HAD ENOUGH AND WITHDREW. BUT THE ONUS FOR BREAKING UP THE CONFERENCE SHOULD BE PUT ON TO THE SOVIET UNION.

7. STEP FOUR. THE QUESTION OF MINISTERIAL VISITS BETWEEN THE FRG AND POLAND HAD BEEN DISCUSSED WITH THE GIEREK GOVERNMENT SHORTLY BEFORE ITS FALL. IT HAD BEEN AGREED THAT IT WAS GENSCHER'S TURN TO GO TO WARSAW, BUT THAT THE INITIATIVE FOR ISSUING THE INVITATION LAY WITH THE POLES. BLECH THOUGHT THAT THE FEDERAL GOVERNMENT WOULD WANT TO LEAVE THINGS ON THAT BASIS.

8. STEP FIVE. BLECH AGREED THAT THIS WOULD BE TOO PROVOCATIVE AT THIS STAGE, AND THAT FURTHER CONSULTATION WITH THE US WOULD BE ESSENTIAL. IF THE CHINA CARD WAS TO BE PLAYED AT ALL IT SHOULD BE DONE IN A WAY WHICH CONTRIBUTED TO CRISIS MANAGEMENT AND NOT AS AN ESCALATORY STEP.

9. STEP SIX. HE AGREED WITH OUR COMMENT THAT THIS WAS PROBABLY NOT APPROPRIATE AT THIS STAGE.

STEP SEVEN. NO COMMENT.

10. STEP EIGHT. BLECH AGREED THAT IT WOULD BE IMPORTANT AT THE QUADRIPARTITE MEETING IN BRUSSELS TO HAVE A QUOTE MORE PROFOUND UNQUOTE DISCUSSION OF CONTINGENCY PLANNING, AND THAT AGREED PRINCIPLES FOR WESTERN COUNTERMEASURES SHOULD BE WORKED OUT. BUT HE DOUBTED WHETHER HE WOULD BE AUTHORISED TO CO-OPERATE ON DRAWING UP A LIST OF POSSIBLE WESTERN ACTIONS. GERMAN MINISTERS WERE ALLERGIC TO CONTINGENCY PLANNING LISTS, WHICH TENDED TO DEVELOP A LIFE OF THEIR OWN AND ACQUIRE AN UNDESIRABLE FLAVOUR OF AUTOMATICITY. OTHER CONSIDERATIONS APART, AUTOMATICITY WAS UNDESIRABLE BECAUSE THE SITUATION WHICH ACTUALLY AROSE NEVER QUITE TALLIED WITH THE SITUATION PLANNED FOR. GOODALL COMMENTED THAT THIS PROBLEM WAS VERY FAMILIAR IN THE CONTEXT OF CONTINGENCY PLANNING FOR BERLIN. BUT EXPERIENCE THERE

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HAD DEMONSTRATED THE VALUE OF HAVING PRECISE MEASURES WORKED OUT IN ADVANCE, EVEN THOUGH THE ACTUAL SITUATION WAS ALWAYS SLIGHTLY DIFFERENT. PLANNING WAS DONE ON THE BASIS THAT THERE WAS NO QUESTION OF AUTOMATICITY, BUT THAT IT WAS ESSENTIAL TO AIM IN ADVANCE FOR AS GREAT A DEGREE OF PRECISION AS POSSIBLE IF CONFUSION WAS TO BE AVOIDED ON THE DAY. THE CONFUSED WESTERN REACTION TO AFGHANISTAN, WHERE THERE HAD BEEN NO PROPER FORWARD PLANNING ON THE WESTERN SIDE HAD DEMONSTRATED HOW TRUE THIS WAS. YOU ATTACHED VERY GREAT IMPORTANCE TO PREVENTING THE SAME THING FROM HAPPENING OVER POLAND. BLECH CONCURRED. HE ACCEPTED THAT IT WOULD BE NECESSARY ON 9/10 DECEMBER TO CONSIDER POSSIBLE WESTERN COUNTERMEASURES CONCRETELY AND IN SOME DETAIL. BUT HE CONTINUED TO SEE DIFFICULTY ABOUT FORMULATING THESE IN LISTS.

11. STEP NINE. BLECH AGREED WITH OUR OWN COMMENTS.

12. BLECH VOLUNTEERED THAT THE GERMANS WERE BEGINNING TO WONDER WHETHER WE WERE RIGHT TO PLAN IN TERMS OF REACTING TO A MASSIVE SOVIET MILITARY INTERVENTION IN POLAND. THE LIKELIER CONTINGENCY NOW SEEMED TO BE WHAT HE CALLED A QUOTE, INTERVENTION: NAMELY A LEGITIMATE REQUEST FROM THE POLISH GOVERNMENT TO THE SOVIET UNION TO STRENGTHEN ITS PRESENT GARRISON IN POLAND IN ACCORDANCE WITH EXISTING POLISH/SOVIET AGREEMENTS. A SUBSTANTIAL REINFORCEMENT OF THE SOVIET MILITARY PRESENCE IN POLAND WOULD BOTH STRENGTHEN THE SOVIET GOVERNMENT'S HAND IN IMPOSING ITS WISHES ON THE POLISH GOVERNMENT AND PROVIDE AN INDUCEMENT TO THE POLISH SECURITY FORCES TO PUT DOWN ANY TROUBLE BY THE UNIONS THEMSELVES FOR FEAR OF THE ALTERNATIVE. BLECH DREW A COMPARISON WITH THE SOVIET TAKEOVER IN ESTONIA IN 1939/40, WHERE 10 MONTHS HAD ELAPSED BETWEEN THE MASSIVE STRENGTHENING OF SOVIET FORCES ON ESTONIAN TERRITORY AND THE EXTINCTION OF THE INDEPENDANT ESTONIAN GOVERNMENT. GOODALL SAID THAT THIS CORRESPONDED CLOSELY TO PRESENT THINKING IN LONDON (PENULTIMATE SENTENCE OF PARA. 2 OF YOUR TELNO 1852 TO WASHINGTON). THIS SEEMED TO MAKE IT ALL THE MORE IMPORTANT THAT THE FOUR POLITICAL DIRECTORS SHOULD MEET AS SOON AS POSSIBLE TO REVIEW THE STATE OF CONTINGENCY PLANNING AND THAT SOME PRELIMINARY WORK SHOULD HAVE BEEN DONE TO PREPARE THE GROUND FOR THE DISCUSSION ON THE AFTERNOON OF 10 DECEMBER. BLECH AGREED BUT AGAIN SAID THAT HE WOULD WANT TO CONSULT ROBIN. HE THEN ADDED THE PERSONAL THOUGHT THAT, WITH SO MUCH TO TALK ABOUT ON POLAND, IT MIGHT BE SENSIBLE ON 10 DECEMBER FOR THE FOUR POLITICAL DIRECTORS TO LEAVE THEIR DEPUTIES (IN THIS CASE BRAEUTIGAM) TO DEAL WITH ALL THE BERLIN ITEMS AND TO REPORT VERY BRIEFLY TO THE DIRECTOS AT THE END OF THEIR MEETING; AND FOR THE DIRECTORS TO DEVOTE VIRTUALLY THE WHOLE OF THEIR DISCUSSION TO POLAND.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 768 OF 4TH DECEMBER

FOR INFO ROUTINE WASHINGTON, UKDEL NATO, BONN, PARIS, WARSAW,
EAST BERLIN AND PRAGUE.

Read full

M

SOVIET/POLISH RELATIONS.

1. PRAVDA OF 3 DECEMBER CARRIED A FAIRLY FULL REPORT OF KANIA'S SPEECH. ALTHOUGH IT TOUCHED ON HIS EXHORTATIONS TO CONSERVATIVE ELEMENTS WITHIN THE POLISH PARTY TO ACCEPT RECENT CHANGES, IT CARRIED HIS ATTACKS ON ELEMENTS WITHIN SOLIDARITY AT MUCH GREATER LENGTH. IT REPEATED HIS WARNINGS THAT THERE WERE NOT, AND COULD NOT BE, TWO POWER CENTRES IN ONE STATE AND THAT THE TIME OF CRISIS HAD ARRIVED IN POLAND. THE PRAVDA ACCOUNT DID NOT APPEAR TO HIDE THE BLEAKNESS OF KANIA'S ASSESSMENT: AND WILL HAVE HAD THE EFFECT OF PROVIDING A FULL EXPLANATION FOR PARTY MEMBERS HERE OF THE CURRENT DIFFICULTIES IN POLAND AND HENCE OF THE CASE FOR INTERVENTION, KF THAT PROVES NECESSARY.

2. THERE HAS NEVERTHELESS BEEN A STRIKING ABSENCE OF AUTHORITATIVE COMMENT IN THE SOVIET PRESS ON EVENTS IN POLAND. PETROV HAS REMAINED SILENT SINCE 27 SEPTEMBER., AND ALTHOUGH THERE HAS BEEN PLENTY OF MATERIAL IN THE SOVIET PRESS BEARING WITNESS TO CONCERN ABOUT POLAND THERE HAS BEEN ALMOST NONE INDICATING AN ACTIVE POLICY LINE. NEITHER HAS THE SOVIET PRESS YET REFLECTED THE VARIOUS WARNINGS ISSUED BY THE WEST, WHICH COULD EASILY HAVE BEEN DRESSED UP AS PROVOCATIVE AND INTERVENTIONIST. I WOULD NOT BE SURPRISED IF, BEFORE LONG, THEY STAKE OUT THEIR OWN POSITION RATHER MORE CLEARLY, BUT FOR THE PRESENT, WHAT THEY APPEAR TO HAVE DONE IS TO UNDERLINE INDIRECTLY THEIR READINESS AND PREPAREDNESS TO INTERVENE MILITARILY IF NECESSARY, THUS ATTEMPTING TO DISPEL ANY ILLUSIONS IN POLAND ON THIS SCORE. THE INDICATIONS OF POSSIBLE ACTION WERE NO DOUBT TIMED TO COINCIDE WITH THE PLENARY MEETING OF THE POLISH CENTRAL COMMITTEE AND TO COLOUR ITS DELIBERATIONS. THE RUSSIANS WILL BE LOOKING FOR EVIDENCE BETWEEN

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NOW AND THE POLISH PARTY CONGRESS THAT THE LESSON HAS GONE HOME, THAT THE PARTY WILL BE ABLE TO RE-GROUP AND RESTORE ITS AUTHORITY AND THAT THE THREAT OF FORCE WILL HAVE PROVED SUFFICIENT TO OBTAIN THE NEED TO USE IT. THEY CERTAINLY CANNOT YET REGARD THE SITUATION AS EITHER STABLE OR SATISFACTORY AND NEED TO OPEN THE OPTION OF INTERVENTION, PROBABLY IN SUPPORT OF EVENTUAL REPRESSIVE ACTION BY THE POLISH GOVERNMENT ITSELF.

KEEBLE

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FM WARSAW 031530Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 494 OF 3 DEC

INFO ROUTINE MOSCOW EAST BERLIN BUDAPEST BUCHAREST
BELGRADE PRAGUE SOFIA HELSINKI UKDEL NATO WASHINGTON
PARIS BONN MODUK

See especially para 4

Print

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MY TELNO 488 : POLAND 7TH PLENUM

1. THE MOST STRIKING RESULT IS THE DISMISSAL OF 4 MEMBERS OF THE POLITBURO (KRUCZEK, KARKOSZKA, KOWALCZYK AND WERBLAN). KOWALCZYK RETAINS HIS VICE-PREMIERSHIP AND WERBLAN HIS POST AS VICE-PRESIDENT OF THE SEJM, THEIR REMOVAL FROM THE POLITBURO BEING OSTENSIBLY ON THE GROUNDS THAT TOO MANY PEOPLE SHOULD NOT HOLD BOTH PARTY AND GOVERNMENT OFFICE. BUT IS CLEARLY DEMOTION. ONLY 2 REPLACEMENTS HAVE BEEN ELECTED TO THE POLITBURO, MOCZAR AND GRABSKI, BUT FISZBACH IS PROMOTED TO CANDIDATE MEMBER AND ROMAN NEY GIVEN THE ADDITIONAL JOB OF PARTY SECRETARY.

2. THESE CHANGES FOLLOW THE LINE OF KANIA'S MAIN SPEECH WHICH MIXED CONCILIATION WITH CALLS FOR DISCIPLINE AND THE AVOIDANCE OF ANARCHY. KARKOSZKA, KOWALCZYK AND KRUCZEK ARE ALL OLD GIEREK MEN WHOSE DEPARTURE IS NOT UNEXPECTED: THE ONLY SUPRISE IS THE REMOVAL OF WERBLAN, WHO WAS THOUGHT TO BE CONCILIATORY. AS REGARDS THE NEW MEN: FISZBACH , THE ABLE , AGREEABLE FIRST SECRETARY AT GDANSK, STANDS FOR THE POLITICAL SOLUTION TO WORKER PROTEST, AND

FISZBACH, THE ABLE, AGREEABLE FIRST SECRETARY AT GDANSK, STANDS FOR THE POLITICAL SOLUTION TO WORKER PROTEST, AND HIS REPUTATION WITH SOLIDARITY IS GOOD. GRABSKI STANDS FOR ECONOMIC REFORM AND DISCIPLINE WITH A HARDER ATTITUDE TOWARDS "ANTI-SOCIALIST ELEMENTS", AND SO PROBABLY DOES MOCZAR. THESE TWO COULD BE CONSIDERED TO LEAN MORE TOWARDS OLSZOWSKI THAN KANIA. NEY IS MORE THE TECHNICAL EXPERT, REPORTEDLY A FRIEND OF BARCIKOWSKI.

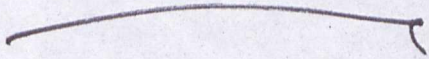
3. THE CHANGES SEEM SENSIBLE IN THAT THEY REMOVE ALMOST THE LAST OF THE GIEREK MEN AND PROVIDE EVIDENCE OF AN INTENTION TO PURSUE REFORM AND COOPERATION WITH THE UNIONS BUT TO CHECK THE GROWING INDUSTRIAL ANARCHY WHICH HAS BEEN SPILLING OVER INTO THE POLITICAL FIELD. BUT KANIA WILL HAVE TO ENSURE THAT THE STIFFER ATTITUDES OF MOCZAR AND GRABSKI DO NOT IMPERIL THE SEMI-ALLIANCE HE SEEMS TO HAVE WITH WALESA AND CARDINAL WYSZYNSKI. KANIA HAS MAINTAINED HIS POSITION IN HIS VICTORY OVER THE GIEREK RUMP BUT MOCZAR AND GRABSKI COULD BECOME A CHALLENGE TO HIM.

4. THE MAJOR ENIGMA IS MOCZAR. HIS PAST AS A "PARTISAN" NATIONALIST OPPOSED TO THE MOSCOW-TRAINED COMMUNISTS OF THE POST-WAR ERA IS BEHIND HIM. IF THE RUSSIANS STILL HOLD THIS AGAINST HIM IT IS PROBABLY COUNTER-BALANCED IN THEIR EYES BY HIS ASSOCIATION WITH THE OLD-FASHIONED SECURITY APPARATUS. HE IS MAKING EFFORTS TO SHED HIS ANTI-SEMITIC IMAGE. KANIA AND HE MAY WELL HAVE COME TO SOME ARRANGEMENT TO WORK TOGETHER BUT HE IS LIKELY TO BE AN AWKWARD COLLEAGUE. AS THE ONLY MAN IN THE POLITBURO WITH A NAME, WITH A REPUTATION FOR TOUGHNESS AND PATRIOTISM AND WITH SOME CHARISMA, HE JUST MIGHT BE THE MAN THE POLES WOULD TURN TO TO LEAD THEM OUT OF THEIR CRISIS.

5. I DO NOT KNOW WHETHER THE SABRE - RATTLING FROM THE USSR AND NEIGHBOURING WARSAW PACT COUNTRIES HAS BEEN AIMED AT THIS MEETING OF THE CENTRAL COMMITTEE BUT THERE IS NO REASON FOR THE RUSSIANS TO BE DISPLEASED AT WHAT HAS EMERGED. I SHOULD BE GRATEFUL TO KNOW WHETHER THE PUBLIC WARNINGS FROM PRESIDENT CARTER AND THE NINE TO THE RUSSIANS TO KEEP OUT OF POLAND ARISE FROM THE ORDER ABOUT RESTRICTED AREAS NEAR THE EAST GERMAN/POLISH FRONTIER AND THE GENERAL STATE OF READINESS OF SOVIET FORCES, OR ARE BASED ON SOME OTHER INFORMATION NOT AVAILABLE TO ME. IN THIS GENERAL CONNECTION I AM HANDICAPPED

FORCES, OR ARE BASED ON SOME OTHER INFORMATION NOT
AVAILABLE TO ME. IN THIS GENERAL CONNECTION I AM HANDICAPPED
BY MY IGNORANCE OF WHAT PASSED AT THE RECENT FCO
CONFERENCE ON EAST-WEST RELATIONS, AT WHICH I UNDERSTAND

POLAND WAS A MAJOR TOPIC.



PRIDHAM
BT

NNNN



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

3 December 1980

Pmt
- 3/11

Poland.

Dear Michael,

Poland: Contingency Planning

Following discussion between the Prime Minister and Lord Carrington during their visit to Luxembourg, I enclose a list of the main contingency measures which have been discussed by the Quadripartite Political Directors. The discussion was ad referendum and there is no formal agreement on this list but, except where indicated, specific objections have not been raised.

The next meeting of the Political Directors is at present scheduled for 10 December. But the Americans have shown signs of wanting to hold it sooner, and it may be possible to arrange this.

The present situation, where the Russians are undertaking military moves which may be preparations for intervention, does not correspond exactly to any of the four contingencies mentioned in the list. But we have of course begun to take certain measures, such as private warnings to the Russians against intervention and public statements in favour of allowing the Poles to deal with their own problems, the statement by the European Council being the latest example of the latter.

You will see that two sections of the check list refer to the case of imminent and actual use of force by the Polish Government. We have told the Americans that we think this may happen, and that the Polish authorities should be left in no doubt about the effect such an action would have on our attitude, including our response to their requests for economic support. Use of force by the Polish Government could of course lead to violent demonstrations and thus to Soviet intervention. But we see a difference between any kind of Soviet intervention on one hand and, on the other hand, action by the Polish authorities in their own country on a scale and in circumstances which we cannot at present predict. This uncertainty is one reason why the planning for the two 'Polish' contingencies has made less progress than for the case of imminent or actual Soviet intervention.

In the situation of increased tension which has developed

/in recent



in recent days we are urgently considering whether there are further steps which we ought to be taking, either in co-operation with our allies or on a national basis.

*For ever
G G H*

(G G H Walden)

M O'D B Alexander Esq
10 Downing Street



POLAND: CONTINGENCY CHECKLIST

- I) Imminent use of force by Polish Government against workers
- A) Public statements citing Polish assurances that violence would not be used and urging against outside intervention in Polish affairs.
 - B) Private messages to the Polish leaders warning of effects of use of force on relations with West.
 - C) Private message to Russians about importance of non-interference.
 - D) Continued careful avoidance of steps which would provide Moscow with pretext for intervention.
- II) After Polish Government have used force
(not yet discussed in detail in Quadripartite forum)
- A) Western Ambassadors seek appointment with Party leader to deliver messages of concern.
 - B) Suspend economic assistance.
 - C) Recall Ambassadors for consultation.
 - D) Public statement of regret/condemnation.
 - E) Further approaches to Russians about dangers of intervention.
 - F) Condemnation of force at Madrid review conference.
 - G) Action in UN Security Council to forestall a threat to international peace.
 - H) Public warning to Russians against intervention.
- III) Indications that Soviet intervention imminent
- A) Messages of warning to Brezhnev.
 - B) Public statements urging against outside intervention.
 - C) Action in UN Security Council to forestall threat to peace.
 - D) Tightening of sanctions adopted against USSR after Afghanistan and consultation about possible additional sanctions (France and Germany are likely to resist this strongly).

/IV

IV) Actual Soviet intervention

- A) Emergency meeting of North Atlantic Council, perhaps at level of Foreign Ministers; resolution condemning Soviet action.
- B) UN condemnation of Soviet action.
- C) Reassurance to Yugoslavia.
- D) Suspension of Madrid review conference.
- E) Possible return of US aircraft carrier task force to Mediterranean.
- F) Sanctions against USSR going beyond those imposed after Afghanistan (very uncertain that French or Germans would agree).
- G) Suspend MBFR negotiations (and perhaps CTB).

Note:- Under NATO's standard arrangements, low-level increases in defensive vigilance can be ordered by SACEUR. It would be wrong to interfere with this normal process, since the Russians might interpret failure to take normal steps as a signal that Western reactions to intervention might not be very severe. NATO must consult member governments before proceeding to any abnormal levels of alert.

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DESKBY 021930Z
FROM UKDEL NATO
TO IMMEDIATE FCO
TELEGRAM NO 448 OF 2 DEC 1980.

INFO IMMEDIATE WASHINGTON , PARIS , BONN AN MOSCOW AND MODUK (DUSP,
DS12 AND COSSEC)

MIPT : POLAND.

SINCE THE MEETING, LUNS' CHEF DE CABINET HAS TELEPHONED TO SAY THAT THE PRECISE TERMS OF SACEUR'S REQUEST ARE THAT HE SHOULD BE GIVEN NOW PREDELEGATED AUTHORITY TO TAKE THE MEASURES IN PARAGRAPH 2 OF MIPT IMMEDIATELY SOVIET INTERVENTION TAKES PLACE. GENERAL ROGERS CONSIDERED THE SITUATION WAS DEVELOPING IN A WAY WHICH MADE IT NECESSARY TO HAVE THIS AUTHORITY AS SOON AS POSSIBLE.

2. I HAVE TOLD THE ACTING CMC (GENERAL FAURER) THAT I EXPECT TO RECEIVE INSTRUCTIONS TO :

(A) REQUEST FORMAL CONFIRMATION FROM THE MILITARY COMMITTEE THAT THEY ENDORSE SACEUR'S REQUESTS;

AND

(B) ASK THE MILITARY COMMITTEE TO PROVIDE A WRITTEN INTELLIGENCE ASSESSMENT ON THE BASIS OF WHICH THE COUNCIL /DPC CAN TAKE THEIR DECISION(THIS HAS ALREADY BEEN PUT IN HAND).

THIS IS THE CORRECT FORMAL PROCEDURE WHICH, IN VIEW OF DOUBTS WHICH HAVE BEEN EXPRESSED HERE ABOUT EXACTLY WHAT IS REQUIRED, I BELIEVE WE SHOULD INSIST ON FOLLOWING.

3. IN TIME FOR THE MEETING ON 4 DECEMBER I SHOULD BE GRATEFUL:

(A) FOR CONFIRMATION THAT YOU WISH ME TO TAKE THE LINE IN THE PRECEDING PARAGRAPH:

(B) TO KNOW WHETHER, SUBJECT TO THE FORMAL REQUIREMENTS BEING SATISFACTORILY MET, YOU ARE PREPARED TO GIVE SACEUR THE AUTHORITY HE REQUESTS; AND

(C) FOR GUIDANCE ON WHAT LINE I SHOULD TAKE AS REGARDS DISPERSAL OF STANAVFORLANT.

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FROM UKDEL NATC 021800Z DEC 1980

TO IMMEDIATE FCO

TELEGRAM NO 447 OF 2 DECEMBER 1980.

INFO IMMEDIATE WASHINGTON, PARIS, BONN, MOSCOW, AND MODUK (DUSP, DS12 AND COSSEC).

MY TEL NO 446: POLAND

1. THE SECRETARY GENERAL CALLED A FURTHER PRIVATE MEETING OF PERMREPS THIS EVENING TO REPORT ON A CONVERSATION WITH SACEUR. AFTER REFERRING TO PRESS REPORTS OF THE LATEST DEVELOPMENTS (WITHDRAWAL OF THE EAST GERMAN AMBASSADOR FROM WARSAW, CLOSURE OF THE GDR/POLISH BORDER, CANCELLATION OF GDR FORCES LEAVE, MOVE OF SOVIET FORCES IN WESTERN MILITARY DISTRICTS TO HIGHEST STATE OF ALERT, AND SUDDEN VISIT OF RUMANIAN FOREIGN MINISTER TO MOSCOW) SACEUR HAD GIVEN HIS LATEST INTELLIGENCE ASSESSMENT AS FOLLOWS: 33 SOVIET DIVISIONS MIGHT NOW BE READY TO INVADE POLAND. RESERVISTS HAD BEEN CALLED UP. A UNITED COMMAND STRUCTURE HAD BEEN ESTABLISHED IN WESTERN MILITARY DISTRICTS. THE POLES HAD CEASED TO BROADCAST WEATHER FORECASTS, WHICH MIGHT BE INTENDED TO HAMPER SOVIET MILITARY PLANNING. SHAPE INTELLIGENCE ASSESSED THAT THE RUSSIANS EXPECTED THE POLISH ARMY TO FIGHT AND THAT IF THEY DID SO THEY MIGHT LAST 14 DAYS.

2. SACEUR NOW WISHED FOR POLITICAL GUIDANCE AS SOON AS POSSIBLE ON THE MEASURES WHICH HE MIGHT TAKE, SHORT OF ORDERING A STATE OF MILITARY VIGILANCE, AS AN IMMEDIATE REACTION TO A SOVIET INVASION IF IT TOOK PLACE. THE MEASURES WHICH HE SOUGHT APPROVAL TO TAKE IN THESE CIRCUMSTANCES FOLLOWS:

- (A) ACTIVATION OF SHAPE WAR HEAD QUARTERS WITH 24 HOUR SKELETON MANNING TO MAINTAIN A CLOSE WATCH ON DEVELOPMENTS;
- (B) ORDER TO MSCS TO MAN A SITUATION CENTRES ON A 24 HOUR BASIS;
- (C) REVIEW OF CONTINGENCY PLANS AND TESTING OF ACE COMMUNICATIONS;
- (D) ADVICE TO MSCS TO TAKE ALL POSSIBLE COVERT ACTION SHORT OF FORMAL STATE OF MILITARY VIGILANCE TO ENSURE THAT ACE FORCES ARE FULLY UP TO PEACETIME STATE OF OPERATIONAL READINESS;
- (E) DEPENDING ON AIR THREAT SITUATION, CONSIDER INCREASING READINESS OF ACE AIR DEFENCE BY DOUBLING AIRCRAFT ON STAND-BY TO FOUR PER SQUADRON AND DOUBLING NUMBER OF SAM SITE MISSILES READY FOR USE WITHIN 20 MINUTES.

3. V SACEUR'S VIEW IS THAT AN INVASION IS UNLIKELY BEFORE 15 DECEMBER, WHEN THE GROUND COULD BE EXPECTED TO BE HARD ENOUGH FOR TANK ACTION. BENNETT (US) POINTED THAT BREZNEV IS DUE BACK FROM INDIA ON THAT DATE, AND THAT 16 DECEMBER IS THE ANNIVERSARY OF POLISH RIOTS.

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5. LUNS REQUESTED INITIAL REACTIONS FROM CAPITALS TO SACEUR'S REQUEST IN TIME FOR THE MEETING AT 1030 Z ON 4 DECEMBER. AT MY REQUEST, ACTING CMC UNDERTOOK TO PROVIDE AN UP TO DATE INTELLIGENCE ASSESSMENT IN TIME FOR THAT MEETING.

6. THERE WAS FURTHER DISCUSSION OF THE QUESTION OF STANAVFORLANT DISPERSAL ON 3 DECEMBER, AS A RESULT OF WHICH ACTING CMC WAS INSTRUCTED BY THE COUNCIL TO ASK THE COMMANDER TO DELAY DISPERSAL UNTIL FURTHER NOTICE. THE PURPOSE OF THIS IS TO ALLOW TIME FOR GOVERNMENTS TO CONSIDER WHETHER, IN THE PRESENT SITUATION, DISPERSAL UNTIL THE NEW YEAR, SHOULD BE CANCELLED. (AN ALTERNATIVE TO CANCELLING DISPERSAL MIGHT BE TO PUT SHIPS' CREWS ON SHORT NOTICE AT HOME PORTS, EG 48 HOURS INSTEAD OF 7 DAYS).

7. SEE MIFT.

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FM UKDEL NATO 021650Z NOV 80
TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,
TELEGRAM NUMBER 445 OF 2 DECEMBER 1980,
INFO IMMEDIATE MODUK (DUS(P), DS12, COSSEC),
INFO WASHINGTON, BONN, PARIS, MOSCOW.

MIPT : POLAND.

1. IN THE DISCUSSION THAT FOLLOWED BENNETT'S STATEMENT THERE WAS GENERAL AGREEMENT WITH THE U S ANALYSIS IE THAT THE RUSSIANS WERE NOW, MILITARILY, AND TO A LARGE EXTENT, POLITICALLY ALSO, IN AN ADVANCED STATE OF READINESS THAT COULD, SUBJECT TO THE PRECISE CIRCUMSTANCES PREVAILING AT THE TIME, PERMIT THEM TO MOVE INTO POLAND IN A MATTER OF DAYS OR EVEN HOURS; THAT THEY DID NOT WANT TO DO SO BUT WOULD NOT HESITATE IF THEY CONCLUDED THE NEED EXISTED; THAT AS TIME PASSED, THEIR CONFIDENCE IN THE ABILITY OF THE POLISH AUTHORITIES TO MASTER THE SITUATION WAS WEAKENING; AND THAT THUS INTERVENTION LOOKED THIS WEEK MORE OF A POSSIBILITY THAN IT HAD LAST WEEK. THE QUESTION THAT THEREFORE AROSE WAS WHAT ACTION THE ALLIANCE MIGHT OR OUGHT TO TAKE IN THE POLITICAL AND MILITARY FIELDS.

2. GEN FAURER (MILITARY COMMITTEE) EXPLAINED THAT POSSIBLE MILITARY ACTION FELL INTO TWO CATEGORIES:

- (A) ACTION IN RESPONSE TO HEIGHTENED TENSION RESULTING FROM THE WARSAW PACT THREAT TO POLAND; AND
- (B) ACTION IMPOSED UPON THE ALLIANCE BY THE NEED TO RESPOND TO ANY ADVANCE TO A HEIGHTENED STATE OF READINESS OF THE FORCES FACING IT IN EASTERN EUROPE.

THE LATTER MIGHT WELL BE UNAVOIDABLE IN CERTAIN CIRCUMSTANCES TO PRESERVE NATO'S DEFENSIVE CREDIBILITY AND ITS PURPOSE WOULD NEED TO BE MADE VERY CLEAR TO THE ROLES AND THE RUSSIANS. IN THE FORMER CATEGORY, FAURER INSTANCED THE CHRISTMAS LEAVE ARRANGEMENTS FOR STANAVFORLANT AND STANAVFORCHAN. IF LEAVE WERE TO BE CANCELLED THE DECISION TO DO SO WOULD IN THE CASE OF STANAVFORLANT NEED TO BE TAKEN BY 3 DECEMBER.

3. OLCAY (TURKEY) ARGUED THAT THE SITUATION HAD EVOLVED SINCE THE AGREEMENT THAT MEMBERS SHOULD WARN THE RUSSIANS BILATERALLY AND THAT THE TIME WAS APPROACHING WHEN THE ALLIANCE SHOULD TAKE SOME POLITICAL ACT TO DETER QUOTE ANOTHER AFGHANISTAN UNQUOTE. THE MINISTERIAL COMMUNIQUE REFERENCES TO POLAND SHOULD BE TOUGHENED UP.

4. I ENDORSED THE DISTINCTION GEN FAURER HAD DRAWN BETWEEN THE TWO SETS OF MILITARY ACTION. ON THE QUESTION OF ALLIANCE ACTION, I

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POINTED OUT THAT THE MINISTERS WOULD BE MEETING IN BRUSSELS NEXT WEEK, BETWEEN NOW AND THEN THE COUNCIL AND THE MILITARY COMMITTEE COULD GIVE SOME PRELIMINARY THOUGHT TO ALLIANCE REACTIONS TO SOVIET INTERVENTION. I EXPRESSED AGREEMENT WITH THE U S ANALYSIS, IN PARTICULAR STRESSING THE UK VIEW THAT THE RUSSIANS HAD NOT YET DECIDED IF THEY WOULD INTERVENE. WHILE THE CAPABILITY TO INTERVENE VIRTUALLY IMMEDIATELY EXISTED, INTERVENTION DID NOT SEEM IMMINENT. ARNAUD, (FRANCE), BARKMAN (NETHERLANDS), VIBE (NORWAY), TORNETTA (ITALY) AND SVART (DENMARK) AGREED WITH ME.

5. TORNETTA (ITALY) THOUGHT THAT THE KEY INDICATOR WOULD BE THE STATE OF RELATIONS BETWEEN THE SOVIET AND POLISH LEADERSHIP WHICH AT THE MOMENT SEEMED GOOD. ARNAUD (FRANCE) THOUGHT THAT MINISTERS MIGHT LAY DOWN POLITICAL GUIDELINES FOR THE COUNCIL. WIECK (GERMANY), VIBE (NORWAY), SVART (DENMARK) ALL THOUGHT MILITARY MEASURES AT THIS STAGE WOULD BE PREMATURE. WIECK (GERMANY) STRESSED THE DELICACY OF THE SITUATION AND THOUGHT THAT WHILE THERE COULD BE NO OBJECTION TO THE MILITARY COMMITTEE DRAWING UP A LIST OF POSSIBLE MEASURES, AS A MATTER OF ROUTINE, HE WAS NOT HAPPY THAT THE COUNCIL SHOULD INSTRUCT THEM TO DO SO. HE APPEALED TO ALL TO SHARE THEIR INFORMATION WITH THE COUNCIL.

6. THE DEPUTY SECRETARY GENERAL SUMMED THE DISCUSSIONS UP AS FOLLOWS: THERE WAS GENERAL AGREEMENT ON THE ANALYSIS OF THE POLISH SITUATION SPECIFICALLY:

- (A) THE RUSSIANS HAD NOT YET DECIDED TO GO IN;
- (B) THERE WAS NOW GREATER UNCERTAINTY ABOUT THE POLISH AUTHORITIES' ABILITY TO BRING THE SITUATION UNDER CONTROL AND THEREFORE THE POSSIBILITY OF INTERVENTION HAD INCREASED;
- (C) SOVIET MILITARY PREPAREDNESS HAD INCREASED ENABLING THEM TO GO IN VERY QUICKLY IF THE NEED AROSE.

AGAINST THIS BACKGROUND, THE COUNCIL HAD THREE ISSUES BEFORE IT:

- (1) WHAT, IF ANY, MILITARY MEASURES SHOULD BE TAKEN IN ADVANCE OF INTERVENTION. THE COUNCIL NOTED THAT THE MILITARY COMMITTEE WOULD BE CONSIDERING THIS POINT AND MIGHT WISH TO REPORT TO THE COUNCIL.
- (2) SHOULD THE ALLIANCE TAKE POLITICAL ACTION BEFORE ANY INTERVENTION. THE MINISTERIAL COMMUNIQUE WOULD OFFER A TIMELY OPPORTUNITY, SOME MEMBERS THOUGHT THAT SUFFICIENT, OTHERS WANTED MORE.
- (3) THE ALLIANCE SHOULD CONSIDER, ON A CONTINGENCY BASIS, WHAT MIGHT BE DONE IN THE EVENT OF A SOVIET INVASION.

ROSE.

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FM UKDEL NATO 021645Z NOV 80
 TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,
 TELEGRAM NUMBER 444 OF 2 DECEMBER 1980,
 INFO IMMEDIATE MODUK (DUS(P), DS12, COSSEC),
 INFO WASHINGTON, BONN, PARIS, MOSCOW.

4 tels: to look
 through. NATO is
 beginning to test its self.

POLAND.

1. AT A RESTRICTED MEETING OF THE COUNCIL, CALLED THIS MORNING ON THE INITIATIVE OF THE U S DELEGATION, BENNETT (US) REPORTED THE FOLLOWING AS THE LATEST U S ASSESSMENT. ms
2. THE RUSSIANS REGARDED INTERVENTION AS A MEASURE OF LAST RESORT AND WERE LOOKING TO THE CURRENT PLENUM MEETING IN WARSAW TO TAKE FIRM STEPS TO IMPROVE THE POLITICAL AND ECONOMIC SITUATION IN POLAND. THEY WERE, HOWEVER, NOT CONFIDENT THAT THE PLENUM WOULD BE ABLE TO PREVENT MATTERS GETTING WORSE AND HAD PROBABLY CONCLUDED THAT INTERVENTION MIGHT PROVE NECESSARY. THEY RECOGNISED THAT INTERVENTION MIGHT BE A VERY BLOODY BUSINESS AND THAT IT WOULD DO INCALCULABLE HARM TO EAST/WEST RELATIONS. ALTHOUGH THEIR MILITARY POSTURE WAS ONE OF A VERY HIGH STATE OF PREPAREDNESS THEY HAD NOT YET TAKEN THE DECISION TO INTERVENE.
3. AMERICAN OBSERVATIONS SHOWED THAT SOVIET MILITARY ACTIVITIES OF THE PAST WEEKS WERE AT AN UNPRECEDENTEDLY HIGH LEVEL OF ACTIVITY FOR THE TIME OF YEAR, EG AN INCREASE IN JOINT EAST GERMAN, CZECHOSLOVAK AND SOVIET AIR TRAFFIC, MOBILISATION OF SOME DIVISIONS IN THE WESTERN MILITARY DISTRICTS, DEPLOYMENT OF SOME DIVISIONAL ELEMENTS IN THE FIELD, VISITS TO WARSAW PACT CAPITALS OF HIGH LEVEL SOVIET OFFICERS, INCREASED TRANSPORT AIRCRAFT MOVEMENTS IN AND OUT OF POLAND LONG AFTER NORMAL TROOP ROTATION WAS COMPLETED, RESTRICTION ON TRAVEL IN THE BORDER REGION OF EAST GERMAN/POLISH AND SOVIET/POLISH BORDERS, LEAVE CANCELLED FOR SOME EAST GERMAN FORMATIONS AND MANOEUVRES NEAR THE POLISH BORDER.
4. IN THE CONTEXT OF NATO AGREEMENT THAT MEMBERS OF THE ALLIANCE SHOULD SPEAK BILATERALLY AND PRIVATELY TO THE RUSSIANS ABOUT THE CONSEQUENCES FOR EAST/WEST RELATIONS OF SOVIET INTERVENTION IN POLAND, NEWSON (IN THE ABSENCE OF MUSKIE AND CHRSTOPHER) HAD SUMMONED DOBRYNIN ON 1 DECEMBER TO REMIND HIM OF THE U S VIEWS ALREADY CONVEYED NOT ONLY BY THE ADMINISTRATION BUT BY EMISSARIES OF REAGAN AS WELL. NEWSON HAD COMPLAINED ABOUT THE SOVIET MEDIA'S BEHAVIOUS IN ALLEGING THAT THE U S WAS TRYING TO STIR UP COUNTER-

SECRET

/REVOLUTION.

SECRET

REVOLUTION (A PHRASE, ACCORDING TO THE DANISH AMBASSADOR, OF THE GREATEST SIGNIFICANCE IN SOVIET USAGE). SUCH CAMPAIGNS COULD, BY LEADING TO ESCALATION, GET OUT OF HAND AND BE VERY DAMAGING TO RELATIONS. IN FACT, THE U S GOVERNMENT HAD BEEN VERY RESTRAINED. DOBRYNIN ACKNOWLEDGED THAT THE U S GOVERNMENT HAD BEEN RESTRAINED BUT CLAIMED THAT THE VOA AND RADIO FREE EUROPE HAD BEEN PROVOCATIVE. THE SOVIET GOVERNMENT, HE ADDED, UNDERSTOOD THE U S POSITION AND HE PERSONALLY SHARED THEIR HOPE THAT THERE WOULD BE NO NEED FOR INTERVENTION.

5. SEE MIFT.

ROSE.

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Group/Class..... PREM 19
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Message (T.231/80) from
US President to Prime Minister
dated 1 December 1980

Paper extracted and
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(date)..... 1 September 2011
(Signed)..... Wayland



10 DOWNING STREET

From the Private Secretary

1 December 1980

I enclose a copy of a message from President Carter to the Prime Minister about Poland. I should be grateful if you could let us have a draft reply as soon as possible.

I am sending copies of this letter and enclosure to Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office).

M. A. PATTISON

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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PART 1 ends:-

Bank of England to FCO 28.11.80

PART 2 begins:-

Pres. Carter to PM (T 231/80) 1.12.80