

UK / Polish Relations  
 Internal Situation  
 Economic Assistance

POLAND

PART 3

Part 1: August 1979

Part 3: March 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>10.3.81</del>		8.6.81					
<del>12.3.81</del>		10.6.81.					
<del>20.3.81</del>		<del>12.6.81</del>					
<del>31.3.81</del>		17.6.81					
<del>2.4.81</del>		<del>24.6.81</del>					
<del>3.4.81</del>		29.6.81					
7.4.81		<del>1.7.81</del>					
8.4.81		16.7.81					
9.4.81.		<del>21.7.81</del>					
28.4.81		<del>4.8.81</del>					
30.4.81		5.8.81					
<del>7.5.81</del>		12.8.81.					
<del>11.5.81</del>		<del>Ends</del>					
<del>19.5.81</del>							
20.5.81							
<del>29.5.81</del>							
<del>2.6.81</del>							
<del>5.6.81.</del>							

PREM 19/560

PART

3

ends:-

HMT to LPS office 12.8.89

PART

4

begins:-

LPS office to WR 12.8.89

TO BE RETAINED AS TOP ENCLOSURE

### Cabinet / Cabinet Committee Documents

Reference	Date
CC (81) 13 <sup>th</sup> Conclusions, Minute 2	26.3.81
CC (81) 14 <sup>th</sup> Conclusions, Minute 2	2.4.81
CC (81) 15 <sup>th</sup> Conclusions, Minute 2 (extract)	9.4.81
OD (81) 8 <sup>th</sup> Meeting, Minutes	15.4.81
OD (81) 9 <sup>th</sup> Meeting, Minutes	20.5.81
OD (81) 26	28.5.81
OD (81) 27	28.5.81
OD (81) 10 <sup>th</sup> Meeting, Minute 2	1.6.81
CC (81) 21 <sup>st</sup> Conclusions, Minute 2	4.6.81
CC (81) 22 <sup>nd</sup> Conclusions, Minute 2	11.6.81
CC (81) 28 <sup>th</sup> Conclusions, Minute 2	16.7.81

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**

S E C R E T



Prime Minister 272  
You will wish to be aware of this continuing dispute between the Chancellor and Foreign Office ministers. It may have to be resolved at OD on 8 September.

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

12 August 1981

WR  
12/8

M.A. Arthur, Esq.,  
Private Secretary to  
The Lord Privy Seal

Dear Michael,

The Chancellor has now gone away on holiday and did not see the Lord Privy Seal's letter of 10 August about Poland. But before he left, he received a report on the talks in Paris on 7 August. He discussed the problem with Treasury officials and left a record of his views which I am drawing on in this letter.

The Chancellor does not believe we should give any more help to Poland, beyond that already approved by Ministers and already notified to the Polish Government. He has already set out, in his letter of 23 June, the only basis on which he considers a further short-term loan might be given. I understand that the Lord Privy Seal does not feel able to accept those conditions at this stage and so does not press for an immediate decision.

The Chancellor would have no difficulty in deferring a reply to Monsieur Delors' outstanding letter. He is unlikely to meet him in the next few weeks, and enquiries at official level can easily be fended off. But a decision will have to be taken at some stage - and very probably before the Anglo-French Summit on 10/11 September.

If the Foreign Secretary on his return wishes to press the case for UK participation in the BIS loan, the Chancellor would like the matter to be discussed in OD.

If the Foreign Secretary were not prepared to accept the conditions suggested by the Chancellor, then he would be making a bid for additional public expenditure which would need to be considered as part of this year's Public Expenditure Survey.

/I am

S E C R E T



I am sending copies of this letter to Michael Alexander (No.10) and to David Wright (Cabinet Office).

*Yours ever,*

*Peter*

P.S. JENKINS

213 Foreign.  
6209

SECRET

Hold for Tony reply  
26  
wps



Foreign and Commonwealth Office  
London SW1

10 August 1981

*Paul Geoffrey*

In Peter Carrington's absence on holiday, I am replying to your letter to him of 23 June about the proposal of M. Delors, your French opposite number, that the Bank for International Settlements should make available to the Polish Central Bank a credit made up of contributions by the Central Banks of 15 Western creditor countries.

Our understanding of the positions of other creditor countries is that the United States has said that it could not contribute to such a loan (for formal reasons); that the FRG will not make a decision until the beginning of September; that France is prepared to subscribe \$125 million; that Switzerland is prepared to subscribe between \$50 million and \$100 million; that Denmark and Norway are prepared to subscribe, though in unknown amounts; and that the other countries concerned are still considering the proposal.

It therefore looks as if the Bank for International Settlements will not be in a position to offer anything to the Polish Central Bank, or even to decide whether anything can be offered, for at least another month. But I understand that our people were put under some pressure for a response to M. Delors at the secret meeting of a restricted group of political and economic officials which took place in Paris on 7 August. For this reason, and because over a month has

/gone

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
London SW1

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gone by since you wrote to Peter Carrington, I think it right to let you have my views now.

Politically, I believe that it would be right for us to offer to contribute to any loan syndicated by the Bank for International Settlements. The case for doing this flows from the conclusions reached in the paper prepared by political officials at the meeting in Paris on 7 August; and, in particular, from the conclusions about the consequences of a situation in which the Polish economy was out of control (copies of the paper are already available to your officials). I should strongly hope that our contribution would not be one which our partners and the Poles regarded as derisory. (It would probably therefore have to be in the range of \$30 million to \$50 million.)

I am very well aware of the economic risks. I have noted that Poland's financing requirement for the rest of 1981 is estimated to be in the range \$1.7 billion to \$2.2 billion and realise that, in this situation, it is most improbable that any credit extended by the Bank of International Settlements would be repaid at its term of 6 or 9 months. On the other hand, the sum which the Poles themselves have asked for is \$500 million (a target which the Bank for International Settlements might be able to exceed); and the Poles will have more room for manoeuvre now that action has been taken to unblock the use of credits already extended to them. I am also conscious of the fact that, as papers prepared by economic officials at the meeting on 7 August make clear, this country has so far done a good deal less for Poland this year than either France or the FRG (not to speak of the United States.

But my principal concern at present is that you should not give M. Delors a negative response. Given the positions of other countries, and in particular the position of the FRG, a further delay in your substantive reply to him seems the sensible conclusion. I do not think this will cause him either embarrassment or surprise.

/I am

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I am sending copies of this letter to the Prime Minister and to Sir Robert Armstrong.

*your cv*

*lan*

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*Bland*

Foreign and Commonwealth Office  
London SW1

7 August 1981

*Wm*  
*W/S*

*Mr Galloway,*

Thank you for your letter of 9 July to Peter Carrington. I can well understand your wish not to defer further a substantive reply to M. Delors.

As you know, however, his request creates all sorts of difficulties of which both you and I are well aware. My strong view is therefore that further consideration of it should await the agreed assessment which will we hope emerge from this weekend's Paris meeting.

I do not think that the French will be too surprised at a further delay. As your officials will be aware, it emerged clearly from the discussions in the margins of the Cancun meeting last week that only the Norwegians and the Swiss have so far replied positively to M. Delors.

I am sending copies of this letter to the Prime Minister and to Sir R Armstrong.

*yes ✓*  
*la*

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
London SW1

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10 DOWNING STREET

*From the Private Secretary*

7 August 1981

Thank you for your letter of 6 August about the visit of a personal emissary from the Polish Prime Minister, General Jaruzelski.

The Prime Minister is grateful to the Lord Privy Seal for agreeing to receive the emissary. She would like Sir Ian to say that he is receiving the emissary on her behalf, and to indicate her regret that she was unable to receive the emissary herself.

I am copying this letter to Jill Rutter (H.M. Treasury) and David Wright (Cabinet Office).

W. F. S. RICKETT

Michael Arthur, Esq.,  
Lord Privy Seal's Office.

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Foreign and Commonwealth Office

London SW1A 2AH

6 August 1981

Prime Minister

1 Content for Sir Ian to proceed as at A overleaf?

2 Would you like him to say that you have asked him to receive the emissary on your behalf?

Treasury ministers are considering whether one of their number should be present

Dear Willie

Yes

Yes

The Polish Government have requested that the Prime Minister and Lord Carrington should, probably during the week beginning 10 August, receive a very senior personal emissary from the Polish Prime Minister, General Jaruzelski.

The Polish Ambassador has told us that the aim of the visit would be to explain Polish policy in the light of a government statement endorsed by the Politburo last Saturday, and also including measures which would be confirmed at the Central Committee Plenum on Saturday 8 August. The Ambassador said that these measures would be necessary 'to stave off collapse'. The emissary would, he assumed, also seek to ascertain what further help might be forthcoming from Poland's Western partners as a basis for Poland's own future internal policies. The Ambassador said that similar approaches were being made to other Western Governments. He could not specify all of them but said that they would include the USA, France and West Germany. We understand, however, that by yesterday afternoon these approaches had not been made.

It will be useful to hear at first hand from the Poles how, in the new situation after the Polish Party Congress, they

W Rickett Esq  
10 Downing Street  
London SW1

intend to try

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A intend to try to set their house in order, even if we may doubt that this approach will produce much more than a further request for money. But the Lord Privy Seal considers that in the interests of our bilateral relations with Poland we should agree to the Poles' request to receive their emissary at the appropriate level. As you know, Lord Carrington will be away for the next few weeks, but the Lord Privy Seal has agreed to see the emissary. The Lord Privy Seal also thinks that it would be helpful if, in her own absence, the Prime Minister could indicate her regret that she was unable to receive the emissary. It might, of course, be possible to designate another Cabinet Minister to receive the emissary on her behalf, though, in the circumstances of her absence - which has already been outlined to the Polish Ambassador - he does not think that this is strictly necessary.

The Polish Ambassador said that they hoped that it would be possible for the emissary's visits to take place without exciting public interest. They themselves would not therefore be drawing attention to it. He was anxious for our reply as soon as possible.

I am copying this letter to David Wright and Richard Tolkien.

*Yours ever*

M A Arthur  
Private Secretary to  
The Lord Privy Seal

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*Poland*

GRS 400

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FM WARSAW 051300Z AUG

TO PRIORITY FCO

TELEGRAM NUMBER 555 OF 5 AUG

SAVING TO MOSCOW EAST BERLIN PRAGUE BUDAPEST PARIS  
BONN WASHINGTON UKDEL NATO SOFIA BUCHAREST BELGRADE  
HELSINKI STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

MODUK

*ms*

MIPT

POLAND: ECONOMIC SITUATION

1. THE SHORTAGES IN THE SHOPS ARE NOW BECOMING ACUTELY EVIDENT. PEOPLE ARE NOT STARVING - FAR FROM IT TO JUDGE FROM THEIR LOOKS AND DRESS - BUT THEY MUST BE TURNING TO SOURCES OUTSIDE THE STATE SHOPS FOR THE ITEMS THEY WANT. THERE IS A SENSE NOW OF DESPERATION - OR SPECULATION-BUYING. ITEMS WHICH HAVE NOT BEEN IN SHORT SUPPLY ARE DISAPPEARING FROM THE SHELVES. PRESUMABLY PEOPLE BELIEVE THAT BY BUYING WHATEVER THEY CAN LAY HANDS ON NOW THEY WILL HAVE SOMETHING TO SELL OR BARTER FOR FOOD LATER. AND THE FOOD SHORTAGES GET WORSE: BREAD HAS BEEN DIFFICULT TO BUY FOR SOME WEEKS NOW, EGGS AND MILK APPEAR SPOSMODICALLY, MANY OF WARSAW'S RESTAURANTS HAVE EITHER CLOSED OF OFFER A VERY LIMITED MENU ( WHICH NOW INCLUDES BISON STEAK IN THE MOST LUXURIOUS HOTEL). OUR DIPLOMATIC MEAT SHOP IS HAVE INCREASING DIFFICULTIES IN MAINATING SUPPLIES.

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2. THE CLASSIC INFLATIONARY STATE OF TOO MUCH MONEY CHASING TOO FEW GOODS HAS LED TO TWO OF ITS COMMON MANIFESTATIONS: RATIONING AND BLACK MARKETEERING. ONLY THE OFFICIAL PRICES REMAIN MORE OR LESS STABLE (UP ABOUT 15% IN THE FIRST HALF OF 1981). RATION CARDS CHANGE HANDS FOR THE LOCAL EQUIVALENT OF £15 AND WITH THEM POLES CAN BUY VODKA FOR AN ADDITIONAL £16-17 A BOTTLE. PETTY CORRUPTION HAS LONG BEEN A FEATURE OF POLISH LIFE - A REFLECTION OF AN INCREASINGLY WORTHLESS CURRENCY. WE ARE NOW SEEING A BREAKDOWN OF THE EXISTING MARKET FORCES, AND A MOVE TOWARDS A DRINK AND CIGARETTE BARTER SYSTEM INSTEAD.

3. IT IS AGAINST THIS BACKGROUND OF GROWING SHORTAGES AND INCREASED SPECULATION THAT THE GOVERNMENT HAVE NOW MOVED TO SET UP THE TWO COMMISSIONS DESCRIBED IN MIPT. THEY WILL HAVE ALSO BEEN INFLUENCED BY THE SEJM URGING EARLY ACTION AND BY THE GROWING DISSATISFACTION OF THE PUBLIC. WHETHER THESE COMMISSIONS WILL PROVE EFFECTIVE IS OPEN TO DOUBT. THE GOVERNMENT ARE TRYING HARD TO GENERATE AN AIR OF RESOLUTION. BUT THEIR CREDIBILITY WITH THE PEOPLE IS LOW AND THEY ARE FAR FROM BEING ABLE TO MOBILISE PUBLIC OPINION BEHIND THEM.

*attached*

FCO PLEASE PASS ALL SAVING ADDRESSEES.

[REPEATED AS REQUESTED]

JAMES

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MR COTTERILL ECGD

[NOT ADVANCED]

2

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GRS 140  
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FM WARSAW 051255Z AUG  
TO PRIORITY FCO  
TELNO 554 OF 5TH AUGUST 1981.

SAVING TO MOSCOW, EAST BERLIN, PRAGUE, BUDAPEST, PARIS,  
BONN, WASHINGTON, MODUK, UKDEL NATO, SOFIA, BUCHAREST, BELGRADE,  
HELSINKI, STOCKHOLM, UKMIS NEW YORK UKREP BRUSSELS.

**GOVERNMENT CRISIS MEASURES.**

1. THE GOVERNMENT YESTERDAY TOOK TWO MEASURES TO COUNTER THE FOOD CRISIS AND RELATED PROTESTS. AN "ANTI-CRISIS OPERATIONAL STAFF" UNDER VICE-PREMIER OBODOWSKI WAS SET UP. ITS BRIEF IS TO FIND THE MEANS OF IMPROVING FOOD SUPPLIES, BUT IT ALSO SEEMS TO HAVE A SECURITY ASPECT. AS WELL AS VARIOUS GOVERNMENT MINISTERS, IT WILL CONSIST OF THE CHAIRMAN OF THE PRICE COMMISSION AND REPRESENTATIVES OF THE MINISTRIES OF DEFENCE AND INTERNAL AFFAIRS.

2. THERE IS ALSO TO BE A COMMISSION TO FIGHT SPECULATION UNDER VICE-PREMIER MACH. THE GOVERNMENT HAVE MADE IT CLEAR THAT STRONG MEASURES WILL BE TAKEN AGAINST SPECULATORS. IT HAS ASKED FOR SUPPORT FROM ALL SECTIONS OF SOCIETY INCLUDING THE TRADES UNIONS.

3. COMMENTS IN MIFT.

JAMES

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MR P J BULL B/ENGLAND  
MR COTTERILL ECGD

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FM WARSAW 051530Z AUG  
TO PRIORITY FCO  
TELEGRAM NUMBER 557 OF 5 AUG

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SAVING TO MOSCOW BUDAPEST EAST BERLIN PRAGUE PARIS BONN  
WASHINGTON UKDEL NATO MODUK SOFIA BUCHAREST BELGRADE  
HELSINKI STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

MY TELNO 551

WARSAW FOOD PROTESTS

1. THE TRAFFIC BLOCKADE IN THE CENTRE OF WARSAW IN THE  
END DISPERSED GOOD-NATUREDLY AT NOON TODAY, ALONG THE  
ROUTE ORIGINALLY DESIGNATED BY THE POLICE, AMID PRESENTATIONS  
OF FLOWERS TO THE BUS-DRIVERS AND V-SIGNS AND UNDER A  
BRIGHT AND WARM SUN. IT WAS ALMOST A CARNIVAL ATMOSPHERE,  
THOUGH THE LENGTHENING QUEUES NEARBY MAY HAVE HAD OTHER  
THOUGHTS. THE END OF THE BLOCKADE COINCIDED WITH THE  
END OF THE TWO-HOUR STRIKE.
2. BOTH SOLIDARITY AND THE GOVERNMENT CLAIM THAT THEY  
HAVE WON. SOLIDARITY HAS SHOWN ITS STRENGTH BUT THE GOVERNMENT  
CONTRARY TO EXPECTATIONS, STOOD THEIR GROUND. THE FACT THAT  
THE GOVERNMENT HAVE NOT HAD TO GIVE WAY TO SOLIDARITY  
ON THIS OCCASION MAY EVEN GIVE THEM A SMALL BUT MUCH-NEEDED  
SHOT IN THE ARM. THERE WAS NO VIOLENCE OF ANY KIND AND BOTH  
SOLIDARITY AND THE POLICE WERE AT PAINS TO KEEP COOL.
3. SOLIDARITY AND THE GOVERNMENT CONTINUE TO POLEMIC  
IN PUBLIC. SOLIDARITY'S STATEMENTS ARE HIGHLY CRITICAL  
OF THE GOVERNMENT FOR FAILING TO IMPROVE THE FOOD SITUATION  
AND TO INTRODUCE ECONOMIC REFORM. THE GOVERNMENT'S RESPONSE  
HAS BEEN ROBUST BUT REASONED. (DETAILS BY BAG).

FCO PLEASE PASS ALL SAVING ADDRESSEES.

(REPEATED AS REQUESTED)

JAMES

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MR P J BULL BANK OF ENGLAND  
MR COTTERILL ECGD

*MI. HAWTON*  
*H. HOUNFIELD* } TREASURY

THIS TELEGRAM  
WAS NOT  
ADVANCED

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GRS 500

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FM WARSAW 041115Z AUG

TO IMMEDIATE FCO

TELEGRAM NUMBER 551 OF 4 AUG

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

SAVING TO SOFIA BUCHAREST BELGRADE HELSKINKI STOCKHOLM  
UKMIS NEW YORK UKREP BRUSSELS

FOOD PROTESTS

1. THE WAVE OF FOOD PROTESTS TOOK A NEW AND MORE OMINOUS TURN YESTERDAY. TRANSPORT AND PUBLIC SERVICE DRIVERS IN WARSAW ORGANISED A PROTEST PROCESSION SIMILAR TO THOSE HELD IN LODZ LAST WEEK. THE PROJECTED ROUTE PASSED BOTH PARTY HQ AND THE OFFICE OF THE COUNCIL OF MINISTERS. THE POLICE APPEAR TO HAVE HAD ORDERS TO PREVENT THIS AND ALTHOUGH AMBULANCES, TAXI-DRIVERS AND SOME DUST-CARTS AT THE FRONT OF THE PROCESSION MANAGED TO GET THROUGH, THE BUSES AND LORRIES THAT FOLLOWED WERE STOPPED AT WARSAW'S EQUIVALENT OF CHARING CROSS (BEFORE THEY HAD REACHED PARTY HQ). THE PROCESSION REFUSED TO DISBAND, RESULTING IN A STALEMATE WHICH HAS NOW CONTINUED FOR ALMOST 24 HOURS.
  
2. THE "BLOCKADE" BECAME THE CENTRAL TOPIC OF THE TALKS CONCURRENTLY BEING HELD BETWEEN THE GOVERNMENT AND SOLIDARITY. WHEN THESE WERE ADJOURNED UNTIL THURSDAY, BOTH WALESA AND ONYSZKIEWICZ, SOLIDARITY'S NATIONAL PRESS SPOKESMAN, MADE TOUGH STATEMENTS TO THE PRESS. WALESA SAID THAT UNLESS THE BLOCKADE WAS LIFTED BY 8 PM YESTERDAY ( WHICH IT WAS NOT), A TWO-HOUR PROTEST STRIKE PLANNED IN WARSAW FOR WEDNESDAY WOULD GO AHEAD. HE ALSO SAID THAT THE BUSES AND TRUCKS COULD REMAIN IN PLACE FOR AS LONG AS WAS NECESSARY, EVEN 18 DAYS ( THE DURATION OF THE LENIN SHIPYARD STRIKE LAST AUGUST). ONYSZKIEWICZ SAID THERE WAS NO REASON FOR THE POLICE TO HAVE HINDERED A PEACEFUL PROTEST AND THY MUST HAVE BEEN MOTIVATED BY " OTHER FORCES".
  
3. TWO MEMBERS OF MY STAFF VISITED THE SITE OF THE BLOCKADE YESTERDAY EVENING. ( THERE IS NO RESTRICTION OF ACCESS TO MEMBERS OF THE PUBLIC AT THE INTERSECTION AND ONE LANE OF TRAFFIC CAN PASS NORMALLY). THE PROTESTERS SEEMED IN GOOD HUMOUR BUT DETERMINED AND WERE BEDDING DOWN FOR A LONG STAY. BUT THE STRENGTH OF THE POLICE PRESENCE , AND ITS PROXIMITY TO THE PROTESTERS, MEANS THAT THERE IS A STRONG POSSIBILITY OF TEMPERS BECOMING FRAYED. SOLIDARITY HAVE SAID THAT THE PROTEST WILL CONTINUE AT LEAST UNTIL TOMORROW.

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4. IT LOOKS AS IF THE GOVERNMENT HAS DECIDED TO TAKE A TOUGH STAND ON THE PROTEST. ( YESTERDAY'S ARMY RAID ON BLACK MARKETEERS MAY BE PART OF THE SAME POLICY). BUT BY BLOCKING THE PROTEST THE GOVERNMENT HAVE ALLOWED A SIDE-ISSUE TO MOVE TO THE CENTRE OF THE STAGE. IF THEY LIFT THE BLOCKADE THEY WILL LOOK SILLY; IF THEY DO NOT, THEY WILL HAVE TO FACE A CONTIUNG STALEMATE IN THE CENTRE OF WARSAW.

5. ALTHOUGH THE TENSION HERE IS BY NO MEANS AS HIGH AS IT WAS IN THE AFTERMATH OF THE BYDGOSZCZ INCIDENT, THIS IS THE MOST SERIOUS CONFRONTATION BETWEEN THE GOVERNMENT AND SOLIDARITY SINCE THEN. THE RISK OF VIOLENCE IS THERE. IT IS POSSIBLE THAT SOME COMPROMISE OF FACE-SAVER WILL BE FOUND SOON. OTHERWISE IT IS HARD TO SEE HOW THE GOVERNMENT CAN AVOID BACKING DOWN. THE PARTY HAS CALLED AN EMERGENCY PLENUM OF THE CENTRAL COMMITTEE FOR SATURDAY, AUGUST 8.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

JAMES

[REPEATED AS REQUESTED]  
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MR P J BULL BANK OF ENGLAND  
MR COTTERILL ECGD

*I do not think we need show  
the gov with this squabble.**25  
wn  
SLP*

Foreign and Commonwealth Office

London SW1A 2AH

4 August 1981

*Dear Peter*

Lord Carrington has seen, before going off on holiday, your letter to me of 4 August. He is aware of the Chancellor's views on this question and of the fact that any decisions on the substance of the matter will need to be taken by Ministers collectively. He also feels strongly that such decisions could not usefully be taken without an overall assessment of both the political and the economic considerations which are relevant, and that it would be very much better if such an assessment were formed jointly with our principal allies. That is why he made the procedural suggestion he did. Finally, Lord Carrington does not think it surprising that his colleagues did not make 'constructive proposals' - presumably on the substance of economic assistance to Poland - at a meeting which he deliberately focussed on the need to have some overall assessment before the questions of substance could usefully be considered.

I am sending copies of this letter to Michael Alexander, David Wright, John Rhodes and Tim Allen.

*Yours ever**B J P*

(B J P Fall)  
Private Secretary

P S Jenkins Esq  
Private Secretary/  
Chancellor of the Exchequer  
HM Treasury



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

4 August 1981

B J P Fall Esq.  
 Private Secretary  
 Foreign and Commonwealth Office

Dear Brian,

The Chancellor has seen your letter to me of 3 August and the accompanying telegrams. He notes that the Foreign Secretary took the initiative in proposing an overall political and economic assessment of the Polish situation, although there had been no previous discussion of this idea among British Ministers. He assumes that this was a way of buying time in a difficult situation. But he considers it significant that the German, French and US Ministers all lacked constructive proposals. He hopes very much that the Foreign Secretary's initiative will not be used by them as an excuse for manoeuvring the UK into the lead over the provision of further economic assistance to Poland. He suggested some weeks ago (in his letters of 23 June and 9 July) that the Foreign Secretary should bring fresh proposals to OD urgently if he wished to pursue any ideas of this kind; and he set down then the only conditions on which he thought further assistance could be given. The Foreign Secretary has not yet given any substantive reply to that letter. Clearly it is now too late to arrange any discussion in OD. The Chancellor therefore assumes that the Paris meeting later this week should be confined strictly to the task of preparing an overall assessment. It should not be used to start negotiations over the size, apportionment or method of any further assistance.

Peter Mountfield will represent the Treasury in these talks and has already discussed the arrangements with Richard Evans.

I am sending copies of this letter to Michael Alexander, David Wright, John Rhodes and Tim Allen.

Yours ever,  
 Peter

P.S. JENKINS  
 Private Secretary

ps (2)

SECRET

Prime Minister

2

Wm 8/8

GRS 420

DEDIP

SECRET

BURNING BUSH

DESKBY 030900Z FCO

FM MEXICO CITY 030030Z AUG 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 312 OF 3 AUGUST

INFO IMMEDIATE BONN, PARIS, WASHINGTON.

FOLLOWING FROM PRIVATE SECRETARY

POLAND:

1. SECRETARY OF STATE DISCUSSED QUESTION OF ECONOMIC ASSISTANCE WITH HIS AMERICAN, FRENCH AND GERMAN COLLEAGUES IN THE MARGINS OF THE MEETING AT CANCUN. HE SAID THAT, EVEN IF IT WERE MET, THE PRESENT POLISH REQUEST FOR AN ADDITIONAL DOLLARS 500 MILLION WOULD BE FOLLOWED BY OTHERS AND THAT IT WAS NOT POSSIBLE FOR US TO TAKE DECISIONS ON A HAND TO MOUTH BASIS. WHAT WAS NEEDED WAS AN OVERALL POLITICAL AND ECONOMIC ASSESSMENT, COVERING BOTH WHAT THE WEST MIGHT BE ABLE TO DO TO PUT THE POLISH ECONOMY BACK ON THE RIGHT TRACK AND THE CONSEQUENCES OF DOING OR NOT DOING SO.

2. THERE WAS GENERAL AGREEMENT THAT AN ASSESSMENT ON THESE LINES WAS NEEDED AS A MATTER OF URGENCY. GENSCHER ARGUED IN PARTICULAR THAT THE POSITION OF POLAND SHOULD BE SEEN IN A WIDER HISTORICAL AND POLITICAL CONTEXT. THE QUESTION AT STAKE WAS WHETHER POLAND WOULD ONCE AGAIN BE "DISMISSED INTO THE EASTERN HEMISPHERE" AS IT HAD BEEN AFTER THE WAR. THERE MUST NOT BE ANOTHER DISAPPOINTMENT NOW. THIS WAS SEEN BY OTHER EASTERN EUROPEAN COUNTRIES AS WELL AS BY POLAND AS A TEST CASE OF WESTERN READINESS TO HELP. HAIG EMPHASISED THE DIFFICULTIES HE FACED DOMESTICALLY IN CONTINUING ECONOMIC ASSISTANCE TO POLAND AND THOUGHT THAT A GENERAL ASSESSMENT (WHICH HE MIGHT WISH TO SUPPLEMENT BY SENDING AN AMERICAN TEAM TO POLAND TO MAKE A FIRST HAND ECONOMIC ASSESSMENT) WOULD BE HELPFUL. CHEYSSON, WHILE AGREEING ON THE NEED FOR ASSESSMENT, WAS MORE CONCERNED ABOUT THE SHORT TERM FINANCIAL PROBLEMS. HE EXPLAINED THAT THE FRENCH HAD NOW WORKED OUT BETWEEN GOVERNMENT AND BANKS AN ARRANGEMENT WHICH WOULD IN EFFECT PROVIDE THE POLES WITH EXPORT CREDIT WITHOUT ANY DOWN-PAYMENT.

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3. THERE WAS GENERAL AGREEMENT THAT IT WOULD BE DESIRABLE IF THE POLES WERE TO JOIN THE IMF, AND CHEYSSON IN PARTICULAR ARGUED THAT WE SHOULD URGE THEM TO DO SO. THE SECRETARY OF STATE SAID WE SHOULD NOT REACH DECISIONS ON THIS BEFORE WE HAD SEEN THE OVERALL ASSESSMENT HE HAD SUGGESTED. IT WAS HOWEVER AGREED THAT INDIVIDUAL COUNTRIES MIGHT MEANWHILE USEFULLY EXPLORE THE QUESTION OF IMF MEMBERSHIP WITH THE POLES IN THEIR BILATERAL CONTACTS.

4. IT WAS AGREED THAT THE ASSESSMENT WORK SHOULD BE UNDERTAKEN AS A MATTER OF URGENCY, AND THAT THERE SHOULD BE MEETINGS IN PARIS (PROBABLY AT THE END OF THE WEEK BEGINNING 3 AUGUST) INVOLVING POLITICAL DIRECTORS AND ECONOMIC DIRECTORS AND POLAND TASK FORCE REPRESENTATIVES. THE NOTE FOR THE RECORD IN MIFT INCORPORATES COMMENTS BY THE US (HORMATS) AND GERMANS (LAUTENSCHLAGER), AND HAS BEEN FAVOURABLY RECEIVED BY THE FRENCH (CAMDESSUS)

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TO IMMEDIATE FCO

TELEGRAM NUMBER 313 OF 3 AUGUST

INFO IMMEDIATE BONN, PARIS, WASHINGTON.

FOLLOWING FROM PRIVATE SECRETARY

MIPT; POLAND.

FOLLOWING IS TEXT OF NOTE CIRCULATED AFTER THE MEETING. BEGINS:

1. THE FOREIGN MINISTERS OF FRANCE, GERMANY, THE UNITED KINGDOM AND THE UNITED STATES MET AT CANCUN ON 2 AUGUST TO DISCUSS IN A POLITICAL CONTEXT THE QUESTION OF ECONOMIC ASSISTANCE TO POLAND.  
2. THEY AGREED THAT THEY WOULD CONTINUE TO DO WHAT THEY COULD TO MEET THE SHORT-TERM PROBLEMS WHICH HAD ARISEN, BUT THAT THEY NEEDED AN OVERALL POLITICAL AND ECONOMIC ASSESSMENT OF THE POSITION AND OF THE OPTIONS OPEN TO THE WEST AS A BASIS FOR FURTHER DECISION-MAKING. IT WAS AGREED THAT OFFICIALS OF THE FOUR WOULD MEET IN PARIS, PROBABLY ON THURSDAY 6AUGUST AND/OR FRIDAY 7AUGUST TO PREPARE SUCH AN ASSESSMENT FOR URGENT SUBMISSION TO MINISTERS ON THE BASIS OF INFORMATION ALREADY AVAILABLE.  
ON THE FIRST DAY OF THE MEETING IT WAS ENVISAGED:

I) THAT POLITICAL DIRECTORS OR THEIR DEPUTIES WOULD MEET TO PREPARE A POLITICAL ASSESSMENT OF THE SITUATION IN POLAND, OF THE CONSEQUENCES OF AN ECONOMIC BREAKDOWN AND OF THE SOVIET ATTITUDE. ON THE LAST POINT, THEY WOULD EXAMINE WHETHER THE SOVIET UNION WOULD BE LIKELY EITHER OVERTLY OR TACITLY TO WORK WITH THE WEST IN A PROGRAMME OF ECONOMIC ASSISTANCE TO POLAND.

II) ECONOMIC DIRECTORS AND NATIONAL REPRESENTATIVES ON THE TASK FORCE ON POLISH DEBTS OR THEIR DEPUTIES WOULD PREPARE A SUMMARY REPORT ON THE PROSPECTS FOR THE POLISH ECONOMY, WITH PARTICULAR EMPHASIS ON THE NEED FOR FINANCIAL SUPPORT. THEY WOULD ALSO IDENTIFY THE AREAS WHERE WE STILL LACKED

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THE NECESSARY INFORMATION, SO THAT THESE POINTS COULD BE FOLLOWED UP WITH THE POLES EITHER BILATERALLY OR AT THE MEETING OF THE TASK FORCE WHICH WOULD TAKE PLACE IN WARSAW IN SEPTEMBER.

3. MEANWHILE , IT WAS GENERALLY AGREED THAT IT WOULD BE DESIRABLE FOR THE POLES TO JOIN THE IMF AND THE FOUR WOULD BE FREE TO TAKE ADVANTAGE OF THEIR BILATERAL CONTACTS WITH THE POLES TO PURSUE THIS QUESTION WITH THEM WHERE APPROPRIATE.

4. DETAILED ARRANGEMENTS FOR THE MEETING WOULD BE COMMUNICATED BY THE FRENCH THROUGH DIPLOMATIC CHANNELS.

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MR FERGUSSON

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FM WARSAW 211515Z JUL

TO IMMEDIATE FCO

TELEGRAM NUMBER 531 OF 21 JUL

INFO IMMEDIATE OTTAWA ( FOR PRIVATE SECRETARY)

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE BUDAPEST PARIS

BONN WASHINGTON UKDEL NATO MODUK

SAVING TO SOFIA BUCHAREST BELGRADE HELSINKI STOCKHOLM

UKMIS NEW YORK UKREP BRUSSELS

THE IX PARTY CONGRESS IN RETROSPECT

1. I SUPPOSE THIS WAS THE MOST DEMOCRATIC COMMUNIST PARTY CONGRESS EVER HELD IN EASTERN EUROPE. IT ENDED WITH KANIA IN FULL CONTROL AND A POLITBURO OF HIS OWN CHOOSING. AS THE CONGRESS PROGRESSED, THE DEGREE OF MANAGEMENT BY KANIA PROBABLY GREW. IT WAS A VICTORY FOR KANIA'S LINE OF CAUTIOUS REFORM BUT AN ANTI-CLIMAX FOR THOSE WHO ARE LOOKING FOR MORE RADICAL SOLUTIONS TO POLAND'S PROBLEMS.

2. I SHALL ANALYSE THE CONGRESS IN DETAIL BY DESPATCH. BUT MY INITIAL CONCLUSIONS ARE:

A. IT WAS A WELL-ORDERED MEETING AND THERE WERE NO OBVIOUS MISCARRIAGES OF PROCEDURE OR JUSTICE. IT WAS GIVEN THE FULLEST POSSIBLE COVERAGE BY THE POLISH MEDIA. THE PLENARY SESSIONS WERE TELEVISED, IN MANY CASES LIVE.

THE SECRET BALLOT WAS REALLY SECRET.

B. AT ONE POINT ON THE SECOND DAY, KANIA'S STAR DIMMED AND IT LOOKED AS IF RAKOWSKI OR SOME OTHER CANDIDATE MIGHT EMERGE. BUT THE DELEGATES, THOUGH KEEN ON RAKOWSKI'S SPEECH, SEEMED TO TAKE FRIGHT AT ITS BOLDNESS.

IT IS NOT CLEAR TO ME WHETHER THE SOVIET UNION PLAYED ANY PART IN CONTAINING RAKOWSKI OR WHETHER, AS SEEMS MORE LIKELY, HE OVER-PLAYED HIS HAND.

C. THE DELEGATES WERE A MODERATE LOT. THEY SEEMED TO KNOW THE HIDDEN RESTRAINTS ON FREEDOM OF CRITICISM. NO VOICE WAS RAISED AGAINST THE SOVIET UNION.

D. THE PARTY HAS BEEN STRENGTHENED AND A DEGREE OF UNITY RESTORED. THE LEADERSHIP HAS NOW BEEN LEGITIMISED IN THE EYES OF PARTY MEMBERS. WORKERS ARE WELL REPRESENTED ON THE CENTRAL COMMITTEE. THIS IS IMPORTANT SINCE WORKERS WERE LEAVING THE PARTY IN LARGE NUMBERS AND THE SOVIET UNION HAD CRITICISED THE POLISH PARTY ON THIS SCORE.

E. THIS WAS NOT ESSENTIALLY AN IDEOLOGICAL CONGRESS. PERSONALITIES COUNTED FOR A LOT.

THE DEBATE CONCENTRATED MAINLY ON THE NEED FOR SOCIAL AND ECONOMIC REFORM BUT ALSO ON THE NEED FOR MODERATION

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AND THE PRESERVATION OF ALLIANCES. THE SOVIET UNION SHOULD NOT BE TOO DISPLEASED BY THE WAY THE DEBATE WAS CONFINED. MOREOVER, THE POLITBURO CONTAINS A NUMBER OF SAFE MEN FROM THE SOVIET VIEW: KANIA, JARUZELSKI, OLSZOWSKI, CZYREK, BARCIKOWSKI AND MILEWSKI. BUT THE MESSAGE FROM BREZHNEV TO KANIA AT THE END OF THE MEETING WAS DISTINCTLY COOL AND SUGGESTS THAT THE SOVIET UNION WILL KEEP HEAVY PRESSURE ON THE POLISH PARTY.

F. THE CONGRESS HAS SOLVED NONE OF THE URGENT ECONOMIC ISSUES. THE GOVERNMENT WILL HAVE TO FACE STRAIGHTAWAY THE POSSIBILITY OF FURTHER STRIKES.

G. THE ATTITUDE OF SOLIDARITY WILL BE CRUCIAL. THE NEW PRIAMTE OF POLAND TOLD ONE OF MY COLLEAGUES THAT SOLIDARITY WERE TOO MUCH INFLUENCED BY EMOTION AND THE CHURCH MUST TRY TO CALM THEM. ARCHBISHOP GLEMP SAID HE FEARED ABOVE ALL A DETERIORATION IN THE ECONOMIC SITUATION IN THE WINTER AND THE POSSIBILITY OF HUNGER MARCHES. HIS GENERAL VIEW IS THAT WALESZA STILL HAS AUTHORITY IN SOLIDARITY BUT THAT IT IS MORE DIFFICULT FOR HIM TO KEEP THIS VAST MOVEMENT TOGETHER.

3. IT IS DIFFICULT TO KNOW WHAT THE ORDINARY POLE THINKS ABOUT THE CONGRESS. SOME OF THE INITIAL REACTIONS WE HAVE HEARD HAVE BEEN CYNICAL. THEY HAVE SEEN IT AS PLAYING POLITICS WHILE THE ECONOMIC SITUATION OF THE COUNTRY AND THEIR DAILY LIVES DETERIORATE. BUT THEY HAVE FOLLOWED THE DEBATES WITH GREAT INTEREST ON TELEVISION AND IN THE NEWSPAPERS, AND MY IMPRESSION IS THAT THEY WILL NOW WAIT AND SEE WHAT THE POLITBURO CAN PRODUCE IN TERMS OF ACTION. THE CONGRESS SHOULD LEAVE THE PARTY BETTER PLACED FOR NEGOTIATING WITH SOLIDARITY ON ECONOMIC ISSUES. BUT FOR THE REASONS I MENTIONED IN MY TELEGRAM NO 526 THEY MAY FIND SOLIDARITY RELUCTANT TO NEGOTIATE SERIOUSLY UNTIL THE LATTERS TWO PHASE CONGRESS IN EARLY SEPTEMBER AND EARY OCTOBER.

FCO PLEASE PASS SAVING ADDRESSEES.

JAMES

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RESIDENT CLERK

Prime Minister

For information

N.P.C. Mitchell  
Duty Clerk  
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FM PARIS 180930Z JUL 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 632 OF 18 JULY 1981

INFO PRIORITY WASHINGTON BONN ROME WARSAW BERNE

INFO SAVING TO UKDEL OECD BRUSSELS OTTAWA COPENHAGEN HELSINKI

TOKYO OSLO MOSCOW THE HAGUE STOCKHOLM UKREP BRUSSELS VIENNA

UKDEL NATO

ECONOMIC ASSISTANCE TO POLAND

1. FOLLOWING IS THE EMBASSY'S TRANSLATION OF THE TEXT OF A MESSAGE FROM M DELORS, MINISTER OF THE ECONOMY AND FINANCE, TO THE CHANCELLOR OF THE EXCHEQUER. THE MESSAGE IS DATED 17 JULY AND WAS RECEIVED THIS MORNING. ORIGINAL LETTER FOLLOWS IN MONDAY'S BAG TO PS/CHANCELLOR.

2. BEGINS. DEAR CHANCELLOR AND COLLEAGUE. IN MY LETTER OF 19 JUNE 1981, I PROPOSED THAT THROUGH THE BIS EXCEPTIONAL CREDITS SHOULD BE ESTABLISHED BY OUR CENTRAL BANKS TO DEAL WITH THE FINANCIAL PROBLEMS OF POLAND.

THE GOVERNORS OF THE CENTRAL BANKS MET IN BASLE ON 13 JULY. ALTHOUGH THEY CONSIDERED SUCH AN INTERVENTION TO BE TECHNICALLY FEASIBLE, THEY COULD ONLY AGREE TO SUCH ASSISTANCE AT THE

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REQUEST AND WITH THE SUPPORT OF THEIR RESPECTIVE GOVERNMENTS.

IN THESE CIRCUMSTANCES, AND IN ORDER TO IMPLEMENT THIS OPERATION AS RAPIDLY AS POSSIBLE, I AM WRITING TO YOU AGAIN TO ASK YOU KINDLY TO GIVE AS SOON AS POSSIBLE WHATEVER ASSURANCES YOU CONSIDER NECESSARY TO YOUR CENTRAL BANK.

I AM MAKING THIS SUGGESTION TO THE RELEVANT MINISTERS IN THE COUNTRIES WHO ARE SIGNATORIES OF THE MULTILATERAL AGREEMENT ON POLISH DEBT AND TO OUR SPANISH COLLEAGUE. HOWEVER, I AM NOT WRITING TO THE SECRETARY OF THE UNITED STATES TREASURY WHO HAS TOLD ME THAT FOR DOMESTIC LEGAL REASONS IT IS IMPOSSIBLE FOR HIM TO ASSOCIATE HIMSELF WITH THIS OPERATION.

SINCE YOUR COUNTRY IS ONE OF THOSE TO WHOM POLAND HAS MADE A REQUEST FOR SHORT-TERM HELP, I AM TAKING THE LIBERTY OF URGING YOU IN PARTICULAR AND OUR COLLEAGUES IN THE FEDERAL REPUBLIC OF GERMANY, IN ITALY AND IN SWITZERLAND TO PLAY A POSITIVE ROLE IN THE RAPID AND EFFECTIVE MOUNTING OF THIS OPERATION, AS I SHALL ENDEAVOUR TO DO AS FAR AS FRANCE IS CONCERNED.

THANK YOU FOR ALL THE PERSONAL ATTENTION WHICH YOU ARE GIVING TO THIS MATTER AT A PARTICULARLY DELICATE MOMENT FOR POLAND.

(USUAL COURTESIES).

SIGNED JACQUES DELORS. ENDS.

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FM WARSAW 150930Z JUL

TO IMMEDIATE FCO

TELEGRAM NUMBER 508 OF 15 JULY

INFO IMMEDIATE UKMIS NEW YORK ( FOR PRIVATE SECRETARY)

INFO PRIORITY MOSCOW BUDAPEST EAST BERLIN PRAGUE

PARIS BONN WASHINGTON UKDEL NATO SOFIA BUCHAREST

BELGRADE MODUK

SAVING TO HELSINKI STOCKHOLM UKREP BRUSSELS

**THE IX PARTY CONGRESS: IMPRESSIONS OF FIRST DAY**

1. THE TWO MAIN EVENTS OF THE FIRST DAY OF THE CONGRESS WERE KANIA'S SPEECH AND THE SPEECH OF THE SOVIET DELEGATE, GRISZIN. WE ARE REPORTING IN DETAIL ON THESE SEPARATELY.

2. KANIA SPOKE FOR OVER 3 HOURS. THE WHOLE SPEECH WAS SHOWN ON TELEVISION. BEFORE THE SPEECHES STARTED, THE FRATERNAL DELEGATES WERE INTRODUCED COUNTRY BY COUNTRY.

THE 4 SOVIET DELEGATES, INCLUDING AMBASSADOR ARISTOV WHO IS A MEMBER OF THE CENTRAL COMMITTEE, SAT IMMEDIATELY BEHIND KANIA. THE OTHER DELEGATES WERE BANKED UP THE HALL A LITTLE DISTANCE AWAY. AS EACH DELEGATE WAS INTRODUCED BY COUNTRY, THE CONGRESS CLAPPED THEM. THE ONLY DELEGATE TO GET A REAL OVATION WAS THE INDESTRUCTIBLE GENERAL GIAP, LOOKING SVELDT AND NEAT IN A LIGHT GREY SUIT.

2. KANIA IS NO ORATOR BUT HE STRUGGLED MANFULLY THROUGH HIS WRITTEN SPEECH WHICH SOUNDED VERY MUCH LIKE A COMMITTEE DRAFT. I THOUGHT HE SHOWED A FLASH OF REAL EMOTION WHEN HE ATTACKED THE EXTREMISTS AND SOLIDARITY. OTHERWISE, HE DOGGEDLY RODE AS MANY HORSES AS HE COULD AT THE SAME TIME: COMMITMENT TO THE SOVIET UNION AND THE WARSAW PACT, TO ODNOWA AND TO PEACE, COUPLED WITH SOME GOODIES FOR THE SOVIET UNION IN THE SHAPE OF STRONG WORDS ON WESTERN IMPERIALISM. THERE WAS SOMETHING FOR EVERYONE - BUT THE APPLAUSE WAS TEPID.

3. THE MAIN POINTS OF GRISZIN'S SPEECH WERE HIS OPENING STATEMENT IN WHICH HE SAID THAT BREZHNEV WISHED THE CONGRESS EVERY SUCCESS, HIS STATEMENT THAT THE POLES SHOULD SOLVE THEIR OWN CRISIS AND HIS ATTACKS ON ECONOMIC REFORM. HE RAISED THE SPECTRE OF A RETURN TO CAPITALISM. THERE WERE HARSH WORDS FOR THE AMERICANS AND FOR COUNTER-REVOLUTIONARY EXCESSES IN POLAND. HE WAS WELL RECEIVED BUT HIS FINAL HWL WHEN HE SAID " LONG LIVE FRIENDSHIP BETWEEN THE SOVIET AND POLISH PEOPLE" FELL FLAT. MY FEELING WAS THAT THE MESSAGE HE INTENDED TO CONVEY WAS THAT THE SOVIET ATTITUDE REMAINED HARD AND WATCHFUL, ALONG THE LINES OF THE LETTER FROM THE SOVIET CENTRAL COMMITTEE.

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4. THERE WERE A FEW QUITE LIVELY AND CRITICAL CONTRIBUTIONS FROM THE DELEGATES. IT WILL NOT BE A MUZZLED CONGRESS.

5. IT WAS CONFIDENTLY EXPECTED THAT KANIA WOULD BE ELECTED FIRST SECRETARY TODAY BY THE FULL CONGRESS. WHEN I SPOKE TO OLECHOWSKI YESTERDAY AFTERNOON, HE TOOK THIS AS A CERTAINTY. BUT THE ELECTION HAS NOT YET TAKEN PLACE, AND IT SEEMS THAT THERE IS A GOOD DEAL OF DISAGREEMENT WHETHER THE ELECTION SHOULD BE BY FULL CONGRESS OR BY THE CENTRAL COMMITTEE. THIS SUGGESTS THAT EITHER KANIA AND CO ARE UNCERTAIN ABOUT THE RESULTS OF THE FULL CONGRESS OR THAT THEY BELIEVE THAT A CENTRAL COMMITTEE CAN BE MORE EASILY MANIPULATED AND THEREFORE PRODUCE A BETTER VOTE. IT MAY ALSO MEAN THAT IT IS PROVING MUCH MORE DIFFICULT TO STAGE-MANAGE THIS CONGRESS, A FACT WHICH, WHATEVER THEIR DEMOCRATIC PROTESTATIONS, MUST BE VERY DIFFICULT FOR ANY COMMUNIST LEADER TO SWALLOW.

FCO PLEASE PASS SAVING ADDRESSEES.

JAMES

(REPEATED AS REQUESTED)

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TO PRIORITY FCO

TELEGRAM NUMBER 507 OF 15 JUL

INFO PRIORITY PARIS ROME BONN WASHINGTON OTTAWA TOKYO

UKDEL NATO

POLISH FINANCIAL SITUATION

1. DEPUTY FOREIGN MINISTER OLECHOWSKI, WHO WAS ACCOMPANIED BY FIRST DEPUTY FINANCE MINISTER BIEN AND DEPUTY MINISTER FOR FOREIGN TRADE STRZELECKI, ASKED ME TO CALL YESTERDAY AFTERNOON TO MAKE A FURTHER APPEAL FOR FINANCIAL ASSISTANCE BEFORE THE SUMMIT MEETING IN OTTAWA.

2. OLECHOWSKI SAID THAT HE WOULD NOT BE MAKING ANY NEW REQUESTS. ALTHOUGH THE POLISH GOVERNMENT WAS NOT ANXIOUS TO HAVE ITS PROBLEMS DISCUSSED IN OTTAWA (OR AT LEAST NOT TO HAVE ANY STATEMENTS TO THIS EFFECT), THEY THOUGHT IT LIKELY THAT THE SUBJECT MIGHT COME UP AND WISHED TO MAKE SURE THAT ALL THE GOVERNMENTS REPRESENTED AT THE SUMMIT KNEW THE POLISH POSITION. BRITAIN HAD ALREADY BEEN VERY HELPFUL TO POLAND WITH THE SUCCESSFUL NEGOTIATION OF THE BILATERAL DEBT RELIEF AGREEMENT AND ITS RECENT SIGNATURE IN WARSAW. STILL OUTSTANDING BETWEEN US WERE THE REQUEST FOR DOLLARS 100 MILLION SHORT-TERM DEPOSIT ON WHICH THERE

IN WARSAW. STILL OUTSTANDING BETWEEN US WERE THE REQUEST FOR DOLLARS 100 MILLION SHORT-TERM DEPOSIT ON WHICH THERE HAD BEEN NO REPLY, AND POLAND'S CONTINUING REQUIREMENTS FOR NEW CREDIT FACILITIES, PARTICULARLY FOR SEMI PRODUCTS FOR THE REST OF THE YEAR. THE POLES ALSO WERE MINDFUL OF THE NEXT ROUND OF TALKS WITH THE 15 CREDITOR COUNTRIES ON A 1982 DEBT RELIEF OPERATION DUE TO BEGIN IN PARIS IN OCTOBER. FINALLY THEY WERE STILL HAVING PROBLEMS WITH THE COMMERCIAL BANKERS, ALTHOUGH BRITISH BANKERS HAD NOT BEEN ANYWHERE NEAR AS DIFFICULT AS THEIR AMERICAN COLLEAGUES.

3. OLECHOWSKI EMPHASISED THE VERY GREAT IMPORTANCE OF THE IX CONGRESS PROCEEDINGS WHICH HAD STARTED THAT DAY. THE POLES KNEW THAT THERE WAS A LONG HAUL AHEAD BUT THIS CONGRESS WHICH SOME PEOPLE HAD SAID MIGHT NOT TAKE PLACE, COULD BE A DECISIVE BREAKTHROUGH IN POLAND'S DIFFICULT SEARCH FOR A WORKABLE ODNOWA. IT WAS AT TIMES LIKE THIS THAT POLAND LOOKED TO HER WESTERN FRIENDS FOR TANGIBLE EVIDENCE OF MUCH NEEDED ASSISTANCE.

4. BIEN ELABORATED THESE REMARKS BY POINTING OUT THAT, ACCORDING TO THE LATEST STATISTICS, POLAND'S HARD CURRENCY EXPORT EARNINGS FOR THE FIRST HALF OF THE YEAR WERE ON TARGET AT DOLLARS 3.25 BILLION. THEIR MAIN PROBLEM NOW WAS THE WITHDRAWAL OF SHORT-TERM DEPOSIT WHICH WERE CURRENTLY RUNNING AT DOLLARS 800 MILLION. THE POLES WERE NOT INCREASING THEIR REQUEST FROM THE ORIGINAL DOLLARS 500 MILLION BUT WOULD FIND THE DOLLARS 300 MILLION DIFFERENCE THEMSELVES. THIS MONEY WAS NEEDED BASICALLY FOR DOWN-PAYMENTS ON CREDIT LINES FOR ESSENTIAL RAW MATERIAL IMPORTS FROM THE WEST. THE POSITION WAS NOT GETTING EASIER AND THE POLES WOULD LIKE AN ANSWER AS SOON AS POSSIBLE. STRZELECKI REFERRED TO THE £25 MILLION CREDIT OFFER WHICH WAS PASSED ON TO CZYREK IN LONDON BUT SAID THAT THESE CREDITS WERE FRANKLY NOT MUCH HELP SO LONG AS THE POLES HAD TO FIND 15% FRONT END FOR INDUSTRIAL ITEMS AND 5% FOR AGRICULTURAL.

5. IN SUBSEQUENT DISCUSSION, BIEN SAID THAT, WHILE PART OF THE DOLLARS 500 MILLION SHORT-TERM DEPOSIT WOULD BE USED FOR DOWN - PAYMENTS, PART WOULD BE USED TO IMPORT ESSENTIAL RAW MATERIALS THAT COULD ONLY BE PURCHASED FOR CASH. ASKED ABOUT POLISH IMPORTS FROM HARD-CURRENCY COUNTRIES IN THE FIRST 6 MONTHS, HE SAID THAT THESE HAD BEEN KEPT DOWN AND THAT THE HARD-CURRENCY DEFICIT AMOUNTED TO ONLY DOLLARS 250 MILLION IN IMPROVEMENT



AMOUNTED TO ONLY DOLLARS 250 MILLION, AN IMPROVEMENT OVER THE PERFORMANCE IN THE FIRST QUARTER. HE ALSO ADMITTED THAT SHORT-TERM DEPOSITS AVAILABLE TO THE POLES WERE STILL RUNNING AWAY AND THAT THE DOLLARS 300 MILLION DIFFERENCE BETWEEN NOW AND A MONTH AGO COULD GET LARGER. I PRESSED HIM ON HIS INSISTENCE THAT DOLLARS 500 MILLION WAS ENOUGH, BUT HE REMAINED CONFIDENT. IN REPLY TO ANOTHER QUESTION, THE POLES ADMITTED THAT MUCH OF ANY MONEY WHICH WE MIGHT MAKE AVAILABLE IN SHORT-TERM DEPOSITS WOULD GO TOWARDS ACTIVATING OTHER COUNTRIES' CREDIT LINES BUT THAT THE FIRST PRIORITY WOULD BE FOR BRITISH CREDIT LINES HELPING BRITISH EXPORTS. WHEN I ASKED ABOUT URSUS, OLECHOWSKI SAID THAT KANIA HAD SPECIFICALLY MENTIONED THE NEED FOR INCREASED PRODUCTION OF AGRICULTURAL MACHINERY IN HIS KEYNOTE SPEECH TO THE CONGRESS.

6. I ASSURED OCECHOWSKI THAT THE BRITISH GOVERNMENT FULLY RECOGNISED THE MOMENTOUS IMPORTANCE AND IMPLICATIONS OF THE IX CONGRESS. WE HAD ALREADY SHOWN OUR WILLINGNESS TO HELP IN CONCRETE WAYS AS WELL AS WITH ASSISTANCE IN NEGOTIATIONS. I FINISHED BY SAYING THAT I WOULD OF COURSE PASS ON THE POLISH REQUEST, ALTHOUGH I FELT FORCED TO POINT OUT THAT, WHILE OUR DOMESTIC ECONOMIC PROBLEMS WERE PROBABLY NOT OF THE SAME DIMENSIONS AS THE POLISH PROBLEMS, IT WAS NOT EASY FOR US TO ACT AS THE POLES HAD SUGGESTED.

7. THIS WAS A MORE COORDINATED AND COHERENT REQUEST THAN THE ONE PUT TO ME BY DOBROSIELSKI IN JUNE. POLISH FINANCIAL NEEDS ARE BECOMING MORE PERSISTENT WITH SHORT-TERM MONEY CONTINUING TO SLIP AWAY AND WITH NO POSITIVE RESPONSE FROM THE WEST FORTHCOMING. WHILE THE GOVERNMENTAL NEGOTIATIONS ARE VERY NEARLY CONCLUDED, THOSE WITH THE COMMERCIAL BANKS ARE STILL CONTINUING, WITH THE AMERICAN BANKS REMAINING AWKWARD. THE POLES ARE CLEARLY KEEN TO REMIND THE WEST, IF THE WEST NEEDED REMINDING, ABOUT THEIR DANGEROUS PREDICAMENT, AND THE WEEK BEFORE THE SUMMIT MEETING IN OTTAWA MUST SEEM GOOD TIMING TO THEM.

8. I REALISE THE DIFFICULTIES WHICH THIS POLISH REQUEST MUST BE CAUSING WHITEHALL AT THE MOMENT. BUT WHEN VIEWED AGAINST THE BACK-DROP OF THIS WEEK'S CONGRESS, THE POLES HAVE SOME REASON TO RENEW THEIR REQUEST FOR WESTERN HELP. THIS COUNTRY HAS MADE IMPORTANT POLITICAL GAINS IN THE

THIS COUNTRY HAS MADE IMPORTANT POLITICAL GAINS IN THE PAST 12 MONTHS AND THEY WILL ONLY BE PRESERVED IF A DEGREE OF ECONOMIC STABILITY IS REACHED WITHIN THE NEXT FEW MONTHS. IT IS IMPOSSIBLE TO DISENTANGLE THE AWESOME POLITICAL CONSEQUENCES OF THIS ODNOWA, WITH ITS UNCERTAINTIES, FROM THE ECONOMIC FRAILTIES OF POLAND. AS SEEN FROM HERE THE STAKES ARE NOW SO HIGH THAT IT WOULD SEEM A PITY TO TURN A DEAF EAR TO THIS POLISH REQUEST, EXCESSIVE THOUGH IT MAY SEEM.

JAMES

NNNN

CONFIDENTIAL



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

9 July 1981

The Rt. Hon. Lord Carrington PC KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs

NBPA

Shuntz 10/7

Dear Peter

.....  
Thank you for your minute of 8 July. I am sorry we have not been able to agree at this stage to turn down the Polish request. Since there is no chance of Ministers collectively meeting to resolve the issue before the Basle meeting this weekend I agree to the tactical moves you suggest. I have therefore written to M Delors (copy enclosed) saying that the Governor will be prepared to talk about the gold option at Basle. By implication he will not be prepared to consider Bank of England participation in a loan unsecured on gold.

This is of course only a holding reply. I do think it is important that we should now make up our minds about this outstanding issue. I suggest that you should bring it before Ministers in OD as soon as possible after the Polish Party Congress. I am sure you will agree that I should not defer a substantive reply to M Delors' initiative much later than that.

I am sending copies of this letter to the Prime Minister and to Sir Robert Armstrong.

GEOFFREY HOWE

A large, stylized handwritten signature, likely of Geoffrey Howe, written in dark ink.



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

9 July 1981

Monsieur J. Delors,  
Le Ministre de l'Économie et des Finances,  
PARIS

*Dear Colleague*

You wrote to me and to several of our colleagues on 22nd June suggesting that we should all join in a loan to Poland to be syndicated by the Bank for International Settlements.

Since then it has, I understand, been arranged that this proposal should be discussed informally at the BIS meeting in Basle on 13 July. The Governor of the Bank of England will of course be fully prepared to join in exploratory discussion of this proposal. The crucial point for all the central banks is, I think, likely to be whether there would be adequate security - such as gold - for the proposed loan.

GEOFFREY HOWE

*Geoffrey Howe*



FCS/81/95

CHANCELLOR OF THE EXCHEQUERPolish Economy

1. Thank you for your letter of 6 July. I agree that you must reply to M. Delors and that the Governor of the Bank of England will need instructions before the Basle meeting on 13 July.
2. This subject was raised by M. Cheysson at my meeting with the French and German Foreign Ministers on 5 July. Cheysson asked for very early responses to M. Delors's letter and spoke (unrealistically) of consultations between Governors of central banks leading to the despatch of a positive reply to the Polish request before the Party Congress due to start in Warsaw on 14 July. Herr Genscher said that the German Cabinet would consider the matter on 8 July. I did not go beyond saying that it would clearly be wrong to give the Poles a negative answer before the Party Congress. The general feeling amongst us was that on political grounds there was a good case for asking the Governors to consult urgently in a positive spirit.
3. I do not believe that we have to take a final decision now. Not all the Governments to whom M. Delors wrote have reacted equally negatively. The important thing is that we should be seen to leave the door open for further discussions. At this point I believe that it would be enough if the Governor were allowed to explore the problem with his colleagues and to suggest that they should meet again to review the French proposal immediately the outcome of the Polish Congress has become clear. If, in the light of the Polish situation, a consensus emerges in favour of helping the Poles, the Governor could make it clear that the Bank

Prime Minister 2

To be aware

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s/hK.  
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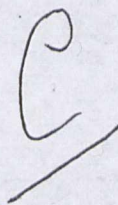
CONFIDENTIAL



of England's participation is dependent upon the Polish Government providing the necessary guarantee against its gold reserves, and that if it cannot do this he will have to refer the matter back to you again.

4. Since time is now pressing, I should hope that you will feel able to write to M. Delors without delay confirming that the Governor of the Bank will be prepared to discuss this issue, though without commitment, in Basle on 13 July.

5. I am copying this minute to the Prime Minister and to Sir Robert Armstrong.

  
(CARRINGTON)

Foreign and Commonwealth Office

8 July 1981

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WR  
seen

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

8 July 1981

Brian Fall, Esq.,  
Private Secretary,  
Foreign & Commonwealth Office

Dear Brian,

POLISH ECONOMY

In my letter of 6 July to you, the following sentences were inadvertently missed out of the first change which I asked you to make to the Chancellor's letter of the same date:-

"I assume, of course, as I did in my letter to you of 23 June, that the Poles would not have any security to offer the BIS. If in fact they could pledge enough gold to make possible perhaps a more modest operation, then that would put a different complexion on the matter; it would then be up to the Bank of England to decide whether they would be willing to take the very small risk involved in giving a back-up guarantee to the BIS."

They should appear after the sentence ending "in this loan".

.....  
I should be grateful if you would make the necessary change. I enclose a copy of the Chancellor's letter incorporating the changes in my letters of 6 July and today.

I am copying this letter as before.

Yours sincerely,

*Richard Tolkien*

R.I. TOLKIEN

POLAND: ADVANCE COPIES

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PS/MR HURD  
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MR FERGUSSON  
~~SID A. GILMORE~~  
~~MR P. H. MOBERLY~~

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CONFIDENTIAL

FM UKDEL NATO 081550Z JUL 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 277 OF 8 JUL

INFO MOSCOW, WARSAW, WASHINGTON, BONN AND PARIS

ADVANCE COPY

NAC MEETING 8 JULY : POLAND

1. AT THIS MORNING'S COUNCIL, FOLLOWING A MILITARY BRIEFING, WE HAD A USEFUL DISCUSSION ON THE SITUATION IN POLAND SIX DAYS BEFORE THE CONGRESS. MOST PERMREPS SPOKE AT LENGTH FROM PREPARED TEXTS, AND A FULL REPORT WITH COPIES OF TEXTS FOLLOWS BY BAG. YOU MAY FIND IT USEFUL TO HAVE A SUMMARY OF THE MAIN POINTS WHICH EMERGED:

(A) THERE WAS CONSENSUS THAT THE OMENS AS REGARDS THE SOVIET ATTITUDE IN THE SHORT TERM WERE MORE REASSURING AFTER GROMYKO'S VISIT THAN THEY HAD BEEN FOR SOME WHILE. ARNAUD (FRANCE) DREW ATTENTION TO THE TONE AND LANGUAGE OF THE GROMYKO COMMUNIQUE AND CONTRASTED IT WITH THE LETTER SENT TO THE POLISH PARTY LAST



ATTENTION TO THE TONE AND LANGUAGE OF THE GROMYKO COMMUNIQUE AND CONTRASTED IT WITH THE LETTER SENT TO THE POLISH PARTY LAST MONTH. HE PERCEIVED A MARKED LOWERING OF TENSION. BARKMAN (NETHERLANDS) ADDED THAT THE LANGUAGE NOW SEEMED DESIGNED TO TRANSPOSE BLAME FROM THE POLES ONTO THE WESTERN QUOTE IMPERIALIST INTERVENTIONISTS UNQUOTE.

(B) MOST SPEAKERS THOUGHT THAT THE CONGRESS WAS NOW LIKELY TO GO AHEAD SMOOTHLY AND THAT THERE WAS A GOOD CHANCE THAT THE OUTCOME WOULD BE MODERATE AND BALANCED.

(C) ALL SPEAKERS AGREED THAT THERE WAS NO EVIDENCE THAT A SOVIET INTERVENTION WAS IMMINENT OR LIKELY BEFORE THE CONGRESS.

(D) HOWEVER, SVART (DENMARK) REITERATED HIS BELIEF THAT THE RUSSIANS WERE AT PRESENT AT A LOSS TO KNOW WHAT TO DO. IT WOULD ONLY BE POSSIBLE AFTER THEY KNEW THE OUTCOME OF THE CONGRESS FOR THEM TO DECIDE WHETHER THEY COULD TOLERATE THE LONG TERM IMPLICATIONS. IN THE MEANTIME, THE PRESENT LEADERSHIP'S ABILITY TO KEEP THE REFORMISTS UNDER CONTROL WILL BE CLOSELY SCRUTINISED.

(E) THE ECONOMIC SITUATION AND ITS INFLUENCE ON THE POLITICAL SITUATION WORRIED MOST SPEAKERS. I EXPRESSED DOUBT ABOUT THE PRESENT LEADERSHIP'S ABILITY OR DETERMINATION TO PUSH THROUGH THE NECESSARY ECONOMIC REFORMS.

(F) IT WAS AGREED THAT WESTERN POLICIES HAD UP TO NOW WELL SERVED THEIR PURPOSE OF HELPING TO DETER SOVIET INTERVENTION AND SHOULD BE CONTINUED, BUT THAT IT WOULD BE WISE IN THE PRESENT DELICATE PHASE TO AVOID ANY ACTIONS OR PUBLIC STATEMENTS WHICH COULD BE INTERPRETED AS PROVOCATION BY THE SOVIETS. ARNAUD (FRANCE) MADE A POINT OF PRAISING THE WAY IN WHICH YOU HAD DEALT WITH QUESTIONS FROM THE PRESS ABOUT YOUR TALKS WITH GROMYKO ON THIS SUBJECT.

ROSE

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GRS 200

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FM WARSAW 070945Z JUL

TO PRIORITY FCO

TELEGRAM NUMBER 487 OF 7 JULY

INFO MOSCOW EAST BERLIN PRAGUE BUDAPEST PARIS BONN

WASHINGTON UKDEL NATO MODUK

*mf*

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

STRIKE THREATS

1. TALKS BETWEEN THE GOVERNMENT AND SOLIDARITY IN GDYNIA, CENTRING MAINLY ON THE IMPROVEMENT OF WORKING CONDITIONS IN THE PORTS, HAVE RESULTED IN A STRIKE THREAT FROM DOCKERS IN ALL THE MAJOR NORTHERN PORTS. A ONE-HOUR WARNING STRIKE WILL BE HELD TOMORROW, FOLLOWED BY A FULL-BLOWN STRIKE IF THE DOCKERS DEMANDS ARE NOT MET WITHIN 7 DAYS. ( THE DEADLINE SET IS THUS THE FIRST DAY OF THE CONGRESS: 14 JULY).
2. IN WARSAW THE PERSONNEL OF LOT ARE TO HOLD A 4 - HOUR WARNING STRIKE ON THURSDAY 9 JULY. THIS IS A RESULT OF THE LACK OF PROGRESS IN THE DISPUTE ABOUT LOT'S NEW DIRECTOR ( HARRISON'S LETTER TO MISS BROWN OF 26 JUNE).
3. NEITHER STRIKE THREAT IS REPORTED IN THE OFFICIAL PRESS. HOWEVER, THERE WAS A BRIEF REFERENCE TO THE GDYNIA DISPUTE ON THE RADIO YESTERDAY EVENING, AND THIS DISPUTE IS ALSO REPORTED IN TODAY'S EDITION OF "GLOS PRACY" A MORE RADICAL PAPER. IT SEEMS PROBABLE THAT THE GOVERNMENT IS TAKING TIME TO DECIDE ON ITS ATTITUDE TO THESE THREATS. IT COULD CAUSE TROUBLE IF THIS SUPPRESSION OF INFORMATION WERE TO CONTINUE.

FCO PLEASE PASS SAVING ADDRESSEES.

JAMES

[COPIES SENT TO NO 10 DOWNING STREET]

POLAND SPECIAL STANDARD

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 MISS BAKER )  
 MR P J BULL ) BANK OF ENGLAND  
 MR COTTERILL ) ECGD  
 MR WOOLGAR ) OP13 D/EMPLOYMENT

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PC ND: ADVANCE COPIES 20

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*Gillmore*

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*(Gillmore)*

GRS 550

CONFIDENTIAL

FM WARSAW 061100Z JUL

TO IMMEDIATE FCO

TELEGRAM NUMBER 484 OF 6 JULY

INFO IMMEDIATE MOSCOW

INFO ROUTINE BUDAPEST EAST BERLIN PRAGUE PARIS BONN

WASHINGTON UKDEL NATO MODUK

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

GROMYKO VISIT: A POLISH REACTION

1. I CALLED TODAY ON MR DOBROSIELSKI, VICE-MINISTER FOR FOREIGN AFFAIRS, AND ASKED HIM HOW MR GROMYKO'S VISIT HAD GONE.

2. HE BEGAN BY SAYING THAT HE WOULD TRY AND SPEAK AS FREELY AS HE COULD. HE SAID THE VISIT HAD GONE QUITE WELL. AFTER THE SOVIET CENTRAL COMMITTEE'S LETTER, THERE HAD BEEN A NEED TO REESTABLISH A MORE NORMAL RELATIONSHIP BETWEEN THE SOVIET UNION AND POLAND AT THE PARTY LEVEL. CERTAIN THINGS HAD TAKEN PLACE WHICH HAD HELPED TO A LIMITED EXTENT TO REASSURE THE SOVIET UNION. THE ELECTIONS TO THE CONGRESS HAD GONE BETTER

HAD HELPED TO A LIMITED EXTENT TO REASSURE THE SOVIET UNION. THE ELECTIONS TO THE CONGRESS HAD GONE BETTER THAN EXPECTED, NEARLY ALL MEMBERS OF THE POLITBURO HAVING BEEN RETURNED, AND THE PARTY COULD BE SEEN TO BE STILL IN CONTROL WITH ITS LEADING ROLE INTACT. HE THOUGHT THAT GROMYKO'S VISIT HAD THEREFORE BEEN ANOTHER STEP IN THE NORMALISATION OF PARTY RELATIONS.

3. I COMMENTED ON THE HARD TONE OF THE COMMUNIQUE AFTER GROMYKO'S VISIT. HE SAID THAT FOREIGN AFFAIRS HAD FIGURED ALMOST EXCLUSIVELY IN THE COMMUNIQUE BUT HAD PLAYED A LESS IMPORTANT ROLE IN THE ACTUAL TALKS. MUCH OF THESE HAD CONCENTRATED ON THE POSITION OF THE PARTY. THE POLISH GOVERNMENT HAD IN FACT REITERATED ITS ADHERENCE TO A NUMBER OF WELL-KNOWN POSITIONS IN FIRMER LANGUAGE PERHAPS THAN USUAL. WHEN I SAID I ASSUMED THAT GROMYKO HAD BROUGHT THE COMMUNIQUE IN HIS BAG, HE SAID THIS WAS NOT TRUE. IT HAD BEEN WORKED OUT BETWEEN THE POLES AND THE RUSSIANS BEFORE HIS VISIT, BUT HE AGREED THAT THE POLISH GOVERNMENT AT THE PRESENT TIME WERE NOT OUT TO MAKE DIFFICULTIES WITH THE SOVIET UNION ON INTERNATIONAL QUESTIONS OR ON POLAND'S POSITION AS A MEMBER OF THE WARSAW PACT. AT ONE POINT HE SAID THAT POLAND'S PROBLEM WAS NOW CREDIBILITY WITH THE EAST MORE THAN THE WEST.

4. HE SAID THAT IT SHOULD BE REMEMBERED THAT THE SOVIET UNION WAS A GREAT POWER AND THAT ITS REAL INTERESTS WERE SOMETIMES MORE IMPORTANT THAN ITS IDEOLOGICAL REQUIREMENTS. HE BELIEVED THAT IT COULD TOLERATE A DEGREE OF VARIATION UNDER THE SOCIALIST "UMBRELLA" PROVIDED THAT IT WAS REASSURED ON THE BASIC POSITION OF POLAND. I ASKED WHETHER WE COULD READ THE COMMUNIQUE AS A CLEAR ACQUIESCENCE BY THE SOVIET UNION IN THE FORTHCOMING CONGRESS. HE SAID THAT WE COULD AND THE REFERENCE TO THE IX CONGRESS IN THE TEXT WAS VERY IMPORTANT AND MADE THIS CLEAR. OF COURSE, FOREIGN AFFAIRS AS SUCH WOULD PLAY A MARGINAL PART IN THE CONGRESS. HE DID NOT DEMUR WHEN I SAID THAT MR GROMYKO AND HIS ADVISERS WOULD NO DOUBT HAVE TRIED TO INFLUENCE THE DOCUMENTS AT THE CONGRESS. HE ADDED HOWEVER THAT THE SOVIET UNION WOULD BE LOOKING FOR MORE THAN DECLARATIONS.

CONFIDENCE. HE ADDED HOWEVER THAT THE SOVIET UNION WOULD  
BE LOOKING FOR MORE THAN DECLARATIONS.

5. WHETHER THIS WAS HIS TRUE INTENTION, MR DOBROSIELSKI  
LEFT ME WITH THE IMPRESSION THAT THE GROMYKO VISIT MAY  
HAVE HELPED A LITTLE IN RESTORING SOVIET CONFIDENCE IN THE  
POLISH PARTY BUT THAT THE PARTY AND GOVERNMENT WERE STILL  
VERY MUCH ON PROBATION. HE ALSO IMPLIED THAT POLAND  
WAS VERY READY TO ACCOMMODATE THE SOVIET UNION ON  
EXTERNAL QUESTIONS IN ITS EFFORT TO GAIN TIME AND  
UNDERSTANDING FOR WHAT WAS HAPPENING INTERNALLY.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

JAMES

BT

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POLAND: ADVANCE COPIES

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PS/LPS  
PS/MR BLAKER  
PS/MR HURD  
PS/PUS  
MR BULLARD  
MR FERGUSSON  
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MR P-H ROBERLY

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CONFIDENTIAL

FM MOSCOW 061655Z JUL 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 424 OF 6TH JULY

FOR INFO PRIORITY NATO POSTS WARSAW PRAGUE EAST BERLIN BUDAPEST  
BUCHAREST SOFIA UKREP BRUSSELS AND DUBLIN.

SECRETARY OF STATE'S TALKS WITH GROMYKO 6 JULY:

POLAND.

FOLLOWING FROM PRIVATE SECRETARY.

1. LORD CARRINGTON DISCUSSED THIS WITH GROMYKO OVER LUNCH. HE DESCRIBED THE POLISH FOREIGN MINISTER AS HAVING BEEN CONCERNED CHIEFLY WITH THE ECONOMIC SITUATION. HE WAS INTERESTED TO HEAR THAT GROMYKO HAD CONCLUDED THAT THERE WAS THE POSSIBILITY OF THE SITUATION COMING OUT RIGHT IN THE NOT TOO DISTANT FUTURE.
2. GROMYKO SAID THAT THERE HAD BEEN MISCALCULATIONS IN THE PAST, ESPECIALLY AS REGARDS POLAND'S FOREIGN DEBTS. BUT THE POLES SEEMED SURE THAT THEY COULD OVERCOME THEIR DIFFUCULTIES, AND THERE WERE GROUNDS FOR SUCH A HOPE, ALTHOUGH IT WAS HARD TO SAY HOW LONG THIS MIGHT TAKE. AT LEAST THE HARVEST LOOKED VERY GOOD.
3. LATER, WHEN LORD CARRINGTON RAISED THE SUBJECT AT THE AFTERNOON SESSION, GROMYKO SAID THAT IT WAS NOT SOVIET PRACTICE IN GENERAL TO DISCUSS POLAND WITH REPRESENTATIVES OF COUNTRIES OTHER

3. LATER, WHEN LORD CARRINGTON RAISED THE SUBJECT AT THE AFTERNOON SESSION, GROMYKO SAID THAT IT WAS NOT SOVIET PRACTICE IN GENERAL TO DISCUSS POLAND WITH REPRESENTATIVES OF COUNTRIES OTHER THAN ALLIES. BUT HE WOULD REPEAT WHAT HE HAD SAID AT LUNCH, ON THE CLEAR UNDERSTANDING THAT HE WAS DEEMED TO BE ABSENT. HE THEN SPOKE AS IN PARA 2 ABOVE.

4. BULLARD BRIEFED COMMUNITY AMBASSADORS HERE THIS EVENING ON THE BASIS OF THE FOREGOING.

KEEBLE

NNNN

TO THE SECRETARY OF STATE  
FROM THE AMERICAN LEGATION  
WARSAW  
12 APRIL 1955

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*Seen by  
WR**Pr seen*

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

6 July 1981

The Rt. Hon. Lord Carrington, KCMG MC  
Secretary of State for Foreign Affairs  
Foreign & Commonwealth Office

POLISH ECONOMY

Thank you for your minute of 25 June. I understand that the question of a further loan to Poland was not raised at the European Council earlier this week. M. Delors' letter to me still remains unanswered and I am now told that the issue will be raised again at a meeting of Central Bank Governors in Basle on 13 July. Our Governor would of course like to know before then if there is any question of HMG being prepared to give the Bank of England a guarantee which would enable it to participate in this loan. I assume, of course, as I did in my letter to you of 23 June, that the Poles would not have any security to offer the BIS. If in fact they could pledge enough gold to make possible perhaps a more modest operation, then that would put a different complexion on the matter; it would then be up to the Bank of England to decide whether they would be willing to take the very small risk involved in giving a back-up guarantee to the BIS.

Unless this latter assumption proves false, my own view remains as stated in my letter of 23 June. I see no case for joining in this operation. I think the indications are that the Americans and Germans think similarly. The UK would therefore not be isolated as you feared.

I suggest that I should now reply to M. Delors and say that we do not wish to join in.

I am sending copies of this letter to the Prime Minister and to Sir Robert Armstrong.

GEOFFREY HOWE



**CONFIDENTIAL**

Note / I have asked  
FCO to give me early  
warning of their likely  
response.



② BF 8/7

WR  
6/13

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

6 July 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON SW1A 2AL

The referenced  
letter is with  
PM  
AC 8/7/81

*Dr Pelt*

POLISH ECONOMY

Thank you for your minute of 25 June. I understand that  
the question of a further loan to Poland was not raised  
at the European Council earlier this week. M. Delors'  
letter to me still remains unanswered and I am now told  
that the issue will be raised again at a meeting of  
Central Bank Governors in Basle on 13 July. Our  
Governor would of course like instructions before then  
if there is any question of the British Government wishing  
to see the Bank of England participate in this loan.

amendments  
made by  
Chancellor's  
office.

<sup>to know</sup>  
<sup>WNG</sup> <sup>is prepared to give the Bank of England</sup>  
<sup>a guarantee which would enable it to participate in this loan.</sup>  
<sup>Unless this latter assumption proves false.</sup>  
My own view remains as stated in my letter of 23 June.  
I see no case for joining in this operation. I think the  
indications are that the Americans and Germans think  
similarly. The UK would therefore not be isolated as  
you feared.

I suggest that I should now reply to M. Delors and  
say that we do not wish to join in.

I am sending copies of this letter to the Prime Minister  
and to Sir Robert Armstrong.

*John*

GEOFFREY HOWE



WR ✓  
6/7/81  
Richard

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

6 July 1981

Brian Fall Esq  
Private Secretary  
Foreign and Commonwealth Office  
Downing Street  
LONDON SW1A 2AL

Dear Brian,

POLISH ECONOMY

Following further discussions with the Bank of England, which we were not able to reflect in the Chancellor's earlier letter of today to the Foreign Secretary, I should be grateful if you would make two changes to that letter. These are:-

- i. Delete the last sentence of paragraph 1 and insert the following:

"Our Governor would of course like to know before then if there is any question of HMG being prepared to give the Bank of England a guarantee which would enable it to participate in this loan."

- ii. Insert before the first sentence of paragraph 2 the words:

"Unless this latter assumption proves false, ...".

I am copying this letter to recipients of the Chancellor's.

Yours sincerely,

Richard Tolkien

R I TOLKIEN  
Private Secretary

CONFIDENTIAL

CONFIDENTIAL

FM WARSAW 051900Z JUL

TO IMMEDIATE MOSCOW ( DESKBY 060400Z)

TELEGRAM NUMBER 27 OF 5 JUL

INFO PRIORITY FCO, WASHINGTON UKDEL NATO BUDAPEST PARIS

SAVING TO EAST BERLIN PRAGUE BONN THE HAGUE SOFIA BUCHAREST  
BELGRADE HELSINKI STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

GROMYKO IN WARSAW

HIFT CONTAINS THE MOST SIGNIFICANT PASSAGES FROM THE  
SOVIET/POLISH JOINT COMMUNIQUE PUBLISHED THIS EVENING  
AFTER THE VISIT TO WARSAW OF THE SOVIET FOREIGN MINISTER,  
JULY 3-5 . IT DEVOTS NEARLY ALL ITS ATTENTION TO FOREIGN  
AFFAIRS, WITH POLAND SUPPORTING THE SOVIET POSITION  
ON A WIDE RANGE OF ISSUES E.G. TNF, MADRID, BREZHNEV'S  
PEACE PROPOSALS, MIDDLE EAST, NUCLEAR FREE ZONES,  
INDIAN OCEAN AND AFGHANISTAN. THE TONE IS ANTI-WESTERN  
AND HARDER-LINE THAN WE HAVE SEEN RECENTLY IN POLISH  
DECLARATIONS. NO DOUBT GROMYKO BROUGHT THE DRAFT  
WITH HIM AND THE POLES HAVE FALLEN IN LINE. THERE IS A  
STRONG STATEMENT AFFIRMING POLAND'S POSITION IN THE SOVIET  
BLOC AND ITS DEPENDENCE ON THE SOVIET UNION.  
" POLAND WAS, IS AND WILL BE AN ENDURING LINK IN THE  
SOCIALIST COMMUNITY".

2. THERE IS NOTHING ABOUT ODNOWA AND THE IMPLICATION IS THAT  
THE SOVIET UNION WILL NOT STAND IN THE WAY OF THE 9TH CONGRESS.

FCO PLEASE PASS ALL ADDRESSEES

FCO PLEASE PASS ALL SAVING ADDRESSEES.

JAMES

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FM WARSAW 051930Z JUL  
TO IMMEDIATE MOSCOW ( DESKBY 060400Z)

TELEGRAM NUMBER 28 OF 5 JULY

INFO PRIORITY FCC WASHINGTON UKDEL NATO BUDAPEST PARIS

SAVING TO EAST BERLIN PRAGUE BONN THE HAGE SOFIA BUCHAREST  
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MIPT

GENERAL

1. A GROMYKO MET AND TALKED WITH 1ST SECRETARY OF THE PZPR KANIA, PRESIDENT OF THE COUNCIL OF MINISTERS, JARUZELSKI AND FOREIGN MINISTER CZYREK. IN THE COURSE OF THE TALKS , WHICH HAD A WORKING CHARACTER AND TOOK PLACE IN A FRATERNAL ATMOSPHERE, AN EXCHANGE OF OPINIONS ON MATTERS COVERING VARIOUS SPHERES OF INTEREST TO BOTH SIDES WAS UNDERTAKEN.
2. BOTH PARTIES INFORMED EACH OTHER OF THE IMPLEMENTATION OF THE DECREES OF THE 26TH CONGRESS OF THE CPSU AND THE PREPARATIONS FOR THE IX EXTRAORDINARY CONGRESS OF THE PZPR.

AFGHANISTAN:

3. THE PRL AND THE USSR AGAIN AFFIRMED THEIR BASIC POSITION ON THE QUESTION OF A POLITICAL SOLUTION OF THE AFGHANISTAN SITUATION IN ACCORDANCE WITH THE PUBLIC PROPOSALS OF THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF AFGHANISTAN OF 14 MAY 1980. THE SETTLEMENT OF THE INTERNATIONAL ASPECTS OF THE AFGHANISTAN PROBLEM CAN BE ACHIEVED ONLY BY THE CESSATION OF AGRESSIVE ACTIONS UNDERTAKEN FROM OUTSIDE AGAINST THE AFGHAN DEMOCRATIC REPUBLIC AND BY GUARANTEES THAT SUCH ACTIONS WILL NOT BE RENEWED, WHICH WOULD ALSO MAKE POSSIBLE THE SOLUTION OF THE PROBLEM OF THE WITHDRAWAL OF THE SOVIET FORCES FROM AFGHANISTAN WHICH ARE CURRENTLY THERE AT THE INVITATION OF THE AFGHAN GOVERNMENT.

POLAND

4. CERTAIN CIRCLES IN THE WEST, INCREASING THEIR HOSTILE CAMPAIGN AGAINST THE SOCIALIST COUNTRIES, ARE ESPECIALLY ACTIVELY TRYING TO TAKE ADVANTAGE OF THE EVENTS IN POLAND TO DISCREDIT THE SOCIALIST SYSTEM, THE IDEALS AND PRINCIPLES OF SOCIALISM . THEY COUNT ON THE DEVELOPMENT OF EVENTS IN POLAND LEADING TO A CHANGE IN THE BALANCE OF FORCES IN EUROPE AND THE WHOLE WORLD, TO A WEAKENING OF THE SOCIALIST COMMUNITY . THE PRL DECIDEDLY REJECTS SUCH CALCULATIONS. POLAND WAS IS AND WILL BE AN ENDURING

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~~LINK IN THE SOCIALIST COMMUNITY.~~

5. THE DEFENCE OF THE ACHIEVEMENTS OF SOCIALISM IN THE PRL IS INSEPARABLE FROM THE PROBLEMS OF THE INDEPENDENCE AND SOVEREIGNTY OF THE POLISH STATE, ITS SECURITY AND THE INVIOABILITY OF ITS FRONTIERS. THESE PROBLEMS ARE OF VITAL SIGNIFICANCE TO POLAND AND THE WHOLE SOCIALIST COMMUNITY.

6. THE PRL AND THE USSR AFFIRM THEIR UNBROKEN WILL TO STRENGTHEN THE UNITY AND FELLOWSHIP OF THE FRATERNAL COUNTRIES. THEY WILL CONTINUE TO WORK ACTIVELY FOR THE EFFECTIVE CO-OPERATION OF THE MEMBER STATES OF THE WARSAW PACT AND CMEA, THEY WILL CONTINUE TO OFFER APPROPRIATE RESISTANCE TO ALL EFFORTS BY IMPERIALISM AT UNDERTAKING IDEOLOGICAL AND OTHER DIVERSION AGAINST THE SOCIALIST COUNTRIES.

7. THE PRL AND THE USSR WILL CONTINUE TO DEVELOP BILATERAL RELATIONS IN ACCORDANCE WITH THE SPIRIT AND LETTER OF THE TREATY OF FRIENDSHIP, CO-OPERATION AND MUTUAL ASSISTANCE BETWEEN THE PRL AND THE USSR.

8. THE PARTIES AFFIRM THAT THE UNBREAKABLE ALLIANCE, THE BROTHERLY FRIENDSHIP AND CO-OPERATION AS WELL AS THE MULTIFACETED DEVELOPMENT OF RELATIONS BETWEEN THE PZPR AND THE CPSU AND BOTH FRATERNAL STATES ARE BASED ON THE PRINCIPLES OF MARXISM LENINISM AND SOCIALIST INTERNATIONALISM, AND ARE FULLY APPROPRIATE TO THE VITAL INTERESTS OF THE POLISH AND SOVIET NATIONS, THEIR SECURITY AND THE BUILDING OF SOCIALISM AND COMMUNISM.

FCO PLEASE PASS ALL ADDRESSEES

FCO PLEASE PASS ALL SAVING ADDRESSEES.

JAMES

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FM WARSAW 051630Z JUL  
TO IMMEDIATE MOSCOW ( DESKBY 051900Z)

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Prime Minister

TELEGRAM NUMBER 26 OF 5 JULY

AND TO PRIORITY FCO

VIEWS OF POLISH PRIME MINISTER

The Chancellor continues to take a hard line on former credit for Poland (see para 5 of this telegram and the attached). I have asked FCO to let us know soon what their response is likely to be.

WR  
6/7

1. RATHER SURPRISINGLY, GENERAL JARUZELSKI ASKED ME AT SHORT NOTICE TO PAY MY INTRODUCTORY CALL YESTERDAY AFTERNOON JULY 4. DOBROSIELSKI, DEPUTY FOREIGN MINISTER, WAS ALSO PRESENT. JARUZELSKI WAS FRIENDLY AND TALKED FOR NEARLY AN HOUR AND A HALF. CONVERSATION WAS GENERAL AND HE HAD NO SPECIFIC MESSAGE TO CONVEY.

2. I ASKED HIM IF HE WOULD GIVE ME HIS VIEWS ON THE FORTHCOMING CONGRESS, ON THE ECONOMIC SITUATION AND ON THE INTERNATIONAL SITUATION.

3. CONGRESS.  
HE STRONGLY ATTACKED ANARCHIC TENDENCIES IN SOLIDARITY THE GOVERNMENT AND PARTY HAS CHOSEN THE PATH OF POLITICAL PERSUASION AND THEY WERE DETERMINED TO KEEP ON THIS PATH. BUT ITS TASK WAS MADE DIFFICULT BY IRRESPONSIBLE ELEMENTS. SOME OF THESE ETREMISTS WERE MAKING CONTACTS WITH THE WEST AND IT WOULD BE WISE NOT TO PLAY THEIR GAME. HE THOUGHT THE CONGRESS WOULD SUCCEED. I SAID THAT I UNDERSTOOD THAT THE MAIN BODY OF SOLIDARITY WAS MODERATE AND THAT THE GOVERNMENT WAS CO-OPERATING WITH IT IN VARIOUS COMMISSIONS ETC. JARUZELSKI SAID IT WAS TRUE THAT THERE WERE AREAS OF GOOD CO-OPERATION. BUT SOLIDARITY WAS ALL THE SAME BEHAVING IN A WAY, POLITICALLY, WHICH NO OTHER TRADE UNION IN THE WORLD WAS ALLOWED TO BEHAVE. ITS POLITICAL AMBITIONS WERE EXCESSIVE. I SAID THAT I WAS SURE THAT HE KNEW THE POSITION OF THE BRITISH GOVERNMENT. WE WISHED POLAND WELL IN ITS PRESENT DIFFICULTIES AND BELIEVED THAT POLAND SHOULD BE LEFT FREE TO RESOLVE THEM WITHOUT OUTSIDE INTERFERENCE.

4. THE ECONOMIC SITUATION  
JARUZELSKI SAID THAT THERE HAD BEEN MANY MISTAKES IN THE PAST. THE MAIN AIM NOW WAS TO OVERCOME THE IMMEDIATE CRISIS AND TO LAY THE BASIS FOR LONG-TERM REFORM. 20% DROP IN COAL PRODUCTION WAS A HEAVY BLOW. BUT THE GOVERNMENT WERE WORKING ON A PLAN TO IMPROVE PRODUCTION AND WERE TALKING TO THE UNIONS. THEY HOPED THE HARVEST WOULD BE REASONABLE. HE HAD JUST APPROVED CHANGES IN THE ECONOMIC MINISTRIES WHICH HE THOUGHT WOULD BE HELPFUL. I SAID THAT THERE WERE SO MANY PLANS. COULD THE GOVERNMENT NOT PULL THEM TOGETHER INTO A PACKAGE AND PUBLISH A COHERENT REPORT? THEY NEEDED TO SHOW THE OUTSIDE WORLD THAT THEY WERE PREPARED TO TAKE VIGOROUS, URGENT AND REALISTIC ACTION. JARUZELSKI SAID THAT THE ECONOMIC RECOVERY AND STABILISATION PLAN WOULD BE READY BY THE END OF JULY. THE MAIN FEATURES WERE KNOWN. THE PLAN FOR LONG-TERM REFORM MIGHT BE PUBLISHED AFTER THE CONGRESS. THE MAIN THING WAS TO MOVE TO ACTION. IT WOULD MEAN CONSIDERABLE ADDITIONAL SACRIFICES FOR THE PEOPLE - BUT THE GOVERNMENT AND PARTY WERE TALKING TO THE UNIONS AND HOPED TO HAVE THEIR CO-OPERATION. HE MENTIONED THE PROFITABILITY IN ENTERPRISES, WORKER PARTICIPATION AND SELF MANAGEMENT AS UNDER CONSIDERATION.

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5. POLAND HAD RECEIVED A GREAT DEAL OF HELP FROM THE CMEA. ESPECIALLY THE SOVIET UNION. LATTERLY, MUCH OF THIS HELP HAD BEEN OUTRIGHT, 'NON-RETURNABLE' AS HE PUT IT. IT WAS VITALLY IMPORTANT THAT INTERNAL DEVELOPMENTS IN POLAND DID NOT OBSTRUCT THE FLOW OF ECONOMIC HELP FROM THE EAST. HE UNDERLINED THIS POINT. AS FOR THE WEST, THEY HAD DONE A LOT AND HE WISHED TO THANK BRITAIN FOR THE HELP THEY HAD GIVEN. HE KNEW BRITAIN HAD DIFFICULTIES AS WELL BUT HE COULD ASSURE ME THAT POLANDS WERE GREATER. HE HOPED BRITAIN WOULD FIND IT POSSIBLE TO HELP WITH THE RECENT REQUEST FOR SHORT-TERM FINANCIAL CREDIT ( I.E. 100 MILLION DOLLARS) AND USE HER INFLUENCE GENERALLY WITH THE UNITED STATES. HE TOOK MY POINT ABOUT THE NEED FOR BETTER AND CLEARER PRESENTATION. HE WOULD LOOK INTO THIS BUT THE MAIN PERSUASION WOULD BE EARLY ACTION. I AGREED.

6. AS REGARDS INTERNATIONAL AFFAIRS, POLAND NEEDED STABILITY IN EUROPE JUST AS SHE NOW NEEDED STABILITY AT HOME. THE POLISH GOVERNMENT LOOKED FOR A POSITIVE OUTCOME TO THE MADRID CONFERENCE AND HOPED THAT A CONFERENCE ON MILITARY DETENTE COULD BE HELD IN WARSAW. BRITAIN'S ROLE AS A REALISTIC AND EXPERIENCED COUNTRY WAS IMPORTANT. YOU HAD TWICE HAD CONTACT WITH POLISH LEADERS AT IMPORTANT AND DELICATE MOMENTS IN THE COUNTRYS HISTORY AND THE DISCUSSIONS HAD BEEN VALUABLE.

7. I ASKED HIM WHETHER HE THOUGHT THE POLISH GOVERNMENT WOULD BE ABLE TO MAINTAIN A BROAD, REFORMIST, CENTRAL CONSENSUS THROUGH AND BEYOND THE CONGRESS. HE SAID IT WOULD BE DIFFICULT BUT HE THOUGHT IT WAS POSSIBLE.

8. I FOUND JARUZELSKI, CONTRARY TO WHAT I HAD BEEN TOLD, EASY TO TALK TO, DIRECT, WITH A DRY SENSE OF HUMOUR. HIS TONE, HOWEVER, BECAME NOTICEABLY FIRM WHEN TALKING ABOUT SOLIDARITY. ON LEAVING HE ASKED ME VERY WARMLY TO GIVE HIS REGARDS TO THE PRIME MINISTER. I WAS NOT ABLE TO GLEAN ON THIS OCCASION ANYTHING ABOUT THE GROMYKO VISIT.

JAMES

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FM WARSAW 031205Z JUL

TO IMMEDIATE FCO

TELEGRAM NUMBER 478 OF 3 JULY.

INFO IMMEDIATE MOSCOW

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SAVING TO EAST BERLIN PRAGUE BONN THE HAGUE SOFIA BUCHAREST  
BELGRADE HELSINKI STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS.

VISIT OF GROMYKO

1. AT THE US NATIONAL DAY RECEPTION YESTERDAY I ASKED OLECHOWSKI, VICE MINISTER OF FOREIGN AFFAIRS, AND RAKOWSKI, VICE-PREMIER, WHAT THEY EXPECTED FROM GROMYKO'S VISIT.
2. OLECHOWSKI SAID THAT HE WAS NOT DIRECTLY INVOLVED BUT HE SUPPOSED THAT THERE MIGHT BE SOME DECLARATION OR SOME TELEVISION INTERVIEW EMPHASING THE CLOSENESS OF SOVIET/POLISH RELATIONS, THE ATTACHMENT OF POLAND TO HER ALLIES AND TO POLICIES OF DETENTE, PEACE ETC. RAKOWSKI, LOOKING VERY TIRED, SAID THAT HE SUPPOSED THE VISIT WAS A GOOD THING RATHER THAN A BAD THING. (HE IMPLIED, IN A FURTHER CONVERSATION WITH A MEMBER OF MY STAFF, THAT THE VISIT WOULD HELP KEEP THE CONGRESS MODERATE AND THAT THIS WAS DESIRABLE). HE AGREED THAT GROMYKO WOULD NOT BE COMING AS A TORPEDO. WHEN I ASKED



THE VISIT WOULD HELP KEEP THE CONGRESS  
MODERATE AND THAT THIS WAS DESIRABLE). HE AGREED THAT  
GROMYKO WOULD NOT BE COMING AS A TORPEDO. WHEN I ASKED  
WHETHER HE THOUGH THE RUSSIANS HAD ACCEPTED THE CONGRESS  
AND WERE NOW TRYING TO CONTAIN ITS EFFECTS, HE SAID  
HE SUPPOSED THAT THIS WAS THE CASE, BUT THERE WERE A  
LOT OF UNCERTAINTIES.

3. IT IS POSSIBLE THAT BOTH OLECHOWSKI AND RAKOWSKI  
WERE BEING CAGEY BUT MY IMPRESSION WAS THAT NEITHER  
KNEW EXACTLY WHAT GROMYKO HAD IN HIS BAG. ( THERE  
ARE INCIDENTALLY RUMOURS THIS MORNING THAT GROMYKO  
IS PUTTING OFF HIS VISIT HERE UNTIL AFTER YOUR VISIT  
TO MOSCOW - BUT WE HAVE BEEN UNABLE TO CONFIRM THESE).  
I MAY BE ABLE TO GLEAN SOMETHING FURTHER WHEN I CALL  
ON GENERAL JARUZELSKI, THE PRIME MINISTER, TOMORROW.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

JAMES

NNNN

X V



Miss Brown

Please arrange distribution  
We should submit this week.

FSL 2/9

THE POLISH PARTY BEFORE THE CONGRESS: 2 JULY 1981

## SUMMARY

mt

Pomie Minister  
The outlook remains uncertain.

(4)

Ant - 10/7

1. The IX Congress will be a crucial test for the Polish United Workers' Party. Major tendencies within the Party examined: reformists and hard-liners, with their respective extremist wings. A greater degree of democracy in Party life is demanded. (Paragraphs 1-3)
2. Both tendencies represented in the existing Central Committee and the Politburo. In the Party as a whole, a reactionary minority is resisting a large reformist majority. Only about 30% of the current Central Committee membership elected as delegates to the Congress. (Paragraphs 4-6)
3. Three possible results of the Congress: reformist victory; compromise outcome under moderately reformist leadership as at present; or a victory for the hard-liners. Election of delegates following Soviet pressures and the recent Central Committee XI Plenum reinforces expectations of a moderate Congress. Most of the Politburo have been elected as delegates. (Paragraphs 7 and 8)
4. Solidarity is maintaining a low profile, although its relationship with the Government could still be upset by frustration or dissatisfaction. The scope for provocative incidents is constant: there remains much tension under the surface. (Paragraphs 9-11)
5. The future is very unclear. A consensus Congress would be a victory for commonsense and moderation. But any forecast must be qualified. A reformed Party is probably needed for a peaceful solution of Poland's problems. This may take a while. It will not be possible to discount the danger of Soviet intervention for some considerable time. (Paragraph 12)



BRITISH EMBASSY

WARSAW

O11/1

2 July 1981

The Rt Hon The Lord Carrington KCMG MC  
LONDON

My Lord

THE POLISH PARTY BEFORE THE CONGRESS: 2 JULY 1981

1. The Polish Communist movement, and in particular its present vehicle, the Polish United Workers Party, is approaching one of its most crucial tests since the Comintern, on the orders of Stalin, dissolved the Polish Communist Party in 1938. The IX Extraordinary Congress to be held from 14 to 18 July will be the culmination of the Party's efforts to re-establish its identity, its unity and, most significantly, its right to reassume its leading rôle in Poland, shattered 10 months ago by the successful workers' protests of last summer and the formation of the free trade union, Solidarity. The Congress will point the way ahead for the Party and for Poland for the foreseeable future, but its outcome appears far from certain. What are the major tendencies within the Party, and what are the interests of those likely to be influential in shaping the Congress and Poland's future?
2. Two dominant tendencies can presently be discerned, the reformists and the reactionaries or hard-liners, though, as one would expect, the division is not as clear-cut as these labels would suggest. There exists a largish element of the Party membership who either have no strong leanings in either direction, or have not yet made up their minds.
3. Both tendencies have their extremist and moderate elements: the extreme wing of the reformist faction is represented by the "horizontalists", so-called because they favour lateral links and consultation amongst basic Party organisations in addition to the normal vertical channels of communication common to communist

/parties



parties throughout the world modelled on the Soviet practice of democratic centralism, ie "centralism" with little "democracy". The reformists in general either wish, or have acquiesced in the need, to inject a much greater degree of democracy into Party life than has been the case in the past. Secret ballots for Party posts, no limitation on candidates, limitation on periods of office, greater freedom for individual members to speak their minds and be heard at the top levels of the Party, are the main elements in the reformist programme. It has been heavily influenced by the popular demands for greater democracy in the country symbolised by Solidarity. The reformers have also been influenced by:

- (1) resentment against the apparatus and past leadership;
- (2) a desire for greater grass-roots participation in Party decision-making;
- (3) a longing for wider discussion and debate and a move away from arbitrary and autocratic rule at the top.

4. The views of extremists in the hard-line reactionary camp were set out recently in the Katowice Party Forum declaration which condemned the reformist tendency in the Party, demanded a return to the status quo ante Solidarity's emergence, and branded the reformists as revisionists. The Forum document might have been produced by Pravda, so close was it to the Soviet point of view on events in Poland. Although subsequently disseminated widely in the Soviet media, it was condemned by the Polish Politburo and appears to have made little serious impression on the Polish body politic. The Forum has been revived following the recent increased political pressures from the Soviet Union.

5. Both reformist and hard-line tendencies are represented in the existing Central Committee and in the Politburo. Their relative strengths in the Party membership as a whole are impossible to judge precisely, but the general impression is of a reactionary minority resisting a large reformist majority. Even the Soviet media acknowledge that a third or more of Party members are also members of Solidarity.



6. The Central Committee has lost much of its confidence and authority over the past 10 months: one by one, provincial and local Party officials have been replaced by more liberal, reform-inclined Party members and this process continued in the reporting-electoral conferences preparing for the Congress. But Central Committee membership itself has scarcely changed and a large element of the existing Central Committee is clearly no longer representative of the Party grass-roots. So it is perhaps small wonder that only about 30% of the current membership of the Central Committee have been elected as delegates to the Congress. Developments since last August have also greatly changed the composition of the Politburo, in which only 4 members - Kania, Jagielski, Jabłoński and Jaruzelski - survive from the top 14 leaders of a year ago. These 4 have retained their positions at the top throughout one of the stormiest and most uncertain periods in Poland's recent political history and they have succeeded in doing so, whilst at the same time trying to guide the Party back to self-confidence and unity. These are still their principal aims - if for no more than their own continuing self-interest.

7. There are, broadly, 3 possible results of the Party Congress: (1) a runaway victory for the reformists, with a landslide change of the top leadership, such as would set the Kremlin's hair on end; (2) a compromise outcome, uniting the moderately reformist centre of the Party under a leadership consisting largely of the existing central nucleus of Politburo members centring on Kania and Jaruzelski or other moderately reformist leaders; (3) a victory for the hard-liners, jettisoning Kania and Co and substituting a tougher, harder-line member of the present Politburo as First Secretary - an outcome which would permit the Soviet leaders to breathe a little more easily. A runaway, reformist victory, bringing a landslide leadership change, is only likely if the current strong feelings of anger, frustration, resentment and thirst for retribution felt amongst grass-roots Party members throughout the country, against the former leaders and their errors which gave rise to the present crisis, are not allowed free expression or sublimated in some way before the Congress. The

/Grabski



Grabski Commission investigating past misdeeds is designed by the current leadership largely to achieve just this. I suspect that it may not have dealt harshly enough with its victims to satisfy the tricoteuses both inside the Party and out. (2) is the generally-expected outcome, especially if Soviet pressures prove to have a limited but not decisive effect. The campaign for the election of Congress delegates has resulted in the election of 524 members of the Party apparatus delegates out of 1,964. Only 393 delegates are workers, and of the 9 full members of the Politburo, only 2 were unsuccessful. These results reinforce the expectation of a moderate Congress.

8. A victory for the hard-liners is more likely if the economic or social (law and order) climate deteriorates sufficiently to create serious disturbances leading to a chaotic internal situation and the need for heavy-handed government before the Congress. Such circumstances could frighten the moderate, middle, undecided element of the Party into believing that anarchy was too high a price to pay for intra-Party democracy and into backing the hard line, law and order tendency. But the results of the recent fierce debate at the Polish Party's XI Plenum on the letter from the Central Committee of the CPSU and the consequent reinforcement of Kania's position, backed by Army generals and provincial First Secretaries, now make this hard-line victory remote.

9. Meanwhile, the Solidarity leadership has been meshed into a working relationship with the Government by a series of commissions set up by Prime Minister Jaruzelski; they are preoccupied with their own internal regional elections (originally to be held by 10 April, but considerably delayed by events like Bydgoszcz) and they are generally maintaining a low profile in relation to the Party Congress, even affecting not to be concerned at the outcome. They seem unlikely to impinge heavily or directly upon the Party's internal struggle, although those million or so members of Solidarity who are also members of the Party will be pressing the reformist cause.

/10.



10. Solidarity's relationship with the Government could still be upset by, for example, frustration or dissatisfaction over the negotiations on any one of a number of issues under discussion. Sometimes Soviet "intervention by letter" has been effective, eg before the XI Plenum when Solidarity backed down from its threatened strike on Thursday, 11 June, against the Government's failure to publish a full report on the Bydgoszcz incident by 10 June, and deferred action pending further investigation by a Sejm Commission. This was mainly due to apprehension at Soviet reactions.

11. With law and order deteriorating in part as a direct result of the régime's continuing refusal to use force and the consequent removal of the fear of the forces of law and order, the scope for and risk of provocative incidents is constant. But the influence of the Church is important and moderating, and Solidarity itself is aware of the dangers of anti-Soviet actions. The Bydgoszcz incident may have been salutary: it gave Poland a collective peep over the precipice. Yet there remains much tension under the surface and incidents could still blow the Polish ship off course.

12. The future is, therefore, very unclear. But there are certain facts which stand out and the lines of the major tendencies within the Party have taken discernible shape. Barring totally unexpected incidents - which have been common in Poland over the past few years - it is not over-fanciful to think that the Party and country may see a "consensus Congress" and a compromise programme for the future by mid-July. This would certainly be a victory for commonsense and moderation on all sides and would probably be in the best interests of the nation as a whole. But any forecast must be hedged around with doubts. It is tempting to agree with Professor Szczepański, non-Party member of the Council of State, and an eminent sociologist, who is involved in overseeing fulfilment of last August's agreements between Government and workers, that, whatever happens, it is probably necessary for the well-being of Poland for a reformed and renewed Party to take its place at the heart of the body politic. No

/other



other solution appears likely to allow Poland to resolve her problems, renew her structures and avoid Soviet intervention. It is illusory to think that Poland will slide gently into social democracy built on a quasi-capitalist basis (or even that the majority of the reformists and members of Solidarity want this). The best the West can probably hope for is the reality of a semi-pluralist society, headed by a reformed Party, with its leading rôle accepted. This may take time to emerge. If it is not achieved, the alternatives of Soviet intervention or increasing anarchy will be bleak indeed. If it is achieved, the Soviet Union will continue to have a series of unpalatable pills to swallow and will no doubt continue to try to contain reformation at every stage. I see no point at which the danger of the Soviet Union intervening can be safely discounted for some considerable time.

13. I am sending copies of this despatch to Her Majesty's Ambassadors at Belgrade, Bonn, Bucharest, Budapest, East Berlin, The Hague, Helsinki, Moscow, Paris, Prague, Sofia, Stockholm and Washington, to the UK Permanent Representatives to NATO, the European Community and the United Nations, and to the Secretaries of State for Trade and Defence.

I am, My Lord  
Yours faithfully

*benjamins.*





Foreign and Commonwealth Office

London SW1A 2AH

9 July 1981

His Excellency  
Mr C M James CMG  
WARSAW

Dear Kenneth,

1. Thank you for your timely despatch of 2 July on the Polish Party before the Congress. I have distributed this to interested departments and am arranging for the despatch to be printed in the departmental series.
2. We agree with your general conclusion that the most likely outcome to next week's Congress will be a compromise which unites the moderate reformist centre behind Kania and Jaruzelski. Whether this is a combination capable of agreeing a plan for economic recovery and resolute enough to implement it, remains to be seen. But it is this problem that will confront the new team more immediately and more starkly than any other.
3. I agree that a victory for either the radical reformists or for the hard-liners seems more remote than might have been predicted some weeks ago. In retrospect we may need to give greater credit to Soviet pressure, culminating in the 5 June letter for precipitating a consensus within the Party. That is not to say that it is the consensus the Russians were seeking. But during the last ten months, with an apparent vacuum at the centre, undue attention may have been given to the very public struggle between the extreme orthodox and reformist factions whose influence was almost certainly incommensurate with their real support in the Party.
4. Such analysis as we have so far done of the delegates elected to the Congress, reveals the predominance of what could be termed 'middle management' in contrast to the last Congress in March 1980 when 'workers' predominated. It is reasonable to suppose that these trends will be reflected also in the elections to the new Central Committee. If so, this will then also reflect a swing away from the predominant power of the provincial centres in favour of the villages, towns and factories.
5. At the end of this particular day, however, we will probably still be left trying (like the Russians) to distinguish between varying shades of grey. Apart from the composition of the Central Committee and the Politburo, the documents

/passed



passed at the Congress may give us our first indications as to the direction the Party and leadership want to take. Thereafter it will be a question of whether they are able to take it.

6. Hypotheses abound but if a rampant reformist Congress is no longer likely it is still not clear where exactly the weight of a 'Consensus Congress' will lie. Kania and Januzelski may hope that it will be a genuine consensus lying more on the orthodox than on the reformist side. This might enable them to limit to some extent the political reforms, and as opportunities occur, to claw back from Solidarity some of the ground gained by the union during the months of uncertainty and lack of government from the centre. If, however, the consensus is only a thin compromise between moderates and conservatives then the bickering and infighting for power could well start up again fairly soon after the Congress. The effects both economically as well as politically are not difficult to imagine. I hope that the victory for commonsense and moderation to which you refer in paragraph 12 of the despatch, materialises. But I also agree that any forecast must be hedged about with doubts. The two qualities you mention are not among the first that spring to mind when describing the national characteristics of the Poles. Whatever happens the problems waiting to be resolved by whatever means, are formidable. No quick remedies can be expected.

Yours,

Niul.

N H R A Broomfield  
East European & Soviet Department

*Poland*

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

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HEAD/PLANNING STAFF  
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~~Hd/Cons Ex Unit~~  
RESIDENT CLERK  
Hd/ECD(E)

*Mr Patten*  
You may wish to be  
aware of this ~~issue~~  
~~issue~~ for 'questions'  
purposes. NB PM, I think.  
wh  
2/7

ADVANCE COPY

GRS 200

IMMEDIATE

RESTRICTED  
FM WARSAW 011300Z JUL  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 475 OF 01 JULY

JANUSZ ONYSZKIEWICZ

1. ONYSZKIEWICZ, WHO IS THE SOLIDARITY NATIONAL PRESS SPOKESMAN, IS FLYING TO DUBLIN TO ATTEND A TRADES UNION CONFERENCE ON 3 JULY. HE WILL RETURN TO POLAND VIA LONDON. HE HOPES TO SPEND 3 DAYS, FROM 11 OR 12 JULY, WITH HIS BRITISH FATHER IN LAW IN CORNWALL.

2. ONYSZKIEWICZ TOLD A MEMBER OF CHANCERY TODAY THAT HE WOULD VERY MUCH LIKE TO TAKE ADVANTAGE OF HIS STAY IN ENGLAND TO PAY A CALL ON MR LEN MURRAY AT THE TUC. HE ALSO SAID THAT HE WOULD LIKE TO MEET MR TONY BENN MP. AS TIME IS SHORT BEFORE HIS DEPARTURE, WE HAVE TOLD ONYSZKIEWICZ TO GET IN TOUCH WITH US ON FRIDAY MORNING, WHEN WE WOULD HOPE TO BE ABLE TO GIVE HIM A NUMBER TO CONTACT POSSIBLY AT THE FCO WHEN HE ARRIVES IN LONDON ON 11 OR 12 JULY. WE HAVE OBVIOUSLY NOT COMMITTED EITHER THE TUC OR MR BENN ( WE IMAGINE MR BENN MAY NOT BE RECEIVING VISITORS) BUT WOULD SUPPORT A CALL ON MR MURRAY. ONYSZKIEWICZ IS NOT ONLY A KEY

CALL ON MR MURRAY. ONYSZKIEWICZ IS NOT ONLY A KEY  
MEMBER OF THE TOP LEADERSHIP OF SOLIDARITY: HE IS ALSO,  
IN ENGLISH AT LEAST, ITS MOST ELOQUENT REPRESENTATIVE.

3. GRATEFUL TO KNOW WITH WHOM ONYSZKIEWICZ SHOULD  
GET IN TOUCH.

JAMES

NNNN

IMMEDIATE

REPLY SEE COPY

17 5827

POLAND: ADVANCE COPIES 21

117

PS  
PS/LPS  
~~PS/MR BURRER~~  
PS/MR HURD  
PS/PUS  
MR BULLARD  
MR FERGUSSON  
SIR A ACLAND  
MR P-H MOBERY  
CILLMORE  
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HEAD/PLANNING STAFF  
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~~RESIDENT CLERK~~  
Hd/ECD (E)

*no*

CONFIDENTIAL

FM WARSAW 291400Z JUN  
TO PRIORITY FCO  
TELEGRAM NUMBER 467 OF 29 JUNE  
INFO MOSCOW BUDAPEST WASHINGTON PARIS UKDEL NATO

SAVING TO EAST BERLIN PRAGUE BONN THE HAGUE SOFIA BUCHAREST  
BELGRADE HELSINKI STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

POLISH SITUATION

1. THE FOLLOWING ARE A FEW STRAWS ( AS SEEN IN WARSAW) WHICH POINT IN THE DIRECTION OF THE SOVIET UNION PLAYING IT LONG AND NOT TAKING ANY DRASTIC ACTION AGAINST POLAND BEFORE THE CONGRESS:
  - I. THE CONTINUED ABSENCE OF WARSAW PACT MILITARY PREPARATIONS FOR INTERVENTION.
  - II. THE WAY THE ELECTIONS ARE GOING. THE CAMPAIGN ENDED IN THE EARLY HOURS OF 29 JUNE WITH THE ELECTION OF OLSZOWSKI AS DELEGATE BY THE WARSAW PARTY CONFERENCE. ALTHOUGH THE WARSAW MEETING WAS PROTRACTED, AND THE POZNAN MEETING A FEW DAYS EARLIER WAS STORMY AND CONTROVERSIAL, THE LEADERSHIP APPEAR TO HAVE SUCCEEDED IN ENSURING THE ELECTION OF MOST OF THE POLITBURO, INCLUDING ALL PROMINENT HARD-LINERS. GRABSKI WAS ELECTED FROM KONIN OVER THE WEEKEND, AND KRUK, FIRST SECRETARY IN LUBLIN, SUCCEEDED AT THE

AND KRUK, FIRST SECRETARY IN LUBLIN, SUCCEEDED AT THE SECOND ATTEMPT. WHILE WE AND PERHAPS EVEN THE POLISH LEADERSHIP, CANNOT SAY WHETHER THE RANK AND FILE DELEGATES ELECTED AT THE LATER CONFERENCES ARE MORE MODERATE THAN THOSE FROM THE EARLIER ONES, IT SHOULD BE POSSIBLE, PRESENTATIONALLY, AT LEAST, FOR THE POLES TO CLAIM TO THE RUSSIANS THAT THERE IS NOW A BETTER CHANCE OF A COMPROMISE, MODERATE CONGRESS.

III. THE DESPATCH OF MESSAGES OF SUPPORT FROM TWO SOVIET REGIONAL PARTIES ( MOSCOW AND BIELO RUSSIA) TO THE WARSAW AND LUBLIN VOIVODSHIP PARTY ORGANISATIONS. AS FAR AS WE ARE AWARE, THIS IS THE FIRST TIME SUCH MESSAGES HAVE BEEN SENT, OR AT ANY RATE PUBLISHED.

IV. THE WAY IN WHICH GROMYKO'S VISIT HAS BEEN DESCRIBED BY THE POLES, "A SHORT FRIENDLY VISIT AT THE INVITATION OF THE CENTRAL COMMITTEE OF THE PARTY AND THE COUNCIL OF MINISTERS", DOES NOT SOUND AS IF THE POLES EXPECT TO BE GIVEN A WIGGING.

2. THE POLES MAY DRAW SOME COMFORT FROM THE ANNOUNCEMENT OF BREZHNEV'S VISIT TO THE FRG AT THE END OF THE YEAR. THEY WILL NOT ONLY SEE IT AS A SORT OF SOVIET HOSTAGE TO FORTUNE BUT AS CONTINUED PROOF OF THE SOVIET DESIRE TO MAINTAIN STABILITY IN CENTRAL EUROPE.

3. WHEN THE AMERICAN AMBASSADOR HERE CALLED RECENTLY ON THE SOVIET AMBASSADOR, HE WAS STRUCK BY ARISTOV'S EVIDENT DESIRE TO SUGGEST THAT THE SITUATION IN POLAND WAS DIFFICULT BUT NOT ABNORMAL, THAT THE CONGRESS WOULD TAKE PLACE AS PLANNED AND THAT THE SOVIET UNION WOULD HAVE TO SEE WHAT CAME OUT OF IT. MEEHAN AGREED THAT ARISTOV MIGHT HAVE SAID THIS EVEN IF SOVIET TANKS WERE REVVING UP ON THE BORDER, BUT HE JUDGED IT WAS MORE THAN THAT.

4. IN CONTRAST TO THE ABOVE, SOME OF OUR POLISH CONTACTS SEEM VERY GLOOMY AND IMPLY THAT SOVIET PRESSURE IS HEAVY AND UNREMITTING. THERE MAY NOW ALSO BE A MORE GENERAL GLOOM-MAKING RECOGNITION OF HOW ALARMING THE ECONOMIC SITUATION IS AND HOW HARD ECONOMIC REALITIES WILL BEAR ON POLAND WHATEVER MAY BE THE OUTCOME OF THE CONGRESS.

FCO PLEASE PASS ALL SAVING ADDRESSEES.



Poland

10 DOWNING STREET

Prime Minister.

ms

As you will see there is  
a major disagreement between  
the Foreign Secretary & the  
Chancellor as to how far to  
go in bailing out the  
Polish economy. The Foreign  
Secretary is considering the  
Chancellor's minute.

—  
And

From: THE PRIVATE SECRETARY



*cc Pass*  
*na*  
*MAD*

HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT

29 June 1981

*Dear mine*

THE REMAINS OF GENERAL SIKORSKI

You will wish to know that the Home Secretary intends to make an announcement about the remains of General Sikorski by way of a Written Answer in reply to a Question from Mr Winston Churchill MP in the Commons at 3.30 ... tomorrow (Tuesday). I attach a copy of the statement, which has been agreed with the Foreign and Commonwealth Office. The statement will be repeated in the Lords and arrangements are in hand for Lady Airey to table the Question there. A copy of this goes to Francis Richards (FCO).

*Yours ever*

*Aden T...*

(A P JACKSON)

M A Pattison Esq



WRITTEN REPLY TO PARLIAMENTARY QUESTION

To ask the Secretary of State for the Home Department whether he has received an application for a licence authorising the removal of the remains of the late General Sikorski; what decision he has reached; and if he will make a statement.

---

I have received an application for a licence to remove the remains of General Sikorski, with the suggestion that the removal should be linked with the anniversary of his death on 4 July. Under Section 25 of the Burial Act 1857 it is an offence, subject to exceptions, to remove any interred human remains without the licence of the Home Secretary and subject to such precautions as he may prescribe.

I have given full and careful consideration to all the issues involved in this case. I am unconvinced at the present time that the relevant criteria for meeting the application have yet been satisfied. I do not therefore propose to grant a licence to enable the remains of General Sikorski to be returned to Poland by 4 July. The applicant and the Polish Government are being informed of this.



FCS/81/86

CHANCELLOR OF THE EXCHEQUER

Polish Economy

1. Thank you for your letter of 23 June about M. Delors' proposal.
2. While I understand your concern I think it would be wrong to isolate ourselves and send an immediate negative reply to M. Delors. We should at least give time for consultation with our closest partners. The general question of Poland will come up at the European Council on 29/30 June when no doubt views will be expressed on the Polish economic crisis.
3. If before then the French decide to call a meeting of representatives either of the four governments who were approached by the Poles or of the fifteen members of the Creditors Group, I do not think we could refuse to participate in order to hear what others had to say even though we would of course make it clear that we should be doing so without commitment.
4. I am copying this minute to the Prime Minister and Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office

25 June 1981

CONFIDENTIAL

Ref. A05161

MR. ALEXANDER

---

Aid to Poland

It seems likely that the Foreign and Commonwealth Secretary may wish the Prime Minister to resolve the difference between himself and the Chancellor of the Exchequer which is set out in his minute to the Chancellor of the Exchequer dated 22nd June and the latter's reply on 23rd June. The problem, which is likely to come up at next Monday's European Community Heads of Government meeting, arises from the Polish request to ourselves and our principal European partners (including the Swiss Central Bank) for \$500 million in additional financial assistance to enable Poland to make use of existing lines of credit. Mr. Czyrek explained to the Prime Minister on 19th June how lack of liquidity was preventing Poland from drawing on these. The proposal is formally set out in the attached translation of a letter from the French Finance Minister, Monsieur Delors, to the Chancellor of the Exchequer: the British share amounts to \$100 million in short-term financial credits for six months. The Foreign and Commonwealth Secretary recognises that the economic case for giving yet more help to Poland is weak, but believes that the Government should make a favourable response in the particular circumstances prevailing at present. In his view if each of the creditor countries were to contribute \$30 million, the total figure would come close to that for which the Poles have asked.

2. The Chancellor of the Exchequer considers that the proposal should be rejected. He believes that a number of other creditor countries, including West Germany and the Italians, are unlikely to be enthusiastic and that if this country shows an interest, we might be asked for considerably more than \$30 million. Secondly he is doubtful if even \$500 million will turn the Polish economy round. It would be more likely to go to finance the Polish deficit for the rest of the year,

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and simply become an addition to the already large total Polish debt. Thirdly he knows that the Bank of England would be very reluctant to join in such a venture. It is the Bank's view that the Polish economy is already in a disastrous state and that the socio-economic forces at work in that country are likely to worsen rather than improve it. Massive economic assistance has already been given to Poland by the West. There must be real doubt whether the debt relief operations will survive in their present form. The Bank does not believe that additional Western assistance on the scale this country is likely to be willing or able to afford, can make much contribution towards bringing the Polish economy round within a reasonable time, or that any such assistance will make the repayment of existing loans more likely. The Bank is also concerned that what is done for Poland will create precedents for dealing with other bankrupt countries some of which may be military allies or countries with greater claim on British benevolence than Poland.

3. The difficulty about this problem is that the Chancellor of the Exchequer is presenting arguments on the financial and economic level which are unanswerable in those terms. But the case which the Foreign and Commonwealth Secretary is putting forward is entirely political.

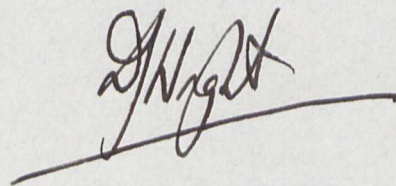
4. It is a relevant factor that part of the reason for the immediate problem is the breakaway move by 11 American banks at the end of last week. If American financial institutions can take this hard-nosed attitude despite the presence of a very substantial Polish community in the United States, there do not seem to be strong reasons for the United Kingdom to adopt a more benevolent attitude towards Poland, particularly if the Poles used any extra assistance from this country to ease their problems with their more pressing creditors, which would probably include the American banks.

5. The initial reactions of the West Germans and Canadians seem to bear out the Chancellor of the Exchequer's scepticism. There appears to be a clear possibility that the whole proposal may collapse for lack of support. In these circumstances this country might be awkwardly placed if we had come forward too soon with a clear offer of more assistance. But if the matter cannot be

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resolved like this and a specific reply has to be given at or very soon after the meeting next Monday, the Foreign and Commonwealth Secretary might be invited to take the necessary decision in relation to his own suggested offer of \$30 million. It would however be a condition that the necessary guarantee would be attached to the unallocated margin of the aid budget rather than the contingency reserve, and it would be the aid budget which would bear the brunt of a Polish default next December.

A handwritten signature in black ink, appearing to read 'D.J. Wright', with a long horizontal line extending from the end of the signature.

D.J. WRIGHT

24th June, 1981

CONFIDENTIAL

LETTER FROM M DELORS TO THE CHANCELLOR

Paris .

19 June 1981

UNOFFICIAL TRANSLATION

During the lunch organised by the OECD on 17 June, on the occasion of the Ministerial conference, I discussed with a few of our colleagues the financial difficulties of Poland. I would like to let you know about the proposals which I put forward then.

As you know, many indices confirm the existence of Poland's urgent need for short-term liquid assets in currency. Thus the meeting of experts representing Western countries, held in Paris on 1 and 2 June last, revealed a need for cash, which is essential in order to allow the use of lines of credit made available to Poland by Western countries. The amount of this need was estimated by Poland at \$500 million. At the end of this meeting the experts agreed to recommend to their governments the taking of several different technical measures designed to facilitate and to accelerate the procedures for using the available lines of credit. These measures would consist, on the one hand, of a reduction of the downpayments on food products and on imports financed by credits of less than two years; the level of downpayments could be reduced from 15% to 5% maximum. On the other hand, the operation of available lines of credit could be made more flexible, so that these lines could be used to finance Poland's priority import requirements.

Taking account of all aspects of the situation in that country, it seems to me essential that everything possible should be done to implement these recommendations as quickly as possible. In this way we could demonstrate Western solidarity in favour of Poland at a particularly critical moment.

There is however room to fear that these efforts to accelerate the disbursement of credits would be insufficient

to deal with the most immediate needs. It seems to me that, on a wholly exceptional basis, we might ask our Central Banks to examine whether it might be possible for them to maintain Poland's liquidity, using for this purpose the BIS. It would follow that corresponding negotiations would take place confidentially between the BIS and the Polish Central Bank. To this end it would be possible to ask the BIS to explore possible methods of such an intervention as quickly as possible. I suggest that we ask our Central Bank governors to examine very quickly what action they might take over this proposal.

It seems to me that such a solution would meet the requests contained in the memorandum recently sent to our Ambassador in Warsaw by the Polish authorities.

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WR  
See

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

23 June 1981

The Rt. Hon. Lord Carrington PC KCMG MC  
Secretary of State for Foreign and Commonwealth  
Affairs

*Dear Foreign Secretary*

POLISH ECONOMY

I have still not received the expected letter from the French Finance Minister M Delors but I understand that it will contain a request on the lines indicated in your minute of 22 June. — *WKP*

I do not think we should accede to this request. First I think we should be almost alone in doing so. The German response so far has been very cool. So has the Italian. To judge by their attitude in previous Paris discussions the small creditor countries are likely to be hostile and will not see why they should take an equal share in the rescue operation. If we showed an interest but offered only \$30 million we should soon find either that the venture collapsed or that we should be asked for considerably more.

Second I doubt very much if even \$500 million will be enough. There is no evidence that the Polish trade deficit can be cut this year to the extent necessary. Exports are falling and imports have not been cut back as much as they should. Relatively little new credit is on offer in forms which the Poles can readily use. Instead of forming a "pump priming" fund to get things moving again I believe the \$500 million would merely go to finance the deficit for the rest of the year.

Third, the Bank of England would be very reluctant to join in such a venture. There is no security for a loan on the scale proposed. The Polish gold reserves are totally inadequate and are in any case thought to be pledged already. So the central banks would look to Governments for support. If the Bank of England were to join in, any such guarantee would have to be given by the Foreign Office and the contingent liabilities regarded as a potential charge against your public expenditure programmes. The risk that the guarantee would be called is so great that I do not believe you would want to take it on these terms.

/Fourth - although



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Fourth - although this is a matter for you, not for me - I doubt very much if even credit on this scale would achieve its political objective. It could not produce any significant improvement in the living standard of the Polish people and certainly not in the runup to the Party congress next month. It might conceivably avoid the Western powers being blamed collectively for the Poles' economic problems. But in my view if the hardliners are going to take over in Poland they will do so irrespective of any excuses we may offer them. And any initiative of this kind without American participation seems very unlikely to succeed.

I therefore remain strongly opposed to British participation in a scheme of this kind. Unless you and the Prime Minister, to whom I am copying this letter, feel otherwise, I propose to reply to M Delors to say that we cannot join in. A copy also goes to Sir Robert Armstrong.

*Yours sincerely*  
*Peter Jenkins*

for GEOFFREY HOWE  
(Approved by the Chancellor of the Exchequer and signed in his absence)



FCS/81/84

CHANCELLOR OF THE EXCHEQUER*Prime Minister*

②

*See attached (v. gloomy)  
assessment of the Polish economy  
just received from Warsaw*

*Ambs*POLISH ECONOMY

1. Since our last OD meeting on 20 May to discuss the Polish economic situation the situation in Poland has given increasing cause for anxiety. Both economic and political factors have heightened the sense of crisis. We are now entering a critical phase in the run-up to the Polish Party Congress.
2. I believe that the Congress may represent the first and last opportunity for the supporters of a more liberal and popularly supported administration in Poland to establish their position and obtain the mandate they need to offer the country firm leadership, on which both economic and political stability will ultimately rest. I believe that it is in the broadest Western interest that they should be given this chance.
3. But the Poles' economic problems are now so acute that immediate disaster threatens. There is the risk of default or a moratorium, leading to economic collapse and political unrest, which in turn could scarcely fail to precipitate a Soviet intervention. Our whole strategy for handling the Polish crisis since last autumn would then have failed, and we should have entered a new and potentially fateful period in post-war relations in Europe.
4. Western Governments have done their part in responding to Polish appeals, but the banks, particularly the American banks, have so far been less helpful. This and other factors have led to an acute liquidity problem. As you know the Poles have now

/asked



asked us and our principal European partners (and the Swiss Central Bank) for \$100 million each in short term financial credits. The French Finance Minister, M. Delors, has proposed that the Central Banks of the 15 creditor countries should jointly provide a credit to be syndicated by the BIS in order to meet the immediate requirements of the Polish Central Bank.

5. I recognise that the economic case for giving yet more help to Poland is weak, and that we cannot continue doing so indefinitely. But in the particular circumstances I describe, I believe that we should respond favourably. If each of the creditor countries were to contribute \$30 million the total figure would come close to that for which the Poles have asked. It should be in our power to raise this sum in the present very exceptional circumstances, and what I heard this week from the Polish Foreign Minister has convinced me that it would be right to make the necessary special effort. I very much hope that you will be able to agree to this.

6. I am copying this minute to the Prime Minister.

C  
(CARRINGTON)

Foreign and Commonwealth Office

22 June 1981

POLAND: ADVANCE COPIES

*1981 23*

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

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ASSESSMENTS STAFF  
CABINET OFFICE

ADVANCE COPY  
**IMMEDIATE**

*L.P. Bridgall*  
*MR EVANS*  
HEAD/EESD  
HEAD/DEFENCE D  
HEAD/FUSD  
HEAD/WED  
HEAD/NEWS D  
HEAD/PLANNING STAFF  
~~RESIDENT CLERK~~

*DOT*

*AD ERO*  
*HY TREP*

GRS 1200  
CONFIDENTIAL  
FM WARSAW 220700Z JUN  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 455 OF 19 JUNE  
AND TO PRIORITY DOT, ECGD, BANK OF ENGLAND, TREASURY, MODUK  
INFO PRIORITY PARIS.

YR TELNO 311 AND MONTGOMERY'S LETTER TO MELHUISE  
OF 11 JUNE: POLISH ECONOMIC PROSPECTS FOR 1981

IN THE CURRENT STATE OF CONFUSION AND UNCERTAINTY REGARDING  
POLAND'S SHORT-TERM ECONOMIC AND FINANCIAL CIRCUMSTANCES IT  
IS IMPOSSIBLE TO DO MORE THAN UPDATE SUCH INFORMATION

AS WE HAVE ON THE CRITICAL AREAS OF THE ECONOMY: ATTEMPT  
A HIGHLY SPECULATIVE LOOK AT WHAT MIGHT HAPPEN IN THEM  
OVER THE NEXT 6-12 MONTHS: AND HAZARD A GUESS ON THE IMMEDIATE  
OUTLOOK AND THE CONSEQUENCES IF OUR WORST FEARS MATERIALISE.  
AS WE HAVE SAID PREVIOUSLY WE BELIEVE POLAND'S CURRENT PLIGHT TO BE  
UNIQUE FOR A POST WAR INDUSTRIALISED COUNTRY, ESPECIALLY  
A STATE TRADING ONE, AND WE SUSPECT STRONGLY THAT ALL  
CONCERNED ( NOT LEAST THE POLES THEMSELVES) ARE GROPING  
IN THE DARK.

CONCERNED ( NOT LEAST THE POLES THEMSELVES) ARE GROPING  
IN THE DARK.

#### INDUSTRIAL AND AGRICULTURAL PROSPECT

2. INDUSTRIAL OUTPUT IS CONTINUING TO DECLINE AS THE EFFECTS OF SHORTAGES OF IMPORTED RAW MATERIALS AND COMPONENTS BITE EVER MORE DEEPLY. THESE SHORTAGES AFFECT BOTH INDUSTRIES PRODUCING INVESTMENT GOODS AND THOSE PRODUCING FOR DOMESTIC CONSUMPTION AND EXPORT, ALTHOUGH THE SHORTAGES FOR THE FORMER ARE PROBABLY MORE PRONOUNCED. JARUZELSKI TOLD THE SEJM ON 12 JUNE THAT INDUSTRIAL PRODUCTION IN THE FIRST 5 MONTHS OF 1981 WAS 12% DOWN ON 1980 WITH THE FIGURES FOR MAY SHOWING AN EVEN SHARPER DOWNTURN OF 18%. EVEN IF THE DECLINE IS SOMEHOW ARRESTED, INDUSTRIAL PRODUCTION IN 1981 IS LIKELY TO BE AT LEAST 15 PER CENT LOWER THAN IN 1980. COAL PRODUCTION, A CRITICAL FACTOR, WILL PROBABLY NOT EXCEED 165 MILLION TONNES AND COULD BE LESS. THE POLES HOPE TO EXPORT 18.5 MILLION TONNES OF COAL THIS YEAR, OF WHICH ROUGHLY HALF WOULD BE TO THE WEST, BUT IN ORDER TO ACHIEVE THIS THEY WILL HAVE TO DIVERT SUPPLIES AWAY FROM THE DOMESTIC MARKET FIRM ACTION WILL BE NEEDED TO BRING THIS ABOUT AND DETAILED PLANS HAVE STILL TO BE ANNOUNCED.

AGRICULTURAL PROSPECTS 43043'3,5 - 84)6 7480:8 'DOT ON THE HORIZON AT PRESENT, BUT EVEN WITH A GOOD GRAIN HARVEST POLAND WILL STILL REQUIRE SUBSTANTIAL IMPORTS OF GRAIN AND FODDER IN 1981/1982 TO REBUILD HERDS AND MAINTAIN FOOD SUPPLIES. IT WILL TAKE SEVERAL YEARS OF GOOD HARVESTS BEFORE SUPPLIES OF MEAT IMPROVE SIGNIFICANTLY. SO FAR THIS YEAR WE BELIEVE POLAND HAS IMPORTED APPROACHING DOLLARS 1 BILLION OF FOODSTUFFS AND EVEN THIS HAS BEEN INSUFFICIENT TO PREVENT SHORTAGES. THE PROSPECTS FOR IMPORTS FOR THE REST OF THE YEAR HINGE ON THE AVAILABILITY OF CREDIT AND THE POLES ABILITY TO UTILISE IT WITHOUT IMPORTS EG OF MEAT AND FODDER, THE EXISTING SHORTAGES WILL GET WORSE. AS FAR AS WE CAN JUDGE THE AUTHORITIES ARE DISTRIBUTING IMPORTED FOOD AS SPEEDILY AS THEY CAN IN ORDER TO KEEP THE RATIONING SYSTEM IN SOME SEMBLANCE OF OPERATION.

#### BALANCE OF PAYMENTS PROSPECTS

3. ACCORDING TO THE LATEST POLISH TRADE STATISTICS, IN THE FIRST FOUR MONTHS OF 1981 POLAND HAD AN OVERALL TRADE DEFICIT OF ABOUT DOLLARS 2.4 BILLION, OF WHICH DOLLARS 655 MILLION WAS WITH NON-SOCIALIST COUNTRIES. HEAD OF THE FOREIGN TRADE RESEARCH INSTITUTE TOLD MELHUISE IN CONFIDENCE RECENTLY THAT HE WAS FORECASTING A HARD CURRENCY RECEIPT

FOREIGN TRADE RESEARCH INSTITUTE TOLD MELHUISH IN CONFIDENCE RECENTLY THAT HE WAS FORECASTING A HARD CURRENCY DEFICIT THIS YEAR IN THE REGION OF DOLLARS 2-3 BILLION. HOWEVER THE POLES INABILITY TO RAISE NEW CREDITS, AND THE POSSIBLE UNWILLINGNESS OF HER SOCIALIST PARTNERS TO SUSTAIN A HIGH LEVEL OF TRADE SURPLUSES WITH POLAND FOR THE REST OF THIS YEAR, MAY SET A MUCH LOWER LIMIT ON THE SIZE OF THE POLISH TRADE DEFICIT. OF COURSE, THE RESULTANT CUTTING-OFF OF SUPPLIES OF DESPERATELY NEEDED RAW MATERIALS, COMPONENTS AND AGRICULTURAL INPUTS WOULD HAVE DISASTROUS EFFECTS ON POLISH INDUSTRY, AGRICULTURE, EXPORTS AND DOMESTIC SUPPLIES. THE FALL IN NATIONAL INCOME COULD THEN WELL BE IN THE REGION OF 25 PER CENT SUGGESTED BY WILLIAMSON.

#### FINANCIAL SITUATION

4. DESPITE THE SERIOUSNESS OF THIS OUTLOOK, DIFFICULTY FROM THE POINT OF VIEW OF THE POLISH AUTHORITIES THE MOST PRESSING WOULD SEEM TO BE IMMEDIATE LIQUIDITY PROBLEMS AND POLAND'S ABILITY TO RAISE NEW FINANCE OVER THE COMING MONTHS. THE AIDE MEMOIRE REQUESTING THE IMMEDIATE DEPOSIT OF DOLLARS 100 MILLION OF SHORT TERM MONEY WITH BANK HANDLOWY ( OUR TELNO 437 ), THE PLEASE MADE BY KARSKI TO POWNALL IN POZNAM ( OUR TELNO 452 ) AND THE SUBSEQUENT AMPLIFICATION OF POLAND'S NEEDS, ALL POINT TO INCREASING DESPERATION OVER THE PROSPECTS, NOT JUST FOR THE NEXT SIX MONTHS, BUT FOR THE NEXT FEW WEEKS. WE BELIEVE THAT THE POLES ARE FACING GREAT DIFFICULTY IN MEETING THEIR FINANCIAL COMMITMENTS FALLING DUE IN THE IMMEDIATE FUTURE. (WE UNDERSTAND FOR EXAMPLE THAT THE BANK HANDLOWY HAS ALREADY EXCEEDED THE REDEMPTION DATE OF A DOLLAR 30 MILLION FLOATING BILL). UNLESS POLAND IS ABLE TO SECURE ACCESS TO SUBSTANTIAL AMOUNTS OF SHORT TERM FINANCIAL CREDITS AT ONCE THERE MUST BE A VERY REAL RISK OF DEFAULT. IN SUCH A SITUATION WE THINK THE POLISH AUTHORITIES WOULD INSTEAD TO DECLARE A UNILATERAL MORATORIUM. IN ANY CASE THE WITHDRAWAL BY WESTERN BANKS OF NORMAL BANKING FACILITIES TO THE BANK HANDLOWY, AND THE RELUCTANCE BY COMMERCIAL BANKS TO GUARANTEE LETTERS OF CREDIT ETC, MUST BE CREATING ENORMOUS PROBLEMS FOR THE BANK HANDLOWY IN ITS CONDUCT OF DAY TO DAY BANKING ACTIVITY, WITH THE CONCOMMITANT RISK OF DEFAULT BY ACCIDENT.

5. AGAINST THIS BACKGROUND, THE NEWS THAT 11 LEADING  
BANKS ARE SHOWING GREAT RELUCTANCE TO PROCEED

5. AGAINST THIS BACKGROUND, THE NEWS THAT 11 LEADING US BANKS ARE SHOWING GREAT RELUCTANCE TO PROCEED WITH THE BANKS RESCHEDULING EXERCISE ON TERMS ACCEPTABLE TO THE POLES MUST HAVE COME AS A GRIEVOUS BLOW, NOT ONLY FOR WHAT IT IMPLIES FOR POLAND'S ABILITY TO FINANCE HER ENORMOUS PAYMENTS GAP, BUT ALSO THE MORALE AMONG THE RELATIVELY SMALL GROUP OF POLISH MINISTERS AND OFFICIALS ENGAGED IN ALL OF THE CURRENT FINANCIAL EXERCISES. IT SEEMS UNLIKELY THAT THEY CAN EXPECT SALVATION FROM THEIR SOCIALIST PARTNERS - THE SIGNS ARE THAT THE LATTER HAVE GONE AS FAR AS THEY ARE PREPARED TO IN PROVIDING FINANCIAL ASSISTANCE TO POLAND, AND THAT THEY TOO ARE RESIGNED TO WHAT INCREASINGLY SEEMS LIKELY TO HAPPEN. THE UMBRELLA THEORY SEEMS TO BE WILTING.

#### GENERAL ECONOMIC PROSPECTS

6. IF THE WORST SHOULD HAPPEN, AND POLAND GOES INTO DEFAULT OR DECLARES A MORATORIUM, WE ASSUME THAT ALL FURTHER FINANCIAL ASSISTANCE AND NEW CREDITS WILL BE WITHHELD, LEAVING THE POLES AND THEIR CREDITORS TO PICK UP THE PIECES AS BEST THEY CAN. IT IS DIFFICULT TO PREDICT WHAT WOULD THEN HAPPEN TO THE POLISH ECONOMY. FOR EXAMPLE WOULD THERE BE SCOPE FOR POLAND TO USE SUCH EXPORT EARNINGS AS MAY BE GENERATED TO PAY FOR IMPORTS IN CASH, OR WOULD ANY EARNINGS BE APPROPRIATED BY POLAND'S CREDITORS TO MEET INTEREST PAYMENTS ETC ON THE ACCUMULATED DEBTS? IF THE LATTER, THEN WIDE AREAS OF POLISH INDUSTRY WOULD CEASE TO FUNCTION

AS THEY RAN OUT IMPORTED ESSENTIALS: THE REBUILDING OF ANIMAL NUMBERS WOULD BE SET BACK BY FODDER SHORTAGES: AND THE CONSUMER WOULD FACE EVEN WORSE SHORTAGES, FOR EVERY THING FROM DRUGS TO FOOD. THE EXTENT OF THE DECLINE WOULD DEPEND ON MANY FACTORS, INCLUDING THE POLES ABILITY TO BOOST PRODUCTION OF ITEMS WHICH DO NOT REQUIRE IMPORTED INPUTS, AND THE LEVEL OF HELP RECEIVED FROM COMECON COUNTRIES. AT BEST, POLISH OUTPUT MIGHT BE SOME HALF TO TWO THIRDS OF ITS POTENTIAL. EVEN AGRICULTURE WOULD BE AFFECTED BY SHORTAGES OF VITAL INPUTS, ALTHOUGH FARM LABOUR WOULD BE BOOSTED BY UNEMPLOYMENT. IN THIS QUOTE DOOMSDAY UNQUOTE SCENARIO BOTH INTERNAL AND EXTERNAL POLITICAL AND SOCIAL MANIFESTATIONS WOULD BE WHOLLY UNPREDICTABLE, BUT ARE UNLIKELY TO FAVOUR THE MAINTENANCE OF INTERNAL STABILITY.

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SAVING TELEGRAM

BY BAG  
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TO FCO

FROM MOSCOW 220900Z

TO FCO TELNO 7 SAVING

INFO SAVING WARSAW, PRAGUE, WASHINGTON, PARIS, BONN, UKDEL NATO

MY TELNO 344: SOVIET COMMENT ON POLAND

1. Both Pravda and Izvestia of 19 June printed lengthy summaries of the hard-line Rude Pravo editorial reported in Prague telno 138. Trud of 19 June reported that leaflets had been distributed in Poland calling for the formation of a Polish Labour Party to consist solely of Solidarity members and denounced this as the work of "counter-revolutionaries". A Polish war veteran interviewed in Komsomolskaya Pravda of 20 June said that the Poles, "retreating step by step in the face of the onslaught of internal counter-revolution" had reached a critical point. The crisis had long ceased to be a factor of local significance and was being used by imperialist forces to strike at the whole of the socialist community.

2. Zamyatin, Chief of the Central Committee's International Information Department included a lengthy section on Poland in remarks on Soviet television on 20 June. He noted that every force in Poland had its own interpretation of "renewal". The PZPR view, which the Soviet Union supported, was that this meant a "return to socialist norms". But Solidarity extremists - "not its masses which have been misled by the machinations of those circles" - were aiming to create anarchy to force the removal of the socialist leadership. Zamyatin

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attacked Solidarity extremists for "defaming cadres", and for launching a "frontal attack" on the PZPR in connection with the forthcoming Congress. They were trying to get their own supporters elected for the Congress and "thus seeking to create such a composition of the Party Congress that could lead to the revision of the Marxist-Leninist party in Poland and maybe even to its split". Zamyatin's tone was pessimistic: he said the situation had not improved. He did however say that the CPSU Central Committee thought that there was still an opportunity to avert national catastrophe but added that the time had come for "decisive action" so that Poland should really be taken out of its catastrophic situation.

KEEBLE

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TEL NO 305 OF 16/6

AND TO ROUTINE WARSAWN MOSCOW UKDEL NATO

AND SAVING TO PRAGUE, EAST BERLIN, SOFIA, BUCHAREST AND BELGRADE

POLAND: HUNGARIAN ATTITUDE

1. THE MEDIA CONTINUES TO TAKE A TOUGH LINE ON POLAND AND THE DANGER OF COUNTER REVOLUTION (MY TEL NO 304 NOT TO ALL) WHILE STILL DECLARING TRUST THAT THE POLISH COMMUNISTS AND PATRIOTS CAN SOLVE POLAND'S PROBLEMS. THERE IS, HOWEVER, INCREASING GLOOM IN BUDAPEST THAT THE RUSSIANS WILL TAKE A DIRECT HAND. IN PRIVATE, COMMENTATORS AND OFFICIALS DRAW PARALLELS WITH 1956 AND 1968 AND ARE FEARFUL THAT THE INCONCLUSIVE RESULT OF THE LETTER OF THE CPSU CENTRAL COMMITTEE (PUBLISHED HERE IN FULL ON FRIDAY JUNE 12) WILL DETERMINE THE RUSSIANS TO ABORT THE POLISH PARTY CONGRESS. ONE OF HUNGARY'S MOST RESPECTED JOURNALISTS HAS TOLD ME THAT HE REGARDS SOVIET INTERVENTION AS INEVITABLE AND THAT HIS VIEW IS WIDELY SHARED BY PARTY COLLEAGUES. OUR OTHER CONTACTS TEND TO CONFIRM THIS.

2. WHATEVER HAPPENS THE HUNGARIANS SEE THEMSELVES AS INEVITABLE LOSERS. IF THE PRESENT SITUATION STAGGERS ON FROM BRINK TO BRINK, THE FRAGILE HUNGARIAN ECONOMY WILL SUFFER FROM POLAND'S COLLAPSE. IF THE RUSSIANS INVADE AND HUNGARY PAYS EVEN THE MINIMUM LIP SERVICE AND SENDS A FIELD AMBULANCE, SHE WILL BE TARRED WITH THE REST OF THE WARSAW PACT. AND IF HUNGARY TRIES TO STAY APART, SHE WILL BE VICTIMISED BY THE SOVIET UNION. THESE CONSIDERATIONS, RATHER THAN FEARS OF POLISH INFECTION, SEEM THE REAL DETERMINANTS OF THE HUNGARIAN POLICY. PLUS THE PREVALENT

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VIEW HERE, AFTER PRAGUE AND AFGHANISTAN, THAT WESTERN SANCTIONS WEAR OFF AFTER A YEAR OR TWO. IT LOOKS THEREFORE AS THOUGH FORCE OF CIRCUMSTANCE IS BRINGING THE HUNGARIANS RELUCTANTLY INTO LINE BEHIND THE CZECHS AND EAST GERMANS.

3. FCO PLEASE PASS TO SAVING ADDRESSEES.

BIRCH

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FM WARSAW 121410Z JUN 81

TO IMMEDIATE F C O

TELNO 439 OF 12/6/81

INFO IMMEDIATE MOSCOW AND ROUTINE EAST BERLIN, PRAGUE, PARIS, BONN, WASHINGTON, THE HAGUE, UKDEL NATO AND MODUK.

INFO SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

MY TELNO 438 POLAND'S 11TH PLENUM. *ms*

1. THE PLENUM DECREE ATTEMPTS TO SATISFY SOME OF THE SOVIET DEMANDS, PARTICULARLY ON THE MEDIA, THE PARTY AND TRADES UNION ACTIVITY, WITHOUT ABANDONING THE ODNOWA, POSTPONING THE CONGRESS

OR ALTERING THE ELECTORAL PROCEDURES. BUT THERE ARE FEW CRUMBS OF COMFORT FOR THE SOVIET UNION AND THE SOVIET LEADERS ARE MORE LIKELY TO BE IMPRESSED BY WHAT IS MISSING THAN WHAT IS INCLUDED. THE SOVIET LETTER STRESSED THAT IN THE PAST KANIA AND JARUZELSKI HAD SAID THE RIGHT THINGS BUT HAD NOT PUT THEM INTO PRACTICE. THE PLENUM DECREE LIKEWISE SAYS A NUMBER OF THINGS ABOUT THE IMPORTANCE OF THE SOVIET ALLIANCE ETC WHICH WILL BE MUSIC TO THE RUSSIANS' EARS. BUT THE ACTUAL MEASURES IT ENVISAGES ARE SLIGHT.

2. I HOPE SIR CURTIS KEEBLE WILL FORGIVE ME IF I PUT DOWN A FEW THOUGHTS ON THE OPTIONS NOW OPEN TO THE SOVIET UNION AS SEEN FROM WARSAW.

THOUGHTS ON THE OPTIONS NOW OPEN TO THE SOVIET UNION AS SEEN FROM WARSAW. THERE IS A GOOD DEAL OF EVIDENCE TO SUGGEST THAT THE SOVIET UNION WISHED TO DISPLACE KANIA AND PUT IN HIS PLACE A HARD-LINE FACTION. THEY HAVE FAILED AND THE PARTY HAS RALLIED ROUND KANIA - AT LEAST FOR THE TIME BEING. THEY MUST NOW BE CONSIDERING WHAT FURTHER PRESSURES THEY CAN BRING TO BEAR ON THE POLES, EITHER TO EFFECT CHANGES IN THE LEADERSHIP OR TO ENGINEER A POSTPONEMENT OF THE CONGRESS. SUCH MEASURES MIGHT INCLUDE : A WARSAW PACT MEETING A SOVIET/POLISH SUMMIT, RENEWED WARSAW PACT MANOEUVRES, "STRENGTHENING" OF THE LINES OF COMMUNICATION ( AS THREATENED IN THE ANONYMOUS TELEX MESSAGE SENT TO 3 WESTERN NEWS AGENCIES IN WARSAW ON THE EVE OF THE PLENUM), ECONOMIC SANCTIONS, FURTHER ACTS OF PROVOCATION WITH A VIEW TO CREATING DIVISIONS IN THE PARTY AND AN ATMOSPHERE OF ANARCHY. THEY HAVE TRIED SOME OF THESE THINGS BEFORE, WITH NO GREAT-SUCCESS. THEY MUST REALISE THAT IN THEIR PRESENT MOOD THE POLES CONTINUE TO BE DIFFICULT TO INTIMIDATE. I SUPPOSE IT IS POSSIBLE THAT THEY WILL ALLOW EVENTS TO RUN THEIR COURSE, WHILE MUSCLE-FLEXING ON THE SIDELINES, AND HOPE TO CONTROL THE COURSE AND THE OUTCOME OF THE CONGRESS. BUT THAT WOULD BE AN ADMISSION OF FAILURE, THE FAR-REACHING CONSEQUENCES OF WHICH THEY WOULD HAVE TO PONDER.

3. THEY MUST BE ALSO EXERCISED BY THE FACT THAT THOUGH THE ECONOMIC SITUATION IN POLAND IS BAD, WITH QUEUES FOR MOST THINGS (E.G. MEAT, PETROL, CIGARETTES, NEWSPAPERS AND BEER), THERE ARE FEW OVERT SIGNS OF AGITATION OR INDISCIPLINE. THE COUNTRY STILL SEEMS REMARKABLY CALM ON THE SURFACE DESPITE THE TENSIONS BELOW.

4. I AGREE THEREFORE VERY MUCH WITH SIR CURTIS KEEBLE (MOSCOW TELNO 333 ) THAT THE DILEMMA FOR THE SOVIET UNION HAS BECOME MORE STARK. THE PLOY OF A PALACE REVOLUTION HAS NOT WORKED. THE ODNOWA MAY BE CHECKED HERE AND THERE BUT IT ROLLS ON. THERE IS

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NOW LESS CERTITUDE AMONG SOME OF THE POLES THAT THEY WILL BE ALLOWED TO GET AWAY WITH IT BY THEIR NEIGHBOURS BUT THERE STILL SEEMS TO BE A REMARKABLE DEGREE OF DETERMINATION TO CONTINUE ALONG THE PATH OF REFORM.

FCO PASS SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

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FM WARSAW 111410Z JUN 81 . ADVANCE COPY

TO IMMEDIATE F C O

TELNO 436 OF 11/6/81

INFO IMMEDIATE MOSCOW AND ROUTINE EAST BERLIN, PRAGUE, PARIS, BONN,  
WASHINGTON, UKDEL NATO, THE HAGUE AND MODUK.

INFO SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI,  
STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

XI PLENUM

1. OUR INFORMANTS SUGGEST THAT YESTERDAY, THE SECOND DAY OF THE PLENUM, CONTINUED MUCH AS THE FIRST DAY UNTIL MID-AFTERNOON, WHEN GRABSKI LAUNCHED A PERSONAL ATTACK ON KANIA AND ON THE POLITBURO. AFTER GRABSKI HAD SPOKEN, RYBICKI (ONE-TIME RECTOR OF WARSAW UNIVERSITY, NOW UNDER-SECRETARY IN THE PRIME MINISTER'S DEPARTMENT - PREVIOUSLY KNOWN AS A HARD-LINER), INTERVENED TO SAY THAT KANIA SHOULD HAVE AN OPPORTUNITY TO REPLY TO THIS ACCUSATION AND HE THEREFORE MOVED A RECESS. THIS WAS AGREED AND IN THIS FIRST RECESS A MEETING OF THE POLITBURO TOOK PLACE SIMULTANEOUSLY WITH A SEPARATE MEETING OF THE GENERALS ON THE CENTRAL COMMITTEE CHAIRED BY JARUZELSKI. AFTER THE POLITBURO MEETING, KANIA IN FULL CENTRAL COMMITTEE PROPOSED THAT INDIVIDUAL VOTES OF CONFIDENCE SHOULD BE CAST AND RECORDED ON EACH MEMBER OF THE POLITBURO SEPARATELY WITH THE PROVISIO THAT NAY MEMBER NOT RECEIVING FIFTY PER CENT OF THE VOTE SHOULD RESIGN. A LONG, BITTER AND INCONCLUSIVE DISCUSSION FOLLOWED. A SECOND BREAK WAS CALLED AND IN THIS INTERVAL KANIA CHAIRED A MEETING OF ALL HIS REGIONAL FIRST SECRETARIES.

FOLLOWED. A SECOND BREAK WAS CALLED AND IN THIS INTERVAL KANIA CHAIRED A MEETING OF ALL HIS REGIONAL FIRST SECRETARIES.

2. WHEN THE CENTRAL COMMITTEE RESUMED, WROBEL FROM PLOCK (KANIA'S BASE PARTY CONSTITUENCY) SAID THAT A VOTE WAS NOT NECESSARY AS KANIA HAD THE FULL CONFIDENCE OF HIS BASIC PARTY ORGANISATION. THERE FOLLOWED LONG AND LOUD SHOUTING OF "LONG LIVE KANIA". BARCIKOWSKI VOICED THE FULL CONFIDENCE OF THE FIRST SECRETARIES, THE GENERALS AND THE CENTRAL COMMITTEE IN THE LEADERSHIP OF KANIA AND JARUZELSKI. NONETHELESS A VOTE WAS THEN TAKEN ON WHETHER A VOTE OF CONFIDENCE SHOULD BE MOVED ON THE PRESENT POLITBURO.

3. AS RECORDED IN TODAY'S "ZYCIE WARSZAWY", 24 CENTRAL COMMITTEE MEMBERS VOTED IN FAVOUR OF A VOTE OF CONFIDENCE, 89 AGAINST IT AND 5 ABSTAINED (A TOTAL OF 118 OUT OF THE NORMAL 140 OR SO MEMBERS OF THE CENTRAL COMMITTEE - THE REST APPARENTLY HAD NOT PARTICIPATED IN THE VOTE.

4. KANIA'S CLEVER MANOEUVRING, HIS PARTNERSHIP WITH JARUZELSKI, AND THE SUPPORT FROM THE GENERALS AND THE REGIONAL FIRST SECRETARIES, SEEM TO HAVE BEEN THE CRUCIAL FACTORS IN HIS SURVIVAL. BUT IT WAS CLOSE-RUN. (WHEN I TALKED YESTERDAY TO CZYREK AT THE QUEEN'S BIRTHDAY PARTY, HE SEEMED RESIGNED TO THE FALL OF KANIA AND MAJOR CHANGES IN THE POLITBURO. HE SAID HE THOUGHT IT WAS A PITY SINCE KANIA WAS A GOOD MAN.) ALTHOUGH KANIA MAY HAVE WON THIS ROUND, THE STRUGGLE IS LIKELY TO CONTINUE DURING THE RUN-UP TO THE CONGRESS, AND IN PARTICULAR DURING ANY FURTHER PLENUMS. IT IS EXPECTED THAT THERE WILL BE A RESOLUTION PUT OUT BY THE PLENUM THIS EVENING AND THAT IT WILL CONTAIN A NUMBER OF CONCESSIONS TO THE SOVIET UNION, ON THE MEDIA, SOLIDARITY AND THE ECONOMIC SITUATION BUT NOT ON THE CONGRESS.

5. THE SOVIET UNION IS HARDLY LIKELY TO BE SATISFIED WITH THIS OUTCOME. THE SPEECH OF NEY, A LIBERAL MEMBER OF THE POLITBURO, EVOKED A VERY POLISH FEELING THAT THE PARTY SHOULD NOT BE SEEN TO BE BOWING TO PRESSURE FROM THE ALLIES. AND THE RUSSIANS HAVE OBTAINED NEITHER THE POSTPONEMENT OF THE CONGRESS NOR THE REMOVAL OF KANIA. WITHOUT ONE OR THE OTHER, IT IS DIFFICULT TO SEE HOW THE AIMS OUTLINED IN THEIR LETTER (MY SAVING TELNO2) CAN BE ACHIEVED. WE CAN THEREFORE EXPECT THEM TO MAINTAIN PRESSURE, IT IS NOT IN THEIR NATURE TO GIVE UP.

FCO PASS SAVING TO SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

JAMES

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FM MOSCOW 111205Z JUN 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 333 OF 11 JUNE

INFO WARSAW, UKDEL NATO, WASHINGTON, PARIS, BONN

SAVING FOR INFO BELGRADE, SOFIA, BUDAPEST, EAST BERLIN AND PRAGUE

WARSAW TEL NO 431 : POLAND

1. THE SOVIET MEDIA HAVE SO FAR BEEN OMINOUSLY SILENT AS TO THE COURSE AND RESULTS OF THE PZPR CENTRAL COMMITTEE MEETING. BUT IT IS CLEAR ENOUGH THAT THE SOVIET LEADERSHIP HAVE NO CAUSE TO BE SATISFIED BY WHAT HAS HAPPENED. KANIA'S TOUGH WORDS WERE SWEET ENOUGH MUSIC BUT THE TUNE HAS BEEN HEARD BEFORE. THE SORT OF RESULTS THE RUSSIANS WERE NO DOUBT HOPING WOULD EMERGE FROM THE CENTRAL COMMITTEE MEETING WERE INCOMPATIBLE WITH THE HOLDING OF THE EXTRAORDINARY CONGRESS AS AT PRESENT PLANNED AND PROBABLY DEMANDED A CHANGE IN THE POLISH PARTY LEADERSHIP. THE RUSSIANS GOT NEITHER.
  
2. IN A GENERAL SENSE IT IS OBVIOUS ENOUGH THAT THE SOVIET OBJECTIVE IN SENDING THEIR LETTER WAS TO TRY TO REVERSE THE TIDE OF EVENTS IN POLAND AND THAT THE SOVIET LEADERSHIP HAVE LONG BEEN HOPING AGAINST HOPE THAT THE PZPR WOULD DO THIS FOR ITSELF WITHOUT THE NEED FOR SOVIET INTERVENTION. AS SEEN FROM MOSCOW, HOWEVER, THE RUSSIANS HAVE BEEN ASKING FOR TOO MUCH. EVEN IF THE CENTRAL COMMITTEE HAD, BY DECIDING ON A CHANGE OF LEADERSHIP AND/OR THE POSTPONEMENT OF THE PZPR CONGRESS, SHOWN IT WAS WILLING TO CONTEMPLATE A CHANGE TOWARDS TOUGHER POLICIES, IT SEEMS REASONABLE TO SUPPOSE THAT THE END RESULT WOULD HAVE BEEN TO REVIVE ANTAGONISM BETWEEN THE POLISH PARTY AND PEOPLE AND THAT THIS WOULD SOONER OR LATER HAVE MADE IT INEVITABLE THAT THE POLISH LEADERSHIP WOULD HAVE HAD TO CALL FOR FRATERNAL ASSISTANCE. AS IT IS, THE QUARREL BETWEEN THE TWO PARTIES HAS COME ALMOST COMPLETELY INTO THE OPEN AND THE RUSSIANS HAVE LEFT THEMSELVES LITTLE TIME FOR MANOEUVRE BETWEEN NOW AND THE POLISH CONGRESS. BY ALLOWING THEIR DISAGREEMENT WITH THE LEADERSHIP OF THE POLISH PARTY TO BECOME SO OPEN, THE RUSSIANS MAY INDEED HAVE MANOEUVRED THEMSELVES INTO A POSITION IN WHICH THEIR CHOICES ARE TO HAVE THEIR BLUFF CALLED OR TO CONTEMPLATE THE DIRECT INTERVENTION THEY HAVE SO LONG SOUGHT TO AVOID.

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3. THE RUSSIANS MAY NOW WAIT TO SEE WHETHER KANIA'S HARDER LANGUAGE IS ABOUT TO BE TRANSLATED INTO TOUGHER ACTION, ESPECIALLY IN PREPARATION FOR THE CONGRESS. BUT THE POLES DID NOT USE THE TIME BETWEEN SUSLOV'S VISIT IN EARLY MAY AND THE RECEIPT OF THE SOVIET LETTER IN A WAY WHICH CAN GIVE THE RUSSIANS MUCH CAUSE TO HOPE FOR BETTER THINGS NOW. THE SOVIET DILEMMA HAS NOW THEREFORE BECOME EVEN MORE STARK. WHAT THEY WILL DECIDE TO DO CAN ONLY BE GUESSED AT AND MUST DEPEND IN LARGE PART ON HOW STRONG ARE THE NERVES OF THE SOVIET POLITBURO. IF THEY LET THE CONGRESS GO AHEAD, HOWEVER, THEY WILL -ON THE ASSUMPTION IT IS STILL GOING TO BE, TO USE SOVIET TERMINOLOGY, REVISIONIST - HAVE ALLOWED THE POLES TO CROSS A VITAL WATERSHED.

4. WE HAVE THIS MORNING HAD A DISCUSSION AMONG COMMUNITY AMBASSADORS. THE CONSENSUS WAS THAT LOGICALLY THE RUSSIANS SHOULD INTERVENE BY FORCE BEFORE THE POLISH CONGRESS, BUT THAT THEY MIGHT YET HESITATE, NOT LEAST BECAUSE THEIR POSITION IN POLAND COULD BE WORSE AFTER INTERVENTION THAN BEFORE IT. THEY CAN SCARCELY SUSTAIN THEIR PRESENT SILENCE MUCH LONGER. IT MAY BE THAT, FROM HERE ON, WE SHALL HAVE TO RELY MORE UPON THE MILITARY INDICATORS THAN THE POLITICAL BUT I FEEL THAT A LITTLE MORE POLITICAL PREPARATION MAY BE NECESSARY BEFORE INTERVENTION.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

KEEBLE

(REPEATED AS REQUESTED)

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FM WARSAW 101220Z JUN 81

TO IMMEDIATE F C O

TELNO 432 OF 10/6/81

INFO PRIORITY MOSCOW AND ROUTINE EAST BERLIN, PRAGUE, PARIS, BONN, WASHINGTON, THE HAGUE, UKDEL NATO AND MODUK.

INFO SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

M I P T : XI PLENUM.

1. KANIA'S SPEECH WAS MUCH MORE HARDLINE THAN HIS PREVIOUS PUBLIC PRONOUNCEMENTS, DESPITE HIS ASSERTION THAT THE CONGRESS WOULD TAKE PLACE AS PLANNED AND THAT THE ODNOWA WOULD CONTINUE. IT MUST BE

SEEN AS A RESPONSE TO HEAVY AND OVERT SOVIET PRESSURE. APART FROM THE LETTER FROM THE SOVIET CENTRAL COMMITTEE

THERE ARE RUMOURS THAT KANIA VISITED MOSCOW ON MONDAY, AND THAT KULIKOV WAS SEEN IN POLAND AGAIN BETWEEN 29 MAY AND 2 JUNE. THE OTHER SPEECHES THAT FOLLOWED WERE EVEN TOUGHER THAN KANIA'S AND IT SEEMS THAT THE HARDLINERS ARE MOUNTING A COUNTER-ATTACK IN THE CENTRAL COMMITTEE WHICH IS COMPOSED LARGELY OF THE 'OLD GUARD'.

2. KANIA HAS EMBARKED ON A DIFFICULT BALANCING ACT, KEEPING A DOOR HALF-OPEN TO REFORM AND PERSISTING IN TRYING TO HOLD THE CONGRESS AS PLANNED BUT SHOWING THE SOVIET PARTY THAT THE POLISH

CONGRESS AS PLANNED BUT SHOWING THE SOVIET PARTY THAT THE POLISH PARTY IS RESPONSIVE TO THEIR DEMANDS AND IS PREPARED TO CRACK DOWN ON SOME OF THE RECENT LIBERAL TENDENCIES. THE REMARKS ON THE PRESS ARE OMINOUS. FROM THE SOVIET UNION'S POINT OF VIEW A REFORMIST CONFERENCE WHICH WOULD GIVE PUBLIC ENDORSEMENT TO MORE OPEN POLICIES MUST BE ANATHEMA. IT IS THEREFORE IN THE LOGIC OF THE SOVIET ATTITUDE THAT THE CONGRESS SHOULD BE ~~POSTPONED~~ <sup>POSTPONED</sup>

~~LESS~~

*UNLESS* IT CAN BE RIGGED. AND THERE ARE FEW SIGNS THAT IT CAN BE RIGGED IN A WAY WHICH WOULD MAINTAIN A HARD-LINE MAJORITY IN THE CENTRAL COMMITTEE. SO IT MAY BE THAT EVEN THE PRESENT CONCESSIONS TO THE SOVIET UNION WILL NOT PROVE TO BE ENOUGH AND HEADS WILL HAVE TO FALL. BUT WE SHOULD HAVE A CLEARER PICTURE IN THE NEXT FEW DAYS OF THE FATE OF THE PRESENT LEADERSHIP.

FCO PASS SAVING TO SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

JAMES  
BT

IMMEDIATE

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FM WARSAW 081045Z JUN 81

TO PRIORITY F C O

TELNO 423 OF 8/6/81

INFO ROUTINE MOSCOW, EAST BERLIN, PRAGUE, PARIS, BONN, WASHINGTON,  
THE HAGUE, UKDEL NATO AND MODUK

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STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

VISIT TO KATOWICE AND KRAKOW.

1. I VISITED KATOWICE AND KRAKOW AND CALLED ON THE FIRST SECRETARIES OF THE PARTY IN BOTH THESE AREAS. FULL ACCOUNTS OF THESE AND MY OTHER CALLS FOLLOW BY BAG, BUT YOU MAY WISH TO HAVE A BRIEF ACCOUNT OF THE MORE IMPORTANT POINTS WHICH EMERGED.

2. ZABINSKI, THE FIRST SECRETARY IN KATOWICE, IS A FULL MEMBER OF THE POLITBURE AND HAS THE REPUTATION OF BEING A HARD-LINER. HE TOOK A FAIRLY APOCALYPTIC VIEW OF THE SITUATION. HE SAID THAT THERE WERE FORCES WITHIN THE OPPOSITION AND SOLIDARITY WHO HAD PLAYED UPON HARDSHIPS CAUSED BY THE ECONOMIC SITUATION AND WHO WERE PUSHING THE COUNTRY TOWARDS ANARCHY. MORE THAN ONCE HE SAID THAT HE WAS WORRIED THAT THE PRESSURES WOULD END IN BLOODSHED. WHEN I ASKED ABOUT THE KATOWICE FORUM, HE SAID THAT HE DID NOT AGREE WITH ITS VIEWS WHICH WERE STALINIST BUT IT REFLECTED WORRIES SHARED BY MANY PEOPLE ABOUT THE DRIFT INTO ANARCHY. HE WAS QUITE EMPHATIC THAT THERE COULD BE NO POSTPONEMENT OF THE PARTY CONGRESS.

3. DABROWA, THE FIRST SECRETARY IN KRAKOW, TOOK A RATHER MORE BALANCED VIEW THOUGH HE SAID THAT IT WAS TOO EARLY FOR HIM TO CALL HIMSELF AN OPTIMIST. HE ALSO DISMISSED THE VIEWS OF THE KATOWICE FORUM, BUT HE SAID THAT IT DID REPRESENT THE VIEWS OF SOME INDIVIDUALS, AND THAT IT WOULD BE WRONG TO CONCLUDE FROM PRESS REPORTS THAT EVERYBODY IN THE POLISH PARTY HAD CONDEMNED IT OUT OF HAND. HE WAS LESS CERTAIN THAT THE CONGRESS WOULD NOT BE POSTPONED, SAYING THAT EXTREMISTS ON BOTH SIDES WHO NEEDED LONGER TO GET THEIR ACT TOGETHER WOULD TRY TO DELAY IT. HE SEEMED WORRIED THAT THEY MIGHT SUCCEED. HE ALSO SAID, (THOUGH THIS WAS BEFORE YESTERDAY'S ANNOUNCEMENT OF THE XI PLENUM), THAT THERE WOULD BE ONE AND POSSIBLY TWO PLENUMS BEFORE THE CONGRESS TO SET UP THE GROUND RULES FOR IT AND TO CONSIDER THE FINDINGS OF THE GRABSKI COMMISSION.

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4. I WAS STRUCK BY ZABINSKI'S AIR OF FATIGUE. HE SAID THAT HE HAD BEEN WORKING AN 18 HOUR DAY FOR MONTHS AND SAW NO END TO IT. THIS MUST BE A FACTOR ON WHICH THE RUSSIANS WILL PLAY AS THIS PROTRACTED CRISIS UNFOLDS FURTHER.

FCO PASS SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

JAMES

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FM WARSAW 080920Z JUN 81

TO IMMEDIATE F C O

TELNO 422 OF 8/6/81

INFO ROUTINE MOSCOW, EAST BERLIN, PRAGUE, PARIS, BONN, WASHINGTON,  
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POLISH SITUATION : RAKOWSKI'S VIEW.

1. HEAD OF CHANCERY SAW VICE-PREMIER RAKOWSKI ON FRIDAY AND WAS GIVEN A GRIM VIEW OF THE PROSPECTS FOR SOLVING THE LATEST CRISIS AND FOR THE FUTURE.
2. RAKOWSKI WHO LOOKED WORN OUT AND WAS ABOUT TO LEAVE FOR FURTHER NEGOTIATIONS IN BYDGOSZCZ, SAID THE SITUATION WAS VERY DIFFICULT INDEED : SOLIDARITY WANTED MORE CONCESSIONS AND THE GOVERNMENT WERE NOT IN A POSITION TO MAKE ANY. SOME OF HIS COLLEAGUES REGARDED EACH CONCESSION AS A COLLAPSE. THE RUSSIANS WERE PRESSING HARD IN THE OPPOSITE DIRECTION, INSISTING PARTICULARLY AT PRESENT ON THE NEED TO PRESERVE SOCIALISM, THE PARTY AND ITS LEADING ROLE, ALL OF WHICH WERE CLEARLY BEING THREATENED. SOLIDARITY MEMBERS IN GENERAL DID NOT SEE, OR APPRECIATE, OR EVEN HEED, THE DANGERS. WALESZA DID, BUT HE WAS ALMOST ALONE. THE GENERATION GAP BETWEEN GOVERNMENT AND SOLIDARITY LEADERS WAS A SERIOUS PROBLEM. WYSZYNSKI'S MODERATING INFLUENCE WOULD BE SORELY MISSED IN THIS LATEST CRISIS.
3. ON THE CONGRESS PREPARATIONS, RAKOWSKI SAID THE WAY ELECTIONS WERE GOING, SUCH PRESENT POLITBURO MEMBERS AS OLSZOWSKI AND BRAGSKI STOOD NO CHANCE OF BEING CHOSEN AS DELEGATES. THE CURRENT SENTIMENT IN THE PARTY WAS STRONGLY FOR TOTAL LEADERSHIP CHANGE. EVEN MODERATES LIKE KANIA AND JARUZELSKI WERE THREATENED. BARCIKOWSKI, WHO HAD BEEN INSTRUMENTAL IN ACHIEVING THE SZCZECIN AGREEMENT LAST SUMMER, HAD ONLY JUST GOT IN AS A DELEGATE THERE. RAKOWSKI, NEY AND BARCIKOWSKI WERE THE ONLY MEMBERS OF THE PRESENT LEADERSHIP SUBMITTING THEMSELVES SO FAR TO ELECTION FROM THE BASE PARTY ORGANISATIONS UP ;, THE OTHERS WERE WAITING TO SEE HOW BEST TO GET ELECTED, BUT THEIR PROSPECTS WERE BLEAK.

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/ 4. ATTENTION

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4. ATTENTION TO THE ECONOMY WAS AS IMPORTANT AS RESOLVING THE POLITICAL CRISIS. MORE MONEY WAS NEEDED IF POLAND WAS TO PULL THROUGH. RAKOWSKI HAD VISITED THE CEGIELSKI FACTORY AT POZNAN THE DAY BEFORE AND HAD BEEN TOLD THAT SEVERAL GIANT MARINE ENGINES, VIRTUALLY FINISHED AND READY TO EARN POLAND HUNDREDS OF THOUSANDS OF DOLLARS, COULD NOT BE EXPORTED FOR LACK OF FIVE THOUSAND DOLLARS WORTH OF PARTS TO COMPLETE THEM. POLAND COULD NOT RECOVER WITHOUT FURTHER FINANCIAL INPUT.

FCO PASS SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK, UKREP BRUSSELS.

JAMES

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- 2 -

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File AH  
ccs FCO  
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CWO

10 DOWNING STREET

From the Principal Private Secretary

8 June 1981

Dear John,

PROPOSED REMOVAL OF GENERAL SIKORSKI'S REMAINS  
TO POLAND

When the Home Secretary saw the Prime Minister this morning, he raised briefly with her the question of the removal of General Sikorski's remains from this country to Poland. The Chancellor of the Duchy of Lancaster, the Chief Whip and Lord Thorneycroft were also present.

Mr Whitelaw said that there were many voices raised in favour of the removal of General Sikorski's remains to Poland. His widow, now dead herself, had wanted his remains to be sent to Poland for burial. The Polish authorities now wanted his remains returned and were actively making preparations for a ceremony at Cracow which was planned to take place on 5 July. Cardinal Macharski, Cardinal Wyszynski's successor, was also in favour; and this must mean that the Pope himself was too. The Polish emigre community in this country was divided on the issue. The majority wanted the General's remains to stay here, but there was a minority that thought they should be sent to Poland for reburial. Mr Winston Churchill was in touch with him about the matter and wanted to bring representatives of the emigre community to see him. He had agreed to meet them. He would also be seeing Lady Airey. The main argument against the removal of the General's remains was that the Soviet Union might intervene in Poland after a decision had been taken and/the remains were on their way back to Poland. But he had established that all the formalities for the return of the General's body could be completed within forty-eight hours and that therefore the remains need not leave this country until two days before 5 July, thus minimising the period when a Russian intervention might affect the transfer of the body. He would report back to his colleagues when his meetings with Mr Churchill and representatives of the emigre community and with Lady Airey had taken place.

I am sending copies of this letter to Brian Fall (Foreign and Commonwealth Office), David Heyhoe (Chancellor of the Duchy of Lancaster's Office), and Murdo Maclean (Chief Whip's Office).

Yours sincerely,

John Halliday Esq.,  
Home Office.

Alvin Whitelaw.

CONFIDENTIAL





FCS/81/67

HOME SECRETARY

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*Pomni Amster*  
*As expected*  
*md*  
*Amster - 5/6*  
*f.s. Amster*

Proposed removal of General Sikorski's  
remains to Poland

1. Thank you for your letter of 1 June. It was very useful to have the situation and the arguments explained so clearly. *attached*

2. I note that you believe that the case for allowing the remains to be transferred to Poland is a strong one. This is also my view on foreign policy grounds. The return of Sikorski's remains would fit squarely into the policy of national resurgence and renewal which the Government and Party in Warsaw have been following in recent months. It seems clear that this general line is as strongly supported by the mass of the Polish people as it is mistrusted by the Soviet Union. The return of the remains has been urged upon our Ambassador in Warsaw by his contacts there, from the President downwards, and I understand that the Polish authorities are making active preparations at Cracow for the ceremony which they hope to arrange there on 5 July. Given the application from the next-of-kin, and also the very significant support for it by the Roman Catholic Church in Poland, it seems to me that refusal of a licence would be very hard indeed to explain.

/3.



3. You also asked for my views as regards the attitude of the Polish emigre community in Britain. This is very hard to judge. Many are politically inert. It seems clear that some, and probably many, are and will remain implacably opposed to the removal of Sikorski's remains from Newark. One can well understand why they should feel like this. But I believe there is also some evidence to support Diana Airey's earlier impression that these objections are by no means universally held. I note that Winston Churchill seemed to accept that the General's remains will have to be released, and this strikes me as a realistic attitude on his part. I would however also agree with him that it would be helpful if you could see representatives of the emigre community and explain your decision to them personally. I imagine you would say, both to them and in public, that a licence is being issued because the conditions for doing so under the Burial Act were fulfilled; that the wishes of the next-of-kin, namely Sikorski's widow, were clear; and these were supported by the authorities for the State and Church in Poland, who between them had guaranteed that the reinterment would take place in circumstances appropriate to Sikorski's place in history; and that these factors together outweighed the arguments expressed to you from certain quarters, although you naturally sympathised with the feelings of those who took a view contrary to yours.

4. You are, I know, aware of the need for a very early decision so as to enable the removal of the remains from Newark to Cracow. If this is agreed, to be carried out with suitable dignity.

5. I am copying this minute to the Prime Minister.

(CARRINGTON)

Foreign and Commonwealth Office

5 June 1981

GRS 230

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*Poland*

FM WARSAW 050915Z JUN 81

TO IMMEDIATE F C O

TELNO 419 OF 5/6/81

INFO ROUTINE MOSCOW, EAST BERLIN, PRAGUE, PARIS, BONN, WASHINGTON, THE HAGUE, UKDEL NATO AND MODUK.

INFO SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

*MS*

SOLIDARITY'S STRIKE CALL.

1. SOLIDARITY'S NATIONAL CO-ORDINATING COMMISSION MEETING YESTERDAY IN BYDGOSZCZ DECIDED BY 22 VOTES TO 13 WITH 2 ABSTENTIONS TO CALL FOR A 2 - HOUR WARNING STRIKE IN THE BYDGOSZCZ, PLOCK, TORUN, AND WLOCLAWEK REGIONS ON THURSDAY, 11 JUNE FROM 10 AM TO 12 NOON AS A PROTEST OF THE WHOLE UNION OVER THE BYDGOSZCZ INCIDENT. THE STRIKE WILL BE CALLED OFF IF THE GOVERNMENT HAS PUBLISHED ITS REPORT ON THE BYDGOSZCZ INCIDENT BEFORE THEN. IF NOT, FURTHER ACTION WILL BE CONSIDERED. (THE BBC REPORTED THIS MORNING THAT IN THIS CASE A GENERAL STRIKE WOULD BE CALLED IN THE SAME REGIONS FOR MONDAY, 15 JUNE). THE COMMISSION'S RESOLUTION WAS CARRIED IN SPITE OF AN APPEAL BY THE EPISCOPATE ADVISER, TYSZKIEWICZ ON BEHALF OF BISHOP DABROWSKI, AGAINST STRIKE ACTION.

2. THERE HAS BEEN LITTLE REACTION SO FAR BUT THE DECISION IS LIKELY TO RAISE TENSION CONSIDERABLY AT THE PRESENT UNEASY POLITICAL JUNCTURE AND WILL PROVIDE EXCELLENT MATERIAL FOR THE GROWING SOVIET MEDIA CAMPAIGN ON THE DETERIORATING SITUATION IN POLAND. VICE-PREMIER RAKOWSKI IS REPORTED ALREADY TO HAVE VISITED BYDGOSZCZ FOR DISCUSSIONS WITH SOLIDARITY'S LEADERS AND TO HAVE ARRANGED FURTHER TALKS FOR NEXT MONDAY TO ATTEMPT TO RESOLVE THE PROBLEM. WE CAN EXPECT FURTHER URGENT MEETINGS WITH INCREASING CHURCH PRESSURES BEHIND THE SCENES FOR MODERATION, AND PERHAPS EVEN WALESA'S PRECIPITATE RETURN FROM GENEVA, IN ATTEMPTS TO HEAD OFF THE STRIKE THREAT.

FCO PASS SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

JAMES

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TO IMMEDIATE F C O  
TELNO 416 OF 4/6/81  
AND TO IMMEDIATE MODUK  
INFO ROUTINE TO WASHINGTON, MOSCOW, UKDEL NATO, PARIS AND BONN.

VISIT OF MARSHAL KULIKOW TO POLAND.

US DEFENCE ATTACHE TODAY REPORTED THAT HE HAD HEARD (SOURCE UNSPECIFIED) THAT KULIKOW HAD TOLD KANIA THAT MOSCOW HAD LITTLE FAITH IN POLISH ABILITY TO CONTROL THE CONGRESS. TO PROVIDE "BROTHERLY ASSISTANCE" TO POLISH LEADERSHIP THE SOVIET UNION PROPOSED TO HOLD MANOEUVRES AROUND POLISH BORDERS BUT OUTSIDE POLAND IN EARLY JULY.

JAMES

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FM WARSAW 031225Z JUN 81

TO PRIORITY F C O

TELNO 410 OF 3/6/81

INFO ROUTINE MOSCOW, WASHINGTON, BONN, PARIS, UKDEL BRUSSELS AND  
MDDUK.

INFO SAVING TO EAST BERLIN, PRAGUE, SOFIA, BUDAPEST, BUCHAREST AND  
BELGRADE.

## POLISH ECONOMY.

1. I CALLED ON KARSKI, MINISTER OF FOREIGN TRADE, TODAY AND ASKED HIM FOR HIS ASSESSMENT OF THE ECONOMIC PROSPECTS FOR POLAND.
2. HE SAID THE MAIN PROBLEM WAS TO GET THE POLES TO WORK. COAL PRODUCTION WOULD BE FORTY TO FIFTY MILLION TONS LESS THAN LAST YEAR. THIS REPRESENTED A LOSS OF OVER U S DOLLARS 5 BILLION, THE EQUIVALENT OF ONE-FIFTH OF POLAND'S TOTAL INDEBTEDNESS TO THE WEST. POLAND WAS A COMPARATIVELY RICH COUNTRY IN NATURAL RESOURCES. IT HAD A POTENTIALLY RICH AGRICULTURE, COAL AND OTHER RAW MATERIALS LIKE SULPHUR AND SILVER. BUT ERRORS IN THE LATE 1970'S AND THE PRESENT SOCIAL TURMOIL MADE IT DIFFICULT TO REVIVE THE ECONOMY.
3. I ASKED ABOUT PLANS WHICH HAD BEEN PUT TO PARLIAMENT FOR ECONOMIC REFORM. HE SAID THAT HE HOPED A REVISED VERSION WOULD BE PRODUCED SOON BY THE GOVERNMENT WHICH WOULD GET THROUGH PARLIAMENT. HE UNDERSTOOD THAT THIS WAS IMPORTANT FOR OPINION OUTSIDE POLAND. BUT THE MAIN RESPONSIBILITY LAY WITH THE POLES AND THEY MUST SORT OUT THE MESS. AS FOR ANGLO-POLISH TRADE, THIS HAD BEEN GOOD LAST YEAR WITH A TOTAL VALUE OF OVER £500 MILLION. HE HOPED THAT LINES OF CREDIT TO THE TUNE OF U S DOLLARS 300 MILLION WOULD BE ESTABLISHED FOR SPECIFIC PRODUCTS. I DID NOT VOLUNTEER COMMENT EXCEPT TO SAY THAT THESE MATTERS WERE BEING DISCUSSED ELSEWHERE. I ADDED THAT IT WAS OUR INTENTION TO TRY TO MAINTAIN SUCH TRADE AS WAS POSSIBLE WITH POLAND AND WE WOULD BE REPRESENTED , AS USUAL, AT THE POZNAN FAIR. I INVITED HIM TO VISIT OUR PAVILION.

/4.

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4. KARSKI THEN ASKED ME WHAT I THOUGHT THE POLISH GOVERNMENT COULD DO. I SAID THAT I HAD BEEN STRUCK, IN WATCHING THE TELEVISION AND READING THE NEWSPAPERS, BY THE LACK OF ANY CLEAR LINE FROM THE TOP. I UNDERSTOOD THAT THE POLISH AUTHORITIES WERE MUCH INVOLVED IN THEIR OWN INTERNAL PREPARATIONS FOR THE IX CONGRESS OF THE PARTY. BUT THERE WAS SURELY MORE THE GOVERNMENT COULD DO TO GET OVER A MESSAGE TO THE ORDINARY CITIZEN ABOUT THE STATE OF THE COUNTRY AND THE EFFORTS WHICH WOULD BE NEEDED TO GET THE ECONOMY MOVING AGAIN. HE AGREED THAT AT PRESENT THERE WAS A CERTAIN ABSENCE OF LEADERSHIP. BUT HE SEEMED OBSESSED BY THE MINING SITUATION AND BY THE FACT THAT THE ECONOMY WAS ONLY WORKING TO 60% OF ITS CAPACITY AND IN SOME AREAS, WHERE THERE WAS NO MONEY TO PAY FOR IMPORTS, AT 20-30%.

FCO PLEASE PASS SAVING TO EAST BERLIN, PRAGUE, SOFIA, BUDAPEST, BUCHAREST AND BELGRADE.

JAMES

(REPEATED AS REQUESTED)

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FM SOFIA 031200Z JUN 81

TO ROUTINE FCO

TELEGRAM NUMBER 077 OF 3 JUNE

AND TO ROUTINE WARSAW, MOSCOW.

SAVING TO E. BERLIN, PRAGUE, BUDAPEST, BUCHAREST, BELGRADE,  
UKDEL NATO, WASHINGTON

POLAND

1. YUGOSLAV AMBASSADOR TOLD ME YESTERDAY THAT THE RAB. DELO ARTICLE OF 31 MAY (STAGG'S LETTER OF 1 JUNE TO CAMPBELL, EESD) WAS MILD COMPARED WITH A REVIEW OF THE SITUATION IN POLAND WHICH HAD RECENTLY BEEN DISTRIBUTED BY THE CENTRAL COMMITTEE OF THE BCP TO PARTY ORGANISATIONS. THIS REVIEW, WHICH PURIC CLAIMS TO HAVE SEEN, USES THE TERM "COUNTER-REVOLUTION" TO DESCRIBE WHAT IS HAPPENING IN POLAND AND SAYS THAT SOLIDARITY IS IN THE HANDS OF "EXTREMISTS".

2. PURIC ALSO SAID THAT THE USSR HAS INVITED OTHER WARSAW PACT COUNTRIES TO COMMENT ON THE PROS AND CONS OF HOLDING ANOTHER SUMMIT MEETING BEFORE THE POLISH PARTY CONGRESS. THE EAST GERMANS, CZECHS AND BULGARIANS ARE SAID TO BE IN FAVOUR. THE HUNGARIANS AND ROMANIANS HAVE NOT YET REPLIED. THE BULGARIANS WOULD LIKE TO SEE THE MEETING TAKE PLACE WITHIN THE NEXT TEN DAYS. PRAGUE IS SEEN AS THE MOST LIKELY VENUE.

3. THERE IS NO DIRECT CONFIRMATION OF EITHER OF THESE REPORTS FROM BULGARIAN SOURCES, BUT THEY FIT THE PATTERN OF INCREASED BULGARIAN CONCERN OVER POLAND SHOWN IN THE RD ARTICLE. PURIC TOO IS NORMALLY WELL-INFORMED ABOUT GOINGS ON IN PARTY CIRCLES IN SOFIA.

BULLARD

(REPEATED AS REQUESTED)

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FM WARSAW 030630Z KUN

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TELEGRAM NUMBER 409 OF 03 JUN

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SAVING TO SOFIA BUDAPEST BUCAREST BELGRADE HELSINKI  
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MY TELNO 407

POLAND/SOVIET RELATIONS

1. WHEN I SAW OLECHOWSKI, DEPUTY FOREIGN AFFAIRS MINISTER, TODAY I ASKED HIM WHAT HE THOUGHT WAS THE SIGNIFICANCE OF THE KATOWICE DECLARATION AND THE TASS COMMENTS. HE SAID THAT THE KATOWICE DECLARATION REPRESENTED AN EXTREME POSITION INSIDE THE PARTY. THERE WERE EXTREMISTS ALSO ON THE OTHER SIDE WHO TALKED OF POLAND ABANDONING HER ALLIANCES AND BECOMING A LIBERAL DEMOCRACY. THIS WAS NONSENSE. IT WAS IMPORTANT FOR ALL OF POLAND'S FRIENDS TO UNDERSTAND THAT THE BROAD STREAM OF RENEWAL COULD ONLY FLOW UNIMPEDED IF THE LEADING ROLE OF THE PARTY WAS MAINTAINED AND IF POLAND REMAINED FIRMLY WITHIN HER PRESENT ALLIANCE. HE BELIEVED THAT POLAND'S EAST EUROPEAN ALLIANCE INCLUDING THE SOVIET UNION, HAD GREAT DIFFICULTY IN UNDERSTANDING WHAT WAS GOING ON AT PRESENT. THEY MUST LOOK WITH HORROR AND BEWILDERMENT AT THE DEBATES WHICH WERE TAKING PLACE ACROSS THE COUNTRY AND REPORTED IN ALL BRANCHES OF THE MEDIA. BUT POLAND'S ALLIES WOULD HAVE TO COME TO TERMS WITH THIS BROAD CENTRAL STREAM, WHETHER THEY UNDERSTOOD IT OR NOT. IT WAS A MASS MOVEMENT AND AS SUCH WAS QUITE DIFFERENT FROM THE REVOLUTIONS IN CZECHOSLOVAKIA OR HUNGARY.

2. HE EMPHASISED THE IMPORTANCE OF ECONOMIC RECOVERY IN ALL THIS. IF POLAND COULD GET THROUGH THE NEXT FEW MONTHS WITHOUT SUFFERING TOO MUCH HARDSHIP HE BELIEVED THERE WAS SOME GROUNDS FOR OPTIMISM. PEOPLE WOULD ACCEPT SOME PRIVATIONS IF THE PROCESS OF RENEWAL WENT ON. BUT IT WAS IMPORTANT THAT THE WEST SHOULD BE UNDERSTANDING OF POLAND'S ECONOMIC DIFFICULTIES AND BE GENEROUS WITH CREDIT. WHATEVER THE MISTAKES OF THE PAST, IT WAS IMPORTANT THAT THIS BROAD CONSENSUS IN POLAND'S QUITE REVOLUTION SHOULD NOT BE PERVERTED OR DEFLECTED BY EXTREMIST ELEMENTS OR BY PROVOCATIONS. TOO MANY ECONOMIC HARDSHIPS COULD SHARPEN THE SOCIAL MOOD AND LEAD TO CONFRONTATIONS WHICH THE GOVERNMENT, MOST OF THE PARTY AND MOST OF SOLIDARITY NOW WISHED TO AVOID.

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3. APART FROM THE SPECIAL PLEADING IN PARA 2, I THINK THIS REPRESENTS A SENSIBLE, IF SOMEWHAT OPTIMISTIC ASSESSMENT OF THE CURRENT SITUATION.

FCO PLEASE PASS SAVING ADDRESSEES.

JAMES  
BT

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*ms*

0031500Z JUN 81  
FM BSSO GERMANY (Hamburg)  
TO RBDWC/MODUK  
RBDUAG/80HQ CHELTENHAM  
REDWDF/FCO LONDON  
BT

C O N F I D E N T I A L  
SIC UGM/UEW/UEW

FOR DI 3 (ARMY) CMM DI 3 (AIR) CMM DI 3 (NAVY) CMM RDECO CMM DI 19  
HEREWITH TEXT OF TELEX RECEIVED THIS PM FM OUR HAMBURG STN  
1 PD SOURCE DETAILS CLN A 57 YEAR OLD JOURNALIST AND ASSISTANT  
EDITOR OF KURIERSZCZECINSKI IN STETTIN CMM LEFT HIS TOURIST GROUP ON  
1 JUN 81 IN COPENHAGEN AND ENTERED THE FRG AT PUTTGARDEN  
2 PD AGENCY CLN BND (DC 33)

*This report relays rumors that  
the Russians will invade Poland on  
Saturday, 6 June. If nothing else, it  
is indicative of the frame of mind in  
provincial Poland. And*

3 PD DATE/TIME/PLACE OF OBSERVATION CLN MAY 81 CMM POLAND  
4 PD DETAIL CLN ALLEGED SOVIET INVASION OF POLAND ON 6 JUN 81  
A PD SOURCE REPORTED THAT FOR THE PAST 6 WEEKS (SINCE APPROX MID APR  
81) THE POLISH POPULATIONS AGGRESSION AGAINST THE SOVIET TROOPS  
STATIONED IN POLAND HAD BEEN GROWING PD SOVIET TROOPS CMM INDIVIDUALS  
OR GROUPS CMM HAD BEEN OPENLY ATTACKED AND INJURED BY POLISH YOUTHS

PAGE 2 REFVJP 139 C O N F I D E N T I A L

IN THE TOWNS PD THE INTERNAL EXCHANGE OF SUCH INFORMATION AMONG  
LOCAL NEWSPAPERS SHOWS THAT SUCH INCIDENTS HAPPENED THROUGHOUT  
POLAND AND NOT MERELY LOCALISED

POLAND AND NOT MERELY LOCALISED

B PD ON 27 MAY 81 SOURCE WAS IN THE EDITOR IN CHIEFS OFFICE PD THE DEPUTY EDITOR IN CHIEF ENTERED THE ROOM AND STATED THAT RUMOURS HAD REACHED HIM THAT THE RUSSIANS WOULD INVADE POLAND ON 6 JUN 81 PD THE EDITOR IN CHIEF STATED THAT HE KNEW THIS CMM AND THAT HE HAD LEARNED OF THIS FROM THE WOJEWODSCHAFTSKOMITEE PD FROM SUBSEQUENT DISCUSSIONS CMM IT BECAME KNOWN THAT THE SOVIETS INTENDED TO OCCUPY ALL IMPORTANT BASES CMM SUCH AS HARBOURS CMM ROADS AND LINES OF COMMUNICATIONS IN ORDER TO PREVENT THE GDR BEING CUT OFF

C PD AS FAR AS SOURCE COULD LEARN THAT SOVIET TROOPS WERE TO INVADE FROM GDR CMM CSSR AND USSR PD HE REMARKED QUESTIONING OF THE POLISH POPULACE INDICATED THAT REGARDLESS OF SOCIAL STATUS THEY WOULD FIGHT BACK

D PD ON 29 MAY 81 SOURCE OBTAINED INFORMATION THAT SOVIET TROOPS IN THE STARGARD AREA WERE RELOCATED SOME 35 KM SE (DATE NOT KNOWN) AND HAD TAKEN UP POSITION SE IN A SEMI-CIRCULAR CORDON AROUND THE SOVIET UNDERGROUND AIRFIELD AT CHOSZCZNO (BSSG NOTE CLN THE INTERROGATOR MAY HAVE GOT THIS WRONG PD A PROTECTIVE BELT AROUND STARGARD WOULD BE

PAGE 3 RBEWJP 139 C O N F I D E N T I A L

MORE LOGICAL PD CHOSZCZNO SURELY IS LESS IMPORTANT

E PD ACCORDING TO INTERNAL INFORMATION FROM THE DANZIGER NACHMITTAGSZEITUNG SOVIET TROOPS IN THE SLUPSK AREA WERE SAID TO HAVE ACTED SIMILARLY

F PD 31 MAY 81 3 U/I SOVIET COASTGUARD VESSELS WERE SEEN AT SWINEMUE--NDE OSTQUAI PD ONE PENNANT NUMBER MAY HAVE BEEN 709 CMM THE OTHERS WERE NOT RECOGNIZED PD THEY WERE APPROX 100M LONG CMM THE UPPER DECK WAS STEPPED DOWN TOWARDS AFT FROM AMIDSHIPS CMM SHORT FUNNEL

4 PD WE THINK YOU SHOULD HAVE THIS DETAIL SINCE VERSIONS OF THIS OR FURTHER REPORTS FROM SOURCE MAY REACH BRITISH USERS BY OTHER CHANNELS BT

NNNN

Poland

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GR 380

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FM WARSAW 021205Z JUN 81

TO IMMEDIATE F C O

TELNO 407 OF 2/6/81

INFO IMMEDIATE UKDEL NATO AND ROUTINE MOSCOW, EAST BERLIN, PRAGUE, PARIS, BONN, WASHINGTON, THE HAGUE AND MODUK. INFO SAVING SOFIA, BUDAPEST, BUDHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK, AND UKREP BRUSSELS.

POLISH/SOVIET RELATIONS.

1. THE TASS COMMENT ON THE KATOWICE DECLARATION (MY SAVING TELNO 1) HAS NOT SO FAR BEEN REPORTED BY POLISH RADIO OR TELEVISION, AND IT HAS BEEN GIVEN MINIMAL COVERAGE BY THE PRESS. TRYBUNA LUDU MENTIONS IT IN PASSING IN A ROUND-UP OF FOREIGN PRESS COMMENT ABOUT POLAND, AND GIVES MORE PROMINENCE TO THE WESTERN PRESS AND TO THE CZECH AND BULGARIAN COMMENTS ON THE KATOWICE FORUM.

2. THE KATOWICE DECLARATION IS THE FIRST MAJOR ATTACK ON THE PARTY LEADERSHIP FOR BEING TOO LIBERAL. AS SUCH, IT WILL BE REGARDED BY MANY POLES AS HAVING BEEN INSPIRED DIRECTLY BY MOSCOW. THE TASS COMMENT, INsofar AS IT SEEMS TO ALIGN SOVIET VIEWS ON POLAND WITH THE VIEWS EXPRESSED AT KATOWICE, CAN BE READ AS AN ATTACK ON KANIA, ALBEIT AN OBLIQUE ONE.

3. THE INDEPENDENT MEMBER OF THE COUNCIL OF STATE, PROFESSOR JAN SZCZEPANSKI TOLD ME YESTERDAY THERE WAS ALWAYS A POSSIBILITY THE CONGRESS MIGHT NOT TAKE PLACE, IF GROWING PRESSURES FORCED THE PARTY TO CONVENE ANOTHER PLENUM, MAKE CHANGES IN THE POLITBURO, AND POSTPONE IT. THIS VIEW MAY BE SHARED BY OTHERS. BUT HE STILL BELIEVED THAT AN EARLY CONGRESS WAS ESSENTIAL FOR A PEACEFUL SOLUTION AND THAT A POSTPONEMENT WOULD BE A VICTORY FOR THE PRO-SOVIET HARDLINERS. IF THERE WERE A POSTPONEMENT, KANIA MIGHT GO. HE HAS SURVIVED SO FAR LARGELY BECAUSE HIS LOW-PROFILE TACTICS HAVE ENSURED THAT HE IS NOT UNACCEPTABLE TO ANY FACTION IN THE PARTY, NOR TO THE RUSSIANS.

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/4. MOST POLES

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4. MOST POLES WE HAVE TALKED WITH RECENTLY STILL SEEM EITHER OBLIVIOUS TO THE THREAT OF IMMEDIATE SOVIET MILITARY INTERVENTION OR RELUCTANT TO TAKE IT SERIOUSLY. THEY SAY THAT WHILE THERE IS NO THREAT TO SOCIALISM IN POLAND OR TO SOVIET STRATEGIC INTERESTS, THE RUSSIANS WILL HUFF AND PUFF, BUT NOT MOVE. THERE IS EVERY INDICATION THAT THE REFORMIST ELEMENTS IN THE PARTY WILL CONTINUE TO FIGHT DURING THE CONGRESS CAMPAIGN. MANY LOCAL PARTY ORGANISATIONS HAVE NOW JOINED IN CONDEMNING THE KATOWICE DECLARATION, AND THE THREE ELECTORAL CONFERENCES HELD SO FAR HAVE ALL MADE SWEEPING CHANGES IN THEIR LOCAL PARTY ORGANISATIONS.

FCO PASS SAVING SOFIA, BUDAPEST, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

JAMES

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QUEEN ANNE'S GATE LONDON SW1H 9AT

June 1981

(2)

*ms*  
Prime Minister

*Dear Peter*

*Lord Carrington is being advised by his officials to go along with the line favoured by the Whiteslans. i.e. is agree to the transfer of the remains. As you will see the case is a strong one - the views of the emigré community notwithstanding.*

PROPOSED REMOVAL OF GENERAL SIKORSKI'S REMAINS TO POLAND

As you will be aware, I have received an application from Mr *March 26* Kycia, who describes himself as the brother-in-law and executor of the late Madame Helena Sikorska, for a licence under section 25 of the Burial Act 1857 to enable the remains of General Wladislaw Sikorski to be removed to Poland for re-burial in the crypt of the cathedral at Wawel Castle, Cracow. The General is at present buried in Newark cemetery in a plot where the remains of some 400 Polish servicemen are also interred. Peter Blaker has already had some discussion about the matter with Tim Raison, and the Embassy in Warsaw is closely interested.

In the ordinary way such a request would present little difficulty, particularly as we are aware from our papers that Madame Sikorska (General Sikorski's widow) was actively seeking to achieve this object during her lifetime and was using Mr Kycia as her agent to negotiate with the Polish Government. Until recently, however, the Polish Government had refused to allow the General's remains to be buried at Wawel, the traditional resting place of Polish national heroes. Lately, possibly because of recent political events in Poland - as the Warsaw telegrams seem to suggest - the Polish Government has given way on this point and has indeed, through your Department, with whom we have been constantly in touch, actively sponsored Mr Kycia's application.

Our normal requirements in these cases are that the application should be made by the next-of-kin and with the consent of the grave-owner and of the burial cemetery (ie the authority owning the burial ground where the remains are interred). Both the latter requirements have been met in this case: the Commonwealth War Graves Commission, as "owners" of the grave, do not favour the removal of the interred remains of war casualties from their cemeteries, but have no power to forbid the removal of a foreign national; accordingly they do not intend to raise any objection.

The question of the "next-of-kin" is rather more difficult, Mr Kycia is, we understand, the husband of a foster-sister of Madame Sikorska's. There is also a former son-in-law, Mr Lesniowski, who was married to the daughter of General and Madame Sikorski who was killed at the same time as her father. Mr Lesniowski re-married during Madame Sikorska's lifetime and became estranged from her. He lives in Cyprus and has indicated that he refuses to allow the General's remains to be removed to Poland. He has, however, also indicated that he might consider a transfer of the remains to Wawel cathedral at Cracow (Poland's equivalent to Westminster Abbey) but to no other place but then only with a written guarantee from Stanislaw Kania, the Polish communist party leader, and with the consent of Cardinal Wyszynski, the primate.

/In fact the Polish

The Rt Hon The Lord Carrington KCMG MC

In fact the Polish Government has, at our request, just provided such a guarantee and the late Cardinal Wyszynski is said to have made his approval known before his death. Cardinal Macharski (who is, apparently, widely regarded as his probable successor in the primacy) has also announced his consent to re-burial at Wawel. The proposal was, in the past, supported by Cardinal Wyszynski's predecessor, Cardinal Wojtyla, (now Pope John Paul II).

Normally, therefore, I do not think we should have much hesitation in following our traditional policy of trying as far as possible to give effect to the wishes of the next-of-kin - in this case the General's widow - now that these are no longer frustrated, but actively encouraged by the Polish Government.

The Polish Government hopes the return can be effected by 4 July, the 38th anniversary of General Sikorski's death. A committee has been set up to co-ordinate the arrangements on which the Government is represented by the Prime Minister, Mr Jaruzelski, the Church by Cardinal Macharski and Bishop Dabrowski, and Solidarity by Mr Lech Walesa.

The position is complicated, however, by the political implications and the extremely strong feelings generated here and in Poland both for and against removal. You will already be well aware that feeling in Poland appears to be unanimously in support of the return of the remains, and I will not go into the details.

In the UK, however, strong opposition has been expressed by the Polish emigre community. Evidence of this, and of the support it enjoys from many British sympathisers has come to us from numerous influential quarters. I do not think I need trouble you with every individual manifestation of this. Illustration of its flavour, however, is the formal protest made by the Council of Polish Ex-servicemen's Organisations on behalf of its member organisations categorically opposing the proposal. They feel that Sikorski's grave "represents to us all a symbol of unceasing struggle for the liberation of our Homeland". The remains of our Supreme Commander will be returned to Poland when she is governed by the authorities chosen by the nation". Count Raczynski, regarded as head of the emigre Polish community, called on your officials at the end of March to register his protest (though in 1972 he apparently told them he was not opposed to re-burial at Wawel in accordance with Madam Sikorska's wishes). Bernard Braine has also written to me expressing objections voiced to him by members of the Anglo-Polish society. Winston Churchill has been in touch with us about the strength of feeling in the emigre community, though he seems to accept that the General's remains will have to be released. Diana Airey had originally formed the opinion that almost all of the antagonism in this country towards the removal of the General's remains would disappear if the Poles in this country could be assured that the Church of Poland was actively supporting the plan to re-bury the General at Wawel. Subsequently, however, she advised that further consultation made clear that the level of emigre opposition was stronger and more unqualified than she had supposed. Against this an article in the Daily Telegraph on 21 May suggests that this is not true of at least all emigre Poles, and this is confirmed by a letter I have received from a Polish ex-serviceman, supporting the return of the remains, dissociating himself from the ex-combatants associations and suggesting that the associations' views are less representative than they claim.

/I believe that

I believe that the case for allowing the remains to be transferred to Poland is a strong one. But we cannot rule out the possibility of demonstrations against the removal taking place and even possibly an attempt to hamper or prevent it though I think that the Poles' strong respect for the dead would lead them to avoid any unseemly behaviour. A decision to grant a licence in this case authorising the removal of the remains for re-interment at Wawel can, I believe, be publicly justified on the grounds that it carries out the wishes of the General's widow, in compliance with which Mr Kycia has been negotiating with the Polish Government for many years both before and after her death. Winston Churchill has also suggested that it might be helpful if I were to see representatives of the emigre community to listen to their views on the issue or to explain the decision to them. That accords with my own views and we would certainly do so.

I am sorry to write at such length. Before taking a final decision, however, I was anxious to seek your views, in the light of all the facts, having regard both to the political situation in Poland, and the attitude of the emigre community in this country.

I am sending a copy of this letter to the Prime Minister.

Yours  
L. S. M.



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*Palmer*

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FM WARSAW 291420Z MAY

TO ROUTINE FCO

TELEGRAM NUMBER 402 OF 29 MAY

INFO WASHINGTON MADRID PARIS BONN UKDEL NATO MOSCOW

SAVING TO PRAGUE SOFIA BUDAPEST BUCHAREST BELGRADE EAST BERLIN  
UKMIS NEW YORK STOCKHOLM HELSINKI*mt*

## POLISH SITUATION: DOBROSIELSKI'S VIEWS.

1. I HAD A TALK TODAY WITH DOBROSIELSKI, ONE OF THE VICE-MINISTERS AT THE MINISTRY OF FOREIGN AFFAIRS. HE PAINTED A SOMBER OF THE POLISH INTERNAL SITUATION. HE SAID THE PRESENT CRISIS WAS AN ACCUMULATION OF ERRORS BOTH IN GOVERNMENT AND THE PARTY. GOMULKA HAD BEEN A GREAT MAN BUT HIS POLICY OF LIVING WITHOUT CREDIT HAD BEEN EXTREME. GIEREK HAD FOLLOWED GOOD POLICIES AT THE BEGINNING BUT TOWARDS THE END WAS OUT OF TOUCH AND SURROUNDED BY SYCOPHANTS. THERE WAS NO CENTRALISED SYSTEM OF CHECKING THE DECISIONS OF THE NUMEROUS ECONOMIC MINISTRIES. THERE HAD BEEN A RACE TO OBTAIN CREDIT AND NO PROPER CONTROL FROM THE CENTRE. AS AN EXAMPLE OF HOW OUT OF TOUCH GIEREK WAS, HE WOULD NOT TAKE AT ALL SERIOUSLY THE WARNING SIGNS IN THE SUMMER OF LAST YEAR WHEN HE WAS ON HOLIDAY IN THE CRIMEA. HE WAS MORE INTERESTED IN POLISH SUCCESS AT THE OLYMPICS THAN IN THE INTERNAL POLISH SITUATION. IT WOULD BE TOUCH AND GO AT THE FORTHCOMING CONGRESS. HE WAS NOT SURE THERE WOULD BE ENOUGH SENSE OF NATIONAL PURPOSE BEHIND THE 3 MAIN SECTORS - THE PARTY, THE CHURCH, AND SOLIDARITY. IT WOULD IN ANY CASE TAKE POLAND 3 OR 4 YEARS TO EMERGE FROM HER PRESENT CRISIS GIVEN THE BEST OF LUCK AND GOOD MANAGEMENT.

2. THE INTERNATIONAL ASPECT WAS ALSO WORRYING. HE WAS OF COURSE RESPONSIBLE FOR THE CSCE AND TENDED TO THINK IN THOSE TERMS. BUT THIS WAS PART OF A WIDER CONSIDERATION. HE HAD TO SAY THAT HE THOUGHT BRITAIN WAS TAKING A HARD LINE AT MADRID. IT WAS NO GOOD THINKING THAT THE SOVIET UNION WOULD NOT SEE THROUGH THE STRATAGEM OF DRAWING OUT THE CONFERENCE UNTIL AFTER THE POLISH CONGRESS. THE SOVIET UNION WANTED SOME SIGNS OF RECOGNITION THAT THE CONCESSIONS THEY WERE MAKING ON THE FRENCH CDE PROPOSALS, ESPECIALLY THEIR SURPRISING AGREEMENT TO EXTEND THE GEOGRAPHICAL DIMENSION TO THE URALS, WERE BEING TAKEN SERIOUSLY. IF THERE WERE NO SUCH SIGNS, HE WAS CONCERNED THAT THIS WOULD BE INTERPRETED AS A SETBACK TO THE LINE ADOPTED ON DETENTE AT THE 26TH SOVIET PARTY CONGRESS. BREZHNEV'S CAPACITY TO CARRY FORWARD THIS LINE WAS NOT UNLIMITED.

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/ IF

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IF THERE WERE INCREASED INTERNATIONAL TENSION, POLAND WOULD BE THE FIRST TO SUFFER. IF THE WORLD WENT BACK TO A COLD WAR, THE POLISH EXPERIMENT WAS DOOMED. HE FULLY RECOGNISED THAT THE POLISH SITUATION WAS ONLY A FACTOR IN THE CONSIDERATION OF THE GREAT POWERS. BUT THE WEST SHOULD TREAD CAREFULLY AT THIS TIME.

3. I THANKED DOBROSIELSKI FOR SPEAKING WITH FRANKNESS. THE FACTORS CAUSING TENSION WERE MANY. THE SOVIET UNION HAD A MEANS OF DECREASING THIS BY WITHDRAWING FROM AFGHANISTAN. BUT I TOOK NOTE OF WHAT HE HAD SAID ABOUT THE CSCE PROCESS AND THE POLISH POSITION. NO DOUBT THESE WERE TOPICS WHICH COULD BE USEFULLY PERSUADED WHEN MR CZYREK SAW YOU IN LONDON.

4. I DARESAY THAT DOBROSIELSKI HAS PURSUED A SIMILAR LINE IN PRIVATE CONVERSATION WITH OUR DELEGATION AT MADRID. WHILE HE MAY WELL BE REFLECTING DIRECTLY A SOVIET LINE, NO DOUBT POLISH PREOCCUPATIONS, WHICH IN THE LOCAL CONTEXT SEEM JUSTIFIED, CHIME WELL WITH SOVIET TACTICS.

FCO PLEASE PASS SAVING ADDRESSEES.

JAMES

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THIS TELEGRAM  
WAS NOT  
ADVANCED

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SECRET

Pland.  
22PRIME MINISTER

Poland: Possible Economic Sanctions in the  
Event of Forcible Intervention  
(OD(81) 26 and 27)

## BACKGROUND

1. You agreed in response to Sir Robert Armstrong's minute of 7th May that this matter should be discussed at OD. The Secretary of State for Trade has been in dispute with the Foreign and Commonwealth Secretary since early March over his misgivings about the position reached within NATO on contingency planning for economic sanctions in the event of Soviet intervention in Poland. Their latest exchange of letters is attached to OD(81) 27.
2. As background to their discussion, the Committee will also have before them, in OD(81) 26, an updated version of officials' earlier report on the range of economic sanctions which could be applied in the Polish context. To this is attached, at Annex II, the comparable paper on the available options which has in the meantime been agreed within NATO. The status of this NATO paper is deliberately ambiguous. In form it is merely a list of possibles, which leaves it to Governments to decide at the time what measures they would actually adopt. In practice, of course, some degree of moral commitment is involved already. The disagreement between Mr Biffen and Lord Carrington centres on this ambiguity.
3. The Secretary of State for Trade's main worry is that the way in which NATO's contingency planning has been conducted will limit Governments' freedom of choice in a crisis by confining it to rigidly pre-packaged measures which fail to take due account either of individual national interests or the varying circumstances of the moment. He is supported by the Chancellor of the Exchequer in his view that we should be thinking in terms of a more flexible and selective approach to trade sanctions in particular. He pressed for the evaluation by British officials of four alternative forms of trade embargo, which is set out in paragraph 7D of the revised report (pages 9-11); and he would now like these alternatives injected into the NATO paper. The four are: total embargo; exemption only for enforceable contracts; exemption also for contracts continuing established business (as in Iran); and exemption for all contracts, whether or not enforceable.



SECRET

4. Underlying Mr Biffen's expressed worries is the fear that in an actual crisis the need to take decisions very quickly would leave little scope for collective discussion by British Ministers; and that the economic Departments might once again be bounced by the Foreign and Commonwealth Office as they feel they were over Iran.

5. On the substance of the matter, Lord Carrington has repeatedly made clear that in his view anything less than a complete embargo on all new contracts would not be workable, equitable as between Allies or severe enough in its impact on the Soviet Union. On procedure, he is opposed to re-opening negotiations on the NATO paper, which was the fruit of long weeks of international discussion and represents a delicate balance among many different interests and points of view. Further negotiation might, he fears, undermine NATO's general support for the measures already identified and cast doubt on the United Kingdom's advocacy of a robust response to Russian intervention. Indeed it could well be argued that the preparation of the NATO contingency plans, of which the Russians are almost certainly aware, has already had a deterrent effect on them; and that this would be reduced by the kind of action which Mr Biffen would like to take.

6. The Lord Chancellor believes more sweepingly that economic sanctions are always ineffective (his Private Secretary's letter of 6th March). As a piece of historical analysis this has much to commend it (despite some contrary examples, eg the fear of impending American economic sanctions which precipitated the Japanese attack on Pearl Harbour). But it ignores the fact that in some international circumstances public opinion would certainly regard it as unacceptable if sanctions were not at least attempted.

#### HANDLING

7. You could introduce this item by referring to the considerable correspondence which has taken place since early March and the need to reach an agreed position. You could then invite the Foreign and Commonwealth Secretary to describe the present position which has been reached within NATO on the preparation of contingency plans in regard to Poland. Thereafter you could call on the Secretary of State for Trade and the Chancellor of the Exchequer to expand their reasons for suggesting that we should go back to our NATO allies with amended proposals. Subsequent discussion might cover the following points.



SECRET

(a) Does the Foreign and Commonwealth Secretary accept that, if there is forcible intervention in Poland by the Soviet Union, the economic sanctions which might be applied by the United Kingdom would be decided on by the Government collectively, in the light of the circumstances of the time?

(b) In the opinion of the Foreign and Commonwealth Secretary how damaging would it be to the solidarity of NATO's position over contingency planning if the United Kingdom sought to re-open the issue along the lines advocated by the Secretary of State for Trade?

(c) Does the Lord Chancellor accept that, while the application of economic sanctions might not have much effect on the Soviet Union, it would be unhelpful to advance this argument internationally at the present time or seek to stand aside from NATO's contingency planning on this account?

(d) How strongly does the Secretary of State for Trade rate potential Parliamentary opposition to the kind of measures considered in the NATO contingency plan? In his letter of 28th April he suggests that Parliament may well expect a different response over Poland than Afghanistan. Is not the difference that Parliament will expect a stronger reaction in relation to Poland?

8. You will not need to consider in detail the officials report attached to OD(81) 26. But are there any particular points of concern which members of the Committee wish to raise on it? Apart from the qualification made by Mr Biffen, the report has been fully cleared with Departments at official level.

#### CONCLUSION

9. Subject to points made in discussion, you may like to guide the Committee to conclude that the overriding objective at the present time must be to deter Soviet intervention in Poland. Re-opening discussion in NATO, along the lines suggested by the Secretary of State for Trade, might place this objective at risk.



SECRET

10. But it would be helpful to Mr Biffen if you could also seek an assurance from the Foreign and Commonwealth Secretary that what the United Kingdom has said in its contribution to the NATO contingency planning is not necessarily the same thing as what would actually be done if the contingency arose; that any British decision on economic sanctions will be taken with due regard both for the circumstances of the time and for our national interests; and that such decision will of course be preceded by appropriate collective discussion.

29th May 1981

R L WADE-GERY

c Sir Robert Armstrong o/r

RESTRICTED

GRS230

RESTRICTED

FM WARSAW 280900Z MAY

TO PRIORITY FCO

TELEGRAM NUMBER 393 OF 28 MAY

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON  
UKDEL NATO THE HAGUE MODUK

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

MY TELNO 386: ATTACKS ON SOVIET SOLDIERS; COUNCIL OF MINISTERS  
STATEMENT

1. WE HAVE ENQUIRED ABOUT THIS. SPECIFIC INSTANCES ARE FEW AND, WITH THE EXCEPTION OF THE ACCOUNT AT PARAGRAPH 2 (I) BELOW, DO NOT SEEM PARTICULARLY SERIOUS. THEY ARE TYPICAL OF INCIDENTS BETWEEN A FOREIGN ARMY AND ITS LOCAL HOSTS. THIS LEADS US TO SUSPECT THE INCIDENTS ARE BEING HIGHLIGHTED TO WARN THE POPULATION TO STAY CALM, OR PERHAPS TO PAVE THE WAY FOR A TOUGHER APPROACH BY THE AUTHORITIES TO PROBLEMS OF LAW AND ORDER IN GENERAL. THE STATEMENT MAY ALSO BE IN RESPONSE TO SOVIET PRESSURE OR DISPLEASURE OR INTENDED TO FORESTALL PROTESTS FROM THE RUSSIANS.

2. SPECIFIC INSTANCES ARE AS FOLLOWS:

(I) A JUNIOR POLISH LIEUTENANT, PICKED UP BY AN EMBASSY CONTACT WHILE HITCHHIKING, DESCRIBED IN VAGUE TERMS A FIGHT BETWEEN A GROUP OF POLISH AND SOVIET SOLDIERS AT THE END OF THE SOYUZ 81 EXERCISE. SEVERAL SOVIET SOLDIERS WERE SAID TO HAVE BEEN KILLED IN THE FIGHT.

(II) AT JAROSLAW IN SOUTH-EAST POLAND, LOCAL FARMERS COMPLAINED AT THE ARRIVAL OF A SOVIET UNIT IN THEIR AREA. SOLIDARITY TOOK UP THE FARMERS' CASE AGAINST THE SOVIET SOLDIERS AT A LOCAL LEVEL.

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/ (III) TRYBUNA LUDU

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(III) TRYBUNA LUDU REPORTED THAT ON 26 MAY THE MEMORIAL  
TABLET TO SOVIET SOLDIERS IN PRZEMYSL HAD BEEN PAINTED  
OUT WITH WHITE PAINT.

(IV) WESTERN PRESS CORRESPONDENTS SAY THEY HAVE HEARD OF  
INSTANCES OF ANTI-SOVIET SLOGAN DAUBING NEAR SOVIET BARRACKS  
AND OF ONE OCCASION WHEN A POLE WAS BEATEN UP BY A GANG  
OF SOVIET SOLDIERS.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

JAMES

[REPEATED AS REQUESTED]

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- 2 -

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GRS 650

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FM WARSAW 261000Z MAY

TO IMMEDIATE FCO

TELEGRAM NUMBER 383 OF 26 MAY

INFO IMMEDIATE UKDEL NATO

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

THE HAGUE MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI

STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

POLISH POLITICAL SITUATION

1. THE POLITICAL SCENE IS DOMINATED BY PREPARATIONS FOR THE IX PARTY CONGRESS. THIS NEWLY-DEMOCRATISED PROCESS IS GENERATING A HEADY AND AT THE SAME TIME EERIE POLITICAL ATMOSPHERE. THERE IS A SENSE OF DRIFT. IT MAY SOUND FANCIFUL BUT I AM AT TIMES REMINDED OF PARIS IN 1968 WHEN FRANCE WAS SLIDING AND NO-ONE WAS IN CONTROL.
2. PREPARATIONS FOR THE PARTY CONGRESS ARE ATTRACTING EXTENSIVE DAILY PRESS COVERAGE. MEMBERS OF THE POLITBURO ARE ACTIVE IN TOURING LOCAL PARTY CELLS AND PARTICIPATING IN THE ELECTORAL PROCESS. AMONG THESE ARE BARCIKOWSKI, ZABINSKI AND OLSZOWSKI. SO FAR, LESS THAN 100 OF THE 2000-ODD DELEGATES HAVE BEEN ELECTED. AND THE PROCESS WILL NOT BE COMPLETED UNTIL THE END OF JUNE. IT IS IMPOSSIBLE TO BE CERTAIN ABOUT THE TYPE OF DELEGATES WHO ARE PRESENTLY BEING ELECTED. BOTH THE POLITBURO AND THE PARTY PRESS HAVE EXPRESSED DISQUIET THAT TOO FEW GENUINE WORKERS ARE GAINING ELECTION.
3. THE INCREASING PROBLEMS OF LAW AND ORDER ARE CAUSING ANXIETY. THE PRESS IS REPORTING ALMOST DAILY INCIDENTS IN WHICH THE MILICJA HAS BEEN UNABLE TO ARREST COMMON CRIMINALS BECAUSE OF THE INTERVENTION OF A MOB. WHETHER SUCH MOBS BELIEVE THAT ANYONE ARRESTED BY THE MILICJA SHOULD BE DEFENDED, OR WHETHER THEY SIMPLY HATE THE MILICJA IS HARD TO SAY. BUT BOTH THE POLITBURO AND THE GOVERNMENT HAVE TAKEN THE PROBLEM SERIOUSLY. SOME OF THE PRESS COMMENT INDICATES THAT THEY MAY BE PREPARING THE WAY FOR A TIGHTENING UP, IF THIS IS POSSIBLE. THE COUNCIL OF MINISTERS' WARNING AGAINST HARASSMENT OF SOVIET SOLDIERS IS A FURTHER SIGN THAT SOME INITIATIVE MAY BE IN THE WIND. (SEE MIFT)
4. THE INDICTMENT OF THOSE HELD RESPONSIBLE FOR THE CURRENT CRISIS IS ALSO RECEIVING CONSIDERABLE ATTENTION. GIEREK APPEARED LAST WEEK BEFORE A NATIONAL COMMISSION SET UP UNDER GRABSKI (HARRISON'S LETTER TO MISS BROWN OF 22 MAY). OVER THE WEEKEND

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IN KATOWICE, A NUMBER OF FORMER OFFICIALS IN SILESIA WERE NAMED BY A LOCAL COMMISSION. GRABSKI HAS BEEN CHARGED TO FINISH ALL SUCH PROCEEDINGS BY THE END OF JUNE, IN ORDER THAT THE CONGRESS CAN START WITH A "CLEAN SHEET". THE SUICIDES OF EX-MINISTERES OLSZEWSKI AND BARSZCZ DEMONSTRATE THE TENSIONS THIS ACTIVITY IS CREATING.

5. SOME ELEMENTS IN SOLIDARITY AND OUTSIDE IT ARE STEPPING UP THE CAMPAIGN FOR THE RELEASE OF POLITICAL PRISONERS. THE WARSAW STUDENTS YESTERDAY HELD A MASS IN ST ANN'S CHURCH FOLLOWED BY A MARCH TO THE TOMB OF THE UNKNOWN SOLDIER IN SUPPORT OF THE CAMPAIGN. THE ORIGINAL PLAN HAD BEEN FOR THE MARCHERS TO GO TO THE SEJM, WHICH WOULD HAVE BROUGHT THEM INTO CONTACT WITH A RIVAL MEETING OF THE HARD LINE GRUNWALD GROUP. HOWEVER THE ROUTE WAS ALTERED AFTER APPEALS FROM THE AUTHORITIES AND SOLIDARITY. SOLIDARITY OFFICIALS POLICED THE MARCH VERY FIRMLY AND ENSURED THAT THERE WAS NO DIVERGENCE FROM THE ROUTE AND THAT ONLY BANNERS DEMANDING THE RELEASE OF POLITICAL PRISONERS WERE CARRIED. THE GOVERNMENT HAVE AGREED TO THE RE-CONSIDERATION OF THE CASES OF ALL THE NAMED PRISONERS BY THE COUNCIL OF STATE, SEJM COMMISSION OR PROCURATOR'S OFFICE AS APPROPRIATE.

5. THE MINATORY NOISES FROM THE SOVIET MEDIA ON REVISIONIST TENDENCIES WITHIN THE PARTY AND OTHER MATTERS SEEM TO WASH OVER THE HEADS OF MOST OF THE POLES WE ARE MEETING WHO SEEM UNWILLING TO LOOK OUT OF THEIR PREENT BLINKERS. IT IS DIFFICULT TO JUDGE WHETHER THEY ARE AFRAID TO DO SO OR WHETHER THE FLOW OF EVENTS IS CARRYING THEM ALONG: PERHAPS BOTH. NO ONE TALKS OF THE LONG TERM.

7. IN SUM, THE ATMOSPHERE HERE IS STILL OUTWARDLY CALM BUT THERE IS MUCH TENSION AND ACTIVITY UNDER THE SURFACE. IT NOW SEEMS TO BE WIDELY BELIEVED THAT THE CONGRESS WILL LAST MUCH LONGER THAN THE PLANNED 5 DAYS, SO NUMEROUS WILL BE THE DELEGATES WHO WISH TO SPEAK.

VJ7EJ

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GRS 250

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FM WARSAW 260700Z MAY

TO ROUTINE FCO

TELEGRAM NUMBER 382 OF 26 MAY

MIPT: GENERAL SIKORSKI

1. THE POLISH GOVERNMENT ARE MAKING A HEAVY PITCH FOR THE RETURN OF SIKORSKI'S REMAINS. IT MAY BE THAT IN THESE DARK HOURS THEY WELCOME THE CHANCE OF PLAYING ON THE THEMES OF NATIONAL UNITY AND POLISH INDEPENDENCE. THESE SEEM TO FIT IN WITH THE POPULAR MOOD AND WITH THE GENERAL ATTITUDE OF THE CHURCH. IT IS INTERESTING THAT SOLIDARITY IS ALSO BACKING THE CAMPAIGN AND THAT WALESA IS A MEMBER OF THE COMMISSION ORGANISING THE CELEBRATIONS.
2. WHILE THE CELEBRATIONS MAY THEREFORE BE CONVENIENT TO THE GOVERNMENT, AND THEY MAY BE FANNING THE CAMPAIGN I JUDGE THAT JABLONSKI IS SPEAKING THE TRUTH WHEN HE SAYS THAT THIS IS AN ISSUE WHICH HAS WIDESPREAD SUPPORT AMONGH THE POLES AND THAT THE CAMPAIGN IS FAST BUILDING UP INTO A NATIONAL ONE. PARADOXICALLY IT IS PROBABLY A FACT THAT THIS SANCTIFICATION OF SIKORSKI COULD ONLY TAKE PLACE BECAUSE OF THE LOOSENING UP IN POLISH SOCIETY OVER THE LAST FEW MONTHS.
3. UNLESS THERE ARE GENUINE LEGAL OBJECTIONS, I DO NOT THINK IT WOULD BE UNDERSTOOD HERE IF THE BRITISH GOVERNMENT WERE TO TURN DOWN A REQUEST TO TRANSFER THE REMAINS TO POLAND AND PLACE THEM IN WAWEL CATHEDRAL. IT WOULD BE EVEN LESS UNDERSTOOD IF WE WERE THOUGHT TO HAVE TAKEN THIS ACTION IN WHAT WOULD SEEM TO BE A RESPONSE TO THE DEMANDS OF A SECTION OF THE EMIGRE COMMUNITY.

JAMES

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10 DOWNING STREET

From the Principal Private Secretary

22 May 1981

Dear Terry,

POLAND : NEW EXPORT CREDITS

The Prime Minister has seen your letter of 21 May 1981 to Michael Alexander and has taken note that, following the meeting of OD on Wednesday of this week, the Secretary of State for Industry, the Minister of Agriculture and the Chief Secretary agreed that the new credits to Poland of £25 million should be divided equally between industry and agriculture.

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

Yours sincerely,

Terry Mathews Esq.,  
HM Treasury.

*Alan Whitehouse*

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From Minister.  
To note.  
KW  
210



Treasury Chambers, Parliament Street, SW1P 3AG

M O'D B Alexander Esq  
10 Downing Street  
London SW1

21 May 1981

Dear Michael,

*M*

POLAND: NEW EXPORT CREDITS

As you know, OD Committee yesterday decided to extend new credits worth £25 million to Poland in the remainder of 1981. The question of how to divide this figure between credits for agricultural sales and industrial sales was remitted to the Secretary of State for Industry, the Minister of Agriculture and the Chief Secretary to decide.

*marked!*

This is to advise you that the three Ministers met immediately after OD and agreed that the credits should be divided equally - £12.5 million each for industry and agriculture.

I am sending copies of this letter to Ian Ellison (Department of Industry) and Kate Timms (MAFF), to the Private Secretaries to members of OD, and to David Wright.

Yours ever,

Terry Mathews

T F MATHEWS

  
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Poland

PRIME MINISTEROD: New Credit for Poland

## BACKGROUND

At its meeting on 15th April, under the Home Secretary's chairmanship, OD agreed that the United Kingdom should participate in a multilateral agreement to relieve Polish debt - to the tune of 80 per cent - and should also provide a further £35 million of new credit during 1981. In the event it proved necessary to follow our allies in agreeing to 90 per cent rather than 80 per cent debt relief. The Chancellor of the Exchequer accepted this. In return, however, he now suggests (in his minute to you of 30th April) that we limit our additional new credit in 1981 to £25 million. This is logical enough, since his original agreement to go as high as £35 million was much influenced by the prospect that we were going to get away comparatively lightly as regards the percentage of debt relief. But the Foreign and Commonwealth Secretary (in his undated minute to you sent on 11th May) objects that £25 million is too little, in the light of Polish needs and our partners' intentions. He is likely to be supported by the Minister of Agriculture and the Secretary of State for Industry, whose respective clients do not want to lose their position in the Polish market and do not care if their exports have to be paid for by the British taxpayer rather than the Poles. Both the Minister and the Secretary of State have been invited to the meeting. The Secretary of State for Trade will be receiving divided advice from the Department of Trade (who favour more trade) and from Export Credits Guarantee Department (who favour more restraint over credit unlikely ever to be repaid).

2. A decision is urgent, since our representatives will have to show their hand at an international negotiation on 1st June.

3. In addition to resolving this central point of disagreement, OD will also need to decide how any new credit we now provide should be divided between agricultural and industrial exports.

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4. There is agreement at official level between all the Departments concerned that there are three basic options:-

- (a) To maintain the total of £35 million new credit for the rest of 1981 and divide it roughly on the basis of £15 million for agricultural sales and £20 million for industrial goods.
- (b) To reduce the new credit to £25 million, allowing £15 million for agricultural products and £10 million for industrial goods.
- (c) £25 million again, but divided £10 million for agriculture and £15 million for industrial goods.

5. The Chancellor's preference is for (b) because it is cheaper than (a) and less likely than (c) to be upset by any new European Community food aid agreement. The reasoning here is that, if the Poles used up £10 million of the credit to buy, say, barley from British stocks and then, later in the year, sought further supplies of Community grain, we could find ourselves with surplus stocks available but without the spare credit which would enable the Poles to buy them; and this state of affairs would be the more awkward for arising during the United Kingdom's Presidency. The Foreign and Commonwealth Secretary wants (a); but if forced to accept the smaller amount he would plump for (c) rather than (b) on the grounds that the lion's share of credit given to the Poles so far has been for agricultural exports. The Secretary of State for Trade would prefer to see the total credit limited to £25 million, provided that the bulk of it goes on industrial exports; i.e. his first preference is for (c), with (a) rather than (b) as his fallback. The Secretary of State for Industry takes the same view. The Minister of Agriculture will support Lord Carrington in going for (a); but failing that he naturally prefers (b) to (c).

HANDLING

6. You will wish the Chancellor of the Exchequer to introduce the discussion and then to invite the Foreign and Commonwealth Secretary's comments. You might then in turn seek the views of the Secretaries of State for Trade and Industry and of the Minister of Agriculture.



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7. . You will want to start with -

(i) £35 million or £25 million.

Only if the answer is £25 million will you need to go on to -

(ii) The division between agriculture and industry.

8. On (i) you will wish to establish whether a British figure of £25 million would be consistent with our economic objectives in Poland, which are to maximise the chances of having all our debts eventually repaid; whether it would be likely to prompt reductions in the level of new credit offered by our partners; and what effect that would have in Poland.

9. On (ii) (if you get to that), could we in fact supply more agricultural products if the Poles want them? Would there be any more economic way of disposing of the commodities in question? If we do have surpluses and this is the best way of disposing of them, should this be done at the expense of helping our industry to get Polish orders? And how severe in practice would be the effects on industry of limiting industrial credit to £10 million?

#### CONCLUSION

10. In the course of the discussion, you may get a feel for whether the Chancellor or the Foreign and Commonwealth Secretary is readier to give way on £25 million versus £35 million. Failing that, you could reasonably guide the Committee towards £25 million, since £35 million was clearly more than either the Foreign and Commonwealth Secretary or the Home Secretary (in the chair) were expecting the Chancellor to offer last time round; and if he had stuck at £25 million then he would probably have got away with it. Failing even that, £30 million would of course be the obvious compromise figure.

11. On industry versus agriculture, £30 million should probably be divided evenly. If the total is to be £25 million, the case for allocating £15 million to agriculture will be fairly strong, provided that the Minister of Agriculture can demonstrate that agricultural exports both save intervention storage costs and attract a proportion of payment from FEOGA sources (i.e. in real money).

Robert Armstrong

19th May 1981





PM/81/25

PRIME MINISTER

for O.T. - probably on 20 May.

Am

Polish Debt

1. The Chancellor's minute of 30 April records the decision of the Western Creditors to offer Poland 90% debt relief. I agree that it was right for us to go along with the consensus.
2. The Chancellor goes on to propose that we should make an off-setting reduction in the amount of new export credit we would be prepared to offer to the end of this year. I firmly believe we should stick to the figure of £35 million agreed at OD on 15 April, which is in itself substantially less than any of the other major Western trading partners of Poland has made available.
3. Our overall objective is to help promote in Poland the economic recovery which will be essential if the Poles are to maintain the gains of the 'renewal' and to repay their debts. The economy cannot be turned around without imports from the West, for which the Poles will need further hard currency credits; Kisiel, the Polish Deputy Prime Minister who called on you in December, saw Ian Gilmour on 8 May and emphasised in particular the need for credit over the next two or three months to keep the factories going in the uncertain period up to the Polish Party Congress in July. Our partners are likely to be sympathetic and they will expect us to play our part. I understand that the French and Germans have so far made available \$554 million and \$310 million respectively in 1981, and that the US have kept open a \$590 million credit line for grain purchases. Our own figure, if we stick to the additional £35 million agreed in OD on 15 April, will be about \$166 million.

/4. I



4. I understand that there is already some difficulty in deciding how £35 million of additional credit should be allocated between agricultural and industrial exports, for each of which good cases can be made.

5. I am sending copies of this minute to the members of OD and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office

SECRET

R H

19

SIR ROBERT ARMSTRONG

Poland Contingency Planning

The Prime Minister has seen your minute to me of 7 May on this subject. She agrees that there should be an OD discussion at the appropriate moment.

M. G. ALEXANDER

8 May, 1981

SECRET

CONFIDENTIAL

GRS 550

CONFIDENTIAL

FM WARSAW 071345Z MAY

TO IMMEDIATE FCO

TELEGRAM NUMBER 349 OF 7 MAY

INFO IMMEDIATE UKDEL NATO

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON  
THE HAGUE MODUK

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

CONVERSATION WITH VICE PREMIER RAKOWSKI

1. RAKOWSKI RECEIVED JOY BRIEFLY THIS MORNING FOR A QUICK TOUR D'HORIZON ON THE CURRENT SITUATION, (ON THE BASIS OF RELATIONSHIP DEVELOPED WHILST RAKOWSKI WAS CHIEF EDITOR OR POLITYKA). THE FOLLOWING POINTS OF INTEREST EMERGED:

(1) RAKOWSKI WAS HAPPIER IN GOVERNMENT OFFICE THAN MAKING A CAREER IN THE PARTY. THE CENTRE OF POWER HAD SHIFTED FROM PARTY TO GOVERNMENT AND AS THIS TREND SEEMED LIKELY TO CONTINUE HE WOULD PREFER TO BE INVOLVED IN THE EXECUTION AND DECISION - MAKING OF GOVERNMENT RATHER THAN POLICY -MAKING WITHIN THE PARTY. HE DESCRIBED POLITBURO MEETINGS WHICH HE ATTENDS AS ''DREADFULLY LONG WRANGLES''. HE HAD DEVELOPED A CLOSE FRIENDSHIP WITH JARUZELSKI DURING THE PAST FEW MONTHS BASED ON MUTUAL RESPECT FOR EACH OTHER'S MODERATE APPROACH AND METHODS OF WORKING.

(2) SOME PROGRESS HAD BEEN MADE TOWARDS A POLITICAL SOLUTION, WITH THE INTEGRATION OF SOLIDARITY WORKING PARTIES INTO DETAILED DISCUSSION GROUPS WITH THE GOVERNMENT. BUT THE WAY AHEAD WAS FRAUGHT WITH DANGERS. THERE WERE STILL TOO MANY VOCAL EXTREMISTS ON BOTH SIDES AND PARTICULARLY AMONGST THE GRASS-ROOTS WORKERS IN SOME SOLIDARITY REGIONAL ORGANISATIONS. THE CHURCH'S MODERATING INFLUENCE HAD BEEN VERY HELPFUL. SOLIDARITY WERE NOW AWAITING THE OUTCOME OF THE PARTY CONGRESS AND MEANWHILE AVOIDING CONFRONTATION.

(3) THE BEGINNINGS OF A COMPROMISE WERE EMERGING WITHIN THE PARTY ITSELF BUT THERE WAS STILL INTENSIVE COMPETITION BETWEEN PARTY AND SOLIDARITY AT GRASS-ROOTS LEVEL AND RESENTMENT BY PARTY MEMBERS AGAINST PAST LEADERSHIP ERRORS WAS A VERY POWERFUL FORCE. THIS WOULD HAVE TO BE SATISFIED OR SOMEHOW SET ASIDE BEFORE PARTY UNITY AND SELF-CONFIDENCE COULD BE RE-ESTABLISHED, AND THIS HAD TO BE DONE QUICKLY. HORIZONTALISM WAS A SYMPTOM OF ORDINARY PARTY MEMBERS'

CONFIDENTIAL

/ DETERMINATION

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DETERMINATION TO ENSURE DEMOCRATIC CONTROL OF THE LEADERSHIP AND AVOID FURTHER ERRORS AND CRISES. HORIZONTALISTS HAD LITTLE OR NO INTEREST IN FUTURE POLICY PROGRAMMES AS SUCH.

(4) SUSLOV HAD NOT REALLY UNDERSTOOD WHAT WAS HAPPENING IN POLAND. BUT THE PRINCIPAL QUESTION WAS NOT WHETHER THE RUSSIANS UNDERSTOOD, OR EVEN WHETHER THEY COULD ACCEPT, BUT RATHER HOW THEY WOULD REACT. BUT RAKOWSKI, WHOSE RECENT PESSIMISM, EXPRESSED TO 'LE FIGARO' CORRESPONDENT, WE HAVE REPORTED BEFORE, NOW SAID HE WAS MARGINALLY OPTIMISTIC. THE CZECH, EAST GERMAN AND EVEN ROMANIAN, LEADERS WERE IN GREATER DANGER OF CONTAGION FROM POLAND THAN THE RUSSIANS AND THE PUBLIC STATEMENTS, PARTICULARLY FROM PRAGUE, REFLECTED THIS.

(5) RAKOWSKI IS ABOUT TO PUBLISH HIS BOOK ON THE EVENTS OF DECEMBER 1970, FOLLOWED BY ANOTHER WRITTEN IN 1978/79 ON THE DECADE OF THE 70'S AND A THIRD CONTAINING SEVERAL HUNDRED LETTERS HE RECEIVED AS CHIEF EDITOR OF POLITYKA IN THE PERIOD AUGUST TO DECEMBER 1980.

(6) ASKED WHAT HE THOUGH BRITAIN COULD DO TO HELP IN THE POLISH CRISIS HE REPLIED WITH A SMILE "'NO MORE THAN AT PRESENT, THANK-YOU'". HE WAS RELAXED ABOUT BRITISH MEDIA COVERAGE ON THE POLISH SCENE.

FCO PLEASE PASS SAVING ADDRESSES.

PRIDHAM

[REPEATED AS REQUESTED]

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SECRET

① 18

Ref. A04838

MR. ALEXANDER

Prime Minister  
To be aware.

+ Agree that discussion w/ O.A.  
is inevitable? Yes Mr. P. M.

(attached to OD(81)27)

Poland: Contingency Planning

- 'A' — In his minute of 28th April the Secretary of State for Trade (i) reiterated, for the fourth time, his misgivings about the position reached within NATO on contingency planning for economic sanctions in the Polish context and (ii) suggested that officials should now work on the formulation of additional, flexible proposals for consideration in NATO. The Foreign and Commonwealth Secretary's reply of 1st May once again rejects (i), but meets (ii) in part by agreeing that officials should examine the feasibility cost and impact of the four options identified by the Department of Trade. The Secretary of State for Trade is expected to return to the charge. The correspondence arose out of a report by officials circulated as OD(81) 10 on 13th February. The Chancellor of the Exchequer and the Lord Chancellor have also taken part.
- 'B' —
- 'E' — 2. Officials have in hand a revision of OD(81) 10 which formed the basis of the United Kingdom's position in discussions with NATO. The revision will update the earlier report; draw attention to the (few) places where there are differences between it and the corresponding NATO paper which has meanwhile emerged; and identify options in the field of trade sanctions short of a complete embargo on new contracts. This last feature of the revised report will cover the evaluation of the four Department of Trade options to which the Foreign and Commonwealth Secretary's latest minute refers. The report should issue within two weeks.
3. What the revised report will not be able to do is reach conclusions on the policy question whether the United Kingdom should (as the Secretary of State for Trade wants) take an initiative in NATO to have the additional options in the field of trade sanctions written into the NATO paper (or somehow recognised by our Alliance partners); or whether (as the Foreign and Commonwealth Secretary insists) that would be both damaging and unnecessary. It seems unlikely that the issue will be resolved in further correspondence. Unless the Prime Minister is

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content to adjudicate or postpone the matter, a meeting of OD will be needed, which we shall arrange when officials' revised report is available.

4. Behind the specific argument between the Secretary of State for Trade and the Foreign and Commonwealth Secretary lies a more fundamental difference about the merits of sanctions. The Secretary of State for Trade, with support from the Lord Chancellor and the Chancellor of the Exchequer, thinks that they would harm us and fail to serve their purpose. The Foreign and Commonwealth Secretary sees them as unavoidable in certain circumstances. This unresolved clash between our economic and political interests is familiar from discussion of Iran and Afghanistan last year. Economic Ministers' apprehensions are sharpened by a feeling that the Foreign and Commonwealth Secretary did his best to bounce them over Iranian sanctions. If too many key decisions are left to be taken at the time a crisis is on us, they fear he may succeed in bouncing them again. Conversely, the Foreign and Commonwealth Secretary would probably prefer to avoid collective discussion unless and until the crisis arrives; and he can reasonably argue that theoretical argument in advance is likely to be pretty sterile.

REA

ROBERT ARMSTRONG

7th May, 1981

SECRET

17

S E C R E T

GRS 430

SECRET

DEDIP

BURNING BUSH

FROM ROME 040045Z MAY 81

TO IMMEDIATE FCO

TELNO 131 OF 4 MAY 81

INFO PRIORITY WASHINGTON. PARIS, BONN, MOSCOW, WARSAW,  
UKDEL NATO (PERSONAL FOR AMBASSADOR)

QUADRIPARTI TE MINISTERIAL DINNER IN ROME 3 MAY:

POLAND

FOLLOWING FROM PRIVATE SECRETARY

1. GENSCHER SPOKE AS HE HAD DURING THE SECRETARY OF STATE'S VISIT TO BONN LAST WEEK. THE WEST COULD EXPECT AN EXTERNAL AND INTERNAL MORATORIUM IN POLAND FOR THE TIME BEING. BUT THE PERIOD BEFORE, DURING AND AFTER THE PARTY CONFERENCE IN JULY WOULD BE ONE OF SERIOUS RISKS, ESPECIALLY IF THE SELECTION OF DELEGATES LED TO A FUNDAMENTAL CHANGE IN THE COMPOSITION OF THE PARTY, ITS LEADERSHIP AND THEREFORE ITS POLICIES. GENSCHER WAS ALSO CONCERNED ABOUT THE HEALTH OF CARDINAL WYSZINSKI. HE ASKED WHAT INSTRUMENTS WERE AVAILABLE TO THE WEST TO KEEP THE SITUATION UNDER CONTROL DURING THE PERIOD JUNE TO AUGUST. THE SOVIET UNION COULD BE INFLUENCED BY THE PROSPECT OF HAIG'S MEETING WITH GROMYKO, BY THE COURSE OF THE MADRID CONFERENCE, BY THE TNF NEGOTIATIONS ETC. ALL THESE THINGS WOULD HELP TO REMIND THE RUSSIANS WHAT THEY STOOD TO LOSE IF THEY INVADED POLAND.

2. HAIG AGREED THAT THE SUMMER WOULD BE A DIFFICULT PERIOD AND THAT THERE WERE THINGS THE WEST COULD DO TO INFLUENCE EVENTS. THE POPE HAD TOLD HIM ON 2 MAY THAT WHAT HAD ALREADY OCCURED IN POLAND HAD EXCEEDED THE TOLERANCE OF 'THE RUSSIANS'. HE HAD ADMITTED THAT THE SUCCESSOR TO WYSZINSKI COULD NOT EXPECT TO EXERCISE THE SAME INFLUENCE. HE HAD NOT REPEAT NOT SEEN SOVIET INTERVENTION AS A DANGER THAT WAS BEHIND US. THE POPE HAD DISTINGUISHED BETWEEN THE HUNGARIAN AND CZECHOSLOVAK EVENTS ON THE ONE HAND AND THOSE IN POLAND ON THE OTHER: THE LATTER WERE A HISTORICAL EVENT OF FUNDAMENTAL IMPORTANCE, INVOLVING THE PARTY ITSELF. THE POPE BELIEVED THAT WESTERN UNITY AND WESTERN STATEMENTS HAD TWICE BEEN INSTRUMENTAL IN AVERTING A SOVIET DECISION TO INTERVENE. HE HAD BEEN PLEASED THAT THE UNITED STATES WAS REBUILDING ITS STRENGTH, AND HAD SAID THERE MIGHT HAVE BEEN ANOTHER TOTALITARIAN COMMUNIST REGIME IN THE WESTERN HEMISPHERE IF AMERICA HAD NOT ACTED ON EL SALVADOR.

S E C R E T

/3.



S E C R E T

3. LORD CARRINGTON SUGGESTED THAT THE WEST HAD ISSUED ENOUGH PUBLIC STATEMENTS FOR THE TIME BEING. THE PROSPECT OF FREE ELECTIONS LEADING TO A TOTALLY DIFFERENT PARTY MEMBERSHIP MUST BE CAUSING THE RUSSIANS TO CONSIDER WHAT THEY COULD DO TO PREEMPT THIS RESULT. IT WOULD BE IMPORTANT TO GET THE TONE OF THE REFERENCE TO POLAND IN THE NATO COMMUNIQUE EXACTLY RIGHT.

4. FRANCOIS PONCET WAS NOT INCLINED TO BE OPTIMISTIC. THE WORST LAY AHEAD, NOT ASTERN. SOVIET INTERVENTION WAS BECOMING DAILY BOTH MORE NECESSARY AND MORE DIFFICULT. THE CALM WAS MISLEADING. HE AGREED THAT FURTHER PUBLIC STATEMENTS WERE NOT REQUIRED. THE WEST MUST ENSURE THAT AT LEAST SOME OF THE THINGS THE SOVIET UNION WAS LOOKING FOR WERE NOT CUT OFF OR EXCLUDED. IF WE COULD GET OVER THE JULY PERIOD THE OCCASION FOR SOVIET INTERVENTION MIGHT NOT RECUR.

ARCULUS

LIMITED  
HD/PLANNING STAFF  
HD/EESD  
HD/NAD  
PS/FUS  
MR BULLARD  
MR DAY  
MR URE  
MR FERGUSSON

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MR FIFOOT LEGAL ADVISERS

PS ✓  
PS/PS

SECRET

File  
Poland  
UK/Polish Rel



Foreign and Commonwealth Office

London SW1A 2AH

1 May 1981

Dear John

Poland: Contingency Planning

A  
B  
C Thank you for your letter of 28 April. I had assumed that Geoffrey Howe's letter of 3 April crossed Ian Gilmour's letter of 2 April and that there was no need for further correspondence. Your letter makes it clear that this is not the case.

I have no doubt that our Allies would endorse Geoffrey Howe's point that it is generally important not to interfere with normal trade and that, if special circumstances require otherwise, our action should not be such as to harm ourselves more than our adversaries. They would also agree with your point that sanctions have wide implications and need to be carefully thought out before a crisis hits. That is why we have been working on this subject in NATO since December, and why agreement on the contingency paper was reached only in March after careful consideration in capitals and thorough debate in the Alliance.

It is, however, the general view of our Allies that the precise Western response to a Soviet intervention can only be decided by Ministers when the nature and extent of the Soviet action is known. I am sure this is right. One could draw up endless intervention scenarios, but I cannot see governments committing themselves in advance to a particular response to each. Our line on Poland can, therefore, only be defined in advance in general terms. We must recognise that we are dealing with a question of fundamental political and strategic importance. If there is a Soviet invasion of Poland, and if the Western reaction falls short of the quick, effective and appropriate response which the Prime Minister  
/foresaw

The Rt Hon John Biffen MP

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- 2 -

foresaw in her speech to the Diplomatic Writers on 8 April, we shall do lasting damage to the credibility of the West in the eyes of the Soviet Union and of third countries who weigh in their own interest what they see as the balance of power between East and West.

The fact that the Soviet Union is evidently reluctant to deal with Poland as it did with Czechoslovakia must owe something to the clear signals which have come from the West that the costs of such an intervention would be much higher than they were in the case of Afghanistan. The Prime Minister made this point in the same speech on 8 April. If the worst comes to the worst, we shall have to take steps to show that we meant what we said if we are to have any hope of influencing Soviet behaviour in the future. The particular measures to be taken will be a matter for decision when we can see the exact nature of a Soviet intervention. But Western Governments have said publicly that economic as well as political measures will be used, and we have very few instruments at our disposal. We must recognise that effective action in the trade field will be an essential part of the Western response. On this basis there is a good chance that not only the NATO countries but also Japan, Australia, New Zealand, Spain and Ireland will join in. But this will not happen unless we show that we are prepared to go considerably further over Poland than we were over Iran or Afghanistan. Personally, I believe that, in the event of large-scale Soviet intervention in Poland, we should have little alternative to the proposed ban on new commercial contracts - not least because this will satisfy the requirement that all countries should be seen to be playing their part.

The subject of contingency planning is bound to come up in general terms at the NATO Ministerial meeting next week and I propose to make clear the importance we continue to

/attach

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- 3 -

attach to a quick and effective Western response should the Soviet Union intervene in Poland. At the same time, I should be quite content for officials to examine the feasibility, cost and potential impact of the four options which your officials have now put to the Cabinet Office, and which they in turn plan to include in a revised version of their paper. Indeed, my officials wrote to the Cabinet Office on 23 April to propose this.

I am sending copies of this letter to the Prime Minister, others members of OD, the Chief Whip and Sir Robert Armstrong.

J. P. Carrington

(CARRINGTON)

SECRET



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

(2)

PRIME MINISTER

POLISH DEBT

*Prime Minister*

*No doubt the point in para 5  
will have to be the subject of a  
further discussion in O.S.*

*Paul*

The British delegation signed the Polish Debt Agreement on Monday on the lines approved by OD before Easter, but with one important modification.

2. OD agreed that we should accept an 80 per cent re-scheduling of Polish debt for the remainder of 1981. On 23 April the Polish Government made an approach to Western Ambassadors in Warsaw asking them to reconsider the 80 per cent figure - the Poles wanted 95 per cent.

3. We made preliminary enquiries in capitals. It appeared that the Americans and Germans were prepared to agree to 90 per cent but that everyone else, including the French Chairman, was holding out. You will remember that I had myself been prepared originally to go to 85 per cent.

4. During the meeting, however, the French position crumbled under pressure from the Americans and Germans, and the objections of some of the smaller countries were withdrawn. I was consulted and agreed to out going up to 90 per cent if the other creditors did so. The difference is about £8 million, which will add to the PSBR during the rest of 1981.

/I am sure it was

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5. I am sure it was right to accept this further increase. A fairly generous debt settlement was essential since Poland had no chance of paying off her existing obligations. New credit is another matter. I very reluctantly agreed to £35 million of new credit for 1981 if and when it became necessary to offer this. The French have now called a meeting for 26 May to discuss this question. As previously agreed by OD, our delegation have indicated their willingness to attend, but I believe we should now give them fresh instructions and reduce the amount of new credit we are prepared to offer from £35 million to £25 million to take account of the additional benefit from the 90 per cent rescheduling. The Americans pressed for the increase to 90 per cent in the hope of thereby staving off pressure for new credit, which they are not themselves prepared to provide (though there is still about \$500 million of an earlier U.S. credit still undrawn and available).

6. I am sending copies of this minute to the other members of OD and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G.H.'.

(G.H.)

30 April 1981

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*Hand*

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FM WARSAW 301345Z APR

TO IMMEDIATE FCO

TELEGRAM NUMBER 334 OF 30 APR

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

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*mf.*

MIPT: X PLENUM

1. OUR OVERALL ASSESSMENT OF THE PLENUM AT THIS STAGE IS THAT IT HAS CONTINUED THE TENDENCY TOWARDS REFORM, BUT HAS BEEN SLIGHTLY MORE RESTRAINED THAN IT MIGHT HAVE BEEN. WHETHER THIS CAN BE ATTRIBUTED TO SUSLOV'S VISIT IS SOMEWHAT DOUBTFUL. THE DECREE ON ORGANISATION OF ELECTIONS TO THE PARTY CONGRESS OMITTS ANY MENTION OF SECRET BALLOTS OR AN UNLIMITED NUMBER OF CANDIDATES. BUT THIS IS UNLIKELY TO MAKE ANY DIFFERENCE GIVEN THE UNDOUBTED FORCE OF THE REFORM MOVEMENT. THE DATE FOR THE PARTY CONGRESS IS NOT

AS EARLY AS SOME OF THE REFORMISTS WOULD HAVE WISHED, BUT WILL BE MUCH MORE TO THEIR LIKING THAN TO THAT OF THE HARD-LINERS WHO PROBABLY WANTED THE CONGRESS POSTPONED INDEFINITELY.

2. THE PERSONNEL CHANGES CONTAIN FEW SURPRISES. PINKOWSKI'S DEPARTURE HAS LONG BEEN FORECAST. WOJTASZEK'S WAS MORE OF A SUPRISE BUT AS HE WAS A HANGOVER FROM THE GIEREK ERA IT MAY IN REPTROSPECT BE MORE SURPRISING THAT HE HUNG ON AS LONG AS HE DID. ZIELINSKI WAS CERTAINLY A GIEREK MAN AND BY NO MEANS A HEAVYWEIGHT. WOJTECKI'S LOSS OF HIS SECRETARYSHIP IS NOT A DEMOTION, AS THE BBC HAVE APPARENTLY REPORTED, BUT IS SIMPLY THE CONSEQUENCE OF HIS RECENT APPOINTMENT TO THE MINISTRY OF AGRICULTURE. IT HAS ALWAYS BEEN THE CASE THAT MINISTERS COULD NOT HOLD OFFICE AS PARTY SECRETARIES AND THIS HAS RECENTLY BEEN SUPPLEMENTED BY A GENERAL FEELING THAT ONE MAN SHOULD NOT COMBINE TOO MANY JOBS. THE NEW MEMBERS OF THE POLIT-BURO ARE BOTH, AS PROMISED, FROM THE GRASS-ROOTS. ALTHOUGH NEITHER APPEAR TO BE GENUINE WORKERS, THEY WILL BOTH BE VERY MUCH IN TOUCH WITH FEELING AMONG ORDINARY PARTY MEMBERS. WRONSKI MADE A PARTICULARLY RADICAL SPEECH AT THE PLENUM. BUT AN ITN TEAM AT URSUS TODAY FOUND THAT THE WORKERS REGARDED HIM AS ONE OF THE MANAGEMENT. THE CENTRAL AUTHORITIES MIGHT HAVE DONE BETTER TO FIND A MORE MODERATE WORKER FROM SAY, THE LENIN SHIPYARD. IT WILL BE INTERESTING TO SEE WHETHER THE TWO PROVINCIAL FIRST SECRETARIES RETAIN THEIR

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*/PROVINCIAL*

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PROVINCIAL CAPS AND WHETHER THE CHANGES WILL THUS ALLOW THE POLITBURO TO STAY MORE IN TOUCH WITH FELLING IN THE PROVINCES. IT IS POSSIBLE THAT OLSZOWSKI WILL BE CHECKED BY BEING PUT IN CHARGE OF INTERNATIONAL AFFAIRS.

3. KANIA'S LONG REPORT TO THE PLENUM APPEARS AT FIRST GLANCE TO CONTAIN LITTLE THAT IS NEW THOUGH HE SEEMS TO HAVE NAILED HIS COLOURS PRETTY FIRMLY TO THE REFORMIST MAST, BALANCING THIS WITH MORE COPIOUS IDEOLOGICAL REFERENCES THAN USUAL. HE HAS MANAGED TO KEEP THE PLENUM UNDER REASONABLE CONTROL. OUR IMPRESSION IS THAT THIS PLENUM WAS ANOTHER OPPORTUNITY FOR THE RANK AND FILE TO VENT THEIR FEELINGS AND THAT THEY WILL HAVE REASON TO FEEL MODERATELY SATISFIED WITH ITS OUTCOME.

4. WE SHALL NEED TO CONSIDER FURTHER WHEN THE DUST HAS SETTLED. MY CLEAR IMPRESSION NOW IS THAT REFORMISM IN THE PARTY IS UNSTOPPABLE: THAT NEARLY EVERYONE EXCEPT POSSIBLY MIDDLE-RANKING OFFICIALS IN THE PROVINCES, RECOGNISE THIS: AND THAT THERE IS A FAIR AMOUNT OF INSOUJANCE ABOUT SOVIET REACTIONS.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

(REPEATED AS REQUESTED)

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MISS BAKER )  
MR P J BULL BANK OF ENGLAND  
MR COTTERILL EGGD  
MR WOOLGAR OPI3 D/EMPLOYMENT

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FM WARSAW 280900Z APR

TO IMMEDIATE FCO

TELEGRAM NUMBER 323 OF 28 APR

*fg. And Poland*  
*If he comes you will want to consider seeing him.*  
*Answer out*

POSSIBLE CALL BY WALESA ON THE SECRETARY OF STATE

1. PROFESSOR KUKULOWICZ, CARDINAL WYSZYNSKI'S REPRESENTATIVE WITH SOLIDARITY, APPROACHED ME AT A FAREWELL PARTY I GAVE ON 27 APRIL TO ASK WHETHER IF WALESA PAID A VISIT TO LONDON HE COULD BE RECEIVED BY YOU.
2. I ASKED HIM WHETHER THIS WAS A REQUEST BY THE CARDINAL AND HE SAID THAT IT WAS. I THEN ASKED HIM WHEN WALESA MIGHT TRAVEL TO BRITAIN, TO WHICH HE REPLIED THAT THAT WOULD DEPEND A GOOD DEAL ON WHETHER IT WAS POSSIBLE FOR HIM TO BE RECEIVED BY YOU. PROFESSOR KUKULOWICZ ADDED THAT THE VISIT, IF IT CAME OFF, WOULD BE CLEARED WITH THE POLITBURO. THERE WAS NO QUESTION OF DOING ANYTHING THE POLISH GOVERNMENT WOULD DISAPPROVE OF.
3. I DO NOT SEE ANY OBJECTION FROM THIS END TO SUCH A MEETING AND THERE SEEMS MUCH TO BE SAID FOR IT, IF A CONVENIENT DATE CAN BE ARRANGED. I SHALL BE SEEING THE FOREIGN MINISTER NEXT WEEK AND COULD, IF YOU THOUGHT IT DESIRABLE, MENTION THE MATTER TO HIM. I AM ALSO SEEKING A FAREWELL CALL ON THE CARDINAL NEXT WEEK, THOUGH SINCE HE HAS BEEN QUITE ILL THIS MAY NOT PROVE POSSIBLE.
4. PROFESSOR KUKULOWICZ ACCOMPANIED WALESA TO ROME AND WAS ACTIVE IN THE SETTLEMENT OF THE BYDGOSZCZ AFFAIR.

PRIDHAM

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COPY NUMBER 2 OF 27 COPIES

From the Secretary of State

SECRET

The Rt Hon The Lord Carrington KCMG MC  
 Secretary of State for Foreign and  
 Commonwealth Affairs  
 Foreign and Commonwealth Office  
 Downing Street  
 London, SW1A 2AL

28 April 1981

Dear Peter,

POLAND: CONTINGENCY PLANNING

I fear that our correspondence on this subject, resting with Ian Gilmour's letter to me of 2 April, is not making much progress. Since then, Geoffrey Howe has written to you (on 3 April) about the implications of interfering in normal trade and suggesting that we need to find a mutually acceptable line for further discussions in NATO.

I am not happy with a situation where on the one hand NATO Ministers are free to choose measures, should these become necessary, but only measures as already packaged. I do not accept that the present position has been reached with the concurrence of my Department. It has been made clear on a number of occasions that my own position has not been committed, that there needs to be flexibility to adopt selective measures, and that help over such matters as contract definitions was being provided at the technical level. The machinery for inter-departmental discussion does not appear to have reflected this adequately.

Decisions about sanctions should not be taken in the hurried atmosphere of a crisis. The issues go considerably wider than the Soviet Union and Poland: there are obvious implications for our reactions to other

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*From the Secretary of State*

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international problems. Parliament may well expect a different response over Poland than Afghanistan, but is liable to be influenced by economic and commercial considerations as well as the need for a firm political stance.

We need to define our line over Poland in advance and ensure that our allies are aware of it; indeed we expect the same of them. If, as Ian Gilmour's letter appears to suggest, the French and Germans might take the opportunity to opt out of an "existing contracts only" policy, this is something which we should recognise. As I said in my letter of 27 March, I think we should be able to formulate proposals for NATO with the required degree of flexibility. If you agree, our officials should now work together on this.

I am copying this letter to the recipients of Ian Gilmour's letter.

*Yours*  
*John Biffen*

JOHN BIFFEN

SECRET

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TO IMMEDIATE FCO

TELEGRAM NUMBER 312 OF 25 APR

INFO IMMEDIATE PARIS (FOR MOUNTFIELD)

POLAND: DEBT

VICE-MINISTER OLECHOWSKI OF THE MFA TELEPHONED ME THIS AFTERNOON ON THE INSTRUCTIONS OF FOREIGN MINISTER CZYREK ABOUT THE POLISH REQUEST THAT THE RE-SCHEDULING PERCENTAGE SHOULD BE 90% OR 95% RATHER THAN 80%.

2. HE SAID THAT VERY POSITIVE REPLIES HAD BEEN RECEIVED FROM THE UNITED STATES, GERMANY AND SCANDINAVIA WHO ALL INDICATED WILLINGNESS TO MEET THE POLISH REQUEST. HOWEVER IT SEEMED THAT BRITAIN WAS RATHER NEGATIVE. ON THE FOREIGN MINISTER'S INSTRUCTIONS HE WAS GIVING ME THIS INFORMATION IN THE HOPE THAT I WOULD PASS IT ON (THE POLISH AMBASSADOR BEING ABSENT FROM LONDON) AND THAT IT MIGHT HAVE SOME EFFECT ON OUR POSITION AT THE PARIS MEETING NEXT WEEK. HE CONCEDED THAT FRANCE WAS ALSO SOMEWHAT NEGATIVE, AND A SIMILAR APPROACH IS BEING MADE TO THE FRENCH.

FCO PSE PASS

PRIDHAM

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TO IMMEDIATE F C O  
TELEGRAM NUMBER 218 OF 24 APRIL  
INFO IMMEDIATE BONN, WARSAW, UKDEL NATO.

SAVING FOR INFO PARIS WASHINGTON

POLAND

1. SUSLOV'S VISIT TO WARSAW SEEMS FROM HERE TO HAVE BEEN PROVOKED LARGELY BY CONCERN AT THE WAY THE POLISH PARTY IS MOVING, WITH THE 29 APRIL PLENUM MARKING A POSSIBLE FURTHER STEP ON THE ROAD TO THE PZPR COMMITTING ITSELF TO REFORMS WHICH GO BEYOND WHAT THE CPSU REGARDS AS ACCEPTABLE. THERE HAVE BEEN NO DIRECT INDICATIONS AS TO WHETHER THE SOVIET LEADERSHIP ARE STILL PREPARED TO BELIEVE KANIA'S HEART IS IN THE RIGHT PLACE, BUT PLENTY OF SIGNS THAT THEY FEAR THAT WHATEVER HIS WISHES MAY BE EVENTS IN POLAND AND DEVELOPMENTS WITHIN THE POLISH PARTY, ESPECIALLY SINCE THE 9 APRIL PZPR PLENUM, ARE FORCING HIM AND THE POLITBURO AS A WHOLE ON TO A ROAD WHICH IS BRINGING THEM INTO OPPOSITION WITH THE CPSU AND THE OTHER EAST EUROPEAN PARTIES IN A MANNER

ALL TOO REMINISCENT OF 1968. ALTHOUGH THE COMMUNIQUE ISSUED AFTER THE TALKS IN WARSAW CLAIMED THAT SUSLOV WAS INVITED BY THE POLISH CENTRAL COMMITTEE IT IS REASONABLE TO SUPPOSE THE VISIT TOOK PLACE AT SOVIET INSISTENCE AND THAT SUSLOV'S PURPOSE WAS TO WARN THE POLES OF THE DANGERS OF THE PRESENT COURSE OF EVENTS. THE COMMENT AT THE END OF THE STATEMENT THAT THE TALKS WERE HELD "IN A CORDIAL PARTY ATMOSPHERE" SUGGESTS THAT THE TWO SIDES DISAGREED FAIRLY PROFOUNDLY ABOUT WHAT SHOULD BE DONE. IT IS FAIR TO ADD THAT SUSLOV SEEMS ONE OF THE MEMBERS OF THE CC CPSU LEAST LIKELY TO UNDERSTAND OR SYMPATHISE WITH THE POLISH PREDICAMENT.

FCO PSE PASS SAVING TO PARIS AND WASHINGTON

KEEBLE

NNNN

TO DIRECTOR

TO DCAM

TO C. C. G.

BY C. C. G.

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No. 10  
15.4



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref. A04718

HOME SECRETARY

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OD: Polish Debt

BACKGROUND

OD last considered economic assistance to Poland on 12th February (OD(81) 2nd Meeting, Item 1). It decided that:

- (a) we should go for a multilateral debt relief operation;
- (b) the choice of technique, between rescheduling and refinancing, should be further studied by the Chancellor of the Exchequer in consultation with the Foreign and Commonwealth Secretary and the Secretary of State for Trade;
- (c) subject to reconsideration in the light of other major Western Governments' intentions, we should offer Poland only £40 million in total new credit for 1981, and only for our agricultural exports;
- (d) new credit should be offered under ECGD's "encouragement of trade" mandate, not under their dormant "aid-giving" powers;
- (e) subject to other creditors' intentions, the multilateral settlement should initially run until end-1982;
- (f) again subject to others' intentions, no more than 85 per cent debt relief should be offered.

2. Negotiations have since continued, both between the Western creditors and with the Poles. The Chancellor's minute to the Prime Minister of 3rd April summarised the position reached at that date and was endorsed by the Prime Minister (Mr. Alexander's letter to Mr. Wiggins of 6th April). The latest position is set out in a paper by officials enclosed with a letter of

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13th April from the Chancellor's Private Secretary to the Prime Minister's. This, and in particular the six questions in its paragraph 18, will be the agenda for OD's meeting on 15th April. On only one point - whether to offer more new credit and if so how much - are the views of OD members likely to be divided.

3. Meanwhile, the European Council at Maastricht on 24th March endorsed the Poles' request for further food aid from the Community. The Minister of Agriculture wrote to the Foreign and Commonwealth Secretary on 31st March supporting the proposals on this subject subsequently put forward by the Commission, even though Britain could not hope to do as well on this occasion as on the previous one. The Chancellor of the Exchequer wrote to the Minister of Agriculture on 2nd April agreeing "without enthusiasm", on the basis that the credit involved should come from within the total already agreed. On 8th April the Secretary of State for Trade wrote to the Foreign and Commonwealth Secretary arguing that some credit should be given for non-agricultural exports.

HANDLING

4. You should ask the Chancellor of the Exchequer to introduce the paper (by Treasury and Foreign and Commonwealth Office officials) attached to his Private Secretary's letter of 13th April. Discussion should then be focused on the six questions for decision listed in its final paragraph:-

(i) Should we sign the multilateral debt relief agreement now negotiated?

Your colleagues will agree that we should. Its terms are better than we hoped (only 80 per cent relief, not 85 per cent; shorter grace and repayment periods; commercial interest rates; satisfactory politico-military "break clause"). It is seen as running on into 1983 as well as 1982 (contrast paragraph 1e. above); but no-one is formally committed to more than a review in October 1981. And though the issue of new credit will have to be faced sooner or later, and probably sooner, we have at least established that this is a separate matter which the debt relief agreement will not cover.

(ii) Reschedule or refinance? We shall be free to choose. The inter-departmental argument is not yet over: although rescheduling seems to be winning, the Secretary of State for Trade may revert to arguing for

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refinancing now that commercial rates of interest have contrary to his expectation proved negotiable. But he, the Chancellor of the Exchequer and the Foreign and Commonwealth Secretary will be quite willing to be left to settle this rather technical matter outside OD.

- (iii) Should we attend any international get-together on new credit? Your colleagues will agree that we should.
- (iv) Should we increase our 1981 new credit offer above the £40 million agreed in February (and now largely all committed) and if so by how much? Your colleagues will disagree on this issue, which is the reason why a meeting is necessary. The Chancellor of the Exchequer's answer will be No (based on strong advice in that sense from the Bank of England and more hesitant advice in the same sense from the Treasury). The Foreign and Commonwealth Secretary's answer will be Yes, and he will want to double the existing offer by agreeing to a further £40 million (the Poles want over £60 million). The Minister of Agriculture will agree with that. So probably will the Secretary of State for Industry. The Secretary of State for Trade will have received conflicting advice from his two Departments; ECGD are for No, while the Department of Trade are for Yes, though only to the tune of an extra £20 million (not £40 million). The Ayes will probably have it: see paragraph 5 below.
- (v) Should we maintain short-term cover? Your colleagues will agree that the answer to this should be the same as the answer to (iv), whichever way that goes.
- (vi) Should there be a statement to Parliament? Your colleagues will agree that there should be; that if we are to give extra new credit, the statement should be made as soon as Parliament reassembles; but that otherwise it can wait until after we have signed whatever bilateral agreements with the Poles may be necessary in the aftermath of the signing of the multilateral agreement.

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5. New Credit. The essential case against agreeing to any new credit is that we shall never get it back; the Poles are bust and we shall be throwing good money after bad. This is the Bank of England view. The opposing case is that the Poles cannot survive economically, and therefore politically, unless they can import food to eat and materials for their export industries to process. It is implausible that the Russians will provide enough hard currency to close the gap; and unreasonable that our allies should do so without at least some British contribution. We have always recognised that the lower the agreed percentage of debt relief the stronger the case for our contributing more new credit. The Chancellor's minute of 3rd April, which the Prime Minister approved, was fairly explicit about this (paragraph 8); and whereas that minute expected us to have to accept 85 per cent relief (paragraph 3a.) we have in fact got away with 80 per cent (see above). But the case for going as high as another £40 million, as the Foreign and Commonwealth Office wish, is less strong; and the Department of Trade's preference for £20 million may emerge as a tolerable compromise.

6. If the Ayes do have it on new credit, the Secretary of State for Trade may argue on behalf of ECGD that the case for giving it under their "trade encouragement" powers is now wearing painfully thin, since we shall never be paid back; and that therefore their dormant "aid-giving" powers should be revived. But this would be controversial in Parliament (the dormant powers have never been used since the ODA/ODM was established as an aid-giving agency); it would be contrary to OD's earlier decision (although that admittedly related to a smaller amount of new credit); and the ECGD case will in any case be weaker if the amount of extra new credit agreed is less than the £40 million sought by the Foreign and Commonwealth Office.

#### CONCLUSION

7. As indicated in paragraph 4 above, there should be no difficulty in reaching unanimous decisions on Questions (i), (ii), (iii), (v) and (vi). On (iv), a fairly short discussion should establish that only the Chancellor and possibly the Secretary of State for Trade oppose giving any extra new credit but that even

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their opposition is less than total. In that case only the amount will remain to be settled. The Foreign and Commonwealth Office's £40 million extra would be the maximum; less than the Department of Trade's £20 million would have no impact. You may therefore find that £20 million, or perhaps £30 million, emerges as the consensus. Any hesitations over continuing to use ECGD's trade-encouragement powers can probably be brushed aside.

ROBERT ARMSTRONG

14th April, 1981

-5-

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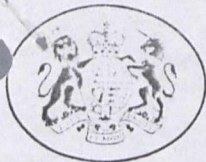
*With the compliments of*

**THE PRIVATE SECRETARY**

This minute replaces minute sent earlier today, erroneously addressed to the Secretary of State for Trade.

14 April 1981

**FOREIGN AND COMMONWEALTH OFFICE  
SW1A 2AH**

JW  
18ivFCS/81/44MINISTER OF AGRICULTURE, FISHERIES AND FOODFood Sales to Poland

1. Thank you for your letter of 31 March. I have now also seen Geoffrey Howe's of 2 April and John Biffen's of 8 April.
2. I am sure that it was right for the Community to move quickly to a favourable decision on a second package of food for Poland at special prices at the Council of Ministers on 1 April. The knowledge that further food supplies will soon be available should help to shore up the moderate elements in Poland in a political situation which continues to be critical.
3. I agree that we should do our best to ensure that the barley to be included in the Community package comes from the UK. I am, however, not attracted by John Biffen's suggestion that we ask the Poles to reconsider their present intention of buying a further 175,000 tonnes of barley from the UK.
4. Even before the proposal for a further special food package emerged following the Maastricht European Council I understand that the Poles had been told that we would make available a further £12m credit for the purchase of barley, which should cover the 175,000 tonnes of barley from the UK which is now likely to be included in  
/the Community



the Community package. It would not be understood by the Poles if we now sought to go back on that.

5. More generally, we are going to come under strong pressure to look again at the £40m total credit ceiling which we agreed in February and I note the reference to this possibility in paragraph 8 of Geoffrey Howe's minute of 3 April to the Prime Minister on the state of play over Polish debts.

6. Copies of this letter to to other members of OD and to Sir Robert Armstrong.

C  
/

(CARRINGTON)

Foreign and Commonwealth Office

14 April 1981

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attachment into 1098A

→ India



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

13th April 1981

M O'D B Alexander Esq.  
Private Secretary  
10 Downing Street  
LONDON  
SW1

(2)

*Prime Minister*

*A v. useful summary of Poland's  
(enormous) difficulties.*

*Paul*

*Dear Michael*

POLISH DEBT

.....  
The OD meeting on 15 April will consider this problem and decide whether the UK can sign the draft agreement reached in Paris last week. I attach a note by the Treasury and FCO officials who attended last week's meeting. It describes the agreement. The Chancellor has not yet had time to read this but has asked me to circulate it. It comes very close to the pattern predicted in the Chancellor's minute to the Prime Minister of 3 April. It ends by listing five questions for Ministerial decision. The Chancellor will make firm proposals to his colleagues on each of these at the meeting.

I am sending copies of this minute and the attachment to John Halliday (Home Office) Michael Collon (Lord Chancellor's Department) Roderic Lyne and Stephen Gomersall (FCO) David Hayhoe (Chancellor of the Duchy of Lancaster) Jim Buckley (CSD) Brian Norbury (MOD) and Stuart Hampson (Department of Trade).

*Yours ever,*

*Peter*

P.S. JENKINS  
Private Secretary

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NOTE BY OFFICIALS

POLISH DEBT AND RELATED MATTERS

1. Polish debt to Western creditors now amounts to about \$27 billion. It has built up steeply in the last 5 years. The reasons for this have included:-
  - a. The modernisation programme, relying heavily on imports of Western technology.
  - b. Continued shortfall in industrial production during this buildup period.
  - c. A conscious decision to maintain and improve the domestic standard of living.
  - d. A run of very bad harvests leading to greatly increased imports of food.
2. By the end of 1980, debt service (repayment and interest) was running at something like 100% of Poland's export earnings.
3. Western Governments have been uneasily conscious of the problem for over a year. Last autumn the French Government (apparently acting at the request of Poland) took the initiative in calling a meeting of creditors, and proposed a programme of debt relief. Negotiations have continued at an increasing pace since then. The UK line has been approved by Ministers at a number of points, most recently by OD on 12 February (OD(81)2nd Meeting).
4. The 15 largest Western creditor Governments appointed a task force of five to prepare a debt settlement agreement with Poland. The members were the US, FRG, France, Austria and the UK. That task force held three meetings and has now made recommendations to a full meeting of the creditors held in Paris on 9 and 10 April. The creditors in turn have endorsed the proposals (with some minor reservations) and agreed to recommend them to Governments for approval. Subject to this the intention is to conclude the agreement at a final meeting in Paris on 27 April.

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5. In the last few weeks, as the political situation in Poland has deteriorated, the Polish side have become increasingly desperate and have now agreed to almost all the Western terms. At the same time it is clear that the Polish Government may be unable to deliver the programme of economic reform which is essential if Poland is to correct her balance of payments deficit. Any agreement at this stage is an act of faith. Moreover it has to be in a form which can be abruptly terminated if there is a Russian takeover or a repressive régime in Poland. This is well recognised on both sides.

6. In a normal debt rescheduling operation the creditor countries would have the support of the IMF and there would be an agreed programme of economic stabilisation. Although Poland has made the first tentative moves towards rejoining the IMF, there is no such IMF support at the moment. The agreement therefore has elements both of a standard debt rescheduling and of an IMF agreement.

7. The present draft agreement consists of an Agreed Minute to be signed by representatives of both Governments, to which would be annexed a document describing the Polish recovery programme. This in effect takes the place of an IMF-type letter of intent. It contains figures which are treated in the agreement as firm targets for the rest of 1981, and indications of intention for later years.

8. The main features of the agreement are:-

a. Relief of a high percentage (80%) of principal and interest of officially-guaranteed debt falling due in the last eight months of 1981.

b. Agreement in principle to consider extending this treatment to maturities in 1982 and 1983 if Poland meets its self-imposed targets. (It is tacitly accepted that similar arrangements will probably be needed in 1984 and 1985).

c. A grace period of four years with repayment spread over a further four years. (The creditors are prepared to fall back on  $4\frac{1}{2} + 4\frac{1}{2}$  if necessary).

d. Commercial rates of interest during the period of postponement.

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- e. Provision for regular review by a group of creditor countries before each extension.
- f. Comparable treatment to be given to other creditors; this includes the USSR as well as private banks.
- g. A break clause which would suspend the agreement if the USSR invades or the Polish government resorts to force (although these events are not stated explicitly). (This is politically important. But even in this worst case, we would still eventually have to do something about accumulated past debt).
- h. Creditors will be free to choose whether to reschedule or refinance debts due to them. (The Chancellor of the Exchequer, Secretary of State for Trade and Lord Privy Seal are in separate correspondence about the choice of method).
- i. Financial credits granted before 1981 will probably be rescheduled along with other debts, though France and Germany are holding out for better treatment against US opposition.
- j. Conversely, credits made available by UK and others as part of the bridging operation in early 1981 will probably be deducted from the amount of new relief which we are asked to give.
- k. The agreement makes no provision for new credit - see paragraph 13 below.

9. Our assessment of this agreement is as follows. We do not think we can push the Polish side any further. The "recovery programme" is now more realistic than the plans we were shown at the end of last year. Its performance is clearly subject to continuing political stability. But on that assumption we think it has a reasonable chance of success. The main problem remains the length of time before the Polish current account can be

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restored to surplus and the accumulated debt reduced. It does not seem realistic to expect this before 1986 or 1987. This explains the very long "consolidation period", with a 4 year grace period and debt repayments spread over 8 years. It also explains the high proportion of debt to be consolidated. It is important to avoid a bunching of maturities in the later 1980s. This would merely lead to a repetition of the problem we now face.

10. But debt relief on this scale will not solve the Polish problem. We estimate that it will improve the Polish current account by about \$2.8 billion in 1981. A parallel operation by the banks involving 80% of capital but no relief of interest would yield an additional \$2.5 billion in 1981. That still leaves a gap of \$5.4 billion even on the somewhat optimistic Polish projections.

11. This means that the Poles must look to the Russians to bridge at least part of the gap. The document attached to the draft agreement assumes that the USSR will provide credit of some \$1.5 billion in hard currency in 1980 and 1981 and tolerate a trade deficit for at least the next five years between Poland and the rest of the Eastern Bloc. Further details are promised in the final version and the US team will not sign without these.

12. There will still be a financing gap which cannot easily be closed in the short term either by increasing exports or reducing imports. Poland has to import food to avoid social unrest, and raw materials in order to produce export goods. This gap will have to be covered by fresh credits from Western banks and possibly Western Governments. As noted above, this is left over for subsequent bilateral negotiation. Few banks will be prepared to increase their exposure to Poland without Government guarantee (though this attitude might change if the IMF were to take a part). New Government guarantees pose a problem for the UK. Ministers decided to minimise our official exposure in Poland. They approved a total of only £40 million new credit for 1981 from the UK. Of this all but £8 million has already been allocated.

13. But the Polish side tried hard to get large new credits written into the agreement. The UK and US representatives resisted this. The matter is left for separate negotiations. Meanwhile,

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the French chairman, on behalf of his Government, has made a written démarche, urging all participants to consider Poland's needs for new credit urgently and sympathetically. He argues that it is unrealistic to expect Poland to repay her debts without further credits. The French intend to call a separate meeting of potential "donors", possibly on 28 April immediately after the final meeting of creditors. Ministers may wish to consider how we should respond. It will be difficult to refuse to attend. But our present performance on new credit (unlike debt relief) now falls well short of other creditor-countries (£71 million promised in 1981, compared with \$554 million for France, \$310 million for Germany and \$530 million for USA - which however is unlikely to improve on this). The Poles have circulated a list of requests which seeks another \$150 million from the UK, and another \$60 million from France, \$100 million from FRG and \$200 million from USA. For comparison, on a trade-weighted basis the UK might be asked to provide about \$450 million in all. However other countries have a much bigger political interest in Poland. The UK has no great interest in protecting its trading position in Poland since payment for our exports will be so long delayed. Our primary aim so far has been to secure repayment of our existing credits.

14. There is a similar problem over short-term credit. The normal practice when a country's debts are rescheduled is to withdraw all short term ECGD cover immediately. It is normally reinstated once it is clear that a stabilisation programme is being implemented and progress being made in repaying outstanding debt. In the case of Poland there is normally about £10 million outstanding in short-term cover at any one time. The Poles sought a clause in the agreement which would have ensured the continued provision of new credit. This was refused. In the exceptional circumstances of Poland it may be necessary to continue leaving these facilities open; this will depend on Ministers' attitude to the provision of new credit generally.

15. New credit will also be needed for agricultural sales under the terms of the second package approved by the EC Agricultural Council. This is included in the estimate of takeup of the £40 million referred to above, and has been approved by Ministers in separate correspondence.

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16. During the negotiations Poland asked for new concessions on access to markets to be included in the agreement. They have a case. To repay existing debt they need to expand exports quickly. The immediate problem is production. But in 1982 and later they will run into marketing difficulties. As this is primarily an EC matter (for at least four major creditors) it was left for separate negotiations. No decisions are needed now.

17. Outside the current negotiations we have learned that Poland has put out feelers to the IMF which may result in her rejoining the Fund. Privately, the Poles have confirmed that there are unlikely to be any Russian objections. Officials regard this as a useful step, and our delegation to the IMF have been told not to obstruct any such developments. But membership of the Fund would take some months to negotiate and could not be concluded in time to make any difference to the size of the problem in 1981 and probably not in 1982. Meanwhile it may be possible to associate Fund observers in some way with the monitoring process and thus to ensure a progressive tightening-up of conditionality in a way which is politically more neutral than similar action by Western creditor Governments.

18. The issues for Ministerial decision at this stage are:-

- i. Should the UK sign the debt relief agreement as it now stands?
- ii. Should we then reschedule or refinance?
- iii. Should the UK attend any meeting about the provision of new credit?
- iv. If so, are Ministers prepared to increase the £40 million already approved for the rest of 1981, and by how much?
- v. Do Ministers wish to maintain short-term cover of approximately £10 million at any one time?
- vi. Should any statement be made to Parliament?

**IMMEDIATE**

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TO IMMEDIATE FCO  
TELEGRAM NUMBER 268 OF 9 APR  
INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON  
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SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI  
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**POLISH SITUATION**

1. A POLISH JOURNALIST WHO IS CLOSE TO DEPUTY PREMIER RAKOWSKI TOLD A MEMBER OF CHANCERY TODAY THAT JARUZELSKI WISHES TO APPOINT GENERAL OF DIVISION WLODZIMERZ OLIWA, COMMANDER OF THE WARSAW MILITARY DISTRICT, AS MINISTER OF THE INTERIOR. THE JOURNALIST THOUGHT THAT THE CHANGE MIGHT BE ANNOUNCED BY JARUZELSKI AT TOMORROW'S MEETING OF THE SEJM.

2. OLIWA IS A PZPR DEPUTY. HE IS REGARDED

2. OLIWA IS A PZPR DEPUTY. HE IS REGARDED  
IN MILITARY CIRCLES AS EFFECTIVE NO 2 IN THE POLISH  
MILITARY HIERARCHY AND AS A JARUZELSKI MAN.

3. SWE CAN ONLY SPECULATE , SUCH A MOVE COULD  
PORTEND AN IMMINENT CLAMPDOWN WITH JARUZELSKI ANXIOUS TO HAVE  
A MAN HE TRUSTS AT THE MINISTRY OF THE INTERIOR.  
IT COULD EQUALLY, IN THE WAKE OF THE INVESTIGATION OF THE  
BYDGOSZCZ AFFAIR, BE SEEN AS A CONCILIATORY MOVE TOWARDS  
SOLIDARITY. SINCE IT WOULD INVOLVE THE REPLACEMENT OF THE  
PRESENT MINISTER AND AN ARMY GENERAL WOULD BE MORE  
POPULAR WITH THEM AT THE MINISTRY OF THE INTERIOR  
THAN A SECRET POLICEMAN.

FCO PLEASE PASS SAVING ADDRESSEES.

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MR ALEXANDER

Economic Assistance for Poland

Although you have already told the Chancellor of the Exchequer's Private Secretary in your letter dated 6 April that the Prime Minister has seen the Chancellor's minute of 3 April, it may be helpful to you to have some additional background on this subject, which OD is due to consider on 15 April after the Prime Minister has gone abroad. In fact if the position which emerges from the Task Force discussions with the Poles on 9-10 April is one on which the Foreign and Commonwealth Secretary and Chancellor of the Exchequer can readily agree, there may be no need for an OD discussion.

2. The Chancellor's minute to the Prime Minister provides a clear survey of the position now reached in Poland's negotiations with her creditors. Two main points emerge:-

- (i) The outlook for the Polish economy is bleak. It is highly uncertain that an agreement on the basis described in paragraph 3 of the Chancellor's minute can avert a collapse; and collapse is certain if the Soviet Union do not provide the hard currency required to meet the gap between Polish Western help and Polish needs. The fact that Poland has already been allowed to go into technical default on her repayments is ominous. On the other hand none of the 460 banks involved in the Polish debts have yet run for cover: this is an encouraging sign that they all see the current negotiations as representing the best chance of a satisfactory settlement.
- (ii) The Chancellor acknowledges (paragraph 8) that the Poles are unlikely to be able to restore their economy without new credit. In officials' earlier analysis of this problem (OD(81) 7) they concluded that, to maintain pressure on the Poles (and on their bloc creditors) and to maximise the chances of recovering monies

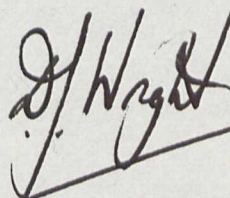


already lent to Poland, there needed to be a trade-off between the proportion of debt relieved and the amount of new credit provided. The Chancellor's implicit judgement is that with 85 per cent of debt relieved, there is a case for going beyond the £40 million of new credit so far authorised.

3. If the British representatives in the next round of discussions with the Poles (8-10 April) are authorised to reach agreement on the basis described in the Chancellor's minute, the Government's freedom of action in the matter of new credit will be formally preserved. It is not certain that decision will be required immediately after this week's negotiations, but if it is, a meeting of OD on 15 April is both the earliest (because of the need to inform Ministers of the outcome of the talks) and the latest (because of the Easter recess) manageable date before the meeting with the Poles on 27-28 April at which it is hoped to conclude the debt relief agreement.

4. The amount of help we provide to Poland depends primarily on what we can afford and how it will contribute to our political and economic objectives. But we also need to bear in mind what other Western creditors are doing. If we succeed in confining the multilateral agreement with the Poles to debt relief, we are likely to come under pressure from other Western Governments to do something more by way of new credit. We should know more about others' intentions after this week's meetings and so be better able to assess what is required to keep broadly in line with our partners. The negotiating tactic which the Chancellor intends to continue to pursue is to avoid getting either ahead or astern of our negotiating partners.

5. I understand that the Lord Privy Seal agrees with the Chancellor's line.



D J Wright

8 April 1981



*From the Secretary of State*

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London, SW1A 2AL

8 April 1981

*Dear Peter,*

FOOD AID FOR POLAND

I have seen Peter Walker's letter to you of 31 March and Geoffrey Howe's letter of 2 April.

I also view the proposed further tranche of Community food aid without much enthusiasm. This makes me wonder if we should not ask the Poles whether, since new credit is very strictly limited, the funds available are really best devoted to short-term food purchases as opposed to items which would support their industrial economy. We would of course need to be careful to avoid any suggestion that we were seeking to interfere with their own judgment of the country's priorities in relation to the stabilisation plan and the financing prospectus which is currently under negotiation. But we have an interest in both trying to improve the prospects for recovery of British loans already at risk in Poland and in lessening the damage to our firms suffering the disruption of what has been a significant market for industrial products.

I am copying this to members of OD, the Secretaries of State for Industry and Agriculture and Sir Robert Armstrong.

*Yours  
John Biffen*

JOHN BIFFEN

*Poland  
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TO IMMEDIATE FCO

TELEGRAM NUMBER 265 OF 8 APR

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POLAND : WHAT WILL HAPPEN NOW ?

1. IT MAY BE THAT DECLARATION OF A STATE OF EMERGENCY OR MARTIAL LAW, FOR WHICH CONTINGENCY PLANS CERTAINLY EXIST, IS IMMINENT BUT ON THE WHOLE THAT DOES NOT SEEM FROM HERE THE MOST LIKELY SCENARIO.

2. THE PRINCIPAL ARGUMENTS IN FAVOUR OF IT ARE:

81. THE RUSSIANS ARE NOT LIKELY TO HAVE MADE THE MILITARY MOVES THEY HAVE SIMPLY TO SEE A REFORMIST POLISH PARTY GATHER STRENGTH. THEY MAY UNDERESTIMATE THE DIFFICULTY OF IMPOSING THEIR WILL BY THIS MEANS.

II. THE POLISH GOVERNMENT AND PARTY MIGHT REGARD IT AS A NECESSARY MOVE TO PROTECT THEMSELVES FROM THE RUSSIANS AND MIGHT EVEN BE ABLE TO SELL IT TO THE COUNTRY AS SUCH.

III. (PERHAPS) OLSZOWSKI'S FAILURE TO MENTION KANIA IN HIS

3. THE ARGUMENTS AGAINST ARE:

I. THE COUNTRY IS QUIET WITH NO STRIKES ( ADMITTEDLY LARGELY BECAUSE 300,000 WARSAW PACT TROOPS SURROUND THE COUNTRY AND EVERYBODY KNOWS IT). AS THE FRENCH HAVE REMARKED (PARIS TELNO 257), IT WOULD BE AN ODD TIME TO DECLARE AN EMERGENCY

II. THERE ARE NO OBSERVABLE SIGNS OF SECURITY OR OTHER LOCAL FORCE READINESS SUCH AS ONE WOULD EXPECT IF SUCH ACTION WERE IMMINENT.

III. PARTY AND OTHER SPEECHES ARE DIRECTED TO THE THEME OF CONTINUATION OF THE ODNOWA AND NORMAL CONTINUATION OF PREPARATIONS FOR THE 9TH PARTY CONGRESS.

IV. GIVEN THE STRENGTH OF THE REFORMIST FEELING IN THE COUNTRY , SUCH A MOVE AT SUCH A TIME WOULD PROBABLY (IN SPITE OF PARAGRAPH 2 II. ABOVE) BE FOLLOWED BY STRIFE, WHICH THE POLISH GOVERNMENT WANT TO AVOID BECAUSE OF WHAT IT WOULD LEAD ON TO.

4. AS REGARDS A STRAIGHT SOVIET INVASION, NATO SERVICE ATTACHES WILL COMPLETE A SERIES OF VISITS TO SENSITIVE POINTS IN POLAND TONIGHT. MY DEFENCE ATTACHE IS TELEGRAPHING THE RESULTS OF A LONG TOUR HE MADE YESTERDAY WHICH SHOW EXTENSIVE COMMUNICATIONS FACILITIES IN BEING AND FRESH HELICOPTERS NI TR N ORF AIRCRAFT AT SOVIET BASES IN SILESIA. HE ADDS HOWEVER THAT RUSSIAN FAMILIES ARE LIVING NORMALLY IN THE SOVIET BASE AREAS. IT IS IMPORTANT THAT THE SIGNIFICANCE OF THIS AND SIMILAR INFORMATION BE CAREFULLY ASSESSED. FOR INSTANCE, MY US COLLEAGUE TELLS ME THAT AT A WASHINGTON BRIEFING LAST WEEK MUCH PLAY WAS MADE WITH THE SOVIET ARMADA NEAR THE POLISH COAST. BUT AFTER QUESTIONING IT EMERGED THAT THIS FLEET COULD LAND ONLY 1800 MEN.

5. IT WOULD BE A RASH MAN WHO WOULD PREPHESY WHAT WILL HAPPEN, ON BALANCE THE EVIDENCE FROM WITHIN POLAND IS RATHER AGAINST AN EARLY SOVIET INVASION OR STATE OF EMERGENCY , PROVIDED THE COUNTRY STAYS QUIET AND REASONABLY STRIKE-FREE. BUT THAT JARUZELSKI WILL ISSUE SOME KIND OF NEW CALL IS VERY LIKELY.

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1980

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~~MR BULLARD~~  
MR FERGUSSON  
SIR A ACLAND  
MR P H MOBERLY

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TO IMMEDIATE FCO

TELEGRAM NUMBER 268 OF 7 APR

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

1. IN TWO PRESS INTERVIEWS PUBLISHED THIS WEEK BOTH  
RAKOWSKI AND WALESA HAVE MADE STRONG ATTACKS ON THE  
HARD-LINERS IN THE PARTY AND IN SOLIDARITY.

2. RAKOWSKI SAYS: "THE MAIN REASON ( WHY THE BYDGOSZCZ  
AFFAIR ESCALATED) LIES IN THE FACT THAT BOTH THE PARTY  
RANK AND FILE AND VAST MAJORITY OF THE COMMUNITY MISTRUST  
OUR WORDS AND DEEDS. THEY DO NOT BELIEVE IN OUR DETERMINATION  
TO IMPLEMENT THE PROGRAMME FOR THE RENEWAL ..... I STATE  
THAT OUR PARTY LEADERSHIP ELECTED AFTER THE JULY/AUGUST  
CRISIS CANNOT COPE WITH THE IMMENSITY OF THE EXCEEDINGLY  
COMPLICATED PROCESSES FACING BOTH OUR PARTY AND THE  
POLISH NATION ..... I DO NOT FIND FAULT WITH ANY OF THE  
COMRADES IN THE PARTY LEADERSHIP AND MY COOPERATION WITH  
ALL OF THEM, BE IT COMRADE OLSZOWSKI AND COMRADE BARCIKOWSKI  
AND OTHERS, HAS PROCEEDED SMOOTHLY ..... HOWEVER I FEEL  
THAT THERE EXISTS A FORCE WHICH OBSTRUCTS THE WORK

... FROM WORKING OUT TACTICS AND

THAT THERE EXISTS A FORCE WHICH DESTROYS THE WORK OF THE POLITBURO AND PREVENTS IT FROM WORKING OUT TACTICS AND STRATEGIES NEEDED BY THE PARTY AND ALL OF US WHO MUST REALISE THE POLICY OF POLITICAL AND HISTORICAL NECESSITY."

3. WALESA SAYS: "THERE WAS A TIME WHEN GAINS COULD BE MADE THROUGH CONFRONTATION. WE GAINED MUCH THEN. IT IS WRONG HOWEVER TO PRESS FOR FURTHER AGREEMENTS WHICH IN FACT WOULD BE A REPETITION OF OLD ONES. THEREFORE I AM OF THE OPINION THAT ANY ATTEMPTS TO SIGN FURTHER AGREEMENTS SHOULD BE GIVEN UP. WE SHOULD STICK TO THOSE ALREADY SIGNED AND CONSIDER HOW BEST TO BENEFIT FROM THEM .... MANY SOLIDARITY ACTIVISTS WHO ARE EXCLUSIVELY FOR STRUGGLE AND CONFRONTATION, WHICH DO NOT PASS THE TEST OF LIFE AT PRESENT, ARE NOT THE ONES WE NEED. BESIDES, SUCH A STRUGGLE FINISHES US MENTALLY AND PHYSICALLY. WE SEE THAT QUEUES BECOME LONGER, THEREFORE WE HIT AT OURSELVES, AND WE MUST LOOK FOR OTHER WAYS TO SETTLE IMPORTANT UNION PROBLEMS..... SOLIDARITY SHOULD POLITICISE LESS, THERE SHOULD BE LESS RATTLING, WITH GREATER VERVE TO UNDERTAKE MATTERS ON WHICH THE ATTENTION OF ALL WORKING PEOPLE IS FOCUSED."

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

BT

[passed, as requested.]

NNNN

PA

GRS 130A

UNCLASSIFIED  
DESKBY 070600Z  
FM F C O 061742Z APRIL 81  
TO IMMEDIATE MOSCOW  
TELEGRAM NUMBER 210 OF 6 APRIL  
INFO IMMEDIATE WARSAW, UKDEL NATO, WASHINGTON  
PRIORITY BONN, PARIS, TOKYO (FOR PRIVATE SECRETARY)

POLAND: PRIME MINISTER'S REPLY TO PRESIDENT BREZHNEV'S MESSAGE  
OF 6 MARCH.

NEWS DEPARTMENT HAVE USED UNATTRIBUTABLY THE FOLLOWING LINE,  
WHICH NO. 10 PRESS OFFICE HAVE USED TODAY:  
THE PRIME MINISTER HAS REPLIED OVER THE WEEKEND (4 APRIL) TO  
PRESIDENT BREZHNEV'S LETTER OF 6 MARCH. THE TEXT OF THE REPLY  
IS NOT REPEAT NOT, OF COURSE, BEING MADE PUBLIC. THE REPLY  
COVERS INTER ALIA THE SITUATION IN AND AROUND POLAND, WHICH  
IS IN THE FOREFRONT OF THE PRIME MINISTER'S CONCERNS. SHE  
DREW ATTENTION AGAIN IN HER MESSAGE TO THE STATEMENT OF THE 10  
EC GOVERNMENTS AT THE MAASTRICHT SUMMIT. NEWS DEPARTMENT THEN  
DREW ON PARAS 2 AND 3 OF THE MAASTRICHT STATEMENT, INDICATING  
THE FIRM TONE IN WHICH THIS FURTHER WARNING WAS MADE.

CARRINGTON

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FM PRAGUE 061430Z

IMMEDIATE

TO IMMEDIATE DESKBY 061545Z

TO IMMEDIATE F C O LONDON TEL NO 075 OF 6 APRIL 81.

RFI MOSCOW, WARSAW, EAST BERLIN, BUDAPEST, BUCHAREST, SOFIA,  
BELGRADE, UKDEL NATO, PARIS, WASHINGTON, AND BONN.

MIPT: CZECHOSLOVAK PARTY CONGRESS: POLAND.

1. HUSAK HAS NOW COMPLETED HIS THREE AND HALF HOUR SPEECH.

THE SECTION ON POLAND WAS AS FOLLOWS:

"INTERNATIONAL IMPERIALISM IS ATTEMPTING TO WEAKEN THE  
UNITY OF THE SOCIALIST COMMUNITY AND, AIDED BY A  
DIFFERENTIATED POLICY AND INTERFERENCE IN THE  
INTERNAL AFFAIRS OF INDIVIDUAL STATES, PULL ONE OR THE



OTHER COUNTRY OUT OF THE BOND OF THE SOCIALIST FAMILY,  
AS WE WITNESSED IN HUNGARY, THE GERMAN DEMOCRATIC REPUBLIC  
CZECHOSLOVAKIA AND NOW ONCE AGAIN IN POLAND. THE  
REACTIONARY FORCES HAVE BY NOW PROMOTED THESE SUBVERSIVE  
ACTIONS TO OFFICIAL STATE POLICY.

"THE ANTI-SOCIALIST FORCES, SUPPORTED AND INSTIGATED  
BY THE ENEMIES OF SOCIALISM FROM ABROAD, ARE ATTEMPTING  
TO BRING ABOUT A COUNTER-REVOLUTIONARY REVERSAL IN  
THIS FRATERNAL SOCIALIST COUNTRY. THE FORCES OF  
IMPERIALIST REACTION, NOTABLY IN THE USA, ARE NOT  
CONCEALING THEIR HOPE THAT THEY WILL SUCCEED IN WEAKENING  
THE SOCIALIST COMMUNITY.

"WE ARE NOT HIDING THE FACT THAT OUR PEOPLE ARE  
FOLLOWING THE EVENTS IN FRATERNAL POLAND WITH DISQUIET.  
THIS IS UNDERSTANDABLE. HISTORY HAS TAUGHT US WHAT IT  
MEANS TO HAVE A GOOD NEIGHBOUR, A RELIABLE ALLY.  
WE BELONG TO ONE POLITICAL, ECONOMIC AND DEFENCE BOND,  
WE HAVE COMMON AIMS, COMMON FRIENDS AS WELL AS  
ENEMIES. WE ARE LINKED BY THOUSANDS OF TIES, WE SHARE  
THE LONGEST COMMON BORDERS. THAT IS WHY WE HAVE SUCH  
A PROFOUND INTEREST IN SEEING THAT THE PEOPLE'S  
REPUBLIC OF POLAND SHOULD DEVELOP AS A FIRM, ORDERLY

SOCIALIST STATE.

"THE FACT THAT THE POLITICAL AND ECONOMIC CRISIS IN POLAND IS STILL CONTINUING AND INTENSIFYING FILLS US ALL THE MORE WITH APPREHENSIONS. THE GRAVITY OF THE SITUATION WAS ALSO POINTED OUT BY THE 8TH SESSION OF THE POLISH UNITED WORKERS' PARTY CC LAST FEBRUARY, AT WHICH IT WAS EMPHASISED THAT AS A CONSEQUENCE OF THE ACTIVATION OF ANTI-SOCIALIST AND COUNTER-REVOLUTIONARY ELEMENTS, WHICH WERE CAUSING ANARCHY IN THE POLITICAL AND ECONOMIC LIFE OF THE COUNTRY, THE FOUNDATIONS OF SOCIALISM WERE THREATENED. EVENTS INDICATE THAT THE CRISIS DEVELOPMENT IN POLAND IS CONTINUING. THE SITUATION IN POLAND CONTINUES TO DISTURB US GRAVELY.

"THE COMMUNIST PARTY OF CZECHOSLOVAKIA, THE PEOPLE OF OUR COUNTRY - IN COMMUN WITH THE PEOPLE OF THE OTHER COUNTRIES OF THE WARSAW TREATY - SUPPORT THE COMMUNISTS, THE WORKING CLASS, THE WORKING PEOPLE, ALL GENUINE FOLLOWERS OF SOCIALISM, TRUE POLISH PATRIOTS IN THEIR ENDEAVOUR TO REPEL THE ONSLAUGHT OF REACTION, TO SOLVE THE PILED-UP PROBLEMS AND TO STRENGTHEN THE SOCIALIST SOCIAL SYSTEM.

''AT THE MEETING OF THE LEADING REPRESENTATIVES OF THE WARSAW TREATY MEMBER COUNTRIES IN MOSCOW LAST DECEMBER AS WELL AS ON OTHER OCCASIONS THE FORCES DEDICATED TO SOCIALISM RECEIVED SIGNIFICANT POLITICAL SUPPORT. IT WAS REPEATEDLY STRESSED THAT THE CONTINUED EXISTENCE OF THE PEOPLE'S REPUBLIC OF POLAND AS A FIRM LINK OF THE SOCIALIST COMMUNITY WAS AN IMPORTANT FACTOR OF STABILITY IN EUROPEAN AS WELL AS GLOBAL POLICY. ALL WHO ARE ATTEMPTING TO MISUSE THE EVENTS IN POLAND FOR INSTIGATING ANTI-SOCIALIST CAMPAIGNS MUST BE REMINDED OF OUR CLEAR STANDPOINT THAT THE DEFENCE OF THE SOCIALIST SYSTEM IS THE CONCERN OF EACH SOCIALIST STATE BUT ALSO THE JOINT CONCERN OF THE STATES OF THE SOCIALIST COMMUNITY, WHICH ARE DETERMINED TO DEFEND THEIR INTERESTS AND THE SOCIALIST ACHIEVEMENTS OF THEIR PEOPLE.''

2. THE TEXT AS DELIVERED WAS ALMOST IDENTICAL TO THE ENGLISH VERSION WHICH WE HAD EARLIER OBTAINED. THE INTERPOLATIONS WERE VERY MINOR AND GAVE THE IMPRESSION THAT HUSAK WISHED TO GIVE GREATER EMPHASIS TO THE ECONOMIC NATURE OF THE POLISH CRISIS THAN WAS CONVEYED BY THE DISTRIBUTED TEXT.

3. IMMEDIATELY BEFORE THE SECTION ON POLAND, IN A PASSAGE DEALING WITH INTERNATIONAL SOCIALIST ECONOMIC INTEGRATION, HUSAK SAID THE "OUR PARTY IS IN FAVOUR OF AN EARLY MEETING OF LEADING REPRESENTATIVES OF THE FRATERNAL SOCIALIST COUNTRIES, WHICH WOULD DISCUSS KEY QUESTIONS OF ECONOMIC POLICY COORDINATION, AND IS PREPARED TO MAKE ITS CONTRIBUTION TO THE MEETING'S FULL SUCCESS". AS FAR AS WE ARE AWARE THIS IS THE FIRST REFERENCE TO A MEETING OF THIS SORT. IT IS IMPOSSIBLE TO TELL FROM THE CONTEXT WHETHER THE PROPOSED MEETING WOULD BE INTENDED TO DEAL WITH THE POLISH ECONOMIC CRISIS OR WHETHER IT WOULD HAVE A WIDER PURPOSE. GIVEN THAT THIS REFERENCE COMES IMMEDIATELY AFTER A NUMBER OF LAUDATORY PARAGRAPHS ABOUT THE SOVIET UNIONS'S KEY POSITION IN INTERNATIONAL SOCIALISM ("THE DECISIVE BASTION OF SOCIALISM, OF ALL THAT IS REVOLUTIONARY AND PROGRESSIVE, AS THE HOPE AND GUARANTOR OF PEACEFUL DEVELOPMENT "ETC) AND BEFORE ANY MENTION OF POLAND, THE LATTER INTERPRETATION IS PROBABLY MORE LIKELY. CERTAINLY THE CZECHOSLOVAKS HAVE A GOOD TRACK RECORD ON INTERNATIONAL SOCIALIST ECONOMIC INTEGRATION AND A NUMBER OF VESTED INTERESTS IN THE STRENGTHENING OF THE CMEA. ON THE OTHER HAND, THERE IS NO REASON WHY A MEETING OF THIS SORT, IF

CONVENED, SHOULD NOT SERVE AS AN APPROPRIATE FORUM FOR THE DISCUSSION OF, AND POSSIBLY THE RELIEF OF, SOME OF POLAND'S ECONOMIC PROBLEMS.

4. TELEVISION TRANSMISSION OF THE CONGRESS HAS NOW CEASED FOR THE DAY, WITH NOTHING MORE PROMISED UNTIL TOMORROW AFTERNOON. NEVERTHELESS WE HAVE HEARD THAT THE BROADCASTING AUTHORITIES HAVE BEEN ASKED TO MAKE TELEVISION TIME AVAILABLE FROM 10.30 AM TOMORROW LOCAL TIME, WHICH SUGGESTS THAT BREZHNEV MAY SPEAK THEN. TOMORROW'S AFTERNOON SESSION WILL BE ENTIRELY TAKEN UP BY PRIME MINISTER STROUGAL'S SPEECH WHICH WILL ALMOST CERTAINLY BE EXCLUSIVELY ECONOMIC. WE BELIEVE THAT THIS AFTERNOON'S SESSION, WHICH IS NOT BEING BROADCAST, IS CONCERNED WITH INTERNAL PARTY ORGANISATION MATTERS.

5. BREZHNEV SAT IMPASSIVELY THROUGHOUT HUSAK'S SPEECH, AT TIMES APPARENTLY BARELY AWAKE ONCE HE HAD FINISHED DEALING WITH THE PAPERS WHICH SEEMED TO BE TAKING UP HIS ATTENTION DURING THE FIRST HALF HOUR. HOWEVER HE JOINED WITH ENTHUSIASM IN THE STANDING OVATION AT THE END. IT WAS NOTABLE, INCIDENTALLY, THAT MUCH THE MOST PRONOUNCED APPLAUSE THROUGHOUT THE SPEECH OCCURRED DURING THE SECTION ON POLAND.

THOMAS.

Edmond

File

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10 DOWNING STREET

From the Private Secretary

6 April 1981

Dear John,

Polish Debt and Related Matters

The Prime Minister has seen the Chancellor of the Exchequer's minute to her of 3 April on this subject. She is content with the course of action summarised in it.

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

Yours sincerely

Michael Alexander

John Wiggins, Esq.,  
HM Treasury.

ds

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*ms*

FM WARSAW 061300Z APR

TO IMMEDIATE FCO

TELEGRAM NUMBER 257 OF 6 APR

INFO IMMEDIATE TOKYO ( FOR PRIVATE SECRETARY) UKDEL NATO

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

MODUK THE HAGUE

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI STOCKHOLM

UKMIS NEW YORK UKREP BRUSSELS.

POLISH SITUATION

1. THE SITUATION HERE IS OUTWARDLY CALM WITH LITTLE EVIDENCE OF THE ACCUMULATED PROBLEMS. THE PARTY LEADERSHIP HAS SWUNG INTO RAPID ACTION TO FOLLOW UP THE ACRIMONIOUS DEBATES OF LAST WEEK'S 9TH CENTRAL COMMITTEE PLENUM IN ACCORDANCE WITH ONE OF ITS RESOLUTIONS THAT THEY SHOULD BE IN CLOSER TOUCH WITH THE GRASS ROOTS OF THE PARTY. SIMULTANEOUSLY PREPARATIONS ARE PROCEEDING FOR FURTHER GOVERNMENT/SOLIDARITY NEGOTIATIONS OVER OUTSTANDING POINTS AT ISSUE THOUGH THESE WILL NOW BE CONDUCTED IN MORE RELAXED CIRCUMSTANCES WITHOUT THE OVER-HANGING THREAT OF A GENERAL STRIKE. THERE ARE NO SIGNS OF UNUSUAL MILITARY ACTIVITY.
2. THE MOST SIGNIFICANT NEWS FROM WARSAW IS THE INDISPOSITION OF PRIME MINISTER JARUZELSKI (REPORTEDLY DUE TO FLU) AND THE CONSEQUENT POSTPONEMENT UNTIL FRIDAY OF TODAY'S SEJM MEETING AT WHICH HE WAS TO DELIVER A 'STATE OF THE NATION' SPEECH.
3. THE POLISH SITUATION IS OVER-SHADOWED BY BREZHNEV'S ATTENDANCE AT THE CZECHOSLOVAK PARTY CONGRESS IN PRAGUE WITH RUMOURS CIRCULATING THAT OTHER WARSAW PACT LEADERS INCLUDING PROBABLY KANIA ARE LIKELY ALSO TO ATTEND. THE POLISH DELEGATION ANNOUNCED IN TODAY'S PRESS IS HEADED BY STEFAN OLSZOWSKI, A LEADING HARDLINER WHO WAS AMONGST THOSE POLITBURO MEMBERS WHOSE OFFER TO RESIGN WAS NOT ACCEPTED AT THE RECENT PLENUM. THERE ARE UNCONFIRMED RUMOURS CONCERNING KANIA'S PRESENT WHEREABOUTS WHICH MAY TIE UP WITH THOSE THAT HE WILL GO TO PRAGUE.
4. FOR WHAT THEY MAY BE WORTH I SUMMARISE SOME INFORMATION AND VIEWS ARISING FROM A MEETING OF EC AMBASSADORS TODAY. AT THE RECENT CENTRAL COMMITTEE MEETING THE ENTIRE POLITBURO HAD WITHOUT DOUBT RESIGNED AND FISZBACH WAS PROPOSED AS KANIA'S SUCCESSOR, WITH JARUZELSKI ALSO AS A POSSIBILITY.

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/THIS

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THIS WAS SQUASHED BY DIRECT INTERVENTION FROM MOSCOW. THE SOVIET MILITARY MOVES OF THE PAST FEW DAYS ARE THE CONSEQUENCE OF THE EVENTS IN POLAND SINCE 19 MARCH. THEY MUST BE FOR THE PURPOSE OF INVASION, OR OF FRIGHTENING, OR OF BACKING UP SOME KIND OF STIFFER POLISH GOVERNMENT ACTION, OR AS A PRECAUTION. ON THE WHOLE THE CONSENSUS WAS THAT INVASION WAS NOT INEVITABLE AND THAT THE IDEOLOGICAL CONCESSIONS MADE AT THE RECENT PARTY PLENUM WOULD BE LESS IMMEDIATELY ALARMING TO THE RUSSIANS THAN THE PROSPECT OF FURTHER INDUSTRIAL AND OTHER UNREST, ALWAYS PROVIDED THAT THEY SAW SOME PROSPECT OF THE PARTY EVENTUALLY RESUMING CONTROL. STIFFER ACTION BY THE POLISH GOVERNMENT INVOLVING DECLARATION OF MARTIAL LAW AND OUTLAWING OF STRIKES WOULD BE LIKELY TO PROVOKE STRONG REACTION AND THUS DEFEAT THE PRESUME SHORT-TERM SOVIET OBJECTIVE OF MAINTAINING STABILITY IN POLAND. CONCEIVABLY SOMETHING SHORT OF SUCH DRASTIC ACTION COULD BE WORKED OUT, THOUGH THE PROSPECTS OF REACHING A NEW POLITICAL/SOCIAL EQUILIBRIUM ACCEPTABLE TO MOSCOW SEEM SLIMMER THAN EVER. DECLARATION OF A STATE OF EMERGENCY WAS IN FACT JUSTIFIED ON ECONOMIC GROUNDS ALONE. INFORMATION FROM THE GERMANS WAS THERE WOULD NOT BE A SUMMIT IN PRAGUE: FROM THE AMERICANS THAT JARUZELSKI'S ILLNESS IS GENUINE.

5. MY OWN FEELING IS THAT POLISH INDEPENDENCE COULD JUST SURVIVE THE CURRENT PARTY FERMENT. WHAT IT COULD NOT SURVIVE IS ANOTHER MAJOR STRIKE. THIS IS WHY I HARP ON THE NEED FOR RESTRAINT BY SOLIDARITY'S YOUNG TURKS.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

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[REPEATED AS REQUESTED]

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No 10 14

S E C R E T

GPS 240

DEDIP  
BURNING BUSH  
SECRET

FM FCO 041646Z APR 81  
TO IMMEDIATE TOKYO  
TELEGRAM NUMBER 177 OF 4 APRIL  
INFO IMMEDIATE (PERSONAL FOR AMBASSADOR) BONN PARIS  
UKDEL NATO AND PEKING.

MIPT: POLAND

1. FOLLOWING IS TEXT

BEGINS:

OUR ASSESSMENT OF THE SOVIET POSTURE REGARDING POLAND SUGGESTS  
THAN AN INTERVENTION BY THE U.S.S.R. IS A SERIOUS POSSIBILITY.  
CONSEQUENTLY, THE PRESIDENT HAS INFORMED PRESIDENT BREZHNEV OF  
THE SEVERE CONSEQUENCES THAT WOULD RESULT SHOULD THE SOVIETS  
INTERVENE.

I HAVE DECIDED TO LEAVE ON SCHEDULE FOR MY TRIP TO THE MIDDLE  
EAST, BUT I WANTED YOU TO KNOW IF A CRISIS DEVELOPS IN POLAND, I  
WILL IMMEDIATELY RETURN TO WASHINGTON. UPON RETURN TO THE UNITED  
STATES, I WOULD CONSULT WITH THE PRESIDENT AND VICE PRESIDENT  
ON THE SITUATION IN POLAND. THEREAFTER I WOULD TRAVEL TO BRUSSELS  
FOR THE EMERGENCY NORTH ATLANTIC COUNCIL MINISTERIAL WHERE WE  
WOULD DECIDE ON THE LIST OF PROPOSED MEASURES TO DEAL WITH THE  
POLISH SITUATION.

IT IS MY FIRM BELIEF THAT WE MUST, AT BRUSSELS, BE ABLE TO  
ACHIEVE RAPID AND CONCRETE ALLIANCE DECISIONS. NONE OF US WILL BE  
ABLE TO LINGER IN BRUSSELS, AND IT WILL BE DECISIVELY IMPORTANT TO  
CONVEY SWIFTLY TO THE SOVIETS A CLEAR AND PAINFUL SIGNAL. WE MUST  
NOT ALLOW THE EMERGENCY MINISTERIAL TO DEVELOP INTO A WESTERN  
DEBATE. UNITY AND DECISIVENESS ARE DEMANDED BY THE NATURE OF THE  
SOVIET CHALLENGE AND, MOST CERTAINLY, BY OUR PUBLICS AND  
PARLIAMENTS.

/IN ADDITION

S E C R E T

S E C R E T

IN ADDITION TO THE GENERAL POINTS SET OUT ABOVE WHICH I HAVE SHARED WITH ALL OF THE NATO FOREIGN MINISTERS, IT IS CLEAR THAT THE FOUR OF US HAVE A SPECIAL RESPONSIBILITY WITH REGARD TO POLAND. THE ALLIANCE PACKAGE OF MEASURES BUILDS ON THE CONSENSUS REACHED BY OUR POLITICAL AND ECONOMIC DIRECTORS. THE NATO LIST, HOWEVER, HAS SOME OPEN QUESTIONS AND CAVEATS THAT COULD EASILY CAUSE THE MINISTERIAL DISCUSSION TO DEGENERATE AND LEAD TO A LOWEST COMMON DENOMINATOR. IT WILL TAKE LEADERSHIP BY ALL OF US TO INSURE THAT THIS DOES NOT HAPPEN. YOU WILL HAVE AN ESPECIALLY IMPORTANT ROLE IN ENCOURAGING OUR ALLIES WHO ARE MEMBERS OF THE EUROPEAN COMMUNITY TO COME PREPARED TO MAKE SOME COURAGEOUS BUT NECESSARY DECISIONS.

THEREFORE, FOR ALL OF THESE REASONS, WE WILL NEED TO GET TOGETHER IN A QUADRIPARTITE CONTEXT BEFORE THE MINISTERIAL TO PLAN HOW WE CAN HEAD IT IN THE RIGHT DIRECTION.

ENDS:

CARRINGTON

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S E C R E T

GR 60A  
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BURNING BUSH  
SECRET

FM FCO 041645Z APR  
TO IMMEDIATE TOKYO  
TELEGRAM NUMBER 176 OF 4TH APRIL 1981  
INFO IMMEDIATE (PERSONAL FOR AMBASSADOR) BONN, PARIS, UKDEL NATO,  
PEKING.

FOR PRIVATE SECRETARY ON ARRIVAL: POLAND

1. MIFT CONTAINS TEXT OF MESSAGE FROM HAIG TO THE SECRETARY OF STATE, DELIVERED TO THE RESIDENT CLERK AT NOON BST ON 4 APRIL.
2. PEKING SHOULD TAKE NO ACTION TO PASS THE MESSAGE ON UNLESS THE SITUATION IN POLAND MARKEDLY DETERIORATES.
3. RECOMMENDATION FOR A DRAFT REPLY WILL FOLLOW.

CARRINGTON

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SIR A ACLAND  
MR BULLARD  
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S E C R E T



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



PRIME MINISTER

*Prime Minister*

*The Chancellor would like to know that  
you are broadly content with his approach.*

*Print - 3/4*

POLISH DEBT AND RELATED MATTERS

*Yes no,*

In my minute of 6 March I reported progress so far in the multilateral talks with Poland. These are now reaching a critical stage. And to some extent they have been overtaken by events. Arrangements have been made for OD to consider the position on 15 April (when you will unfortunately be abroad). Meanwhile you and OD might like a further interim report.

Official debt

2. It is quite clear that Poland cannot service or repay its debts over the next few years. An orderly and agreed programme of debt relief, matched by parallel action by the banks, is essential. Poland now recognises this. The Polish government is preparing a recovery plan which, if successful, would bring the current account back into balance in five or six years and allow a start in the repayment of debt. They are prepared to set firm targets to be written into the agreement, and to agree to regular monitoring discussions. Given the present political climate in Poland, we must all be fairly sceptical about their chances of success. It would be unrealistic to press for more rapid improvement. But I still believe we must press ahead with an intergovernmental arrangement.

Main features of agreement

3. After two meetings of the creditors' Task Force, the form of the agreement is becoming clear, but not its size. However, my officials think it is likely to include:-



- (a) relief of a high percentage (85 per cent or so) of principal and interest of officially-guaranteed debt falling due in the second half of 1981;
- (b) agreement in principle to extend this treatment to maturities in 1982 and 1983 if Poland meets its self-imposed targets;
- (c) a grace period of four or five years with repayment spread over a further four or five years;
- (d) commercial rates of interest during the period of postponement. (We may eventually have to consider some concessionality but this has not yet been proposed);
- (e) provision for regular review by a group of creditor countries before each extension;
- (f) no more favourable treatment to be given to other creditors; this includes the USSR as well as private banks;
- (g) a break clause - as yet undefined - which would terminate the agreement if the USSR invades or a repressive regime takes over in Poland. (This is politically important. But even in this worst case, we would still eventually have to do something about accumulated past debt);
- (h) no commitment to provide new credit; this would be left over for separate bilateral agreement. (We may have trouble with the French in maintaining this line but the Americans are with us);
- (i) creditors will be free to choose whether to reschedule



or refinance debts due to them. I shall shortly be writing to the Ministers concerned about this technical point.

All this is within the terms of the Ministerial agreement at OD on February 12 except that the proposed debt settlement was initially to be limited to 31.12.82. If the Task Force eventually makes firm proposals on these lines, I shall be advising colleagues to accept them.

#### Banks

4. Government and guaranteed debt is only about half of the total; the rest is almost all banking debt. After a slow start, the banks are now moving towards a parallel negotiation. They have set up a Task Force of their own to prepare the ground. The Bank of England believe there is a reasonable prospect of a settlement.

#### Immediate liquidity crisis

5. Last week the Polish Government called in the Western Ambassadors in Warsaw and told them it could not meet obligations falling due at the end of March. It sought an immediate postponement of debts due in the second quarter, acceleration of the long-term agreement described above, and further assistance. It also asked Governments to intercede with banks. In the time available it was not possible to agree formally postponement of payments due, and a technical default probably now exists (though not, so far, apart from some short-term maturities, on debts guaranteed by ECGD). But the German Government took the initiative in proposing to all other creditors that we should treat this as a purely technical delay in payment, not a formal default (which might have triggered a series of cross-default clauses in contracts and precipitated a general collapse). The creditors' Task Force endorsed this recommendation. So far it seems to have worked. And the banks are mostly taking a constructive and sensible line. We cannot rule out the



possibility of collapse but it looks less likely. It is still not clear why Poland ran out of cash so unexpectedly fast. One possibility is that the USSR, which has been bailing them out in the early months of the year, have now stopped doing so.

#### IMF

6. Poland has now talked openly for the first time of the possibility of rejoining the IMF. This is welcome. But it will not help in the short-term, and might take a year to negotiate.

#### Agricultural sales

7. Following the Maastricht summit, the Commission have put forward proposals for a further package of assisted food sales to Poland. This will be considered by the Council this week. I have written separately about some details of this package.

#### New credit

8. The Poles are pressing for new commercial credit to finance imports of food, raw materials and spare parts. They argue that these are essential if they are to maintain stability at home and build up exports. Since their economy, and especially the export sectors, is very import-intensive, there is something in this. But I am anxious not to increase our exposure more than we must in this very risky market. The £40 million we agreed for the whole of 1981 is now largely committed (about £8 million left). It may be necessary to reconsider the position once a satisfactory agreement has been reached on debt.

#### Next steps

9. The Task Force meets again on 8 April, and the 15 major creditors then meet the Polish side on 9 and 10 April. If a reasonable agreement emerges, they will then recommend it to Governments and return to Paris on 27 and 28 April to conclude the deal. I have arranged for a "note by officials" to be

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circulated to OD on 13 April (when I shall be abroad) giving details of the draft agreement. I shall make my own proposals at OD on 15 April, when I understand that the Home Secretary will be in the chair. Because of your own absence then, it would be particularly useful to know at this stage (and before the Task Force meeting on 8 April) whether you are broadly content with the way this is going.

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

G.H.

(G.H.)

3rd April 1981



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

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HEAD/PLANNING STAFF

*Gen. Cons. D.*  
*Gen. Cons. Com. G.*

CONFIDENTIAL

FM WARSAW 030820Z APR

TO IMMEDIATE FCO

TELEGRAM NUMBER 251 OF 3 APRIL.

INFO MOSCOW WASHINGTON PARIS BONN UKDEL NATO  
PEKING ( FOR PRIVATE SECRETARY).

MOSCOW TELNO 182: SOVIET POLICY TOWARDS POLAND.

1. IN SO FAR AS I CAN JUDGE FROM HERE I AGREE WITH  
NEARLY ALL OF CIR C KEEBLE'S ADMIRABLE ASSESSMENT.  
I WOULD ONLY SAY THIS. IT IS CERTAINLY TOO LATE  
(IF IT WAS EVER IN GOOD TIME) FOR THE POLISH LEADERSHIP  
WHETHER OF KANIA/JARUZELSKI OR OF SOME HARD-LINE COMBINATION  
TO DICTATE SUITABLE ARRANGEMENTS AND A SUITABLE OUTCOME  
OF THE PARTY CONGRESS. THERE IS THEREFORE LITTLE POINT  
IN THE RUSSIANS TRYING TO INSTAL A HARD-LINE LEADERSHIP  
UNLESS AND UNTIL THEY HAVE DECIDED TO INTERVENE.  
NOT ONLY WOULD SUCH A LEADERSHIP FAIL ( SAVE BY FORCE).  
TO DICTATE A SATISFACTORY PARTY CONGRESS: IT WOULD  
ALSO PROVOKE STRIKE AND OTHER ACTION BY SOLIDARITY  
AND THUS LEAD TO A SITUATION IN WHICH THE USSR WOULD  
BE FORCED TO INTERVENE.

2. IT MAY BE THAT THE FIRST SOVIET PRIORITY WILL BE  
TO ASSERT CONTROL OVER THE POLISH PARTY. BUT ON THE  
ASSUMPTION THAT THE RUSSIANS STILL WISH TO AVOID  
INTERVENTION. I WONDER IF THEIR FIRST PRIORITY MAY NOT

ASSUMPTION THAT THE RUSSIANS STILL WISH TO AVOID INTERVENTION, I WONDER IF THEIR FIRST PRIORITY MAY NOT RATHER BE TO SEE ORDER AND REASONABLE STABILITY MAINTAINED IN POLAND. IF THESE TWO ASSUMPTIONS ARE CORRECT, THE RUSSIANS MAY STILL BE PREPARED (BECAUSE ALL OTHER ALTERNATIVES ARE WORSE) TO ACCEPT THE SORT OF DEMOCRATISATION OF THE POLISH PARTY WHICH THE LAST PARTY PLENUM ENVISAGED. ( 4TH FROM LAST SENTENCE OF MOSCOW TUR).

3. BUT I ENTIRELY AGREE WITH SIR C KEEBLE THAT FOR THIS TO HAPPEN THE POLES MUST STAY SHORT OF THE BRINK AND AVOID MAJOR STRIKES, AND MOSCOW SHOULD HAVE THE PROSPECT OF A POSITIVE ALTERNATIVE TO INTERVENTION, IE AN EAST-WEST DIALOGUE ON STRATEGIC ISSUES. THE LATTER PRESUMABLY ONLY THE AMERICANS CAN OFFER. SO FAR AS THE FIRST IS CONCERNED WE CAN HELP, RATHER AS THE POPE HAS DONE, BY MAKING IT CLEAR PUBLICLY THAT WE FAVOUR PATIENCE RATHER THAN BRINKMANSHIP, NOT ONLY BY THE GOVERNMENT BUT BY SOLIDARITY ALSO: THAT MODERATION IS A TWO-WAY STREET, THE YOUNG TURKS IN SOLIDARITY WHO OPPOSE WALESA BELIEVE THAT BECAUSE THE RUSSIANS HAVE NOT YET INTERVENED THEY NEVER WILL AND MANY OF THEM, ENCOURAGED BY THE WESTERN MEDIA, SEE NO REASON WHY THEY SHOULD NOT PUSH RIGHT ON WITH THEIR OBJECTIVE OF OVERTHROWING THE REGIME.

PRIDHAM

NNNN



Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

3 April 1981

The Rt Hon The Lord Carrington KCMG MC  
 Secretary of State for Foreign Affairs  
 Foreign and Commonwealth Office  
 Downing Street  
 LONDON SW1A 2AL

NBPA yet

Print 3/4

Dear Peter

Since I wrote my minute to the Prime Minister on 19 February on the financial aspects of contingency planning about Poland you have been in correspondence with John Biffen about the trade angle, ending with his letter to you of 27 March.

I sympathise with John Biffen's view that we should be thinking in terms of a more selective approach to trade sanctions than is advocated in the present NATO Council document. As he says, the NATO document appears expressly to allow reconsideration by individual countries. My concern is that generally it is important in the interests of maintaining trading opportunities and thus economic activity that we are not seen to be interfering with normal trade, because of the effect this could have on our long-term trading relationships with other countries who might be led to regard us as unreliable partners. Special circumstances can obviously exist but our action should not be such as to harm ourselves more than our adversaries.

I hope therefore that you and John Biffen will be able to arrive at a mutually acceptable line for the United Kingdom to take in further NATO discussions.

I am sending copies of this letter to the Prime Minister, other members of OD, other recipients of OD(81)10, the Chief Whip and Sir Robert Armstrong.

*[Handwritten signature]*

GEOFFREY HOWE

POLAND: ADVANCE COPIES 1981

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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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ASSESSMENTS STAFF  
CABINET OFFICE

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HEAD/PLANNING STAFF  
*Res. Cas. D.*  
*Res. Cas. Gen. G.*  
RESIDENT CLERK

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*ms*

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FM UKDEL NATO 031025Z APR 81  
TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,  
TELEGRAM NUMBER 123 OF 3 APRIL 1981,  
INFO IMMEDIATE WASHINGTON, BONN, PARIS, PEKING (FOR PRIVATE  
SECRETARY), MOSCOW, MODUK.

POLAND.

1. GLITMAN (US) CALLED A PRIVATE MEETING OF PERMANENT REPRESENTATIVES  
THIS MORNING TO BRIEF ON THE BACKGROUND TO PUBLIC STATEMENTS BY U S  
OFFICIALS YESTERDAY INDICATING INCREASED CONCERN ABOUT POLAND.

2. GLITMAN DREW ATTENTION TO THE LATEST PRAVDA ARTICLE CRITICISING  
THE POLISH COMMUNIST PARTY FOR THEIR HANDLING OF THE INCIDENT AT  
WARSAW UNIVERSITY. SUCH CRITICISM OF THE PARTY WAS A NEW DEVELOP-  
MENT. ALTHOUGH THE SITUATION IN POLAND SEEMED CALMER THAN IN  
RECENT WEEKS, THE SERIES OF EXERCISES ASSOCIATED WITH SOYUZ HAD  
NOT ENDED. THE U S INTELLIGENCE COMMUNITY HAD CONCLUDED THAT  
SOVIET AND WARSAW PACT FORCES WERE NOW CAPABLE OF DEPLOYING UP TO  
20 DIVISIONS INTO POLAND WITHIN 48 HOURS. THE INDICATIONS THAT THEY  
MIGHT MOVE QUICKLY WERE AS FOLLOWS:

- (I) PREPARATIONS TO MOVE CERTAIN UNITS FROM THE SOVIET WESTERN  
MILITARY DISTRICTS (WMDS) INTO POLAND.
- (II) A HEIGHTENED STATE OF READINESS IN SOME SOVIET DIVISIONS IN  
THE WMDS.
- (III) SOME UNUSUAL ACTIVITY IN EAST GERMAN AND CZECH DIVISIONS.
- (IV) A POSSIBLE AMPHIBIOUS LANDING IN POLAND BY AN EAST GERMAN  
MOTORISED BATTLE DIVISION.

- (IV) A POSSIBLE AMPHIBIOUS LANDING IN POLAND BY AN EAST GERMAN MOTORISED RIFLE DIVISION, EMBARKED WITH ITS TANKS.
- (V) THE PALLETIZATION OF EQUIPMENT FOR TWO SOVIET AIRBORNE DIVISIONS.
- (VI) PREPARATIONS FOR DEPLOYMENT OF ONE SOVIET TANK DIVISION IN THE BELORUSSIAN MD.

3. IT WAS POSSIBLE THAT A SIZEABLE FORCE WAS NOW READY TO MOVE, BUT GLITMAN EMPHASISED THAT THIS WAS EVIDENCE OF CAPABILITY, NOT INTENTION. THE U S COULD NOT DETERMINE WHETHER AN EXECUTION ORDER HAD BEEN ISSUED AND WERE NOT CONFIDENT THAT THEY COULD DETECT WHEN SUCH AN ORDER WAS ISSUED.

4. HALSTEAD (CANADA) REPORTED THAT ACCORDING TO THE CANADIAN EMBASSY IN MOSCOW, THE PICTURE OF POLAND CONVEYED BY THE SOVIET MEDIA TO THEIR PUBLIC WAS ONE OF CHALLENGE TO THE LEGITIMATE AUTHORITIES BY SOLIDARITY, GROWING ANARCHY, AND ALLEGATIONS OF U S INTERFERENCE IN POLAND. HALSTEAD COMMENTED THAT THIS COULD REPRESENT THE PREPARATION OF SOVIET PUBLIC OPINION FOR AN INTERVENTION.

5. SVART (DENMARK) AGREED WITH GLITMAN THAT THE PRAVDA ARTICLE WAS PARTICULARLY DISTURBING. HE THOUGHT HOWEVER THAT IT WAS THE LEADERS OF THE PARTY IN THE CITY OF WARSAW AND NOT THE NATIONAL LEADERSHIP WHO WERE BEING ATTACKED.

6. SCOTT (UK) DREW ON MOSCOW TELNO 182.

7. THE CHAIRMAN OF THE MILITARY COMMITTEE COMMENTED THAT THE EMBARKATION OF AN EAST GERMAN MOTORISED RIFLE DIVISION WITH ITS TANKS WAS UNUSUAL IN MILITARY TERMS. HE WONDERED WHY THE WARSAW PACT FELT IT NECESSARY TO TAKE THIS STEP, WHICH WOULD BE HIGHLY ANTAGONISTIC TO THE POLES.

8. BOECKER (FRG) UNDERTOOK TO BRIEF THE COUNCIL ON GENSCHER'S CURRENT VISIT TO MOSCOW AS SOON AS POSSIBLE. A COUNCIL MAY BE CALLED OVER THE WEEKEND FOR THIS PURPOSE.

ROSE,

IMMEDIATE

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The National Archives

LETTERCODE/SERIES ..... <i>PREM 19</i> .....	Date and sign
PIECE/ITEM ..... <i>560</i> ..... (one piece/item number)	
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FM UKDEL I M F/I B R D WASHINGTON 022347Z APR 81  
TO PRIORITY F C O  
TELEGRAM NUMBER 86 OF 2 APRIL 1981.  
INFO ROUTINE WARSAW.

MS

## I M F: POLAND

1. THE MANAGING DIRECTOR TODAY CALLED A MEETING OF G5 AND SAUDI EXECUTIVE DIRECTORS. HE SAID HE WISHED TO INFORM THOSE MEMBERS WHO WERE QUOTE MAIN SHAREHOLDERS NOW AND POTENTIALLY UNQUOTE ABOUT APPROACHES TO THE FUND BY POLISH OFFICIALS. THERE HAD BEEN DIRECT APPROACHES AT LOWER STAFF LEVELS AND INDIRECT APPROACHES AT HIGHER LEVELS. THE APPROACHES HAD MAINLY BEEN REQUESTS FOR INFORMATION ON THE RIGHTS AND OBLIGATIONS OF FUND MEMBERSHIP. THESE CONTACTS HAD BEEN UNDERWAY FOR SOME TIME, BUT THERE HAD BEEN A MARKED SHIFT IN THEIR SERIOUSNESS IN THE LAST FEW DAYS. THEY HAD DEMONSTRATED THAT POLAND HAD A SERIOUS INTEREST IN MEMBERSHIP OF THE FUND, BUT LAROSIERE STRESSED HE HAD NOT (NOT) RECEIVED A REQUEST FOR MEMBERSHIP. HE ASKED THAT THESE APPROACHES BE KEPT MOST SECRET.

2. LAROSIERE SAID THAT HIS VIEW WAS THAT IF IT WAS CLEAR THAT THE SOVIET UNION WAS CONTENT FOR POLAND TO JOIN THE FUND, THEN THE FUND HAD TO BE OPENMINDED. THE FUND WAS A UNIVERSAL INSTITUTION AND SHOULD BE PREPARED TO ACCEPT ANY COUNTRY WHICH WAS PREPARED TO ACCEPT ITS OBLIGATIONS. IF POLAND DID JOIN, THE FUND WOULD FACE A VERY DIFFICULT TASK. THE ADJUSTMENT PROBLEM WAS ACUTE, AND POLAND WOULD NEED TO ENTER INTO A VERY SERIOUS ADJUSTMENT PROGRAMME WHICH WOULD BE PARTICULARLY DIFFICULT TO FORMULATE AND IMPLEMENT IN PRESENT ECONOMIC AND SOCIAL CIRCUMSTANCES. HOWEVER, THE FUND COULD NOT CHOOSE JUST TO ADMIT MEMBERS WHO WOULD CAUSE IT NO PROBLEMS.

3. WHITTOME (DIRECTOR, EUROPEAN DEPARTMENT) RECALLED THAT, FOLLOWING A PERMISSIVE ATTITUDE ON THE PART OF THE SOVIET UNION IN 1968, HUNGARY, CZECHOSLOVAKIA AND ROMANIA HAD DISCUSSED MEMBERSHIP WITH THE FUND. THE RUSSIANS HAD STOPPED HUNGARY AND CZECHOSLOVAKIA FROM JOINING FOLLOWING DUBCEK'S FALL. IT HAD NEVER BEEN CLEAR WHETHER ROMANIA HAD THEN PROCEEDED TO JOIN THE FUND WITH OR WITHOUT SOVIET APPROVAL. HUNGARY AND POLAND HAD, SINCE THAT TIME, MAINTAINED INFORMAL CONTACTS WITH THE FUND. HUNGARY MIGHT ALSO WISH TO JOIN. WHITTOME MENTIONED THAT HE HAD VISITED MOSCOW ONCE IN RECENT YEARS AND HAD FOUND THE RUSSIANS EXTREMELY WELL INFORMED

S E C R E T

ABOUT THE FUND. HE SAID THAT NO QUOTA CALCULATIONS HAD YET BEEN MADE FOR POLAND. (FROM WHERE PRICE WAS SITTING, HE COULD SEE THAT WHITTOME HAD IN FRONT OF HIM A FIGURE FOR A CALCULATED QUOTA OF S D R 700 MILLION. THERE ARE MANY WAYS WHICH SUCH A CALCULATED QUOTA COULD BE INTERPRETED INTO AN ACTUAL QUOTA, GIVING AN EXTREME RANGE OF PERHAPS S D R 400 TO 1050 MILLION.)

4. OF THE DIRECTORS PRESENT, ONLY SYVRUD (UNITED STATES) OFFERED SUBSTANTIVE COMMENT. THE MEETING WAS TIMELY, HE SAID, FOR THE U S ADMINISTRATION HAD HEARD OF THE APPROACHES BOTH IN WASHINGTON AND FROM A POLISH COMMERCIAL BANKER IN LONDON. THE ADMINISTRATION'S CURRENT JUDGMENT WAS THAT THE FUND SHOULD RESPOND CONSTRUCTIVELY TO APPROACHES FROM POLAND BUT AT A SLOW PACE. IF THE FUND WERE ASKED TO PROVIDE TECHNICAL ASSISTANCE IN CONNECTION WITH THE DEBT RENEGOTIATIONS, IT SHOULD DO SO. HOWEVER, THE FUND STAFF HAD NO EXPERIENCE OF THE POLISH ECONOMY AND IT WOULD TAKE THEM SOME TIME TO PUT TOGETHER AN ADJUSTMENT PROGRAMME. SYVRUD DID NOT SEEM TO ENVISAGE THAT THE FUND WOULD BE LENDING LARGE AMOUNTS TO POLAND AT AN EARLY DATE IF POLAND JOINED THE FUND.

5. LAROSIERE WOULD WELCOME OUR VIEWS.

6. F C O PLEASE ADVANCE TO HALLIGAN (TREASURY).

ANSON.

MONETARY  
EESD

[ADVANCED AS REQUESTED]



SECRET



*Blue 9*

Foreign and Commonwealth Office  
London SW1

2 April 1981

*Dear John*

*NBA/Agel  
Punt  
- 44*

CONTINGENCY PLANNING ABOUT POLAND

Thank you for your letter of 27 March to Peter Carrington who is in the Far East.

There is, I believe, an important distinction between the freedom of Ministers to choose among the measures on which the NATO Council reached agreement on 13 March and our freedom to propose modifications to these measures.

I should be most reluctant to instruct our Permanent Representative to propose any modifications at this stage. There was a long and careful process of preparation in a Cabinet Office Committee, in which the Department of Trade played a full part, about our contingency plans : we cannot go back on this now. The list of measures was agreed in NATO after six weeks of discussion and represents delicate balances among many different interests and points of view. There is also the consideration that, although the general strike which was due to take place in Poland on 31 March was in the end called off, the situation there remains extremely tense. Developments of a kind which require urgent consultation among Ministers, both here and in Brussels, could occur at any time.

/I also

The Right Hon John Biffen MP  
Secretary of State for Trade  
Department of Trade  
1 Victoria Street  
London SW1H 0ET

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I also have doubts about the substance of what you propose. Our own system of export licensing controls may make it possible to define particular categories of transaction which would be permissible under the general heading of trade within established business relationships. But export licensing procedures vary from country to country; and what is possible for us might not be possible for some of our allies.

Secondly, I believe that it would be extremely difficult to reach agreement with our allies on a definition of established business relationships. During the course of any attempt to achieve such a definition, others might argue for something a good deal broader than we would wish. For example, the French and the Germans might argue that all trade which took place within the general framework of their inter-governmental trade agreements with the Soviet Union should be covered and therefore exempted from an embargo. Finally (and most important), I do not believe that it is in our interest to present ourselves to our allies as the advocates of a less robust response to a Soviet invasion of Poland than we have been hitherto. To cast ourselves in this role could cause serious dismay to some of our allies - notably the Americans - and could cause others to begin to draw back from general support for the measures on which the NATO Council has reached agreement.

You refer in paragraph 3 of your letter to the definition of a contract which has been agreed by our officials. As a definition remains to be agreed in NATO, I now intend to authorise our Permanent Representative to canvass with our allies the version on which our officials have reached agreement.

I am copying this letter to the recipients of yours.

*Yours*  
*Law*

CONFIDENTIAL

*Blind*



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

2 April 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and Commonwealth Affairs

*Der Peter*

*NB 17*

*Point 2/4*

FOOD AID FOR POLAND

I have seen a copy of Peter Walker's letter to you about a further food aid scheme. Given the encouragement of the Maastricht Summit, I suppose we have got to support the Commission's proposals, though I do so without enthusiasm. At least we shall get rid of some of our unwanted barley, although this time at a net cost to the UK. I am told that it may be possible to add other products to the package, thus adding to the net cost. My officials will need details of the cost.

There remains a problem over credit. As Peter Walker says, it has already been agreed among officials that £12 million new credit should be made available in the second quarter of 1981 for barley. This can now be allocated to the Community package, and we must make it quite clear to the Poles that they must not count it twice over. If any other commodities were to be added to the package, the credit for these would also have to come out of the total agreed by OD for Poland: £40 million for the whole of 1981.

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

*[Handwritten signature]*

GEOFFREY HOWE

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FROM FCO 011128Z APR 81

TO IMMEDIATE PEKING

TELEGRAM NUMBER 175 OF 1 APRIL 1981.

AND TO PRIORITY WARSAW MOSCOW WASHINGTON UKDEL NATO BONN PARIS AND  
THE HAGUE

AND SAVING TO EAST BERLIN PRAGUE SOFIA BUDAPEST BUCHAREST BELGRADE  
HELSINKI STOCKHOLM UKMIS NEW YORK AND UKREP BRUSSELS.

FOR PRIVATE SECRETARY.

POLAND.

1. YOU WILL HAVE SEEN WARSAW TELNOS 237 AND 238 OF 31 MARCH, AND  
THE DRAFT CIG ASSESSMENT OF THE SAME DATE WHICH WAS TELEGRAPHED  
TO YOU AND WHICH WILL BE CONSIDERED BY THE JIC TOMORROW. MEANWHILE  
OUR ASSESSMENT OF THE SITUATION IS SET OUT BELOW.

2. THE THREAT OF A GENERAL STRIKE HAS RECEDED, BUT THE ROOTS OF  
THE PROBLEM REMAIN. IN PARTICULAR:

I. SOME MEMBERS OF THE SOLIDARITY EXECUTIVE ARE CRITICAL  
OF THE COMPROMISE OVER THE BYDGOSZCZ INCIDENT. THE STRIKE  
HAVING BEEN CALLED OFF BY WALESA AND GWIAZDA ON TELEVISION,  
THE HARD-LINERS HAD LITTLE OPTION BUT TO ENDORSE THE DECISION.  
BUT THEY MAY BE THE MORE DETERMINED TO HOLD OUT FOR MORE NEXT TIME.

II. THE FACT THAT BYDGOSZCZ BROUGHT THE COUNTRY TO THE VERGE OF A  
GENERAL STRIKE SHOWS HOW EASY IT WILL BE FOR EXTREMISTS ON EITHER  
SIDE TO PROVOKE A "NEXT TIME" IF THEY SO WISH.

III. THERE IS SCOPE FOR DISAGREEMENT ABOUT THE INTERPRETATION OF  
THE BYDGOSZCZ SETTLEMENT. SOME PROBLEMS HAVE BEEN REFERRED FOR  
FURTHER DISCUSSION BY COMMISSIONS, WHILE OTHER ISSUES APPEAR TO BE  
TREATED ON LITTLE MORE THAN BEST ENDEAVOURS BASIS.

IV. THE GOVERNMENT AGREEMENT TO BRING TO TRIAL AND TO PUNISH  
IF THEY ARE FOUND GUILTY THOSE ACCOUSED OF USING VIOLENCE AT  
BYDGOSZCZ WILL BE VERY DIFFICULT TO IMPLEMENT TO THE SATISFACTION  
OF BOTH SIDES.

3. THESE POINTS MUST BE SEEN AGAINST A BACKGROUND OF CONTINUING  
ECONOMIC CRISIS AND OF WHAT ARE IN EFFECT REGULAR REMINDERS BY  
THE SOVIET UNION AND ITS CLOSEST ALLIES OF THE POSSIBILITY OF  
INTERVENTION.

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4. THE DECISION OF THE CENTRAL COMMITTEE PLENUM ON 29 MARCH THAT AN EXTRAORDINARY PARTY CONGRESS SHOULD MEET BY 20 JULY WAS UNEXPECTED, AND SEEMS TO HAVE RESULTED FROM PRESSURE BY THE REFORMISTS. IT IS A VICTORY WHICH MAY PROVE COSTLY. THE PROCESS OF ELECTING DELEGATES IS MORE LIKELY TO ACCENTUATE THAN TO PAPER OVER POINTS OF DISAGREEMENT WITHIN THE PARTY, AND THERE IS A PROSPECT OF AN UNRULY CONGRESS WITH A REFORMIST MAJORITY. GIVEN THE AUTHORITY WHICH DECISIONS OF A PARTY CONGRESS ARE ACCORDED IN THE SOCIALIST SYSTEM, THE RUSSIANS MUST BE PARTICULARLY CONCERNED TO AVOID SUCH AN OUTCOME. THEIR ATTITUDE TO EVENTS IN POLAND WHICH MIGHT OTHERWISE SEEM WITHIN THE BOUNDS OF THE TOLERABLE WILL BE THE LESS PREDICTABLE AS A RESULT.

CARRINGTON

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POLAND SPECIAL STANDARD

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SIR K COUZENS ) TREASURY  
MISS BAKER )  
MR P J BULL ) BANK OF ENGLAND  
MR COTTERILL ) ECGD  
MR WOOLGAR ) OP13 D/EMPLOYMENT

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FM WARSAW 011100Z APR

TO IMMEDIATE FCO

TELEGRAM NUMBER 241 OF 1 APR

INFO IMMEDIATE PEKING ( FOR PRIVATE SECRETARY) UKDEL NATO

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN

WASHINGTON THE HAGUE MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI

STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

MY TELNO 238 : POLISH SITUATION

1. THE SOLIDARITY NATIONAL COORDINATING COMMISSION MET YESTERDAY IN GDANSK AND DECIDED TO CALL OFF THE GENERAL STRIKE. THE MEETING WAS A STORMY ONE, AND IT WAS FULLY 7 HOURS BEFORE THE DECISION WAS TAKEN BY 25 VOTES TO 4, WITH 6 ABSTENTIONS. WALESA CAME UNDER CONSIDERABLE FIRE FOR THE WAY IN WHICH HE HAD CONDUCTED THE NEGOTIATIONS. A PARTICULARLY BITTER LETTER FROM RULEWSKI, ONE OF THE VICTIMS OF THE BYDGOSZCZ VIOLENCE, WAS READ OUT AT THE MEETING. THE COMMISSION DECIDED TO RESUME DISCUSSIONS AT 10 AM TODAY TO CONSIDER AMONG OTHER THINGS WHETHER TO CALL OFF THE STRIKE ALERT.

2. WE CAN ONLY SPECULATE ON THE COURSE OF TODAY'S MEETING. THE EVIDENCE WE HAVE FROM THE WARSAW REGION CONFIRMS WALESA'S CLAIM THAT THE RANK AND FILE IN THE FACTORIES ARE SUPPORTING HIM. BUT IT SEEMS LIKELY THAT THE HARD-LINERS IN SOLIDARITY WILL BE ARGUING FOR A DIFFERENT METHOD OF NEGOTIATIONS TO BE USED IN THE FUTURE, PERHAPS WITH A RATHER LESS PROMINENT ROLE FOR WALESA IN ANY ACTUAL NEGOTIATIONS WITH THE GOVERNMENT. THIS IS NOT TO SAY THAT WALESA'S NATIONAL POSITION WILL BE ATTACKED, SINCE I BELIEVE THAT MOST EVEN OF THE JACOBINS IN SOLIDARITY REALISE THAT THEY CANNOT AFFORD TO DITCH HIM AT THIS STAGE. IT IS ALSO PROBABLE THAT THERE WILL BE PRESSURE FOR SPEEDY IMPLEMENTATION OF THE GDANSK AGREEMENTS AND FOR CAMPAIGNS ON SUCH ISSUES AS CENSORSHIP AND POLITICAL PRISONERS WHICH WERE SWEEPED UNDER THE CARPET DURING THE

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RECENT NEGOTIATIONS. AN ORTHODOX COMMUNIST OBSERVER  
WOULD NOT HOWEVER DERIVE ENOUGH COMFORT FROM THE  
APPARENT SPLITS IN SOLIDARITY TO OFFSET HIS ALARM  
AT THE CRISIS IN THE PARTY.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM  
BT

(REPEATED AS REQUESTED)

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POLAND SPECIAL STANDARD

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PS/S OF S )  
MR DICK ) DOT  
MR POWNALL )  
PS/CHANCELLOR )  
SIR K COUZENS ) TREASURY  
MISS BAKER )  
MR P J BULL BANK OF ENGLAND  
MR COTTERILL ECGD  
MR WOOLGAR OPL3 D/EMPLOYMENT

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FM MOSCOW 011440 APR 81

TO ROUTINE FCO

TELEGRAM NUMBER 182 OF 1ST APRIL 81

RKI WASHINGTON, PARIS, BONN, UKDEL NATO, WARSAW, PEKING (FOR PRIVATE SECRETARY).

SOVIET POLICY TOWARDS POLAND.

1. THE EVENTS WHICH FOLLOWED THE BYDGOSZCZ INCIDENT MARKED, FOR THE SOVIET UNION, A SERIOUS FAILURE OF THE ATTEMPT TO RESTORE AUTHORITY IN POLAND. IT MAY BE HELPFUL IF I TRY TO SET OUT THE WAY THINGS COULD NOW LOOK TO THE SOVIET LEADERSHIP:

(A) AT THE MEETING ON 4 MARCH, KANIA AND JARUZELSKI WERE TOLD WITH THE FULL FORCE OF THE SENIOR MEMBERS OF THE SOVIET POLITBURO THAT THE COURSE OF EVENTS MUST BE TURNED BACK. AT THAT POINT THE SOVIET LEADERSHIP HAD CLEARLY CONCLUDED THAT A FAILURE TO RE-ESTABLISH THE POLISH PARTY'S AUTHORITY WOULD PREJUDICE THEIR OWN AIM OF MAINTAINING THE DEGREE OF CONTROL OVER POLISH POLICY WHICH THEY BELIEVED NECESSARY TO SAFEGUARD ESSENTIAL SOVIET SECURITY INTERESTS.

(B) THE POLISH LEADERSHIP WERE THEREFORE EXPECTED TO TAKE FIRM ACTION IN THE EVENT OF ANY FURTHER TRIAL OF STRENGTH WITH SOLIDARITY. THE RUSSIANS MAY NOT HAVE EXPECTED THEM TO PRECIPITATE A CLASH AT BYDGOSZCZ OR ELSEWHERE, BUT WHEN IT OCCURED, THEY MUST HAVE SEEN IT AS A TEST CASE, IN WHICH AUTHORITY HAD TO BE RE-ASSERTED.

(C) THE WARNING STRIKE ON 27 MARCH AND THE THREAT OF AN INDEFINITE GENERAL STRIKE FROM 31 MARCH CONSTITUTED A CHALLENGE WHICH, FROM THE SOVIET POINT OF VIEW, PUBLICLY DEMONSTRATED THAT SOLIDARITY WAS A COUNTER-REVOLUTIONARY POLITICAL ORGANISATION. TASS STATEMENTS MADE PLAIN THAT THE SOVIET UNION SAW SOLIDARITY AS CHALLENGING THE POWER OF THE STATE, SEEKING TO DISCREDIT THE EXISTING AUTHORITIES AND USURPING SOME OF THEIR FUNCTIONS IN MATTERS RELATED TO INTERNAL SECURITY.

(D) FROM THEN ON THERE WAS IN SOVIET TERMS AN IRRECONCILABLE CONFLICT EITHER THE PARTY HAD TO CONTROL THE STATE, ASSERT ITS AUTHORITY AND BREAK SOLIDARITY AS A POLITICAL FORCE, OR AN ESSENTIAL ELEMENT OF SOVIET POWER NOT ONLY IN POLAND BUT THROUGHOUT EASTERN EUROPE WOULD BE PREJUDICED. IN LENINIST TERMS "KTO-KOVO" (ONLY ONE CAN BE THE MASTER).

2. UP TO THIS POINT THE ANALYSIS OF SOVIET POLICY RESTS ON PUBLIC STATEMENTS AND REQUIRES LITTLE BY WAY OF INFERENCE. THE NEXT STAGES ARE MORE SPECULATIVE. WE DO NOT YET HAVE A PUBLIC REACTION



TO THE POLISH CENTRAL COMMITTEE PLENUM, BUT I DO NOT SEE HOW THE SOVIET ASSESSMENT CAN BE OTHER THAN PESSIMISTIC. AT A TIME WHEN IT HAD BEEN MADE ABUNDANTLY CLEAR THAT COMPROMISE HAD GONE TOO FAR, THE PARTY SEEMS TO HAVE COMPROMISED AGAIN, LEAVING SOLIDARITY WITH THE BEST OF THE ARGUMENT SO FAR AS THE BYDGOSZCZ INCIDENT IS CONCERNED AND WITH ITS WIDER DEMANDS STILL EXTANT. WORST OF ALL FROM THE SOVIET POSITION IS THAT A TIMETABLE FOR THE PARTY CONGRESS HAS BEEN SET BEFORE THE PARTY HAS RESTORED ITS INTERNAL COHESION, WITH THE HAZARD THE GREATER IF DELEGATES ARE TO BE ELECTED BY SECRET BALLOT FROM AN UNLIMITED NUMBER OF CANDIDATES. THE ASSESSMENT HERE MUST BE THAT THE PRESENT POLISH LEADERSHIP HAS LOST THE INITIATIVE, THAT IT HAS LITTLE PROSPECT OF REGAINING CONTROL AND THAT JULY COULD SEE POLAND CONTROLLED BY A WIDELY BASED POLITICAL REFORM MOVEMENT, OPERATING BOTH OUTSIDE THE PARTY AND WITHIN IT- A PROSPECT SIMILAR TO BUT WORSE THAN CZECHOSLOVAKIA IN 1968. HOW THEN TO RESTORE CONTROL ? THE OPTIONS MUST SEEM EQUALLY UNATTRACTIVE:

(A) ANOTHER ATTEMPT TO STIFFEN THE PRESENT LEADERSHIP IN THE HOPE THAT IT WILL AT LEAST PREVENT THE EXTENSION OF SOLIDARITY'S INFLUENCE IN THE POLITICAL FIELD.

(B) A NEW HARDLINE LEADERSHIP READY TO BREAK KOS/KOR, TO USE FORCE AGAINST ANY NEW CHALLENGE BY SOLIDARITY AND TO ASK FOR FRATERNAL HELP IF NEED BE:

(C) SOVIET MILITARY INTERVENTION.

I THINK THE FIRST SOVIET PRIORITY WILL BE TO ASSERT CONTROL OVER THE POLISH PARTY, AT THE LEAST BY FIRMLY ESTABLISHING A MOSCOW-ORIENTED GROUP WITHIN IT, WHICH WILL SEEK BY PRESSURE ON KANIA AND JARUZELSKI TO HOLD THEM IN LINE AND TO DICTATE SUITABLE ARRANGEMENTS FOR THE PARTY CONGRESS. MY IMPRESSION FROM READING WARSAW TELNO 231, HOWEVER, IS THAT IT MAY ALREADY BE TOO LATE FOR THIS: THE PRESSURES FOR PROCEEDING WITH THE 'ODNOWA' APPEAR TO HAVE BEEN CONSIDERABLE AT THE PLENUM, THE ALTERNATIVE OF LOOKING TO A HARDER-LINE LEADERSHIP MUST BE TEMPTING, EVEN IF THAT IN EFFECT MEANS BRINGING ABOUT A COUP AGAINST KANIA. THE NEED TO ACT BEFORE THE CONGRESS PREPARATIONS ARE TOO FAR ADVANCED MAY BECOME INCREASINGLY PRESSING. EXTERNALLY ANOTHER SOVIET-POLISH OR WARSAW PACT SUMMIT MAY WELL BE NECESSARY AS A MEANS OF PRESSURE. THE AVOIDANCE OF RECOURSE TO THE USE OF SOVIET FORCE HAS APPEARED TO BE A PRIMARY SOVIET OBJECTIVE UP TO NOW AND IT PROBABLY STILL IS- IF ONLY BECAUSE FORCE WILL BE NO SOLUTION. BUT I SUSPECT THAT THERE IS NOW A GROWING FEELING HERE THAT NO POLITICAL PRESSURE, WHETHER INTERNAL OR EXTERNAL, WILL TAME SOLIDARITY AND THAT AT SOME POINT FORCE WILL BE NEEDED, PROBABLY INCLUDING FRATERNAL HELP. IT MAY BE THAT THE POLITICAL GAME CAN BE PLAYED UNTIL JULY, BUT INTERVENTION COULD COME AT ANY POINT DURING THIS PERIOD. WHETHER AND WHEN IT COMES WILL DEPEND PRIMARILY ON THE POLES. I DO NOT THINK THAT SIX MONTHS AGO

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THE SOVIET LEADERSHIP WOULD HAVE CONTEMPLATED THAT THEY COULD LET THINGS SLIDE AS FAR AS THEY NOW HAVE. THERE MAY YET BE A POSSIBILITY THAT , IF THE POLES STAY JUST SHORT OF THE BRINK ( GENERAL STRIKE OR PUBLIC DISORDER) THE RUSSIANS WILL WEEK BY WEEK COME TO ACCEPT AN EVEN MORE UNACCEPTABLE DEGREE OF LIBERALISATION. FROM THE EASERN AND THE WESTERN POINT OF VIEW THE STAKES ARE NOW VERY HIGH INDEED. THERE CANNOT BE MUCH DOUBT IN MOSCOW ABOUTH THE WESTERN REACTION TO INTERVENTION. THIS WILL NOT BE A DECISIVE DETERRENT, BUT (SEE PARA 3 OF MYTEL 749 OF 30 NOV 1980) THE THREAT OF IT MAY BE THE MORE EFFECTIVE IF IT IS BALANCED BY A POSITIVE ALTERNATIVE. ECONOMIC AID TO POLAND WILL BE PART OF THIS, BUT THERE IS ALSO A NEED FOR A CLEAR SIGNAL , IN REPLY TO BREZHNEV'S MESSAGES, THAT , IN THE ABSENCE OF AN INTERVENTION IN POLAND , THERE CAN BE A SERIOUS DIALOGUE WITH THE SOVIET UNION ON STRATEGIC ISSUES.

KEEBLE

[THIS TELEGRAM WAS NOT ADVANCED]

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- 3 -

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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

Poland

From the Minister

CONFIDENTIAL

The Rt Hon Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Downing Street  
London  
SW1A 2AL

*Handwritten initials/signature*

31 March 1981

*Dear Secretary of State*

FOOD AID FOR POLAND

As you will know the Poles have approached the Community for a further food aid scheme under which they would secure food products from the European Community at prices more advantageous than those available to other third countries. The European Council has shown a disposition to react favourably to the request.

We do not yet know the provisions of any such scheme although we know it will cover much the same commodities as before. Equally we do not know the cost.

Under the first scheme preliminary estimates suggest that the United Kingdom secured a return from FEOGA bigger than our contributions by some £3 million or more. But now we have only barley available for disposal in any significant quantity. The consequence is that under a second scheme we would be very unlikely to secure a return from FEOGA as large as our contribution. On the other hand, a second scheme would facilitate sale of 175,000 tonnes of barley from intervention whose disposal is very important if we are to avoid serious storage and other problems after harvest. The credit facilities (£12m.) for the sale of such barley have already been authorised. In fact, this was done before we knew that the Poles would seek a second scheme.

Despite the fact that the United Kingdom cannot do as well financially under a second scheme as under the first it seems that, given the conclusions of the European Council, there is likely to be a second round of food aid for Poland. And, for the reasons given above, if there is to be a second round we must take full advantage of it. In view of this I take it you will agree that our officials should adopt a positive approach when this matter comes up in COREPER this week.

Copies of this letter go to other members of OD and to Sir Robert Armstrong.

*Yours sincerely*

*D.E. Jones*

(Approved by the Minister  
and signed in his absence)

for PETER WALKER

SECRET

OO PARIS  
GRS 234  
SECRET  
FM FCO 301400Z MAR 81

TO IMMEDIATE PARIS

TELEGRAM NUMBER 117 OF 30 MARCH  
INFO WARSAW, WASHINGTON, BONN, MOSCOW,  
UKDEL NATO, HONG KONG (FOR PRIVATE SECRETARY)

POLAND

1. THE FRENCH AMBASSADOR CALLED ON THE PUS TODAY ON INSTRUCTIONS, TO GIVE AN ACCOUNT OF TWO SEPARATE CONVERSATIONS IN WARSAW ON 28 MARCH BETWEEN THE FRENCH AMBASSADOR AND MESSRS CZYREK AND JAGIELSKI. M. FRANCOIS-PONCET HAD ASKED FOR THIS TO BE BROUGHT TO LORD CARRINGTON'S ATTENTION.

2. BOTH THE POLES HAD TAKEN THE SAME LINE. THERE WAS NO QUESTION OF POLAND GOING BACK ON THE DECISIONS TAKEN AT THE LAST THREE PARTY CONGRESSES TO 'RENEW SOCIALISM' IN POLAND OR ON THE AGREEMENT THAT SET UP THE INDEPENDENT TRADE UNIONS. THE POLISH AUTHORITIES HAD CONFIDENCE IN WALESA AND BELIEVED THAT HIS PURPOSE WAS TO NEGOTIATE A REASONABLE OUTCOME TO THE PRESENT CRISIS. BUT 'THERE WERE EXTREMISTS ON BOTH SIDES' WHOSE ACTIVITIES REPRESENTED A KIND OF UNHOLY ALLIANCE WHICH COULD RESULT IN ANARCHY. CZYREK WAS CONFIDENT THAT AT THE MEETING OF THE PLENUM TO BE HELD THE FOLLOWING DAY (IE YESTERDAY) KANIA'S VIEWS WOULD PREVAIL OVER THE EXTREMISTS WITHIN THE PARTY LEADERSHIP.

3. JAGIELSKI ALSO SPOKE ABOUT THE ECONOMIC SITUATION AND COMPLAINED THAT, WHILE THE FRENCH GOVERNMENT WERE SHOWING READINESS TO HELP, OTHERS WERE LESS FORTHCOMING: AND HE UNDERLINED THE CRUCIAL IMPORTANCE OF DECISIONS IN THIS FIELD TOO FOR THE FUTURE STABILITY OF POLAND

CARRINGTON

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GRS 380

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FM WARSAW 301300Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 231 OF 30 MAR

INFO IMMEDIATE UKDEL NATO

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON  
THE HAGUE MODUK

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

MY TELNO 225: POLISH SITUATION

1. THE RESULT OF YESTERDAY'S CENTRAL COMMITTEE MEETING IS TO STRENGTHEN THE HANDS OF KANIA AND JARUZELSKI AND TO MAKE IT MORE LIKELY THAT TOMORROW'S PROJECTED GENERAL STRIKE WILL BE CALLED OFF. EVEN IF THAT HAPPENS THE SITUATION WILL REMAIN DELICATE AND UNCERTAIN.
2. AFTER A FAIRLY HARD INTRODUCTION BY BARCIKOWSKI THERE WAS MUCH CRITICISM FROM THE GRASS-ROOTS OF THE REGIME'S HANDLING OF THE BYDGOSZCZ INCIDENT AND OF GENERAL SLOWNESS IN PROCEEDING WITH THE ODNOWA, ( THE GERMANS BELIEVE THAT JARUZELSKI PERSONALLY AUTHORISED THE EJECTION OF THE RECALCITRANT SOLIDARITY MEMBERS BY THE POLICE BUT HAS BEEN UNABLE TO BRING TO BOOK THOSE WHO SUBSEQUENTLY BEAT THEM UP.) THE ENTIRE POLITBURO AT ONE POINT OFFERED ITS RESIGNATION, AS DID THE "HARD-LINERS" OLSZOWSKI, GRABSKI AND NEY AND ALSO BARCIKOWSKI. BUT IT WAS DECIDED, PERHAPS WITH MOSCOW PROMPTING, THAT IT WAS BETTER TO STICK TO THE CURRENT TEAM. A NEW REFORMIST POLITBURO MIGHT HAVE LOOKED TOO MUCH LIKE A DUBCEK TEAM.
3. THE PLENUM CONCLUSIONS WERE SOMETHING OF A HOTCH POTCH OF HARD AND SOFT. BUT THEY REQUIRE FURTHER EXPLANATIONS FROM THE GOVERNMENT ON THE BYDGOSZCZ INCIDENT AND STRICTER CONTROL OVER THOSE VIOLATING "LEGAL REGULATIONS AND MORAL PRINCIPLES". FURTHERMORE THE NEXT PARTY CONGRESS IS TO TAKE PLACE NOT LATER THAN 20 JULY, AND DELEGATES TO IT ARE TO BE CHOSEN BY SECRET BALLOT FROM AN UNLIMITED NUMBER OF CANDIDATES. THIS IS A VICTORY FOR THE REFORMIST ELEMENT.

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*Read in full*

*mt*

*14*

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4. THE IMMEDIATE RESULT IS TO STRENGTHEN KANIA'S HAND. HE HAS OBTAINED A VOTE OF CONFIDENCE AND THERE IS NO QUESTION, FOR THE MOMENT, OF THE HARD-LINERS TAKING OVER. RAKOWSKI WILL BE AUTHORISED TO BE REASONABLY CONCILIATORY WHEN HE MEETS WITH THE SOLIDARITY LEADERS LATER TODAY. IT ALL DEPENDS NOW ON SOLIDARITY AND WHETHER THEY ARE IN A MOOD TO COMPROMISE OR WHETHER THEIR HARD-LINERS WILL FORCE A SHOW-DOWN.

5. IF THE STRIKE DOES GO AHEAD, ALL OPTIONS ARE OPEN AGAIN. IF IT DOES NOT, THE EVENTS OF THE PAST FEW DAYS, SHOWING AS THEY DO HOW COMPLETELY THE PARTY HAS LOST ITS LEADING ROLE AND THAT SOLIDARITY REPRESENTS A POWERFUL POLITICAL OPPOSITION MUST CAUSE THE RUSSIANS THE GRAVEST ANXIETY.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

(REPEATED AS REQUESTED)

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*From the Secretary of State*SECRET

The Rt Hon The Lord Carrington  
KCMG MC  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London, SW1A 2AL

27 March 1981

*Dear Secretary of State*

Thank you for your minute of 20 March.

It was encouraging to know that you feel that, should NATO Ministers have to consider a package of measures at short notice, there would still be a range of choices open to us. But I find it a little difficult to see how this can be the case if the NATO Council's contingency plans cannot now be changed.

You refer to the practical difficulties of providing for established business relationships but these are not insuperable. Under our system of export licensing controls it is quite possible to define particular categories of transactions which would be permissible - at least for a period - in addition to legally enforceable contracts. A firm would need to be able to declare, and demonstrate if challenged, that it had regularly carried out similar business in the recent past or had undertaken by way of some, not necessarily contractual, agreement to trade in a particular way in the future.

With a range of options still open to Ministers, there is surely no need to feel inhibited over proposing to NATO the less discriminatory approach I have proposed along with the definition of a contract already agreed by our officials. The Council paper itself makes clear that the possible "worst case" actions it contains provide a

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*From the Secretary of State*

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further basis for examination in Allied capitals and that list is illustrative rather than exhaustive. The paper also accepts that any actions taken should inflict more damage on the Warsaw Pact countries concerned than they entail costs for the Allies.

I am copying this to recipients of your minute.

*Yours sincerely*

*Stuart Hampshire*

Approved by the Secretary of State and  
signed in his absence

*JJB* JOHN BIFFEN

SECRET



20

6

Foreign and Commonwealth Office

London SW1A 2AH



27 March 1981

Dear Michael,

La. Richards 30/3

Poland

/ I attach for your information, an advance copy of a telegram which is being sent from here to bring the Secretary of State in Islamabad up to date with the main developments in the past twenty-four hours in Poland.

Yours over.

(F N Richards)  
Private Secretary

M O'D B Alexander Esq  
10 Downing St

File No. ....  
Department ... EESD .....  
Drafted by  
(Block Capitals) .. D. J. Johnson ...  
Tel. Extn ..... 6081 .....

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TELEGRAM

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(TEXT)

For Private Secretary

POLAND

1. The four hour general strike took place today. Reports suggest that 8 to 10 million took part. There are no reports of trouble.

2. There is no news of further meetings between the regime and Solidarity. Neither side has much room for manoeuvre. The meeting of the Central Committee of the Polish party on Sunday is to be followed by an emergency meeting of the Sejm on Monday. Suggestions which the Americans have made that these meetings will bring changes of leadership in party or government seem to be based on deduction from the timing of the meetings rather than on hard evidence. However, the Americans also have had reports that Kania and Jaruzelski have been out-voted by hardliners in the party, but that the Russians wish to avoid a major institutional crisis in Poland for the

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/moment

moment which could argue for continuing Soviet support for the present leaders.

3. A declaration of <sup>the</sup> state of emergency or of martial law could be made at any time by the State Council, but it is difficult to see how this could lead to anything but a worsening of the situation and would bring nearer the prospect of direct Soviet involvement.

4. The indefinite general strike called by Solidarity for Tuesday is still due to go ahead. Strike committees have occupied factories and plan to remain there as long as the strike is in progress. Future developments may be a little easier to forecast after Sunday's meeting of the Central Committee. The Russians may prefer to await the outcome of that meeting before deciding whether to intervene. On the other hand, if Polish troops or internal security forces are to move against the strikers it would make sense for them to do so by Monday at the latest before factories are occupied en masse during the general strike.

5. Soviet forces in and around Poland are again at a very high state of readiness and could intervene at short notice (probably two or three days once ordered to move). But as yet we have no evidence of any unusual ground activity in the Western USSR. There is nothing significant to add to the assessment, which the Secretary of State saw in manuscript before his departure, <sup>and</sup> the possibility that Soyuz-81 might be used as preparation for an invasion. However, a new assessment is to be made in the Cabinet Office today and will be telegraphed to you.

6. Bullard took the opportunity of a call in Moscow today on Kornienko (Soviet First Deputy Foreign Minister) to re-emphasise HMG's concern. This was a useful follow-up to the Maastricht statement.

#### Western Economic Assistance

7. Genscher has sent you (and Ministers of other creditor countries) a personal message proposing a formula designed partially to meet the Poles' urgent request for additional financial assistance

NOTHING TO BE WRITTEN IN THIS MARGIN

before 31 March. Our representative at the Paris meeting of the Creditors Task Force has authority to support the German initiative. The members of the Task Force (except the Austrians who were without instructions) have now agreed a text which will be sent by the French Chairman to all the creditors. Their deliberations with the Poles are continuing this evening.

9. We shall be reviewing assistance for the longer term, and the requests for Community food, at Whitehall meetings next week.

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

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*Head. Cons. Gen. G.*  
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*W*

RR UKDEL MADRID

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FM MOSCOW 271207Z MAR 81

TO IMMEDIATE DESKBY 271430Z FCO

TELERGAM NUMBER 172 OF 27TH MARCH 81

RFI WARSAW, WASHINGTON, UKDELNATO, BONN, PARIS, UKDEL MADRID,  
UKMIS NEWYORK.

SAVING TO , BELGRADE BUDAPEST BUCHAREST PRAGUE EAST BERLIN SOFIA  
HELSINKI .

POLAND.

1. AT MEETINGS IN THE SOVIET FOREIGN MINISTRY FIRST WITH DEPUTY FOREIGN MINISTER KOVALEV YESTERDAY AND THEN WITH FIRST DEPUTY MINISTER KORNIENKO TODAY, BULLARD QUOTED THE STATEMENT ISSUED BY THE TEN HEADS OF GOVERNMENT AT MAASTRICHT ABOUT THE NEED TO BASE RELATIONS WITH POLAND ON THE CHARTER OF THE UN AND THE HELSINKI FINAL ACT. HE DREW ATTENTION PARTICULARLY TO THE SENTENCE ADDED BY THE HEADS OF GOVERNMENT TO THE EFFECT THAT ANY OTHER ATTITUDE THAN THIS WOULD HAVE GRAVE CONSEQUENCES FOR INTERNATIONAL RELATIONS IN EUROPE AND THROUGHOUT THE WORLD.

2. KOVALEV REFUSED TO ACCEPT POLAND AS A PROPER SUBJECT FOR CONSUL-

IN EUROPE AND THROUGHOUT THE WORLD.

2. KOVALEV REFUSED TO ACCEPT POLAND AS A PROPER SUBJECT FOR CONSULTATION BETWEEN BRITAIN AND THE SOVIET UNION. KORNIENKO BEGAN BY TAKING THE SAME LINE. HE REFERRED TO THE WARSAW PACT MEETING IN DECEMBER AND THE SOVIET-POLISH MEETING OF 4 MARCH WHICH HAD EXPRESSED CONFIDENCE THAT THE WORKING PEOPLE OF POLAND WOULD BE ABLE TO SOLVE THEIR OWN PROBLEMS AND THAT POLAND HAD BEEN, WAS AND WOULD REMAIN A SOCIALIST STATE.

3. BULLARD SAID HE TOOK THIS AS A CLEAR STATEMENT THAT THE SOVIET UNION DID NOT INTEND TO INTERFERE IN THE INTERNAL AFFAIRS OF POLAND. AS TO POLAND BEING A SOCIALIST STATE, THIS WAS FOR THE POLES TO DECIDE; IT WAS NOT FOR BRITAIN OR THE SOVIET UNION TO SAY WHETHER POLAND SHOULD CHOOSE SOCIALISM OR FOR EXAMPLE A MILITARY DICTATORSHIP BUT BRITAIN HAD NO INTEREST IN EXPLOITING THE CURRENT CRISIS TO TRY TO WEAKEN POLAND'S LINKS WITH HER ALLIES AND PARTNERS. THERE HAD BEEN, WAS AND WOULD BE NO INTERFERENCE FROM THE BRITISH SIDE. KORNIENKO DID NOT COMMENT.

4. AFTER THE MEETING BULLARD TOLD KORNIENKO THAT CERTAIN WESTERN COUNTRIES HAD RECEIVED A PRESSING APPEAL FROM POLAND TO AGREE IN EFFECT TO DEFER REPAYMENT OF ALL OUTSTANDING DEBTS, AND ASKED WHETHER THE SOVIET UNION HAD BEEN SIMILARLY APPROACHED. KORNIENKO DID NOT KNOW; HE COMMENTED THAT SOVIET AID WAS ORGANISED ON A DIFFERENT BASIS FROM THAT OF THE WEST.

FCO PSE PASS SAVING ADDRESSEES.

KEEBLE

NNNN

POLAND: ADVANCE COPIES

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PS/PUS  
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HEAD/PLANNING STAFF

*Gen. Com. D.  
Gen. Com. Com. G.*

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DESKBY FCO 271430Z

DESKBY WASHINGTON 271600Z

FM UKDEL NATO 271340Z MAR 81

TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,  
TELEGRAM NUMBER 109 OF 27 MARCH 1981,  
INFO IMMEDIATE MODUK, WASHINGTON, BONN, PARIS, MOSCOW, WARSAW,  
ISLAMABAD (FOR PRIVATE SECRETARY).

*Useful summary of the  
essence. Read in full.*

*mb*

POLAND.

1. THE COUNCIL MET AT U S REQUEST THIS MORNING TO REVIEW THE LATEST DEVELOPMENTS.
2. BENNETT (US) SAID THAT THE CRISIS HAD REACHED THE MOST SERIOUS STAGE SINCE LAST AUGUST. INTERNAL REPRESSION OR SOVIET INTERVENTION WERE POSSIBLE WITH LITTLE OR NO WARNING. PREPARATIONS HAD ALREADY BEEN NOTED IN POLAND FOR THE IMPLEMENTATION OF MARTIAL LAW. ROOM FOR MANOEUVRE HAD DIMINISHED FOR BOTH SIDES. THE CENTRAL COMMITTEE MEETING ON SUNDAY AND THE PARLIAMENT SESSION ON MONDAY COULD BRING ABOUT A GOVERNMENT RE-SHUFFLE OR THE DECLARATION OF A STATE OF EMERGENCY. IF GOVERNMENT CHANGES WERE AT THE EXPENSE OF HARDLINERS, THAT MIGHT AVERT THE GENERAL STRIKE. IF ON THE OTHER HAND, THE HARDLINERS CAME OUT ON TOP, A GENERAL STRIKE, FOLLOWED BY THE IMPLEMENTATION OF MARTIAL LAW, WAS ALL THE MORE LIKELY. THE ECONOMIC SITUATION WAS INCREASINGLY DESPARATE.
3. BENNETT THEN REFERRED TO THE WHITE HOUSE STATEMENT ISSUED LAST

3. BENNETT THEN REFERRED TO THE WHITE HOUSE STATEMENT ISSUED LAST NIGHT (WASHINGTON TELNO 1020), AND SAID THAT THE POLISH AMBASSADOR IN WASHINGTON HAD BEEN CALLED TO THE STATE DEPARTMENT AND ASSURED THAT THE STATEMENT WAS INTENDED TO BE HELPFUL AND TO HAVE A DE-FUSING EFFECT. THE POINT WOULD ALSO BE MADE IN WARSAW.

4. SUMMARISING THE LATEST INTELLIGENCE, BENNETT NOTED THAT THE EXTENSION OF EXERCISE SOYUZ 81 BEYOND ITS EXPECTED FINISHING DATE OF 25 MARCH, TOGETHER WITH THE CONTINGENCE PREPARATIONS MADE AT THE END OF LAST YEAR, MEANT THAT THE SOVIET FORCES WERE IN THE RIGHT POSTURE TO BEGIN MOBILISATION FOR INTERVENTION. FORCES IN THE WESTERN MILITARY DISTRICTS (WMDS) WOULD HOWEVER HAVE TO MAKE FURTHER PREPARATIONS IN THE EVENT OF A MAJOR INTERVENTION, AND THESE WOULD BE EVIDENT AT THE TIME. AT PRESENT THERE WERE NO (NO) SIGNS OF MOBILISATION IN THE WMDS, OF THE MOVEMENT OF SOVIET FORCES TOWARDS THE POLISH BORDER. BENNETT SUGGESTED THREE REASONS FOR THE EXTENSION OF SOYUZ 81:

- (I) THE COMMAND AND CONTROL STRUCTURE WOULD ALLOW THE SOVIET GENERAL STAFF TO ORGANISE RAPID DEPLOYMENT OF FORCES;
- (II) THE THREAT OF USE OF SOVIET FORCE WAS KEPT IN THE FOREGROUND;
- (III) STAFFS AND UNITS COULD TRAIN FOR NEW TASKS.

5. THE POLISH MILITARY HAD SO FAR KEPT A LOW PROFILE AND AVOIDED GATHERING IN STRENGTH NEAR THE MAJOR CITIES. JARUZELSKI WOULD NOT IN THE U.S. VIEW USE POLISH FORCES FOR INTERNAL REPRESSION OR DECLARE MARTIAL LAW UNLESS HE THOUGHT SOVIET INTERVENTION IMMINENT. HE MIGHT POSSIBLY, HOWEVER, USE MARTIAL LAW TO DEPLOY POLISH FORCES AROUND THE CITIES AS A SIGNAL TO MOSCOW TO KEEP OUT.

6. THE CHAIRMAN OF THE MILITARY COMMITTEE ADDED THAT HE HAD ONE REPORT OF UNIDENTIFIED LOW LEVEL ELEMENTS OF SOVIET FORCES DEPLOYING FROM SOUTHERN POLAND TO THE WARSAW AREA.

7. SVART (DENMARK) SAID THAT HIS AMBASSADOR IN WARSAW CONSIDERED THAT THIS WAS NOW THE WORST CRISIS EVER FOR MODERN POLAND. UNLIKE LAST AUGUST, ALMOST THE WHOLE POPULATION WAS INVOLVED, AS A RESULT OF THE FOOD SHORTAGES AND THE MORE OPEN PRESS REPORTING. THE MANDATES FOR BOTH SIDES IN THE NEGOTIATIONS HAD NARROWED. IT WAS SIGNIFICANT THAT THE COUNCIL OF STATE HAD EXPRESSED FULL SUPPORT FOR THE STATEMENT BY THE NATIONAL UNITY FRONT OF 23 MARCH. THEY WERE CLEARLY LOOKING FOR COMPROMISE IN CONTRAST TO THE ATTITUDE OF THE POLITBURO. RAKOVSKI HAD GIVEN A REMARKABLE INTERVIEW TO A LOCAL PARTY NEWSPAPER REVEALING DEEP DISCOURAGEMENT AND DEPRESSION AT SOLIDARITY'S BEHAVIOUR. IN THE DANISH EMBASSY'S VIEW AN IMPROVEMENT IN THE SITUATION WOULD ONLY BE POSSIBLE AFTER RADICAL



LOCAL PARTY NEWSPAPER REVEALING DEEP DISCOURAGEMENT AND DEPRESSION AT SOLIDARITY'S BEHAVIOUR. IN THE DANISH EMBASSY'S VIEW AN IMPROVEMENT IN THE SITUATION WOULD ONLY BE POSSIBLE AFTER RADICAL CHANGES IN THE POLITICAL LEADERSHIP. THEY NOTED MARKED SUPPORT AT ALL LEVELS OF THE POPULATION FOR A POLICY OF NON-VIOLENCE. NEVERTHELESS, THE SITUATION WAS TENSE AND INFLAMMABLE.

8. IN THE ENSUING DISCUSSION THERE WAS GENERAL AGREEMENT WITH THE U S AND DANISH ASSESSMENTS. WIECK (FRG) ADDED THAT GENSCHER HAD, AFTER HIS VISIT TO WARSAW, WRITTEN TO ALL WESTERN GOVERNMENTS CONCERNED CALLING FOR A SPEEDING UP OF ECONOMIC ASSISTANCE TO POLAND, WHICH WOULD BE AN IMPORTANT POLITICAL SIGNAL AT THIS TIME.

9. SCOTT NOTED THAT IN THE U S GOVERNMENT STATEMENT, THE TWO SEPARATE SCENARIOS OF INTERNAL REPRESSION BY POLISH FORCES AND INTERVENTION BY SOVIET FORCES SEEMED TO HAVE BEEN CLASSED TOGETHER. HE POINTED OUT THE NEED TO KEEP IN MIND THE DISTINCTIONS BETWEEN THEM. SOVIET INTERVENTION WOULD BE EASIER FOR THE ALLIANCE TO CONDEMN THAN FORCEFUL ACTION BY THE POLISH AUTHORITIES, AND CONDEMNATION OF THE LATTER COULD IN SOME CIRCUMSTANCES LAY THE WEST OPEN TO CHARGES OF INTERFERENCE IN POLISH INTERNAL AFFAIRS. BARKMAN (NETHERLANDS) AGREED GENERALLY, BUT ADDED THAT IT WAS ALSO A GOOD THING TO SOUND SOME WARNINGS NOW ABOUT REPRESSION BY POLISH FORCES. ARNAUD (FRANCE) ENDORSED SCOTT'S COMMENT. THERE WAS A FUNDAMENTAL DIFFERENCE BETWEEN THE TWO SCENARIOS. THE ALLIES WOULD NEED TO MEASURE CAREFULLY THEIR RESPONSE TO THE USE OF FORCE BY THE POLISH AUTHORITIES. BENNETT AGREED THAT THE ALLIED RESPONSE WOULD HAVE TO BE DETERMINED BY THE EXTENT OF REPRESSION USED BY THE POLISH AUTHORITIES.

10. SEVERAL REPRESENTATIVES HAD REPORTS THAT THE EVENTS IN BYDGOSZCZ WERE A RESULT OF PROVOCATION BY HARD LINE ELEMENTS IN THE PARTY, POSSIBLY INTENDED TO COINCIDE WITH SOYUZ 91.

ROSE.

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POLAND: ADVANCE COPIES

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FM WARSAW 271430Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 225 OF 27 MAR

INFO IMMEDIATE ISLAMABAD ( FOR PRIVATE SECRETARY)

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO THE HAGUE MODUK

IMMEDIATE

ADVANCE COPY

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

**WARNING STRIKE**

1. TODAY'S 4-HOUR WARNING STRIKE SEEMS TO HAVE GAINED, AT LEAST IN WARSAW, AN ALMOST 100% TURN OUT. IN THE CAPITAL, ALL PUBLIC TRANSPORT, SHOPS AND EVEN BANKS WERE AT A STANDSTILL. THERE WERE WIDESPREAD DISPLAYS OF POLISH FLAGS DEMONSTRATING SUPPORT FOR SOLIDARITY. AND EVEN AT INSTITUTIONS SUCH AS THE BANK HANDLOWY, WHO CONTINUED TRADING, EMPLOYEES WORE SOLIDARITY BADGES. WE HAVE NO REASON TO DOUBT THAT THIS RESPONSE HAS BEEN NATIONWIDE.

2. YESTERDAY'S TALKS BETWEEN RAKOWSKI AND WALESZA WERE POSTPONED UNTIL TODAY. THERE WAS NO OFFICIAL EXPLANATION FOR THIS, BUT THE SUGGESTION THAT THE GOVERNMENT WAS UNABLE TO GET ITS ACT TOGETHER SEEMS CONVINCING.

TO GET ITS ACT TOGETHER SEEMS CONVINCING.

3. YESTERDAY THE PRESIDENT OF THE WRN IN BYDGOSZCZ RESIGNED. HE WAS REPLACED BY GENERAL KAMINSKI, DEPUTY COMMANDER OF THE POMERANIAN MILITARY DISTRICT. WHILST THE POST IS LARGELY A REPRESENTATIONAL ONE, IT IS HARD TO SEE HOW THE AVERAGE POLE CAN AVOID ASSOCIATING THE APPOINTMENT WITH A "CREEPING" MILITARY TAKEOVER.

4. THE PRIME MINISTER YESTERDAY RECEIVED THE REPORT OF BAFIA'S COMMISSION ON THE BYDGOSZCZ INCIDENT. IT WILL BE PUBLISHED TOMORROW. JARUSELSKI ALSO MET WYSZYNSKI YESTERDAY. THEY NOTED THAT IT WAS URGENTLY NECESSARY TO HAVE A FULL AND OBJECTIVE ACCOUNT OF EVENTS AT BYDGOSZCZ. MEANWHILE, KANIA MET YESTERDAY, IN THE COMPANY OF OLSZOWSKI, SENIOR EDITORS FROM THE PRESS AND TELEVISION AND LATER REPRESENTATIVES OF SCIENCE AND CULTURE.

5. IT SEEMS LIKELY THAT JARUZELSKI'S MEETING WITH THE PRIMATE WAS AN EMERGENCY ONE, DESIGNED TO REACH A COMMON LINE ON THE RECENT TROUBLES. BUT THE GOVERNMENT MAY NOT BE ABLE TO PERSUADE WYSZYNSKI TO REPEAT HIS APPEAL FOR PEACE OF LAST SUMMER. THE MEETING BETWEEN KANIA AND THE EDITORS WAS REPORTED TO HAVE BEEN TO DISCUSS THE TASKS OF THE PRESS IN THE PRESENT SITUATION, IE, TO GIVE THEM THEIR LINE.

6. SEEN FROM HERE, SUNDAY'S PLENUM IS CRUCIAL. IT IS UNLIKELY THAT TODAY'S TALKS BETWEEN THE GOVERNMENT AND SOLIDARITY WILL REACH FINAL AGREEMENT. INDEED, THE BBC CORRESPONDENT TELLS US THAT HIS CONTACTS IN SOLIDARITY DOUBT THAT RAKOWSKI WILL HAVE ANY MANDATE TO NEGOTIATE TODAY. ANY SETTLEMENT WHICH CAUSES THE CALLING-OFF OF THE GENERAL STRIKE IS UNLIKELY TO TAKE PLACE UNTIL MONDAY.

7. THE ADDITION BY SOLIDARITY OF 3 NEW DEMANDS, UNCONNECTED WITH THE BYDGOSZCZ INCIDENT ( EVIDENTLY AGAINST WALESA'S ADVICE) IN THE FORM OF AN ULTIMATUM, IS IRRESPONSIBLE AND PROVOCATIVE, EVEN IF PARTLY UNDERSTANDABLE IN THE CURRENT ATMOSPHERE OF TENSION AND MISTRUST. IN PARTICULAR IT IS DIFFICULT TO SEE HOW ANY GOVERNMENT COULD AGREE TO CONDITION B. OF MY  
TELNO 221 (ANNULMENT OF ALL LEGAL PROCEEDINGS AGAINST

AND MISTRUST. IN PARTICULAR IT IS DIFFICULT TO SEE  
HOW ANY GOVERNMENT COULD AGREE TO CONDITION B. OF MY  
TELNO 221 (ANNULMENT OF ALL LEGAL PROCEEDINGS AGAINST  
DISSIDENTS SINCE 1976). INDEED IF THE GOVERNMENT WERE  
TO YIELD ON ALL POINTS, ONE RESULT WOULD BE TO  
UNDERMINE WALESA. THE WHITE HOUSE PUBLIC WARNING  
AGAINST SOVIET INTERVENTION AND USE OF FORCE BY  
THE POLISH GOVERNMENT WILL HAVE THE EFFECT OF ENCOURAGING  
THE WILDER ELEMENTS OF SOLIDARITY AND THEREFORE MAKING  
MORE LIKELY WHAT IT PURPORTS TO PREVENT.

FCO PLEASE PASS SAVING ADDRESSEES.

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FM WARSAW 261400Z MAR  
TO IMMEDIATE FCO

TELEGRAM NUMBER 221 OF 26 MAR

INFO IMMEDIATE ISLAMABAD ( FOR PRIVATE SECRETARY)  
INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BOMN  
WASHINGTON UKDEL NATO MODUK THE HAGUE

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

BYDGOSZCZ

1. TALKS BETWEEN RAKOWSKI AND WALESA BROKE UP YESTERDAY AFTER ABOUT 90 MINUTES. BOTH SIDES MADE STATEMENTS IMMEDIATELY AFTERWARDS WHICH WERE REPEATED THIS MORNING IN THE PRESS AND ON THE RADIO. THERE WILL BE A PLENUM NEXT SUNDAY, AND THE POPE HAS MADE AN APPEAL TO ALL POLES.

2. THE SOLIDARITY DELEGATION WENT INTO YESTERDAY'S TALKS WITH 5 DEMANDS:

(A) THE PUNISHMENT OF THOSE RESPONSIBLE FOR BYDGOSZCZ AND GUARANTEES THAT THIS SORT OF THING WILL NOT HAPPEN AGAIN IN THE FUTURE.

(B) AN ANNULMENT OF ALL LEGAL PROCEEDINGS AGAINST DISSIDENTS FOR THE PERIOD 1976-80 EVEN IF THEY HAVE BROKEN LAWS CURRENTLY IN FORCE IN POLAND.

(C) ACCESS TO THE MASS MEDIA FOR SOLIDARITY.

(D) THE REGISTRATION OF RURAL SOLIDARITY.

(E) THE ANNULMENT OF THE GOVERNMENT DECREE ON STRIKE PAY. SOLIDARITY HAVE SAID THAT THESE ARE ABSOLUTE DEMANDS AND THAT THERE IS NO ROOM FOR COMPROMISE.

3. RAKOWSKI'S STATEMENT, MADE AFTER THE MEETING, SAID THAT SOLIDARITY'S DEMANDS WERE IN THE NATURE OF AN ULTIMATUM AND LEFT NO ROOM FOR COMPROMISE. WITHOUT COMPROMISE THE COUNTRY WOULD PLUNGE INTO CHAOS AND MAYBE EVEN CIVIL WAR. THE PAST SIX MONTHS HAD SEEN AN UNUSUALLY LARGE SCALE AGITATION CAMPAIGN AIMED AGAINST THE SUTHORITIES, CHIEFLY THE POLICE AND SECURITY SERVICES - AND THIS WAS OPENING A NEW AND TRAGIC CHAPTER IN POLAND'S POST-WAR HISTORY. THE FACTS PROVED THAT THERE WERE FORCES IN SOLIDARITY WHO WANTED TO DECLARE A "HOLY WAR" AGAINST PEOPLES RULE. THERE HAD ALSO BEEN A PROPAGANDA CAMPAIGN WHICH WAS ATTEMPTING TO TURN THE JARUZELSKI GOVERNMENT AGAINST THE PARTY. RAKOWSKI SAID THAT HE DOUBTED WHETHER THE RECENT WAVE OF TENSION HAD REALLY BEEN CAUSED BY BYDGOSZCZ. SOCIAL PEACE HAD REALLY BEEN DISRUPTED MUCH EARLIER. THE GOVERNMENT HAD MADE GREAT EFFORTS TO IMPROVE THE ECONOMIC SITUATION BUT THIS NEEDED PARTNERSHIP ON THE

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PART OF SOLIDARITY. THE RECENT HATE CAMPAIGN COULD NOT BE CALLED A PARTNERSHIP. TURNING TO THE BYDGOSZCZ INCIDENT ITSELF, RAKOWSKI SAID THAT BAFIA'S COMMISSION HAD NOT YET FINISHED ITS WORK, BUT THAT IF IT DISCOVERED THAT THERE HAD BEEN ILLEGAL ACTION BY THE SECURITY AUTHORITIES, THE PEOPLE RESPONSIBLE WOULD BE PUNISHED. HE ENDED BY SAYING THAT THE POLISH CRISIS HAS BURST OUT INTO A NEW HOT FLAME WHICH HAS WEAKENED POLAND'S STANDING IN THE WORLD AND EUROPE. IT HAS BROUGHT NEARER THE MOMENT WHEN BOTH EAST AND WEST, GOVERNMENTS AND PUBLIC OPINION, MAY START TO BELIEVE THAT POLAND IS UNABLE TO GOVERN ITSELF IN A WISE AND PRUDENT WAY. HE ASKED WHETHER THIS WOULD BE THE FINALE OF THE ODNOWA. BUT HE SAID THAT HE STILL BELIEVED THAT COMMONSENSE AND RESPONSIBILITY WOULD PREVAIL.

4. WALESA'S MUCH SHORTER STATEMENT TO THE PRESS SAID THAT HE STILL HOPED THAT A WAY OUT OF THE CRISIS. HE HAD SUCCESSFULLY THROWN HIS WEIGHT BEHIND THE EFFORTS TO PREVENT AN INSTANT GENERAL STRIKE FOLLOWING BYDGOSZCZ AND HE SAID THAT HE WOULD BE ABLE TO CALL OFF THE THREATENED STRIKES UP TO THE VERY LAST MINUTE.

5. THE CENTRAL COMMITTEE HAS ANNOUNCED THAT IT WILL HOLD A PLENUM ON SUNDAY, 29 MARCH IN VIEW OF THE SITUATION IN THE COUNTRY. KANIA AND JARUZELSKI MAY HAVE A ROUGH RIDE FROM THOSE WITHIN THE PARTY WHO WILL BE SAYING THAT THE POLICY OF MODERATION HAS FAILED AND THAT IT IS TIME TO TRY A TOUGHER APPROACH. BUT IT IS HARD TO PREDICT THE OUTCOME OF THE PLENUM GIVEN THE SIZE OF THE CENTRAL COMMITTEE AND THE FLUX IN WHICH THE PARTY FINDS ITSELF AT THE MOMENT.

6. THE POPE'S APPEAL AT HIS GENERAL AUDIENCE YESTERDAY IS PUBLISHED IN 'SLOWO POWSZECHNE' AND MENTIONED IN THE PARTY PRESS. BUT AS IT IS BASICALLY AN ENDORSEMENT OF THE CARDINAL'S APPEAL LAST SUNDAY, IT IS NOT LIKELY TO HAVE A GREAT EFFECT ON THE COURSE OF EVENTS.

6. EXTRACTS FROM RAKOWSKI'S AND WALESA'S STATEMENTS ARE IN MIFT.

FCO PLEASE PASS SAVING ADDRESSEES.

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MR COTTERILL ECGD  
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FM WASHINGTON 262142Z MAR 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 1015 OF 26 MARCH

INFO IMMEDIATE WARSAW, UKDEL NATO, PARIS, BONN, MOSCOW.

*W*

POLAND

1. STOESEL HAS JUST TELEPHONED ME TO REPORT PRESENT U.S. CONCERN ABOUT DEVELOPMENTS IN POLAND. THEY BELIEVE THAT THE PROCLAMATIONS OF A STATE OF EMERGENCY AND MARITAL LAW ARE IMMINENT. SOVIET INTERVENTION IS A POSSIBLE SEQUEL STOESEL SAID THAT THERE WAS A PROSPECT OF A CENTRAL COMMITTEE MEETING AND CHANGE OF GOVERNMENT ON SUNDAY WITH THE PARLIAMENT MEETING ON MONDAY.

2. THE STATE DEPARTMENT MAY ISSUE A STATEMENT ON THE SUBJECT LATER TODAY DEPLORING ANY SOVIET INTERVENTION OR USE OF POLISH FORCES AGAINST POLISH CITIZENS. THE PROPOSED STATEMENT WOULD INCLUDE THE FOLLOWING POINTS: THAT THERE ARE INDICATIONS THAT THE POLISH AUTHORITIES MAY USE FORCE OR THAT THE RUSSIANS ARE ABOUT TO ACT TO SUPPRESS SOLIDARITY; THAT IN THE U.S. VIEW RECENT EVENTS ARE POLAND'S OWN PROBLEM WHICH SHOULD BE SOLVED WITHOUT OUTSIDE INTERFERENCE; THAT THE UNITED STATES HAS SCRUPULOUSLY OBSERVED THIS PRINCIPLE; THAT THE U.S. WELCOMES ASSURANCES FROM THE PARTIES THAT A PEACEFUL SOLUTION CONTINUES TO BE SOUGHT BETWEEN THEM TO CURRENT DIFFICULTIES; THAT THE USE OF FORCE WOULD INVOLVE GRAVE CONSEQUENCES FOR EAST/WEST RELATIONS; AND THAT THE UNITED STATES HAS ALREADY HELPED BY PROVIDING AID TO THE POLISH ECONOMY AND WOULD INTEND TO CONTINUE IN THAT DIRECTION.

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FM WASHINGTON 262305Z MAR 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 1020 OF 26 MARCH 1981

INFO PRIORITY UKDEL NATO BONN PARIS ROME MOSCOW AND WARSAW

POLAND

THE WHITE HOUSE ISSUED THE FOLLOWING STATEMENT AT THE CONCLUSION OF TODAY'S NATIONAL SECURITY COUNCIL MEETING:

THIS STATEMENT REFLECTS: THE VIEWS OF THE PRESIDENT OF THE UNITED STATES.

THE UNITED STATES HAS WATCHED WITH GROWING CONCERN INDICATIONS THAT POLISH AUTHORITIES MAY BE PREPARING TO USE FORCE TO DEAL WITH CONTINUING DIFFERENCES IN THAT COUNTRY BETWEEN THE AUTHORITIES AND LABOR UNIONS. WE ARE SIMILARLY CONCERNED THAT THE SOVIET UNION MAY INTEND TO UNDERTAKE REPRESSIVE ACTION IN POLAND.

OUR POSITION ON THE SITUATION IN POLAND HAS BEEN CLEAR AND CONSISTENT FROM THE OUTSET. WE BELIEVE POLAND SHOULD BE ALLOWED TO RESOLVE ITS OWN PROBLEMS WITHOUT OUTSIDE INTERFERENCE OF ANY KIND. WE HAVE SCRUPULOUSLY IMPLEMENTED THAT POLICY IN OUR STATEMENTS, WHILE ACTING GENEROUSLY IN RESPONSE TO POLAND'S REQUESTS TO US FOR ECONOMIC ASSISTANCE.

WE HAVE WELCOMED PAST ASSURANCES BY THE POLISH GOVERNMENT AND POLISH LABOR ORGANIZATIONS THAT THEY INTENDED TO RESOLVE THEIR DIFFERENCES PEACEABLY AND IN A SPIRIT OF COMPROMISE AND CONCILIATION. WE CONTINUE TO BELIEVE THAT THIS PATH OFFERS THE ONLY HOPE OF RESOLVING POLAND'S DIFFICULTIES ON A BASIS ACCEPTABLE TO ALL PARTIES CONCERNED.

WE WOULD LIKE TO MAKE CLEAR TO ALL CONCERNED OUR VIEW THAT ANY EXTERNAL INTERVENTION IN POLAND, OR ANY MEASURES AIMED AT SUPPRESSING THE POLISH PEOPLE, WOULD NECESSARILY CAUSE DEEP CONCERN TO ALL THOSE INTERESTED IN THE PEACEFUL DEVELOPMENT OF POLAND, AND COULD HAVE A GRAVE EFFECT ON THE WHOLE COURSE OF EAST-WEST RELATIONS.

/AT



AT THE SAME TIME, WE WOULD EMPHASIZE OUR CONTINUING READINESS TO ASSIST POLAND IN ITS PRESENT ECONOMIC AND FINANCIAL TROUBLES, FOR AS LONG AS THE POLISH PEOPLE AND AUTHORITIES, CONTINUE TO SEEK THROUGH A PEACEFUL PROCESS OF NEGOTIATION THE RESOLUTION OF THEIR CURRENT PROBLEMS. IT IS IN THIS SPIRIT THAT WE SHALL RECEIVE DEPUTY PRIME MINISTER JAGIELSKI IN WASHINGTON NEXT WEEK.

HENDERSON

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FM PARIS 261241Z MAR 81

ADVANCE COPY

TO IMMEDIATE FCO

TELEGRAM NUMBER 229 OF 26 MARCH 1981

INFO PRIORITY WARSAW, BONN, WASHINGTON AND UKREP BRUSSELS

WARSAW TELEGRAM NO 215: POLISH DEBT

ms

FROM MOUNTFIELD

1. AT TODAY'S MEETING OF THE TASK FORCE, KARCZ BEGAN BY REPEATING THE CONTENTS OF THE AIDE MEMOIRE HANDED TO WESTERN EMBASSIES IN WARSAW. HE SAID THREE FACTORS HAD PRODUCED THIS NEW CRISIS: SHORTFALL IN EXPORTS IN THE FIRST QUARTER OF 1981; FAILURE OF CERTAIN GOVERNMENTS (NOT UK) TO JOIN IN THE FIRST BRIDGING OPERATION, AND PROGRESSIVE WITHDRAWAL OF SHORT-TERM CREDITS BY THE BANKS. POLAND COULD NOT HONOUR OBLIGATIONS DUE ON 31 MARCH OR IN REST OF SECOND QUARTER OF 1981. THEY NEEDED BRIDGING ASSISTANCE FROM GOVERNMENTS OF DOLLARS 1.3 BILLION AT ONCE TO AVOID DEFAULT. BANK HANDLOWY WOULD INFORM SPECIAL MEETING OF BANKS IN NEW YORK ON 27 MARCH OF THIS APPROACH AND ASK BANKS FOR HELP. POLAND STILL WANTED A MULTILATERAL LONG-TERM SETTLEMENT BY 1 JULY AND WAS VERY UNWILING TO AVOID EVEN TEMPORARY AND TECHNICAL DEFAULT. WESTERN

ON 27 MARCH OF THIS APPROACH AND ASK BANKS FOR HELP. POLAND STILL WANTED A MULTILATERAL LONG-TERM SETTLEMENT BY 1 JULY AND WAS VERY ANXIOUS TO AVOID EVEN TEMPORARY AND TECHNICAL DEFAULT. WESTERN GOVERNMENTS BRIDGING ASSISTANCE COULD TAKE FORM OF POSTPONEMENT OF PAYMENTS ON GUARANTEED EXPORT CREDITS DUE BETWEEN NOW AND 30 JUNE.

2. NO DELEGATION WAS IN ANY POSITION TO GIVE AN IMMEDIATE RESPONSE. MEISSNER (US) SAID THAT FOLLOWING TURKISH PRECEDENT THE BEST COURSE MIGHT BE TO ALLOW A TECHNICAL DEFAULT AND TO CONSOLIDATE THE RESULTING ARREARS IN THE LONG-TERM SETTLEMENT. MOUNTFIELD (UK) SAID THAT AS A PRACTICAL MATTER IT WOULD BE ALMOST IMPOSSIBLE TO ARRANGE AGREED POSTPONEMENTS OF PAYMENTS DUE ON 31 MARCH. CORNELL (US) SAID THE DANGER NOW WAS OF PROGRESSIVE COLLAPSE AS CROSS-DEFAULT CLAUSES WERE TRIGGERED.

3. DISCUSSION OF THIS PROBLEM MAY CONTINUE TOMORROW. MEANWHILE THE TASK FORCE WILL SPEND THE REST OF TODAY CONSIDERING A REVISED VERSION OF THE POLISH PROSPECTUS, RECEIVED YESTERDAY EVENING. TOMORROW IT WILL ALSO LOOK AT A NEW FRENCH TEXT, YET TO BE CIRCULATED, OF THE EVENTUAL AGREED MINUTE, REVISED SINCE A DRAFT CIRCULATED LAST NIGHT.

4. FCO PLEASE ADVANCE TO COUZENS, BARRATT AND MISS BAKER (TREASURY) AND L F T SMITH (BANK OF ENGLAND).

HIBBERT.

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FM WARSAW 251130Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 213 OF 25 MAR

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO THE HAGUE MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI

STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

BYDGOSZCZ

1. SOLIDARITY HAS NOW ANNOUNCED THAT, UNLESS IT RECEIVES SATISFACTION, THERE WILL BE A FOUR HOUR WARNING GENERAL STRIKE ON FRIDAY 27 MARCH FROM 8 AM TO NOON, AND A GENERAL STRIKE PROPER BEGINNING ON TUESDAY 31 MARCH.

ACCORDING TO THE POLISH NEWS AGENCY, THE UNION'S DEMANDS ARE FOR AN INVESTIGATION INTO THE INCIDENT OF 19 MARCH AND CALLING TO ACCOUNT THOSE RESPONSIBLE: AND FOR THE RIGHT OF PRIVATE FARMERS TO FORM UNIONS WITH GUARANTEES OF SECURITY. IT IS ALSO REPORTED THAT IN HIS INCONCLUSIVE TALKS WITH WALESA ON 22 MARCH, VICE-PREMIER RAKOWSKI SOUGHT GUARANTEES AGAINST FURTHER STRIKES AND AGAINST AGITATION FOR HIGHER WAGES AND SOCIAL BENEFITS, WHICH NO DOUBT WALESA WAS IN NO POSITION TO DELIVER. PRESS ACCOUNTS OF THE SOLIDARITY MEETING OF 24 MARCH SUGGEST THAT, DESPITE WALESA'S ROUGH RIDE, HE GOT HIS WAY AT LEAST TO THE EXTENT OF POSTPONING STRIKE ACTION FOR A FEW DAYS. PREPARATIONS BEING MADE BY SOLIDARITY (E G MOVING HQS TO FACTORIES) SUGGEST THAT SOME OF THEIR LEADERS ENVISAGE A LONG STRIKE.

2. THE COUNCIL OF STATE MET YESTERDAY AND SAID THAT IT SUPPORTED THE DECLARATION MADE BY THE FRONT OF NATIONAL UNITY YESTERDAY. IT HAS ALSO CALLED A SESSION OF THE SEJM FOR NEXT MONDAY 30 MARCH AND HAS ARRANGED FOR THE LEGISLATIVE PROCESS TO BE SPEEDED UP SO THAT VARIOUS INDUSTRIAL BILLS CAN BE PUSHED THROUGH RELATIVELY QUICKLY.

3. KANIA YESTERDAY ADDRESSED THE 7TH CONGRESS ON AGRICULTURAL CIRCLES. HE MADE SOME REMARKS TO THE EFFECT THAT IT WAS WRONG TO URGE POLITICAL STRIKES WHEN THE COUNTRY WAS IN SUCH DIRE ECONOMIC STRAITS. BUT, PERHAPS SIGNIFICANTLY, HE DID NOT TAKE THE OPPORTUNITY TO MAKE A HARDER-LINE ANNOUNCEMENT.

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4. THE NEXT GOVERNMENT MOVES ARE EXPECTED TODAY  
OR TOMORROW.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

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GRS 400  
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FM WARSAW 241600Z MAR  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 211 OF 24 MARCH

**IMMEDIATE**  
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INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON  
UKDEL NATO THE HAGUE MODUK

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

**BYDGOSZCZ**

1. ALTHOUGH NO COMMUNIQUE IS YET AVAILABLE, IT APPEARS THAT AT THIS MORNING'S MEETING OF THE SOLIDARITY NATIONAL COMMISSION, WALESA WAS OVERRULED AND ONCE AGAIN WALKED OUT. THE COMMISSION THEN DECIDED ON A 4 HOUR WARNING STRIKE ON FRIDAY AND A GENERAL STRIKE ALL DAY ON MONDAY.

2. IF THE LONG AND DETAILED ACCOUNT PUBLISHED BY THE BYDGOSZCZ AUTHORITIES ON 23 MARCH IS TRUE, THERE WAS A CLEAR ATTEMPT BY SOLIDARITY, AFTER EARLIER DISPUTES ABOUT RIVAL GROUPS OF AGRICULTURAL CIRCLES, TO INTIMIDATE THE MEETING OF THE VOIVODSHIP COUNCIL ON 19 MARCH BY BRINGING IN SUPPORTERS FROM INDUSTRIAL PLANTS IN THE AREA. ACCORDING TO THIS ACCOUNT 1500 PEOPLE WERE

MEETING OF THE VOIVODSHIP COUNCIL ON 19 MARCH BY  
BRINGING IN SUPPORTERS FROM INDUSTRIAL PLANTS IN THE AREA.  
ACCORDING TO THIS ACCOUNT, 1500 PEOPLE WERE  
MILLING OUTSIDE THE BUILDING, SOME OF WHOM WERE ATTEMPTING  
TO FORCE THEIR WAY IN WHEN THE VICE-VOIVOD CALLED IN THE POLICE  
FOR PROTECTION. IN CURRENT CIRCUMSTANCES, HOWEVER,  
IT IS LESS WHAT HAPPENED THAN WHAT PEOPLE BELIEVE  
HAPPENED WHICH COUNTS, AND THERE IS MUCH TALK OF  
GESTAPO TACTICS BY THE POLICE.

3. WHILE THE LOCAL AUTHORITIES PROBABLY EXPECTED TROUBLE  
AND THEREFORE ALERTED THE POLICE, EARLIER IN THE WEEK  
I THINK IT MOST UNLIKELY THAT THERE WAS ANY PLOT  
ON THE OFFICIAL SIDE TO PROVOKE AN INCIDENT.  
CLEARLY THE GOVERNMENT DID NOT WANT ONE AND THE  
HARD-LINE PRO-SOVIET CLIQUE WOULD BE SERVING THEIR MASTERS  
BADLY IF THEY PRECIPITATED AGONISING DECISIONS ABOUT  
INTERVENTION. IT IS MORE LIKELY THAT IN THE UNLOVELY  
CITY OF BYDGOSZCZ, AFTER LONG AND BITTER WRANGLES,  
TEMPERS BURST ON BOTH SIDES.

4. THE NEXT MOVE IS NOW UP TO THE GOVERNMENT.  
I WOULD EXPECT JARUZELSKI TO ACT QUICKLY ON THE FINDINGS  
OF THE COMMISSION AND TAKE DISCIPLINARY STEPS AGAINST  
INDIVIDUAL POLICEMEN IF THAT IS WHAT IS RECOMMENDED.  
I WOULD NOT EXPECT HIM TO PAY FURTHER DANEGELD AND THROW  
TO THE WOLVES THE OFFICIALS WHO CALLED IN THE POLICE,  
AS SOLIDARITY ARE APPARENTLY DEMANDING, BUT THIS IS OF  
COURSE POSSIBLE. THAT WALESA HAS APPARENTLY TWICE BEEN  
OUT-VOTED INDICATES THE POWER OF THE EXTREMISTS BUT  
THAT HE MUST HAVE SOME SUPPORTERS OFFERS A RAY OF HOPE  
FOR THE GOVERNMENT. BUT GIVEN THAT STRIKES HAVE ALWAYS  
SO FAR BEEN SUCCESSFUL, THE WILD MEN HAVE A STRONG ARGUMENT  
FOR THEIR RECOMMENDED COURSE.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

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FM WARSAW 241330Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 210 OF 24 MAR

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO THE HAGUE MODUK

*Paras 6 + 7 are interesting.*  
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SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI

STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

1. THE GERMAN AMBASSADOR GAVE A COMMUNITY BRIEFING ON 23 MARCH ON GENSCHER'S VISIT TO POLAND. THE FOLLOWING WERE THE MAIN POINTS.

GENERAL

2. GENSCHER HAD THE USUAL PLENARY MEETINGS WITH CZYREK AND TWO MEETINGS ALONE WITH HIM, BUT ALSO HAD LONG TALKS WITH KANIA AND JARUZELSKI. THE CONVERSATIONS MAINLY CONCERNED INTERNATIONAL AND POLISH INTERNAL MATTERS. BILATERAL RELATIONS WERE ONLY TOUCHED ON BRIEFLY. THE POLES RAISED THE MATTER OF THE DECISION OF THE GERMAN MINISTERS OF EDUCATION TO USE MAPS SHOWING GERMANY'S 1937 FRONTIERS, BUT SINCE THIS IS STILL UNDER DISCUSSION IN THE FEDERAL REPUBLIC, GENSCHER DID NOT COMMENT SUBSTANTIVELY.



#### INTERNATIONAL AFFAIRS

3. GENSCHER SAID THAT THE GERMAN GOVERNMENT APPRECIATED BREZHNEV'S OFFER OF A SUMMIT AND THE CONFIDENCE-BUILDING MEASURE PROPOSALS BUT THAT THEY WERE NOT SATISFIED WITH HIS POSITION ON TNF SINCE THE OFFER WAS ONLY TO HALT DEPLOYMENT AND NOT PRODUCTION. BUT THE GERMAN GOVERNMENT WAS VERY READY TO NEGOTIATE. A SUMMIT MUST BE WELL PREPARED. AFTER MENTIONING AFGHANISTAN, HE GAVE HIS VIEW OF THE REAGAN ADMINISTRATION: IN BRIEF, THAT IT WOULD USE US WEIGHT IN WORLD POLITICS BUT WOULD BE READY TO NEGOTIATE EXCEPT, FOR THE TIME BEING, ON SALT. CZYREK SPOKE IN STANDARD TERMS ABOUT THE NEED TO PRESERVE DETENTE AND KEEP DIALOGUE OPEN. HE THOUGHT THE PRIORITIES WERE EURO STRATEGIC WEAPONS AND CONFIDENCE-BUILDING MEASURES. HE HINTED THAT INTERNAL CHANGE WAS NECESSARY AND MIGHT BE COMING IN THE SOVIET UNION.

4. KANIA SPOKE VERY STRONGLY IN SUPPORT OF BREZHNEV'S PROPOSALS. HE FELT THAT THIS WAS A SERIOUS INITIATIVE AND THAT BREZHNEV WAS GENUINELY STRIVING FOR "BREAD AND PEACE". (GENSCHER NOTED THAT KANIA SPOKE OF BREZHNEV IN PARTICULARLY WARM TERMS; HE HAD THE FEELING THAT BREZHNEV HAD PERSONALLY GREATLY HELPED THE POLISH GOVERNMENT IN ITS LONG CRISIS AGAINST SOMETIMES DIFFERENT ADVICE FROM OTHERS IN THE SOVIET LEADERSHIP).

5. IN SPEAKING TO JARUZELSKI GENSCHER EXPLAINED THE BACKGROUND TO THE TNF DECISION AND SAID THAT THE FUTURE OF EAST-WEST RELATIONS HINGED ON POLAND. INTERFERENCE FROM OUTSIDE WOULD DRAMATICALLY DAMAGE THEM. IN REPLY JARUZELSKI SAID THAT HE WOULD NOT DISCUSS WHETHER THERE EXISTED A BALANCE OF ARMAMENTS BETWEEN EAST AND WEST SINCE, IN THE CURRENT POSITION OF OVER-KILL, HE THOUGHT IT SCARCELY WORTH WHILE. BREZHNEV'S PROPOSALS WERE GOOD ONES BUT CONFIDENCE WAS NEEDED IF THE CLIMATE WAS TO IMPROVE ANY ATTEMPT TO CHANGE THE GLOBAL SITUATION IN EUROPE MUST END IN CATASTROPHE.

#### POLISH INTERNAL AFFAIRS

6. KANIA REITERATED THE LEADERSHIP'S DECISION TO SEEK POLITICAL SOLUTIONS AND DIALOGUE WITH THE UNIONS. MAJOR ERRORS HAD BEEN COMMITTED IN THE PAST BUT THERE WERE SOME OBJECTIVE FACTORS LIKE A DEMOGRAPHIC EXPLOSION IN THE 1970S AND LONG-STANDING DISPROPORTION AND IMBALANCE IN THE ECONOMY. UNFORTUNATELY INVESTMENT

EXPLOSION IN THE 1970S AND LONG-STANDING DISPROPORTION AND IMBALANCE IN THE ECONOMY. UNFORTUNATELY INVESTMENT CREDITS HAD NOT BEEN WISELY USED. THE LEADERSHIP WAS TRYING TO ESTABLISH DEMOCRATIC FORMS AND RECOGNISED THE TRADE UNIONS AS A PARTNER. BUT THERE WERE CERTAIN ANARCHIC FORCES TO WHICH THE LEADERSHIP HAD REACTED VERY MODERATELY, ALTHOUGH RADIO FREE EUROPE ENCOURAGED THE PROBLEMS THEY CREATED. THERE WERE NO POLITICAL PRISONERS IN POLAND EXCEPT FOR A SMALL GROUP SHORTLY TO BE BROUGHT TO TRIAL. REFERRING TO THE PROBLEM OF TERRORISM IN WESTERN EUROPE, HE SAID THAT IT COULD BE ARGUED THAT IN RESPECT OF POLITICAL PRISONERS POLAND WAS THE MOST LIBERAL STATE IN EUROPE. THE POLES SAW NO DANGER OF INTERVENTION FROM OUTSIDE, ABOUT WHICH THERE WAS TOO MUCH NOISE IN THE WEST. JARUZELSKI REFERRED ALSO TO RADIO FREE EUROPE'S ASSISTANCE TO THE DISSIDENTS AND TO A CAMPAIGN BY THEM AGAINST THE POLISH SECURITY FORCES. THIS WAS IN FACT OUTSIDE INTERFERENCE. THE GOVERNMENT HAD THE NECESSARY FORCE AT ITS DISPOSAL TO DEAL WITH THE ANARCHIC FORCES BUT, BEING DEDICATED TO THE SOCIALIST RENEWAL, IT PREFERRED TO BE MODERATE. HE HOPED TO LIMIT THE CONFLICT IN BYDGOSZCZ ( SPEAKING ON 20 MARCH), AND IF IT TURNED OUT THAT THE POLICE HAD OVER-REACTED HE WOULD DEAL WITH THE MATTER. ONE COULD THINK OF A SITUATION IN WHICH ALL FORCES HAD TO BE USED IN ORDER TO PROTECT THE STRUCTURE OF THE STATE BUT HE WOULD DO EVERYTHING POSSIBLE TO AVOID THIS.

#### ECONOMIC

7. JARUZELSKI SAID THAT THE FINANCIAL SITUATION WAS DRAMATICALLY BAD. THERE WAS URGENT NEED OF FOOD AND RAW MATERIALS AND A FINANCIAL BRIDGING OPERATION WAS NECESSARY TO KEEP THE COUNTRY AFLOAT UNTIL MID-1981, WHEN IT WAS HOPED THAT LONGER TERM ARRANGEMENTS WITH WESTERN COUNTRIES WOULD BE CONCLUDED. THE FINANCIAL GAP WAS OF THE ORDER OF DOLLARS 1.1 TO DOLLARS 1.2 BILLION. HE HOPED FOR URGENT AID FROM THE WEST AND BEGGED GENSCHER TO USE HIS INFLUENCE TO THAT EFFECT. GENSCHER SAID THAT HE WOULD DO WHAT HE COULD.

8. GENSCHER WAS IMPRESSED WITH BOTH KANIA AND JARUZELSKI: HE THOUGHT THE FORMER HIGHLY INTELLIGENT.

FCO PLEASE PASS SAVING ADDRESSEES.

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FM WARSAW 241200Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 208 OF 24 MAR

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO MODUK THE HAGUE

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

BYDGOSZCZ

1. TRYBUNA LUDU OPENS ITS COVERAGE OF THE LATEST EVENTS IN BYDGOSZCZ BY SAYING THAT POLAND IS NOW IN ITS MOST SERIOUS CRISIS SINCE LAST AUGUST. THIS ASSESSMENT SEEMS TO BE SHARED BY MOST WESTERN OBSERVERS AND I AM INCLINED TO THINK THAT IT IS CORRECT.
2. THE FRONT OF NATIONAL UNITY MET YESTERDAY AND ISSUED A DECLARATION. IT WAS CONSIDERABLY LESS STRIDENT THAN THAT ISSUED BY THE POLITBURO, AND CALLED ON ALL CITIZENS TO DEFEND THE GAINS OF THE SOCIALIST ODNOWA. IT SAID THAT IN THE LAST FEW DAYS THE SITUATION IN THE COUNTRY HAD WORSENEDED IN A DRAMATIC AND THREATENING FASHION.
3. THE COMMISSION WORKING IN BYDGOSZCZ HAS SAID THAT THEY WILL REPORT TO JARUZELSKI TODAY. THE COMMISSION HAS ALREADY SAID HOWEVER THAT IT WAS UNABLE TO OBTAIN FULL COOPERATION FROM THE LOCAL BRANCH OF SOLIDARITY, BECAUSE THEY HAD LAID DOWN PRE-CONDITIONS WHICH EFFECTIVELY PRE-JUDGED THE OUTCOME OF THE INVESTIGATIONS.
4. THE SOLIDARITY NATIONAL COMMISSION HELD A STORMY MEETING LAST NIGHT IN BYDGOSZCZ AND DECIDED ON STRIKE ACTION IN PRINCIPLE. THEY ISSUED A COMMUNIQUE RECOMMENDING THAT THEIR REGIONAL FOUNDING COMMITTEES SHOULD MOVE THEIR HEADQUARTERS INTO FACTORIES AND PLANTS FROM WHICH IT WOULD BE POSSIBLE TO DIRECT ACTION IN THE REGION. THE WARSAW BRANCH OF SOLIDARITY IS MOVING TO THE URSUS TRACTOR FACTORY. THE COMMUNIQUE GOES ON TO STATE THAT IF A STATE OF EMERGENCY IS DECLARED, OR IS ENFORCED WITHOUT FORMALLY BEING DECLARED, THE RESULT WILL BE A GENERAL STRIKE THROUGHOUT POLAND.

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5. THE NATIONAL COORDINATING COMMISSION WILL TODAY DECIDE ON THE TYPE OF STRIKE ACTION TO BE TAKEN IN THE WAKE OF THE BYDGOSZCZ INCIDENT.

FCO PLEASE PASS SAVING ADDRESSEES.

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FM WARSAW 201100Z MAR  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 196 OF 20 MAR  
INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON  
UKDEL NATO THE HAGUE MODUK

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

BYDGOSZCZ

1. THE DETAILS OF THE EVENTS OF YESTERDAY AFTERNOON IN BYDGOSZCZ ARE INEVITABLY OBSCURE. BUT THE MOST ACCURATE VERSION OF EVENTS THAT WE CAN PIECE TOGETHER FROM WESTERN CORRESPONDENTS AND SOLIDARITY IS AS FOLLOWS.

2. A SESSION OF THE LOCAL PEOPLE'S COUNCIL WAS HELD YESTERDAY AFTERNOON TO WHICH REPRESENTATIVES OF THE FARMERS' ORGANISATION AND OF THE LOCAL BRANCH OF SOLIDARITY WERE INVITED AS OBSERVERS. WHEN THE VOIVOD DECLARED THE MEETING CLOSED A GROUP OF ABOUT 27 PEOPLE INCLUDING SOLIDARITY MEMBERS, FARMERS AND MEMBERS OF THE COUNCIL ITSELF, ANGERED BY THE PROCEEDINGS REFUSED TO LEAVE. THE VICE-VOIVOD THEN CALLED THE POLICE, WHO SURROUNDED THE BUILDING AND THEN USED FORCE TO EVICT THEM. THREE PEOPLE ARE REPORTED TO BE IN HOSPITAL., INCLUDING RULEWSKI, THE LOCAL SOLIDARITY BOSS, WHO IS SAID TO HAVE THE BUILD OF A HEAVYWEIGHT BOXER: A NUMBER OF OTHERS WERE ALSO INJURED. A CROWD OF ABOUT A THOUSAND PEOPLE WERE WAITING OUTSIDE THE BUILDING BUT WERE KEPT CALM BY REPRESENTATIVES OF SOLIDARITY.

3. IN ONE VERSION, THE AUTHORITIES HAVE CLAIMED THAT THE FARMERS AND SOLIDARITY MEMBERS ARRIVED AT THE BUILDING UNINVITED. BUT TODAY'S PARTY PRESS WOULD APPEAR TO GIVE THE LIE TO THIS IN THAT IT REPORTS THAT THE MEETING WAS ATTENDED BY REPRESENTATIVES OF SOLIDARITY IN BYDGOSZCZ. IT MAY HOWEVER BE THAT THEY WERE JOINED BY COLLEAGUES WHO HAD NOT BEEN INVITED.

4. AS SOON AS NEWS OF THE INCIDENT BROKE, WALESA AND 4 OTHER MEMBERS OF THE PRESIDUM WENT TO BYDGOSZCZ AFTER ISSUING AN INITAIL DIRECTIVE TO SOLIDARITY TO KEEP CALM AND NOT TO TAKE ANY ACTION UNTIL THE SITUATION BECAME CLEARER. AT 4 AM THIS MORNING THEY PASSED A RESOLUTION IN WHICH THEY DESCRIBED THE ACTION AS A PROVOCATION AGAINST THE GOVERNMENT OF JARUZELSKI. THEY CALLED A NATIONAL STRIKE ALERT AND SAID THAT ON MONDAY 23 MARCH THEY WOULD TAKE APPROPRIATE ACTION. THIS IS THOUGHT TO MEAN IN THE FIRST INSTANCE A NATIONAL WARNING STRIKE.

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THEY ALSO CALLED OF ALL TALKS PRESENTLY GOING ON WITH THE GOVERNMENT. DESPITE A CALL BY THE PRESIDUM FOR NO LOCAL ACTION, BYDGOSCZC AND ONE OR TWO OTHER REGIONS ARE TO HOLD TWO-HOUR STRIKES TODAY.

5. THE LOCAL PRESS IN BYDGOSCZC HAS SAID THAT EXPLANATIONS AND ASSURANCES WILL BE FURNISHED IN DUE COURSE. BUT THE CLEAR MESSAGE FROM SOLIDARITY IS THAT THIS IS A NATIONAL ISSUE AND THAT ANY EXPLANATIONS WILL HAVE TO BE GIVEN AT THE HIGHEST LEVEL. THIS MAY BE TAKEN TO BE A CALL FOR EXPLANATION FROM JARUZELSKI HIMSELF, GIVEN THAT HE IS DIRECTLY RESPONSIBLE FOR THE SECURITY AUTHORITIES.

6. OUR OWN ASSESSMENT IS THAT THE LOCAL POLICE IN BYDGOSCZC ACTED OFF THEIR OWN BAT WITHOUT ORDERS FROM WARSAW. BUT THE INCIDENT BRINGS INTO SHARP FOCUS THE FACT THAT MOST RECENT CONFRONTATIONS BETWEEN SOLIDARITY AND THE AUTHORITIES HAVE INVOLVED THE SECURITY APPARATUS, WHO HAVE THE MOST TO LOSE FROM RECENT EVENTS IN POLAND. SOLIDARITY HAVE SAID THAT THE POLICE MUST LEARN THAT THEY CAN NO LONGER BEHAVE IN THIS FASHION. BUT IN DOING SO, THEY HAVE BROUGHT THEMSELVES IN A HEAD-ON CONFLICT WITH THE SECURITY AUTHORITIES.

7. SOLIDARITY ARE HOLDING A PRESS CONFERENCE IN WARSAW THIS AFTERNOON, AFTER WHICH WE WILL REPORT FURTHER.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

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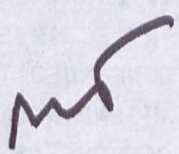
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FM UKDEL NATO 201110Z MAR 81

TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,  
TELEGRAM NUMBER 101 OF 20 MARCH 1981,  
INFO IMMEDIATE MODUK.



POLAND: SOYUZ 81.

1. SVART (DENMARK) ASKED FOR A PRIVATE MEETING OF PERMREPS THIS MORNING TO PASS ON THE FOLLOWING REPORTS FROM DANISH INTELLIGENCE:

(A) TOTAL RADIO SILENCE HAD BEEN IMPOSED IN THE WESTERN MILITARY DISTRICTS OF THE SOVIET UNION (BALTIC, BYELORUSSIAN AND CARPATHIAN). DANISH INTELLIGENCE THOUGHT THIS WAS UNPRECEDENTED IN A SOYUZ EXERCISE. NORMAL SIGNALS TRAFFICE CONTINUED IN CZECHOSLAVAKIA AND THE GDR.

(B) DIRECT CRYPTO COMMUNICATIONS HAD BEEN SET UP BETWEEN MINISTRIES OF DEFENCE IN MOSCOW AND WARSAW PACT CAPITALS.

(C) THE SPECIAL AIRCRAFT NORMALLY USED BY C-IN-C WARSAW PACT FORCES, AND STATIONED IN CZECHOSLOVAKIA, HAS TOUCHED DOWN AT THE AIR BASE IN THE GDR USED BY THE LOCAL HIGH COMMAND HEADQUARTERS.

(D) THERE WERE INDICATIONS OF AN AMPHIBIOUS EXERCISE BEING HELD THIS WEEKEND, BEGINNING TOMORROW (21 MARCH).

(E) THERE HAVE BEEN UNUSUAL FLIGHTS BY SEVEN OR EIGHT BADGERS, THOUGHT TO BE FOR THE PURPOSE OF EXERCISING DISSEMINATION OF CHAFF FOR COUNTER-EW. ONE OF THE PILOTS HAD COMMUNICATED WITH HIS GROUND BASE IN CLEAR LANGUAGE, AND INDICATED THAT A MORE ACTIVE PHASE OF SOYUZ-81 MIGHT BEGIN TODAY.

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/2.SVART SAID

S E C R E T

2. SVART SAID THAT HIS INTELLIGENCE AUTHORITIES WERE RELUCTANT TO TRY TO INTERPRET THESE INDICATIONS. THEIR POLITICAL ESTIMATE CONTINUED TO BE THAT SOYUZ-81 WAS UNLIKELY TO BE A COVER FOR IMPENDING INTERVENTION IN POLAND, PARTICULARLY IN THE LIGHT OF GENSCHER'S FORTHCOMING VISIT. BUT MILITARILY IT WOULD BE POSSIBLE FOR AN INTERVENTION TO BE CARRIED OUT IMMEDIATELY. SIGNAL UNITS HAD BEEN REPORTED IN ALL MAJOR POLISH CITIES, AND THE FULL COMMUNICATIONS NETWORK FOR INTERVENTION WAS EITHER ALREADY IN PLACE OR COULD BE ESTABLISHED VERY QUICKLY.

3. BENNETT (US) AND CHAIRMAN OF THE MILITARY COMMITTEE SAID THAT MANY FEATURES OF THIS REPORT WERE NEW TO THEM. THE MILITARY COMMITTEE WILL MEET AT 1330Z TO ASSESS THESE REPORTS, AND CONSIDER WHETHER ANY OF THE INDICATORS REPORTED WERE UNPRECEDENTED FOR SOYUZ EXERCISES.

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FM WARSAW 201610Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 199 OF 20 MAR

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO MODUK THE HAGUE

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI STOCKHOLM

UKMIS NEW YORK UKREP BRUSSELS

BYDGOSZCZ

1. THE WARSAW BRANCH OF SOLIDARITY HELD A PRESS CONFERENCE THIS AFTERNOON AT WHICH TWO MEMBERS OF CHANCERY WERE PRESENT. LEAFLETS WERE BEING HANDED OUT IN THE STREET CONTAINING THE DECLARATION OF THE PRESIDUM ISSUED THIS MORNING, A COMMUNIQUE FROM THE BYDGOSZCZ BRANCH OF SOLIDARITY AND A REPORT ON THE STATE OF HEALTH OF THE THREE PEOPLE HOSPITALISED.

2. AT THE PRESS CONFERENCE, WHICH WAS HELD BY ONYSZKIEWICZ, THE REGIONAL PRESS SPOKESMAN AND TWO OTHER MEMBERS OF SOLIDARITY, IT WAS REPORTED THAT RULEWSKI'S STATE OF HEALTH WAS NOT GOOD, BUT THERE WAS NO THREAT TO HIS LIFE. THERE HAD BEEN RUMOURS THAT HE HAD DIED, BUT SOLIDARITY REGARDS THESE AS A PROVOCATION.

3. RAKOWSKI HAS ORDERED A COMMISSION IN BYDGOSZCZ, HEADED BY THE VICE-PROSECUTOR TO INVESTIGATE YESTERDAY'S

3. RAKOWSKI HAS ORDERED A COMMISSION IN BYDGOSZCZ, HEADED BY THE VICE-PROCURATOR, TO INVESTIGATE YESTERDAY'S INCIDENT. BUT SOLIDARITY ARE NOT SATISFIED BECAUSE IT INCLUDES THE VICE VOIVOD WHO ORDERED THE POLICE IN IN THE FIRST PLACE. SOLIDARITY REGARD THE INCIDENT AS A CONSIDERABLE ESCALATION OF PREVIOUS PRESSURE FROM THE SECURITY AUTHORITIES. ONYSZKIEWICZ SAID THAT HE THOUGHT THAT THE MILICJA HAD PROBABLY ACTED ON THEIR OWN ACCORD BUT LATER QUALIFIED THIS SOMEWHAT BY SAYING THAT VICE-PREMIER MACH, WHO WAS PRESENT AT THE MEETING IN QUESTION, MUST HAVE BEEN QUILTY AT LEAST OF NEGLIGENCE. ASKED WHAT THE GOVERNMENT HAD TO DO TO AVOID A STRIKE NEXT MONDAY, HE REPLIED THAT THEY MUST SHOW THAT THEY ARE DOING SOMETHING TO CURB HARASSMENT OF SOLIDARITY. THE PRESENT COMMISSION IN BYDGOSZCZ COULD NOT SOLVE WHAT IS A NATIONAL ISSUE. NOR IS IT EMPOWERED, FOR EXAMPLE, TO SACK THE AUTHORITIES AND POLICE CHIEFS RESPONSIBLE. WHILST IT WAS UNREASONABLE TO EXPECT THE GOVERNMENT TO DO A GREAT DEAL IN 2 DAYS, IT MUST DURING THAT TIME SHOW WILLING.

4. ASKED WHO SOLIDARITY THOUGHT WAS RESPONSIBLE FOR THE PROVOCATION, AND AGAINST WHOM IT WAS DIRECTED, ONYSZKIEWICZ SAID THAT HE THOUGHT THE GUILTY PARTIES WERE THOSE WHO DID NOT WANT TO SEE 90 TROUBLE FREE DAYS AND DID NOT APPROVE OF THE CHANGES TAKING PLACE IN POLAND BUT RATHER WANTED A CLASH BETWEEN SOLIDARITY AND THE AUTHORITIES. HE SAID THAT IT WAS SOCIETY AT LARGE WHO WERE BEING PROVOKED. HE WOULD NOT BE DRAWN INTO BEING MORE SPECIFIC ABOUT THE GROUPS INVOLVED, BUT COMMENTED THAT THEY MUST BE INFLUENTIAL ENOUGH TO BE DIRECTING THE SECURITY FORCES. AT THIS STAGE HE WAS NOT BLAMING JARUZELSKI BUT HE EXPECTED HIM TO AT LEAST APPOINT A COMMISSION EMPOWERED TO DEAL WITH THOSE RESPONSIBLE. IF IT SHOULD TURN OUT THAT THE GOVERNMENT HAD BEEN RESPONSIBLE FOR THE PROVOCATION THEN THE PICTURE WOULD CHANGE DRAMATICALLY.

5. TWO-HOUR STRIKES TOOK PLACE TODAY IN WROCLAW, TORUN AND BYDGOSZCZ ITSELF AND THERE WAS ALSO CONSIDERABLE DISRUPTION THIS AFTERNOON ON THE WARSAW TRANSPORT SYSTEM. ONYSZKIEWICZ DENIED THAT THERE HAD BEEN A FORMAL STRIKE. THE NATIONAL COMMISSION OF SOLIDARITY IS MEETING THIS EVENING TO ANALYSE YESTERDAY'S EVENTS AND TO MAKE

ONYSZKIEWICZ DENIED THAT THERE HAD BEEN A FORMAL STRIKE.  
THE NATIONAL COMMISSION OF SOLIDARITY IS MEETING THIS  
EVENING TO ANALYSE YESTERDAY'S EVENTS AND TO MAKE  
MORE SPECIFIC DEMANDS ABOUT THEM.

6. WHAT EXACTLY HAPPENED AT BYDGOSZCZ IS STILL NOT  
CLEAR. IT SEEMS THAT A NUMBER OF SOLIDARITY MEMBERS AND  
FARMERS WERE, WITH SOME RELUCTANCE, ALLOWED INTO THE  
MEETING AND REFUSED TO LEAVE WHEN THE CHAIRMAN DECLARED  
IT CLOSED. CLEARLY THE VICE-VOIVOD SHOULD HAVE CHECKED  
WITH WARSAW BEFORE CALLING IN THE POLICE, BUT PROBABLY  
HE WAS AS ANGRY AS THE MEN HE HAD ORDERED TO BE THROWN OUT.  
THIS IS THE SORT OF INCIDENT WHICH NOT INFREQUENTLY HAPPENS  
IN THE WEST. BUT HERE IT COULD SPARK OFF SOMETHING  
DANGEROUS. I WOULD EXPECT JARUZELSKI TO MOVE QUICKLY  
AND DECISIVELY TO TRY TO DEFUSE MATTERS, BUT HE HAS  
POLICE MORALE TO CONSIDER AS WELL AS SOLIDARITY.

FCO PLEASE PASS SAVING ADDRESSEES.

PRIDHAM

BT

*[Passed saving, as requested.]*

NNNN

SECRET



BIF 57/3/81

Poland 3

BIF with ~~the~~ Hoffman's reply.

Print

FCS/81/39

SECRETARY OF STATE FOR TRADE

Contingency Planning About Poland

1. Thank you for your letter of 17 March. As I said in my minute to the Prime Minister of 10 March, I should certainly wish to consult fully with my Ministerial colleagues before attending a NATO Ministerial meeting following a Soviet intervention in Poland. I would expect a day or two to elapse between the intervention and the NATO meeting. I also explained that the measures which NATO had been considering were not intended as a package, to be accepted or rejected, but as a range of choices on which Ministerial decisions would have to be reached.

2. The NATO Council has now reached agreement on their paper on contingency planning, and I am afraid that it is too late to change it. I understand that the paper is to a considerable extent a reflection of British views, which in turn reflected the conclusions of a Cabinet Office Committee. I enclose the extract about a general embargo affecting new contracts on exports. As you will see, the object has been to avoid giving the Russians a pretext to go back on undertakings to which they have subscribed.

3. The next step is that officials in NATO should seek to reach an agreed definition of existing contracts. Discussions to date have shown that this will not be an easy task. But it would be a great deal more difficult if, as you propose, we now seek a definition which is not only  
/legally

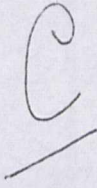
SECRET



legally watertight but also tries to ensure justice between firms which are bound by legally enforceable contracts and those which are committed to established business relationships. The exclusion of the latter category from the general embargo would create endless misunderstandings between participant Governments, and give rise to widespread evasion by private firms.

4. I understand that your officials and mine are generally agreed on a draft formula defining existing contracts. If we do not put it forward, there is a risk that a consensus will develop around some less suitable one. I hope you can agree that our officials may now propose it.

5. I am copying this minute to the Prime Minister, other Members of OD, other recipients of OD(81)10, the Chief Whip and Sir R Armstrong.

  
(CARRINGTON)

Foreign and Commonwealth Office

20 March 1981

1. A general embargo affecting new contracts on exports

This measure would not put into question the principles of legal security of contracts already entered into, prior to an intervention, either by Allied governments or by private firms, and would thus not give the Soviet Union a pretext to go back on undertakings to which it has subscribed. Nonetheless, it will be necessary to examine the legislative actions required and also to establish precise criteria, recognised by all the Allies, to identify clearly and practically existing contracts; these criteria would relate to the date of the contract in relation to the effective date of the embargo, the definition of products, quantities and price mechanisms, as well as to the conditions of delivery and payment. Should this measure be adopted, Allied governments would take, each in accordance with its responsibilities, the necessary legal and practical dispositions to ensure the execution of this measure. Governments will need to examine in advance whether, and if so in what way, the measures could be applied to the execution of service contracts. Some minor exclusions for humanitarian reasons, for example, medical products, might be for consideration.

COPY NUMBER 2 OF 28 COPIES*From the Secretary of State*SECRET

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London, SW1A 2AL

17 March 1981

*Dear Peter,*

CONTINGENCY PLANNING ABOUT POLAND

PM 81/10 (undated)  
received 10/3

Your minute to the Prime Minister of 10 March makes me feel that there are a number of aspects of the situation which we need to consider together.

My main concern lies in the likelihood that a Soviet intervention in Poland would leave us little time to consult before you had to attend a NATO Ministerial meeting and participate in decisions about immediate allied actions. There would then be little option other than to accept or reject the package of measures. We thus need to be sure that we have thought carefully in advance about the implications of such measures for the British economy and for our commercial interests.

The main points in my minute of 4 March to the Prime Minister were that trade measures had greater general implications for the United Kingdom than other countries, that there were limits on the effectiveness of these measures, and that they were subject to a fair degree of uncertainty because we simply do not know in Government the details of many of the deals which take place. We might easily land up doing too little or too much.

SECRET



*From the Secretary of State*

SECRET

I do not regard the fact that United Kingdom exports to the Soviet Union account for a relatively small part of our overseas trade (about 1% of total British exports) as a good reason for saying that the loss of the business does not matter. Action in relation to one country, or group of countries, has implications for our trading relationships worldwide. Our £455m of exports in 1980 were of considerable importance to some companies. Imposing a trade embargo would in effect be asking the shareholders of a limited number of firms like Davy to carry the cost of the Government's policy.

Of course, firms in other countries would in principle have to carry similar (and in some cases perhaps greater) burdens, but I think we must take a very objective view of whether or not the United Kingdom might find itself unduly exposed. One only has to consider what happened over the special steels and aluminium projects surrendered by American companies after the invasion of Afghanistan which were picked up by the French and Germans despite the understandings that this would not happen.

On the detailed point which particularly concerns me, the proposal to draw a line between existing contracts and other forms of trading relations presents considerable problems. It is possible to draw up technical definitions which enable operation of a policy allowing the completion of existing contracts. But, as we found from the examination of detailed cases over Iran, this can give rise to some very artificial distinctions which are inequitable and damaging both to our overall trading interests and to the companies concerned. Some trading arrangements are likely to be strictly of a contractual nature while others, because of the way they happen to be constructed, are not. I consequently think that we must have a clear definition of our objective in terms of the trade to be interrupted, should this become necessary, as well as defining the technical criteria to be adopted. I

SECRET





*From the Secretary of State*

SECRET

suggest that our aim must be to inflict the maximum economic damage on the Soviet Union at minimum cost to the United Kingdom economy. This means giving British firms equal opportunities to disengage and find replacement markets whether they are bound by legally enforceable contracts or are committed to established business relationships. Our approach to technical discussions in NATO about contract definitions should reflect this requirement.

I am copying this to the Prime Minister and other recipients of your minute.

*Yours  
John Biffen*

JOHN BIFFEN

SECRET

GRS 250

# CONFIDENTIAL

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FM WARSAW 171430Z MAR  
TO ROUTINE FCO  
TELEGRAM NUMBER 189 OF 17 MARCH  
INFO MOSCOW, STOCKHOLM.

*mb*

1. THE NORWEGIAN AMBASSADOR CALLED ON ME TODAY TO TELL ME THAT THE SCANDINAVIAN AMBASSADORS IN MOSCOW HAD TELEGRAPHED TO THEIR CAPITALS TO SAY THAT THEY THOUGHT SOVIET INTERVENTION IN POLAND MIGHT BE IMMINENT. MR MOLTKE-HANSEN SAID THAT HE AND HIS SWEDISH COLLEAGUE IN WARSAW DID NOT AGREE BUT HE WANTED TO KNOW WHETHER WE HAD RECEIVED SIMILAR VIEWS FROM OUR EMBASSY IN MOSCOW AND WHETHER, INDEPENDENTLY OF THAT, WE THOUGHT INTERVENTION IMMINENT.

2. I SAID THAT WE HAD HEARD NOTHING FROM LONDON OR MOSCOW TO SUGGEST CONFIRMATION OF THE VIEWS OF THE SCANDINAVIANS IN MOSCOW. BEYOND THAT, WHILE CERTAINLY NOT EXCLUDING THE POSSIBILITY OF SOVIET INVASION, WE DID NOT THINK IT IMMINENT OR INEVITABLE. IN PARTICULAR, WE DID NOT THINK THE WARSAW PACT EXERCISES WERE BEING STAGED AS A CREEPING INVASION.

3. MR MOLTKE-HANSEN SAID ( IN CONFIDENCE) THAT THE SWEDISH ALARM AND PRECAUTIONARY ACTION TAKEN LAST DECEMBER HAD ARISEN FROM A TELEGRAM SENT BY THE SWEDISH MILITARY ATTACHE. ENTIRELY UNKNOWN TO THE AMBASSADOR OR THE REST OF THE EMBASSY, THE ATTACHE HAD SENT A TELEGRAM TO STOCKHOLM IN A SPECIAL CYPHER SAYING THAT TWO DIVISIONS WERE MOVING INTO POLAND FROM THE SOUTH AND THAT IN EFFECT INVASION HAD VIRTUALLY BEGUN. THE AMBASSADOR KNEW NOTHING OF THIS UNTIL THE TELEGRAM REACHED STOCKHOLM AND ACTION HAD BEEN TAKEN ON IT.

PRIDHAM

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FM PRAGUE 131100Z

TO ROUTINE F C O LONDON TEL NO 053 OF 13 MARCH 81.

RPTD FOR INFO WARSAW, MOSCOW, E. BERLIN,

SAVING TO SOFIA, BUCHAREST, BUDAPEST, BELGRADE, PARIS,

BONN, WASHINGTON, UKDEL NATO.

POLAND.

1. WE HAVE HEARD THAT ACCORDING TO VARIOUS EAST EUROPEAN EMBASSIES (INCLUDING THE POLES, ROMANIANS, AND THE BULGARIANS) KANIA'S VISITS TO PRAGUE AND EAST BERLIN WERE NOT AT HIS OWN INITIATIVE; HE WAS VIRTUALLY SUMMONED BY BOTH HUSAK AND HONECKER. THE STORY CONTINUES THAT HUSAK SPOKE HARSHLY TO KANIA AND TOLD HIM THAT THE SITUATION IN POLAND HAD BECOME MORE DANGEROUS THAN THAT OF 1968 IN CZECHOSLOVAKIA. THE OBJECT SEEMED TO HAVE BEEN TO PREPARE KANIA FOR THE MOSCOW MEETING, AND ACCORDING TO THE SAME EAST EUROPEANS, THIS ACTION HAD PROBABLY BEEN ORCHESTRATED BY MOSCOW. A FURTHER TITBIT IS THAT HUSAK IS SAID TO HAVE ASKED KADAR ALSO TO INVITE KANIA; KADAR DECLINED.
2. AFTER KANIA'S VISIT TO PRAGUE AND DURING THE MOSCOW MEETING THE PARTY DAILY RUDE PRAVO WENT VERY QUIET INDEED ON THE POLISH SITUATION; HOWEVER COVERAGE HAS NOW STEPPED UP AGAIN ALTHOUGH LARGELY LIMITED TO SELECTED FACTUAL REPORTING, WITH THE USUAL GLOSS, AND QUOTATION FROM FOREIGN PRESS.

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THERE HAS BEEN STERN STUFF ELSEWHERE, AS IN THE AGRICULTURAL WEEKLY: "THE AIM OF THE ORGANISERS OF SO-CALLED RURAL SOLIDARITY IS TO EXTEND THE BASE FOR DESTRUCTION OF POLAND'S SOCIALIST SOCIAL SYSTEM..." THE PARTY WEEKLY "TVORBA" HAS COMMENTED IN A GENERAL ECONOMIC PIECE THAT POLAND'S INDUSTRIAL LOSSES ARE "EVIDENCE OF LITTLE CONCERN OF SOLIDARITY LEADERS FOR THE INTERESTS OF WORKING PEOPLE" AND THAT WALESA AND HIS ADVISERS FOLLOW THE SLOGAN "THE WORSE FOR THE PEOPLE, THE BETTER FOR THE FORCES OF REACTION"... "ESCALATION OF CHAOS, ANARCHY, POLITICAL AND ECONOMIC CRISIS IN THEIR PROGRAMME..."

F C O PLEASE PASS SAVING ADDRESSEES.

(REPEATED AS REQUESTED)

RICH

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POLAND: ADVANCE COPIES ~~21~~ 21

*Poland*

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

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HEAD/PLANNING STAFF  
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RESIDENT CLERK

*MS*

**IMMEDIATE**

GRS 550  
CONFIDENTIAL

FM WARSAW 121500Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 179 OF 12 MAR

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON UKDEL NATO  
THE HAGUE MODUK

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

**POLISH SITUATION.**

1. WHEN I CALLED ON VICE-MINISTER DOBROSIELSKI AT THE MFA ON 12 MARCH, I ASKED HIM WHAT THE SIGNIFICANCE WAS OF THE PHRASE IN THE POLISH-SOVIET COMMUNIQUE OF 4 MARCH WHICH SPOKE OF THE SOVIET PARTY BELIEVING THAT THE POLISH COMMUNISTS WOULD "REVERSE THE CHAIN OF EVENTS AND AVERT THE DANGERS WHICH JEOPARDISE THE SOCIAL ACHIEVEMENTS OF THE POLISH NATION".

2. DOBROSIELSKI SAID THAT THE ENGLISH WORD "REVERSE" WAS RATHER STRONGER THAN THE POLISH WORD USED. HE ASSURED ME THAT IT CERTAINLY DID NOT IMPLY A REVERSAL OF THE RENEWAL AND A RETURN TO THE SITUATION EXISTING IN JULY 1980. EVEN IF THE POLISH LEADERSHIP WANTED THAT, WHICH THEY DID NOT, IT WOULD BE IMPOSSIBLE. IT WAS TRUE THAT THE RUSSIANS HAD A SLIGHTLY DIFFERENT VIEW OF THOSE ELEMENTS IN THE EVENTS OF THE LAST 6 MONTHS WHICH WERE ANTI-SOCIALIST AND DESTABILISING. THEY WERE MORE CONCERNED ABOUT THE DANGERS TO SOCIALISM

THEY WERE MORE CONCERNED ABOUT THE DANGERS TO SOCIALISM OF CERTAIN TENDENCIES THAN WERE THE POLES. BUT IT WAS ONLY A MATTER OF DEGREE. BOTH SIDES AGREED THAT IT WAS NECESSARY TO PROTECT SOCIALISM; IT WAS JUST THAT THE RUSSIANS THOUGHT THE THREATS TO IT RATHER MORE SERIOUS THAN DID THE POLES.

3. , DOBROSIELSKI WENT ON TO SAY THAT THERE WAS OF COURSE CONCERN AT WHAT WERE SEEN AS ACTIVITIES IN CERTAIN CIRCLES IN THE WEST WHICH AIMED DELIBERATELY TO SOW DISSENSION IN POLAND. THESE CIRCLES, AND HE WAS RATHER AFRAID THAT THEY MIGHT EXTEND EVEN TO ELEMENTS OF THE NEW US ADMINISTRATION, WANTED TO CREATE A SITUATION IN WHICH IT WOULD PROVE ALMOST IMPOSSIBLE FOR THE SOVIET UNION NOT TO INTERVENE IN POLAND. THEY TOOK THE VIEW THAT THIS WOULD RELIEVE THE WEST OF THE AWKWARD NECESSITY OF HELPING A COMMUNIST COUNTRY, WOULD SIMPLIFY MATTER INTO BLACK AND WHITE AND FULFIL THEIR PRECONCEPTIONS OF THE SORT OF COUNTRY THE SOVIET UNION WAS. HE COULD ASSURE ME THAT, WHATEVER DIFFERENCES OF EMPHASIS THERE MIGHT BE BETWEEN THE POLISH AND SOVIET LEADERSHIP, THE QUESTION OF SOVIET INTERVENTION AS AN ACT OF POLICY DID NOT ARISE. NO RESPONSIBLE PERSON IN EITHER COUNTRY CONTEMPLATED IT.

4. I SAID THAT I SUPPOSED THAT HIS REFERENCE TO CERTAIN CIRCLES IN THE WEST WAS TO NEWSPAPER ARTICLES. SO FAR AS THE BRITISH GOVERNMENT WAS CONCERNED WE HAD NO INTEREST IN DESTABILISING POLAND. POLISH INTERNAL AFFAIRS WERE FOR THE POLES.

5. IN SPEAKING OF THE INTERNAL SITUATION, DOBROSIELSKI SAID THAT THE RECENT STRIKES AT LODZ SHOULD NEVER HAVE OCCURRED. AS WELL AS HOTHEADS IN SOLIDARITY, THERE WERE SOME VERY CONSERVATIVE ELEMENTS IN THE PARTY. THOUGH RELATIVELY FEW IN NUMBER, THEY WERE QUITE POWERFUL. THE POLISH LEADERSHIP WAS COMMITTED TO THE RENEWAL AND THERE WAS NO QUESTION OF THEIR WISHING TO REPRESS IT BY FORCE. BUT THERE WAS A PROBLEM IN THAT THEIR COMMITMENT TO POLITICAL, NOT FORCIBLE SOLUTIONS WAS OFTEN INTERPRETED AS WEAKNESS.

6. DOBROSIELSKI'S ADMISSION THAT THERE WERE DIFFERENCES OF EMPHASIS BETWEEN THE SOVIET AND POLISH SIDES I TAKE TO BE CODE FOR A PRETTY SERIOUS ROW.

7. THE VICE-MINISTER SAID THAT HE HOPED VERY SOON TO HAVE AN ANSWER ON DATES FOR CZYREK'S VISIT TO LONDON.

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GRS 250

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FM WARSAW 111230Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 175 OF 11 MAR.

INFO MOSCOW EAST BERLIN PRAGUE PARIS BONN WASHINGTON

UKDEL NATO THE HAGUE MODUK

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

MY TEL NO 712; POLISH SITUATION UPDATE  
INDUSTRIAL DISPUTES

1. THE DISPUTE IN LODZ WAS SETTLED LATE LAST NIGHT. SOLIDARITY AGREED TO ABANDON THEIR STRIKE PLANS IN RETURN FOR THE RE-INSTATEMENT OF FOUR OF THE FIVE WORKERS WHO HAD BEEN DISMISSED AND PERMISSION FOR THEM TO FORM A BRANCH WITHIN THE HOSPITAL OWNED BY THE MINISTRY OF THE INTERIOR. THE FIFTH WORKER WILL BE ALLOWED TO WORK HIS NOTICE. ALTHOUGH DRESSED UP IN PRESS REPORTS AS A COMPROMISE, THIS SETTLEMENT LOOKS LIKE MORE OR LESS TOTAL VICTORY FOR SOLIDARITY. IT IS A PARTICULARLY HARSH DEFEAT FOR THE INTERIOR MINISTRY WHO HAVE ALWAYS HAD MOST TO LOSE FROM THE ODNOWA.

2. JARUZELSKI MET BOTH WALESKA AND SZYSZKA YESTERDAY. THE SHORT COMMUNIQUE FROM THE MEETING REFERS TO THE DESIRE OF BOTH SIDES FOR PEACE AND STABILITY.

POSSIBLE ANTI-SEMITIC CAMPAIGN.

3. IT NOW APPEARS THAT AT A RALLY TO MARK THE ERECTION OF THE PLACARD REFERRED TO IN PARA 6 OF MY TUR, A GROUP WAS FORMED CALLED AFTER THE BATTLE OF GRUNWALD TO LINK WAR VETERANS WITH VICTIMS OF THE TERROR OF 1949-53. WE HEAR THAT A GROUP OF THEATRE DIRECTORS MAY BE BEHIND THIS - POSSIBLY THE SAME GROUP AS SENT A LETTER TO THE CENTRAL COMMITTEE LAST AUTUMN CALLING FOR MORE HARDLINE POLICIES. WE HAVE ALSO HEARD OF THE LAUNCHING OF AN ANTI-SEMITIC MAGAZINE IN KRAKOW. RELATIVE PRESS FREEDOM CAN CUT BOTH WAYS.

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/CONCLUSION.

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CONCLUSION

4. INDUSTRIAL TROUBLE IS STILL BREWING IN RADOM.  
WE CONTINUE TO DETECT A HARDENING LINE IN THE PRESS.  
BUT THE SETTLEMENT AT LODZ CANNOT BE INTERPRETED  
AS TOUGHNESS ON THE PART OF THE GOVERNMENT.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

BT

[REPEATED AS REQUESTED]

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GRS 700

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FM WARSAW 101300Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 172 OF 10 MAR

INFO IMMEDIATE CABINET OFFICE ( FOR ASSESSMENT STAFF)

INFO ROUTINE MOSCOW EAST BERLIN PRAGUE PARIS BONN

WASHINGTON UKDEL NATO THE HAGUE MODUK

SAVING TO SOFIA BUDAPEST BUCHAREST BELGRADE HELSINKI

STOCKHOLM UKMIS NEW YORK UKREP BRUSSELS

POLISH SITUATION ROUND-UP

1. THE LULL CONTINUED TO THE WEEKEND BUT THE LAYING OF CHARGES AGAINST KURON, WHICH MAY STEM FROM THE POLISH/SOVIET MEETING IN MOSCOW, HAS ( TOGETHER WITH THE MEETING ITSELF) SHARPENED TENSION. CERTAIN INDICATIONS FROM THE PRESS AND TV, FROM WHICH IT IS TOO EARLY TO DRAW FIRM CONCLUSIONS, SUGGEST A HARDENING GOVERNMENT LINE.

INDUSTRIAL DISPUTES

2. SOLIDARITY IN LODZ HAVE PROCLAIMED A ONE-HOUR STRIKE FOR TODAY. THIS MOVE, FOLLOWING SUCCESSFUL NEGOTIATIONS YESTERDAY FOR THE REINSTATEMENT OF 5 DISMISSED WORKERS, IS IN PURSUIT OF AN UNRESOLVED DISPUTE OVER A MINISTRY OF THE INTERIOR HOSPITAL. IT IS THE FIRST SUCH LOCAL ISSUE TO PROVOKE A STRIKE SINCE JARUZELSKI'S ASSUMPTION OF OFFICE AND IT IS OCCURRING DESPITE WALESZA'S COUNTER-PLEA.

THE SEJM

3. THE SEJM MET LAST FRIDAY AND APPOINTED A COMMISSION TO CHECK ON THE IMPLEMENTATION OF THE GDANSK, SZCZECIN AND JASTRZEBIE AGREEMENTS. JAN SZCZEPANSKI HAS BEEN APPOINTED CHAIRMAN OF THIS COMMISSION AND HAS TOLD US THAT HE REGARDS IT AS "MISSION IMPOSSIBLE". THE SEJM ALSO GAVE A FIRST READING TO THE BILL ON RURAL SELF-GOVERNMENT. AMONG THE QUESTIONS ASKED OF MINISTERS WAS ONE FROM 15 DEPUTIES WHO ARE ALSO JOURNALISTS, ABOUT THE PROGRESS OF THE CENSORSHIP BILL. DEPUTY PREMIER RAKOWSKI ANSWERED THAT THE BILL WOULD BE SUBMITTED TO THE GOVERNMENT PRESIDUM THIS COMING WEEK AND TO THE MARSHAL'S OFFICE WITHIN 10 DAYS. BUT IT IS STILL NOT CLEAR WHEN IT WILL BE PUBLISHED. THE QUESTION REFLECTS GROWING DISSATISFACTION BOTH WITHIN AND OUTSIDE THE SEJM WITH THE PROGRESS OF THE BILL.

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/4. THE SEJM

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4. THE SEJM WILL MEET AGAIN TOWARDS THE END OF MARCH BUT THERE IS NO FIRM INDICATION WHEN THE TRADE UNION BILL

PUBLISHED LAST WEEK WILL BE DEBATED.

THE GOVERNMENT

5. THE LAYING OF CHARGES AGAINST KURON ( MY TELNO 171) HAS BEEN FOLLOWED BY THE FORMAL PUBLICATION OF CHARGES AGAINST LEADERS OF KPN. IT HAS ALSO BEEN RUMOURED THAT THE AUTHORITIES WISH TO DETAIN MICHNIK BUT ARE BEING PREVENTED FROM ARRESTING HIM BECAUSE HE IS CONSTANTLY SURROUNDED BY A BODYGUARD OF 8 SOLIDARITY MEMBERS. KURON HAS ALSO BEEN TOLD TO REPORT TO THE POLICE STATION EVERY TUESDAY AND THURSDAY. THIS MOVE IS INTENDED TO REDUCE HIS ABILITY TO ATTEND SOLIDARITY PRESIDUM MEETINGS.

6. A CURIOUS DEVELOPMENT IS THE APPEARANCE IN WARSAW OF A PLACARD TO '' THE VICTIMS OF THE ZIONIST TERROR 1949-53''. IT IS DESIGNED AS A COUNTER TO THE COMMEMORATION ON 8 MARCH OF THE VICTIMS OF THE 1968 PURGES AND IS TO BE EXPLAINED LARGELY IN TERMS OF THE HISTORY OF THE TWO WINGS OF THE POLISH COMMUNIST PARTY. WE ARE TOLD THAT OLDER PEOPLE ARE DROPPING COINS INTO THE COLLECTING-BO BUT THAT THE YOUNG HARDLY BOTHER TO READ THE PLACARD.

THE CHURCH

7. WYSZYNSKI HAS ISSUED A PASTORAL LETTER FOR LENT. WHILST THERE IS SOME REFERENCE TO THE NEED FOR SOCIAL PEACE, THE MAIN EMPHASIS IS SPIRITUAL AND WE ARE NOT INCLINED TO REGARD THIS AS A POLITICAL GESTURE.

THE PARTY

8. WE CONTINUE TO PICK UP INDICATIONS THAT THE GRASS-ROOTS OF THE PARTY WANT AN EARLY CONGRESS. BUT IT STILL SEEMS THAT THE LEADERSHIP WISH TO SOFT-PEDAL PREPARATIONS , AND THERE IS STILL NO SIGN OF A PLENUM OF THE PREPARATORY COMMISSION TO APPROVE THE GUIDELINES ( ALTHOUGH A MEMBER OF CHANCERY WAS TOLD THAT THIS WOULD TAKE PLACE BETWEEN 10 AND 15 MARCH). EXPULSION OF IVANOV IN TORUN MAY INDICATE THAT THE LEADERSHIP ARE APPLYING PRESSURE TO THE REFORMIST ELEMENTS IN THE PARTY.

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EXTERNAL RELATIONS

9. FISCHER, THE GDR FOREIGN MINISTER, ARRIVED YESTERDAY FOR A TWO-DAY OFFICIAL VISIT. SO FAR HE HAS SEEN JABLONSKI AND HAD TALKS WITH CZYREK. OFFICIAL REPORTING HAS CONCENTRATED ALMOST ENTIRELY ON INTERNATIONAL ISSUES.

ECONOMIC

10. A RECENT TRYBUNA LUDU EDITORIAL REPORTED THAT EXPORT FIGURES FOR THE FIRST 7 WEEKS OF 1981 WERE VERY DISAPPOINTING, WITH A 32% SHORTFALL ON EXPORTS TO HARD-CURRENCY COUNTRIES AND A 22% SHORTFALL ON EXPORTS TO CMEA. OVER THE SAME PERIOD IMPORTS FOR HARD-CURRENCY COUNTRIES DROPPED BY 17% WHILE IMPORTS FROM CMEA COUNTRIES ROSE BY 15%. FEBRUARY'S COAL PRODUCTION, AT 13.34 MILLION TONS, IS SLIGHTLY UP ON JANUARY WITH A BETTER DAILY AVERAGE YIELD BUT A PROJECTION OF THESE TWO MONTHS RESULTS FOR THE WHOLE YEAR WOULD PRODUCE ONLY SOME 160 MILLION TONS. COAL EXPORTS FOR THE FIRST TWO MONTHS OF THE YEAR CAME TO ONLY ONE MILLION TONS.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

[REPEATED AS REQUESTED]

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FM WARSAW 101000Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 171 OF 10 MAR

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UKDEL NATO THE HAGUE MODUK

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

MY TELNO 168 (NOT TO ALL)

**POLISH SITUATION**

1. I TOOK THE OPPORTUNITY TO SOUND PROFESSOR SZCZEPANSKI WHO IS A MEMBER OF THE COUNCIL OF STATE AND OF THE SEJM, ON THE GENERAL SITUATION AND FOUND HIM GLOOMY. THE HEAD OF CHANCERY HAS ALSO HAD A USEFUL BRIEFING FROM THE CANADIAN/POLISH PROFESSOR BROMKE, WHO HAS SEEN A NUMBER OF LEADERS IN THE REGIME, THE CHURCH AND SOLIDARITY (FULL REPORT BY BAG).
2. THERE IS AGREEMENT THAT TENSION IS BUILDING UP AGAIN SHARPLY. THE SUMMONSING OF KURON AND MICHNIK IS NOT THE MOST DANGEROUS ISSUE. THE FIRST MAJOR PROBLEM IS THE CONTINUING DISARRAY IN THE PARTY, WHICH CANNOT UNITE AND WHICH NOW YIELDS IN STRENGTH TO THE GOVERNMENT. THEN THERE IS THE DANGER FROM THAT LARGE ELEMENT OF THE SOLIDARITY LEADERSHIP WHICH IS INEXPERIENCED, UNCONSTRUCTIVE AND DIZZY WITH SUCCESS. THIS WIDENS THE GULF BETWEEN SOLIDARITY (ITSELF DIVIDED) AND THE GOVERNMENT: ON THE ONE HAND THERE IS FEAR THAT THE GOVERNMENT WILL GO BACK ON AGREEMENTS; ON THE OTHER, THE GOVERNMENT FEAR THAT EVERY CONCESSION SIMPLY LEADS ON TO FRESH DEMANDS.
3. BOTH SZCZEPANSKI AND BROMKE DOUBTED THAT THE POPULATION REALISED THE SERIOUSNESS OF THE COUNTRY'S SITUATION AND OF THE EXTERNAL THREAT TO IT. FOR INSTANCE, SZCZEPANSKI SAID THAT IN HIS CONSTITUENCY OF BIELSKO-BIALA, RECENTLY TORN BY A GENERAL STRIKE, HE FOUND A LONGING FOR PEACE AND ORDER, BUT AT THE SAME TIME A LACK OF REALISM, EG PEOPLE ASKED HIM TO PROTEST AGAINST KANIA'S SPEECH AT THE MOSCOW CONGRESS ON THE GROUND THAT IT WAS INCONSISTENT WITH POLAND'S DIGNITY. THERE IS A DESIRE FOR STRONG GOVERNMENT BUT LITTLE DISPOSITION TO ACCEPT THAT THIS MUST MEAN THAT THE REDRESS OF MANY GRIEVANCES MUST WAIT.

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# CONFIDENTIAL

4. SZCZEPANSKI SAID THAT JARUZELSKI WAS NOT SUCCEEDING IN GETTING HIS DECISIONS CARRIED OUT IN THE COUNTRY. AS HE PUT IT, THERE WERE TWO GOVERNMENTS AND ONE WAS UNDOING WHAT THE OTHER TRIED TO DO. HE THOUGHT THAT JARUZELSKI WOULD HAVE TO CHANGE THE POLITBURO IF HE WAS TO SUCCEED AND THAT WOULD HAVE TO INCLUDE A CHANGE OF FIRST SECRETARY. THE RUSSIANS WOULD BACK HIM IF THEY SAY THAT HE HAD REAL DECISION AND AUTHORITY. SZCZEPANSKI SEEMED TO THINK THAT SUCH A CHANGE WAS LIKELY QUITE SOON, ALTHOUGHT HE ACCEPTED THAT IT MIGHT GO THE OTHER WAY, IE THE HARD-LINERS MIGHT THROW OUT JARUZELSKI.

5. TO SOME EXTENT THIS WAS BORNE OUT BY BROMKE, WHO BELIEVES THAT IF THE SITUATION IS TO BE RETRIEVED THE COUNTRY MUST BE SUBJECTED TO A SEVERE SHOCK. HE WAS NOT CLEAR WHAT THIS MIGHT BE, BUT I THINK THAT SZCZEPANSKI HAS IN MIND NOT A MILITARY TAKE-OVER N, BUT A GREATER MILITARY PRESENCE AND AUTHORITY IN THE REGIME. HE SPOKE OF JARUZELSKI POSSIBLY FILLING THE ROLES OF BOTH FIRST SECRETARY AND PRIME MINISTER ( THOUGH THIS SEEMS IMPRACTICAL AS WELL AS UNCONSTITUTIONAL), AND ALSO OF THE POSSIBLE RETURN OF SZLACHCIC ( PERSONALITIES) WHOM HE DESCRIBED AS AN ENLIGHTENED AUTHORITARIAN.

6. THE VIEWS OF THESE WELL-INFORMED AUTHORITIES SUGGEST THAT JARUZELSKI'S HONEYMOON IS RUNNING INTO THE SANDS AND THAT THERE ARE STORMY TIMES AHEAD. I DO NOT KNOW ENOUGH OF JARUZELSKI'S CHARACTER TO SAY WHETHER HE IS LIKELY TO ATTEMPT A COUP WITHIN THE CENTRAL COMMITTEE TO GET THE SORT OF POLITBURO HE WANTS.

FCO PLEASE PASS ALL SAVING ADRESSEES.

(REPEATED AS REQUESTED)

PRIDHAM

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Poland

10 March 1981

Contingency Planning about Poland

The Prime Minister has seen and taken note of the Foreign and Commonwealth Secretary's minute, PM/81/10 (undated), on this subject.

MA

Francis Richards, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

MM



PM/81/10

PRIME MINISTER

(2)

*Prime Minister*

*mt*      *Paul*

Contingency Planning About Poland

1. I should like to comment on the Trade Secretary's minute of 4 March.
  
2. The purpose of the contingency planning now taking place in NATO, about which officials in the Department of Trade and other interested departments have been consulted, is to identify a range of possible measures against the Soviet Union. NATO Ministers would meet shortly after any Soviet intervention in Poland, to decide which of the measures to implement in the light of the actual nature of such an intervention and of all other relevant circumstances. I should obviously wish to consult colleagues collectively before departing for the NATO meeting.
  
3. A Soviet intervention in Poland would be an extremely serious matter, and greatly against the interests of the West. You have said in public that it would mean the end of detente. We must be ready with our Allies to take concrete steps going well beyond those taken after the invasion of Afghanistan. Yet there is only a limited range of possible measures for demonstrating Western disapproval and trying to make the costs to the Soviet Union as high as possible. The list being drawn up in NATO consists of diplomatic moves (public statements, suspension of some arms control negotiations, action in the UN Security Council, avoidance of high level contacts and publicly visible bilateral events, temporary withdrawal of Ambassadors) and also economic measures. The most important of the latter is an embargo on exports to the Soviet Union. Exports under existing legally enforceable contracts, but not under framework agreements, would be exempted. We have been resisting pressure for a reference to the possibility of considering the inclusion of services under an embargo, but others may insist on a very general sentence about this in the NATO paper.



4. There is no doubt that an embargo on exports of goods under new contracts would hurt the Soviet Union considerably. In 1979, Soviet imports from the OECD countries were \$14 billion or 24.4% of all Soviet imports. The new Five Year Plan (1981-85) suggests that there is no intention of changing this general pattern. Some of the Soviet imports from the West, notably foodstuffs and certain types of technology, are of particular importance to the USSR. We calculate that British exports to the Soviet Union would fall by two thirds in the first six months of an embargo on new contracts and that the great majority of the remainder would cease within two years. French officials think that this would also apply approximately to their exports to the Soviet Union. The United States and Germany calculate that their exports would decline by two thirds within a year. Although I recognise that there would be a problem in choosing the time for lifting trade sanctions, there is probably no other measure which could have such a significant effect on Soviet interests.

5. While I note the Trade Secretary's point about the particular British dependence on overseas trade, I do not think that this applies in the case of trade with the Soviet Union. British exports in 1979 were \$694 million (0.17% of our GDP), in contrast to French exports of \$2007 million (0.35%) and German exports of \$3619 million (0.47%). (These are OECD figures: the British figure for UK exports was \$883 million or 0.22% of GDP, still well below the French and German figures.)

6. I quite agree with the Trade Secretary that action in this field should be undertaken in close cooperation with our allies. There are strong signs that the French and Germans accept on this occasion that serious measures against the USSR would be needed. Indeed, it was the French who introduced the proposal for an export embargo into the NATO discussion.





7. In the case of a lesser event in Poland, such as the use of force by the Polish authorities, I am inclined to think that economic measures against the Soviet Union would be an inappropriate Western response. The emphasis of our actions vis a vis the USSR would probably be to warn against outside intervention. But this too would be for decision at the time.

8. I am copying this minute to members of OD, other recipients of OD(81)10, to the Chief Whip and Sir R Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office

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From the Private Secretary

9 March 1981

Dear Sir,

Poland: Possible Sanctions

The Prime Minister has seen and taken note of the Secretary of State for Trade's minute of 4 March on this subject.

I am sending copies of this letter to the Private Secretaries to the recipients of OD(81)10, to Murdo Maclean (Chief Whip's Office) and to David Wright (Cabinet Office).

Yours ever

Richard Alexander

Stuart Hampson Esq  
Department of Trade

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dt.

FROM THE PRIVATE SECRETARY



HOUSE OF LORDS,  
SW1A 0PW

CONFIDENTIAL

6th March, 1981

M.O'D.B. Alexander Esq.,  
Private Secretary to  
The Right Honourable  
The Prime Minister,  
10 Downing Street,  
London, SW1.

~~Pm's Amater~~

(2)

mt  
Pmt  
Lg

Dear Michael,

Poland: Possible Sanctions

*TPM.*  
The Lord Chancellor has seen Mr. Biffen's minute to the Prime Minister of 4th March. He asks me to point out that the theory that economic sanctions influence world events, first canvassed in his lifetime about 1920, has not been borne out by the history of the last 61 years during which he has been continuously interested in the subject.

He asks me to convey this view to his colleagues, most of whom have not lived so long. I am therefore copying this letter to the Private Secretaries to the recipients of Mr. Biffen's minute.

Yours sincerely,

Michael Collon

M.H. Collon

CONFIDENTIAL



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

PRIME MINISTER

L.g.  
Paul

Prime Minister

ms

Paul

POLISH DEBT

We agreed in OD on 12 February that we should be prepared to play our part in a multilateral debt settlement with Poland on certain conditions.

2. At a meeting of Poland's creditors in Paris last week, agreement in principle was reached that such a settlement was now desirable. All parties are now aiming at an agreement covering the second half of 1981 and the whole of 1982. The details will be hammered out in negotiations in Warsaw and Paris over the next few weeks, and Ministers will need to take a decision on the firm proposals before Easter.

3. Meanwhile, it will be necessary to renew the bridging operation which was mounted for the first quarter of 1981. The OD decision recognised the possible need for this, so I am now reporting, for colleagues' information, that I have authorised a refinancing loan (guaranteed by ECGD) of £20 million to cover two-thirds of maturities of guaranteed debt arising in the second quarter of 1981. I am also prepared to authorise further credit of £12 million in the second quarter, to cover expected sales of agricultural products to Poland in that period. However, the Poles will not be told of this second approval until later in the month. This leaves about £8 million left out of the £40 million new credit which OD approved for the whole of 1981.

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4. Meanwhile, ECGD is keeping cover available for Poland for short-term business within a total of about £10 million outstanding at any one time. We shall need to review this decision when the longer-term settlement is ready for approval.

5. As for the form of the longer-term settlement, OD invited me to consider, with the Secretary of State for Trade and the Lord Privy Seal, whether we should proceed by refinancing or rescheduling Polish debts. I understand that a paper on this subject is almost ready, which I hope to discuss with the other two Ministers concerned in the near future.

6. I am sending copies of this minute to the Foreign Secretary and the other members of OD, to the Minister of Agriculture and to Sir Robert Armstrong.

(G.H.)

5 March 1981

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FM WARSAW 051145Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 161 OF 5 MAR

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*ms*

POLISH SOVIET MEETING

1. MIFT CONTAINS THE TEXT OF PAP'S ACCOUNT OF YESTERDAY'S MEETING BETWEEN THE POLISH AND SOVIET LEADERSHIPS.

2. SEEN FROM WARSAW, THE LANGUAGE USED TO DESCRIBE BOTH THE POLISH CRISIS AND THE STEPS NECESSARY FOR ITS RESOLUTION HAS BECOME NOTICEABLY MORE EXTREME THAN THAT USED AFTER THE DECEMBER SUMMIT ( MOSCOW TWLNO 771 OF 6 DECEMBER). THE DILEMMA IN WHICH THE POLISH LEADERSHIP IS PLACED CAN ONLY BE MORE ACUTE AS THE RESULT OF THE MEETING. IT IS HARD TO SEE HOW KANIA AND JARUZELSKI CAN RECONCILE THEIR RECENTLY -PROCLAIMED POLICY OF CONCILIATION WITH UNDERTAKINGS TO QUOTE REVERSE THE COURSE OF EVENTS UNQUOTE AND ACHIEVE A QUOTE RADICAL UNQUOTE RESTORATION TO HEALTH OF THE COUNTRY.

3. A MEMBER OF CHANCERY WHO VISITED PLOCK YESTERDAY FOUND THE LOCAL SOLIDARITY PREPARING TO PROCLAIM READINESS TO STRIKE. THEIR GRIEVANCE WAS THE LACK OF PROGRESS OVER CENSORSHIP. TAKEN WITH UNCONFIRMED REPORTS THAT LODZ IS ALSO TENSE AND READY TO STRIKE, THE PLOCK EXAMPLE INDICATES THAT THE PRESENT TRUCE IS VERY FRAGILE. THE POLISH AUTHORITIES CAN HAVE LITTLE HOPE OF COMPLYING WITH THEIR MOSCOW UNDERTAKINGS WITHOUT PROVOKING VERY SERIOUS TROUBLE IN THE COUNTRY.

FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

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PRIME MINISTER

POLAND: POSSIBLE SANCTIONS

(2)

*ms*

*Prime Minister*

*Re Butler & doubtful about the usefulness of trade sanctions in the event of a ~~new~~ Soviet intervention in Poland.*

*And*

The Chancellor's minute to you of 19 February reinforces the point that it might prove necessary for us to meet at short notice to deal with a very serious situation. The exercise has been carried out as part of our contingency planning, and obviously we will have to gauge our response to the extent of Soviet aggression. I must say, however, that in most situations which might arise I would judge trade sanctions a fairly empty gesture - particularly if we follow the sort of formula we adopted in respect of Iran. (You will recall that when we imposed sanctions on Iran the House insisted that there should be no interference with existing contracts, or with activities under framework agreements or other clearly defined continuing relationships.) I think, however, that we would have support in following a stronger line in the wake of Russian intervention, although we would have to look to the Chief Whip to advise on this.

If we are faced with events which require a relatively low-key response, I think it is right that we think carefully about both the economic as well as the political implications of actions which we might want to take. The Chancellor has pointed to implications of financial sanctions and I share his concern about the vulnerability of the United Kingdom as a major world financial centre. In conjunction with this we need to consider the consequences of a trade embargo.

We live more by trade than most of our allies and I remain firmly of the basic view that, short of war or sanctions under a mandatory United Nations resolution, responses in the trade field are not for us the best answer to international political problems. I would be very concerned that our action should be closely in line with our allies. The French and Germans would be only too happy to push us out in front and so minimise the cost to themselves, both while the sanctions remained in force and in choosing when to relax them.



Moreover, we should bear in mind that starting trade sanctions is very much easier than stopping them. In the case of Iran we had a clear and identifiable objective, but would we continue sanctions in this case as long as Russian troops remained in Poland?

Whilst not wishing to pre-empt discussion therefore it strikes me that trade sanctions are likely to be too little or too much.

I am copying this minute to members of OD, other recipients of OD(81)10, the Chief Whip and Sir Robert Armstrong.

W J B

Department of Trade  
1 Victoria Street  
London, SW1H 0ET

JB

4. March 1981



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**POLISH SITUATION**

1. THE LULL CONTINUES. SO FAR, THE GOVERNMENT MUST BE PLEASED WITH THE RESPONSE TO JARUZELSKI'S CALL FOR A 90-DAY MORATORIUM ON STRIKES. MOST PEOPLE EXPECT THIS PERIOD OF CALM TO CONTINUE AT LEAST UNTIL THE END OF THE MOSCOW PARTY CONGRESS.

2. THE PARTY

*ms*

A 90-DAY MONITORING ON STRIKES. MOST PEOPLE EXPECT THIS PERIOD OF CALM TO CONTINUE AT LEAST UNTIL THE END OF THE MOSCOW PARTY CONGRESS.

## 2. THE PARTY

THE PRESIDUM OF THE PRE-CONGRESS COMMISSION MET LAST FRIDAY. THE DRAFT GUIDELINES WHICH HAD PREVIOUSLY BEEN REFERRED BACK TO VOIVODSHIP COMMITTEES, WERE DISCUSSED AGAIN. A NUMBER OF PRESS REPORTS INDICATED A SLIGHTLY HARDER LINE ON SOME SUBJECTS. A PLENARY SESSION OF THE COMMISSION WILL BE HELD IN THE FIRST 10 DAYS OF MARCH, AND WILL NO DOUBT MAKE A FRESH ATTEMPT TO AGREE ON THE APPROVED GUIDELINES TO BE PUT TO THE PLENUM.

3. A LIMITED AMOUNT OF PRE-CONGRESS ACTIVITY IS GOING ON IN THE COUNTRY AT LARGE, WITH MEETINGS THIS WEEKEND IN GDANSK, TORUN, AND SZCZECIN. THE PARTY IN GDANSK, SPURRED ON BY FISZBACH HAS MADE RADICAL PROPOSALS FOR INTERNAL REFORM OF THE PARTY, BUT NO OTHER VOIVODSHIP COMMITTEE SEEMS ANYWHERE NEAR AS WELL PREPARED FOR THE CONGRESS. IT IS GENERALLY EXPECTED IN WARSAW NOW THAT THE CONGRESS CANNOT TAKE PLACE BEFORE JULY AND ALREADY SOME RUMOUR-MONGERS WOULD OPT FOR A DATE AS LATE AS SEPTEMBER.

## 4. THE GOVERNMENT

A SESSION OF THE SEJM IS TO BE HELD ON FRIDAY, AT WHICH A DRAFT BILL ON RURAL SELF-GOVERNMENT WILL BE GIVEN ITS FIRST READING, BUT THERE IS NO MENTION IN THE AGENDA OF THE BILLS ON CENSORSHIP OR OTHER TRADES UNIONS.

## 5. ECONOMIC

WHILE IT IS DIFFICULT TO PRODUCE AN ACCURATE ASSESSMENT OF THE STATE OF THE FOOD SUPPLIES IN THE SHOPS THROUGHOUT POLAND, SEVERAL SOURCES, INCLUDING THE US EMBASSY ( WHICH HAS CONSULATES IN KRAKOW AND POZNAN) , OUR DEFENCE SECTION ON TOUR AND VISITORS TO WARSAW FROM OTHER PARTS OF POLAND, ARE NOW REPORTING THAT THE SITUATION IS AS BAD AS ANY TIME IN THE WINTER AND PROBABLY WORSE. SOME ARTICLES, EG SOAP POWDER, SHAMPOO, ARE UNOBTAINABLE; MOST ARE VERY LIMITED, WITH EMPTY SHELVES IN THE SHOPS; THERE ARE LONG, SOMETIMES 60 METRE, QUEUES EVERY DAY; AND TEMPERs ARE SAID TO BE CLOSER TO THE SURFACE. MEAT RATIONING PROMISED FOR 1 APRIL MAY HELP BUT THERE WILL HAVE TO BE ENOUGH MEAT TO FULFIL RATION ENTITLEMENTS. ON THE BRIGHTER SIDE POWER SUPPLIES SEEM TO BE HOLDING UP WELL.

5. ECONOMIC

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FCO PLEASE PASS ALL SAVING ADDRESSEES.

PRIDHAM

BT

NNNN

jfh

2 March 1981

I am replying on the Prime Minister's behalf to your letter to her of 27 February. I have brought the message which you enclosed from Mr. Jaruzelski to the Prime Minister's attention.

MODBA

His Excellency Monsieur Jan Bisztyga.

5

PART 2 ends:-

27.2.87

PART 3 begins:-

2.3.81