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OD(81) 27

COPY NO

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28 May 1981

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

POLAND: CONTINGENCY PLANNING

Note by the Secretaries

The Committee are due to discuss this subject at their meeting on Monday 1 June 1981. The basis for their discussion will be the Chancellor of the Exchequer's letter to the Foreign and Commonwealth Secretary dated 3 April, the Secretary of State for Trade's letter to the Foreign and Commonwealth Secretary dated 28 April and the Foreign and Commonwealth Secretary's reply to the Secretary of State for Trade dated 1 May 1981. Copies of these letters are attached for the convenience of the Committee.

2. Other relevant correspondence, all of which has been already copied to the members of the Committee are:-

Letter from the Lord Privy Seal to the Secretary of State for Trade dated 2 April 1981

Letter from the Secretary of State for Trade to the Foreign and Commonwealth Secretary dated 27 March 1981

Minute from the Foreign and Commonwealth Secretary to the Secretary of State for Trade dated 20 March 1981

Letter from the Secretary of State for Trade to the Foreign and Commonwealth Secretary dated 17 March 1981

Minute from the Foreign and Commonwealth Secretary to the Prime Minister dated 10 March 1981

Letter from the Private Secretary to the Lord Chancellor to the Private Secretary to the Prime Minister dated 6 March 1981

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Minute to the Prime Minister from the Secretary of State for Trade
dated 4 March 1981

Minute from the Chancellor of the Exchequer to the Prime Minister
dated 19 February 1981.

3. The background to the Committee's discussion will be provided by the
Note by Officials which has been circulated in a revised form as OD(81) 26.

Cabinet Office
28 May 1981

Signed ROBERT ARMSTRONG
R L WADE-GERY
R M HASTIE-SMITH

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Foreign and Commonwealth Office

London SW1A 2AH

1 May 1961

cc - d.h.

Poland: Contingency Planning

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



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

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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. Carrington

(CARRINGTON)

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COPY NUMBER 3 OF 7 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

2 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

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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

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]