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MR. FERCOSSOV:

BURNING BUSH
FROM UKDEL NATO 100342Z DEC 81
TO IMMEDIATE F C O
TELEGRAM NUMBER 458 OF 10 DECEMBER
INFO PRIORITY (PERSONAL FOR AMBASSADOR/MINISTER)
BONN PARIS WASHINGTON AND MOSCOW.

Prime Minister
A v. interesting discussion
on Eastern Europe.

WJ

FOLLOWING FROM PRIVATE SECRETARY
QUADRIPARTITE DINNER 9 DECEMBER: POLAND.

1. CHEYSSON DESCRIBED THE SITUATION IN POLAND AS ALARMING, ALTHOUGH THE THREAT OF DIRECT SOVIET INTERVENTION COULD BE EXCLUDED AT PRESENT. IN THE FRENCH VIEW, ALL THAT THE WEST COULD DO WAS TO REPEAT ITS EXPRESSIONS OF SYMPATHY AND CONTINUE TO PROVIDE FINANCIAL FACILITIES IN SPITE OF THE FACT THAT THE POLISH WORK FORCE WAS NOT WORKING. THIS MIGHT CONTINUE FOR YEARS, BUT THE EFFECT ELSEWHERE IN EASTERN EUROPE WAS BENEFICIAL TO THE WEST. EVENTS IN YUGOSLAVIA AND POLAND COULD BE AS VALUABLE TO THE WEST AS A NEW SECRET WEAPON, AND CHEAPER.

2. HAIG DISTINGUISHED BETWEEN A SHORT TERM AND A LONG TERM ECONOMIC PROBLEM. HE EXPECTED THE US TO BE ABLE TO PROVIDE SOME US DOLLARS 100M IN C.C.C. CREDIT ON BETTER THAN USUAL TERMS TO ENSURE THAT POLISH LIVESTOCK WOULD SURVIVE THE WINTER. BUT IN 1982 HUGE SUMS WOULD BE REQUIRED, AND THERE WERE ALSO THE ROMANIAN AND YUGOSLAV PROBLEMS. IT WOULD BE CATASTROPHIC IF THE WEST COULD NOT DO SOMETHING FOR THESE THREE COUNTRIES. THE MOST FAVOURABLE TIDE IN THE HISTORY OF POST-WAR EUROPE WAS NOW RUNNING, AND THE WEST WAS NOT MANAGING TO TAKE ADVANTAGE OF IT. HE BELIEVED THAT THE PROBLEM OF ECONOMIC HELP FOR POLAND OVER THE NEXT THREE MONTHS COULD BE SOLVED SO FAR AS WASHINGTON WAS CONCERNED. BUT IN 1982 AND BEYOND THE US COULD ONLY MAKE THE NECESSARY EFFORT IF ALL OF EUROPE WAS SEEN TO BE HELPING TOO. AT LEAST THERE APPEARED TO BE A CONSENSUS AMONG THE FOUR FOREIGN MINISTERS THAT POLAND COULD NOT BE ALLOWED TO GO DOWN.

3. GENSCHER ENDORSED THIS LAST POINT. THE MOST EXPENSIVE AID TO POLAND WOULD BE CHEAPER THAN ANY ALTERNATIVE. THIS WAS WHY THE FRG HAD ASSUMED LIABILITIES WHICH WOULD NOT BE JUSTIFIABLE IN NORMAL CIRCUMSTANCES. THERE WAS NO NEED TO DECIDE HERE AND NOW ON FIGURES. BUT THE WEST MUST NOT GIVE THE POLES THE IMPRESSION THAT IT HAD STOPPED HELPING, OR LEAD THEM TO THINK THAT ITS POLICY HAD CHANGED. IF THE POLES WERE NOT GIVEN CONTINUAL ENCOURAGEMENT, THEY MIGHT TAKE DECISIONS (PERHAPS IN THE NEXT FEWS DAYS) WHICH COULD LEAD TO AN INTERNAL CONFRONTATION.

4. THE SECRETARY OF STATE DID NOT DISPUTE THESE ARGUMENTS. IF THE DECISION LAY WITH FOREIGN MINISTERS AND IF RESOURCES IN THE WEST WERE AMPLE, POLAND COULD BE GIVEN THE HIGHEST PRIORITY: IT REPRESENTED AN OPPORTUNITY TO BUST THE OPPOSING SYSTEM. THE PROBLEM COULD NO DOUBT BE SOLVED SOMEHOW OR OTHER FOR THE IMMEDIATE FUTURE. BUT IN 1982 AND LATER THERE COULD BE NO SOLUTION UNLESS THE FIGURES NOW BEING DISCUSSED COULD BE REDUCED TO MANAGEABLE PROPORTIONS.

5. HAIG INTERJECTED THE SUGGESTION THAT WESTERN LENDERS SHOULD RESIST THE TEMPTATION TO TRY TO LOOK TOO FAR AHEAD. IT OUGHT TO BE POSSIBLE TO CALCULATE WHAT POLAND WOULD COST THE WEST IN 1982, AND AGREE TO MEET THAT NEED. AT PRESENT WE WERE BEING QUOTE NIBBLED TO DEATH BY DUCKS UNQUOTE AND RICOCHETTING FROM CRISIS TO CRISIS.

6. CHEYSSON, RECALLING THAT HE HAD BEEN IN POLAND IN OCTOBER, DESCRIBED WALESA AS SUFFERING FROM THE DELUSION THAT WHATEVER POLAND'S NEEDS, THEY WOULD BE MET BY THE WEST. WALESA BELIEVED THIS BECAUSE HE WAS NEVER TOLD THE CONTRARY. HE SHOULD BE GIVEN A DIFFERENT MESSAGE, THAT WESTERN SYMPATHY FOR POLAND WAS VAST BUT THAT RESOURCES FOR HELP WOULD NOT BE FOUND UNLESS THE POLES MADE AN EFFORT ON THEIR OWN BEHALF. CHEYSSON SUGGESTED ALSO THAT AID SHOULD BE DIRECTED TOWARDS THOSE SECTORS OF THE POLISH ECONOMY WHERE IT SEEMED THAT A REAL EFFORT WAS BEING MADE.

7. HAIG ADDED THE FINAL THOUGHT THAT THERE SHOULD BE AN ELEMENT OF POLITICAL AS WELL AS ECONOMIC CONDITIONALITY, ALTHOUGH HE CONCEDED THAT THE POINT WAS SENSITIVE AND NEEDED TO BE EXAMINED COLLECTIVELY.

8. EARLIER, AT THE MEETING ON BERLIN, GENSCHER HAD SPOKEN OF GDR NERVOUSNESS OVER PREPARATIONS FOR SCHMIDT'S VISIT, PARTICULARLY AS REGARDS THE LIKELY RESPONSE OF THE POPULACE TO HIS WALKABOUT IN GUSTROW. GENSCHER WAS CONVINCED THAT ALL COUNTRIES OF EASTERN EUROPE, ESPECIALLY THE GDR AND CZECHOSLOVAKIA, HAD BEEN AFFECTED BY EVENTS IN POLAND. THE REGIMES HAD SOPHISTICATED WAYS OF MONITORING PUBLIC OPINION AND WERE MORE SENSITIVE TO IT THAN MIGHT APPEAR. THE PEACE DEMONSTRATION IN BUCHAREST HAD BEEN AN ATTEMPT TO CANALIZE POPULAR FEELING. HAIG STRONGLY AGREED: HIS INFORMATION SUGGESTED THAT ALL EAST EUROPEAN COUNTRIES EXCEPT BULGARIA WERE FEELING QUOTE UNPRECEDENTLY STRONG UNDERCURRENTS UNQUOTE.

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