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FM MOSCOW 261450Z JAN 82

TO PRIORITY F C O

TELEGRAM NUMBER 055 OF 26TH JANUARY

FOR INFO ROUTINE WASHINGTON UKDEL NATO AND WARSAW

FOR INFO SAVING PARIS AND BONN.

WASHINGTON TELNO 206: POLAND.

1. SIR N HENDERSON HAS INDICATED WHERE THE US GOVERNMENT IS HEADING. IT MAY BE USEFUL (IN AMPLIFICATION OF MY LETTER OF 21 JANUARY TO FERGUSSON), TO ASSESS SOVIET EXPECTATIONS AND THE IMPLICATIONS FOR WESTERN POLICY.

2. I START FROM THE ASSUMPTION THAT JARUZELSKI'S ACTION WAS TAKEN IN RESPONSE TO SOVIET PRESSURE AND WITH SOME SOVIET COMPLICITY. IT REPRESENTED IN SOVIET EYES A VITALLY NECESSARY REVERSAL OF A TREND IN POLAND WHICH THE SOVIET UNION HAD BEEN DENOUNCING FOR A YEAR AND A HALF AND WHICH HAD COME PERILOUSLY CLOSE TO CHALLENGING THE ESSENTIALS OF SOVIET CONTROL OVER POLAND. THROUGHOUT 1981, THERE WAS ROOM FOR DOUBT ABOUT THE POSSIBILITY OF DIRECT SOVIET INTERVENTION AND, GIVEN THAT THE SOVIET ARMY HAS NOT BEEN COMMITTED, THERE IS STILL SOME ROOM FOR FLEXIBILITY IN FUTURE SOVIET POLICY, FOR BETTER AND FOR WORSE. ONE SOVIET (AND PRESUMABLY POLISH GOVERNMENT) OBJECTIVE MUST, HOWEVER, BE FIRM: TO ENSURE THAT THERE IS NO RETURN TO THE UNCONTROLLED OPPOSITION TO THE POLISH GOVERNMENT WHICH EXISTED PRIOR TO 13 DECEMBER. THIS MUST MAKE IT PECULIARLY DIFFICULT TO ENVISAGE ANY RELAXATION WHILE THE INTERNAL SITUATION IN POLAND REMAINS SO TENSE (WARSAW TELNO 150). THE SOVIET UNION WOULD LIKE TO SEE THE COUNTRY FUNCTIONING AGAIN, BUT IF THE PRICE FOR THAT IS A RETURN TO PRE-13 DECEMBER CONDITIONS THEY WILL OPT FIRMLY FOR KEEPING A SULLEN POPULATION DOWN BY FORCE AND JARUZELSKI WILL PRESUMABLY BY NOW BE SO COMMITTED THAT HE WILL HAVE NO OPTION BUT TO DO SO. THE RUSSIANS WILL NOT WELCOME THE BURDEN WHICH POLAND IN THIS STATE WILL PLACE UPON THEMSELVES AND UPON CMEA AS A WHOLE, OR THE AGGRAVATION OF THIS BURDEN BY WESTERN COUNTER MEASURES, BUT THEY WILL COUNT BOTH THESE AS A LESSER EVIL THAN RENEWED LOSS OF CONTROL IN POLAND. THEIR HOPE WILL BE THAT THE REALITIES OF DAY-TO-DAY LIFE WILL IN THE END MAKE IT POSSIBLE TO DRIVE THE POLES BACK TO SOME SEMBLANCE OF NORMAL ECONOMIC ACTIVITY AND THAT WESTERN DISUNITY WILL ENSURE THAT ECONOMIC COUNTER MEASURES ARE NOT PUSHED TO THE POINT AT WHICH THEY WOULD CAUSE SERIOUS DAMAGE. V THEY MUST IN ANY CASE ASSESS THAT SUCH DAMAGE CAN A HARDLY BEGIN TO COMPARE WITH THE DAMAGE WHICH WOULD BE REPRESENTED BY THE COLLAPSE OF THE SOVIET POSITION IN POLAND.

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3. I DOUBT WHETHER THE RUSSIANS ARE LOOKING BEYOND THE DAY TO DAY SITUATION, EXCEPT PERHAPS SO FAR AS RESTORING PARTY AUTHORITY IS CONCERNED BUT TO THE EXTENT THAT THEY HAVE A LONGER TERM OBJECTIVE IT MIGHT AT ITS MOST OPTIMISTIC BE TO WORK TOWARDS SOMETHING LIKE A HUNGARIAN ROLE FOR POLAND IN THE LONGER RUN, WITH THE POLES TAKING THEIR LATITUDE IN ECONOMIC RATHER THAN POLITICAL MATTERS. FOR THE PRESENT WE CAN EXPECT THEM TO MAINTAIN ENOUGH SUPPLIES TO KEEP THE POLISH ECONOMY FROM TOTAL COLLAPSE. THEY WILL GIVE A MINIMUM OF CREDIT, SO LONG AS THERE IS THE CHANCE OF AVOIDING FORMAL DEFAULT AND PERHAPS INDUCING THE WEST TO PRODUCE MORE. BUT THE THREAT OF A FORMAL POLISH DEFAULT WILL NOT AFFECT THEIR POLITICAL OBJECTIVE. IF THE POLES ARE HUNGRY AND WRETCHED THEY WILL REGARD THIS AS A WELL DESERVED LESSON. IF NECESSARY, THEY WILL BE PREPARED TO LET MATTERS GO ON LIKE THIS FOR SOME YEARS, WHILE THEY WAIT HOPEFULL FOR A RENEWED ACCEPTANCE BY THE POLES AND BY THE WEST OF THE LIMITS TO POLITICAL EXPRESSION IN EASTERN EUROPE. THIS BLEAK PROSPECT IS REINFORCED RATHER THAN WEAKENED BY SOVIET CONCERN AT THE EROSION OF ORTHODOXY IN THE COMMUNIST WORLD (MY TELNO 050).

4. SOVIET POLICY SO FAR HAS BEEN DETERMINED ESSENTIALLY BY THE SITUATION IN POLAND AND THE PRACTICAL POSSIBILITIES, BUT WESTERN POLICY HAS NOT BEEN IRRELEVANT AND THE COURSE THE WEST HAS PURSUED SINCE THE BEGINNING OF THE POLISH CRISIS IN THE SUMMER OF 1980 HAS PROBABLY HAD SOME EFFECT, FIRST IN DELAYING REPRESSION OF SOLIDARITY, THEN IN HELPING TO INSURE THAT THE SOVIET UNION ACTED INDIRECTLY RATHER THAN DIRECTLY AND FINALLY IN ESTABLISHING SOMETHING OF A LEVER FOR THE FUTURE EASING OF THE REPRESSION. IT SEEMS SCARCELY POSSIBLE THAT THE SITUATION IN POLAND ITSELF WILL DEVELOP OTHER THAN AS A CONTINUING TRIAL OF WILL BETWEEN THE PEOPLE AND THE GOVERNMENT, WITH OCCASIONAL CRISES, AT EACH OF WHICH THE SOVIET UNION WILL BE PRESSING FOR STRICT ORTHODOXY. NO WESTERN MEASURES COULD HITHERTO, NOR WILL THEY IN FUTURE, MAKE THE SOVIET UNION ACQUIECSE IN THE ESTABLISHMENT OF EFFECTIVE POLITICAL FREEDOM IN POLAND, AND IT WOULD BE A PITY IF WE NOW FALL INTO DISARRAY THROUGH MISJUDGING THE PURPOSE AND THE LIKELY EFFECT OF OUR MEASURES. WE SHOULD PRESUMABLY AIM AT LEAST TO KEEP THE WILL FOR POLITICAL LIBERTY ALIVE IN POLAND (EVEN IF IT CANNOT YET BE REALISED), TO EASE THE LOT OF THE POLISH PEOPLE TO THE EXTENT WE CAN AND TO IMPEDE SOVIET IMPERIAL POLICY ELSEWHERE. WE CAN REASONABLY EXPECT THAT THE BURDEN OF SUSTAINING POLAND IN THE ABSENCE OF NEW WESTERN CREDITS WILL TILT THE BALANCE OF

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SOVIET OPINION SLIGHTLY TOWARDS THE KIND OF CONCESSIONS WHICH MIGHT IMPROVE POLISH OUTPUT AND THAT IF WE CAN GENERATE A CONTINUING FEAR OF NEW ECONOMIC COUNTER MEASURES THIS MAY RESTRAIN THE SOVIET UNION BOTH FROM FURTHER REPRESSION AND FROM EXPENSIVE ACTION ELSEWHERE. IT COULD ALSO INCREASE ANY MARGIN OF MANOEUVRE JARUZELSKI MAY HAVE, OR WISH TO EXERCISE, IN RELATION TO THE USSR. THE EFFECT MAY BE ONLY MARGINAL EITHER WAY, BUT IT WILL BE ENHANCED BY THE SOVIET UNION'S CURRENT ECONOMIC DIFFICULTIES. IF WE ARE IN FOR A LONG STRUGGLE THERE IS MUCH TO BE SAID FOR MEASURES WHICH ARE NECESSARILY SLOW IN GESTATION AND THUS KEEP ALIVE THE POSSIBILITY OF PRESSURE BECOMING GREATER, RATHER THAN A MAXIMUM INITIAL EFFECT - AS IN THE AFGHANISTAN CASE - WHICH FADES AWAY WITHOUT ANY CHANGE FOR THE BETTER IN THE SITUATION WHICH PRODUCED IT.

5. SO MUCH FOR POLAND. SO FAR AS SOVIET POLICY TOWARDS THE UNITED STATES IS CONCERNED, ITS PARAMETERS ARE NOW FAIRLY WELL ESTABLISHED, BUT I WOULD PREFER TO DEFER COMMENT UNTIL WE HAVE HAD TIME TO ASSESS THE HAIG-GROMYKO MEETING.

F C O PLEASE PASS SAVING ADDRESSEES

KEEBLE

(REPEATED AS REQUESTED)

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