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INFO UKDEL NATO, MOSCOW, WARSAW, PARIS, BONN, MANILA (FOR PS/S OF S)

SECRETARY HAIG ON POLAND

1. HAIG APPEARED BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE THIS MORNING. THE THEME OF THE HEARING WAS EAST/WEST RELATIONS AND POLAND WAS THE DOMINANT THEME. I REGARD HIS STATEMENT ON THE ALLIES IN PARA 3(A) BELOW AS OF CONSIDERABLE IMPORTANCE. IT WAS DELIVERED WITH GREAT FEELING.

2. IN HIS OPENING STATEMENT, HAIG SAID THAT SOVIET COMPLICITY IN THE POLISH CRISIS, COMING WHILE SOVIET TROOPS OCCUPIED AFGHANISTAN AND MOSCOW'S ARMS FLOODED CUBA, UNDERMINED THE VERY BASIS OF EAST/WEST RELATIONS. THE POLISH CRISIS WAS FAR FROM OVER AND THE POLISH ECONOMY CONTINUED TO DECLINE. IT COULD BE REVIVED ONLY WITH THE CO-OPERATION OF THE POLISH WORKER BUT JARUZELSKI DID NOT SEEM PREPARED TO ANSWER THE VEXING QUESTIONS OF WHEN MARTIAL LAW WOULD BE LIFTED OR HOW NATIONAL RECONCILIATION COULD BEGIN. IN THESE CIRCUMSTANCES, PASSIVE RESISTANCE WOULD PROBABLY INCREASE. THE WEST'S HANDLING OF THE POLISH CRISIS WOULD HAVE FAR-REACHING IMPLICATIONS FOR WESTERN CREDIBILITY. IF THE WEST DID NOT TAKE SERIOUS ACTIONS COMENSURATE WITH ITS CONCERN, THE SOVIET UNION MIGHT BE ENCOURAGED TO TEST WESTERN RESOLVE AT OTHER CRITICAL POINTS IN THE WORLD.

INDIVIDUAL NATIONAL ACTION WAS MUCH MORE MEANINGFUL IN THE CONTEXT OF ALLIED UNITY. FIFTEEN SOVEREIGN NATIONS HAD NEVER FOUND IT EASY TO ACT IN CONCERT BUT IT WOULD BE TRAGIC IF POLAND'S MISFORTUNE BECAME THE INSTRUMENT OF ALLIED DISUNITY. PRESIDENT REAGAN'S TWO-TRACK STRATEGY (IMPOSING UNILATERAL SANCTIONS AND SEEKING UNIFIED ALLIED ACTION) WAS WELL UNDER WAY. CONTINUED UNITY AND CONCRETE PRESSURE, COUPLED WITH THE WEST'S POSITIVE OFFER TO HELP THE POLISH ECONOMY, OFFERED THE BEST PROSPECT FOR AFFECTING THE FUTURE OF FREEDOM IN POLAND.

3. FOLLOWING ARE THE MAIN POINTS FROM SUBSEQUENT QUESTIONS AND ANSWERS.

(A) ALLIED UNITY. IN PAST CRISES EG HUNGARY AND CZECHOSLOVAKIA, NATO HAD TAKEN THE POSITION THAT THESE WERE INTERNAL MATTERS. IN THE CASE OF POLAND THE ALLIANCE HAD JOINED IN A CLEAR CONDEMNATION OF WHAT HAD HAPPENED AND IN DECLARING SOVIET RESPONSIBILITY. FROM THE EUROPEAN NATION'S POINT OF VIEW SOME OF THE ACTIONS SUGGESTED BY THE UNITED STATES APPEARED TO PUT AN UNFAIR ECONOMIC BURDEN ON THEM WHICH WAS NOT FULLY SHARED BY AMERICA. THIS VIEW WAS JUSTIFIED BY STATISTICS. THE US SHOULD RECOGNISE THE UNPRECEDENTED DEGREE OF COOPERATION AND SUPPORT WHICH IT HAD RECEIVED FROM ITS EUROPEAN

/ ALLIES.

ALLIES. THERE WERE NO DIFFERENCES ON THE UNACCEPTABILITY OF THE SITUATION OR ON SOVIET RESPONSIBILITY FOR IT. SUCH DIFFERENCES AS THERE WERE FOCUSED ON FINDING THE MOST EFFECTIVE MEANS TO MODERATE SOVIET ACTION. THE PRESIDENT HAD BEEN RIGHT IN HIS ACTIONS SO FAR. IT WOULD BE TOO MUCH TO EXPECT ALL OF THE ALLIES TO BE HAPPY ALL OF THE TIME. NATO DID NOT OPERATE IN LOCK-STEP, UNLIKE THE WARSAW PACT, WHICH OPERATED ON INSTRUCTIONS FROM MOSCOW. THE PRESIDENT WAS UNDER PRESSURE, FROM BOTH RIGHT AND LEFT, TO TAKE TOUGHER ACTION EG ON POLISH DEBT OR ON ALLIED ACTION. IF THE PRESIDENT HAD FOLLOWED HIS CRITICS HE WOULD HAVE RISKED BRINGING DOWN THE TEMPLE OF WESTERN UNITY AND THAT WOULD HAVE DONE THE WORK OF THE SOVIET UNION AND NOT SERVED US INTERESTS.

(B) GUARANTEED LOANS TO POLAND. THE ADMINISTRATION'S DECISION (WHICH HAD BEEN PERSONALLY APPROVED BY THE PRESIDENT) TO HONOUR LOANS TO POLAND GUARANTEED BY THE COMMODITY CREDIT COOPERATION (CCC) WAS, CONTRARY TO SOME OF THE CLAIMS MADE BY THE ADMINISTRATION'S CRITICS, THE TOUGH POSITION TO TAKE. IF THE US GOVERNMENT HAD ALLOWED POLAND TO GO INTO DEFAULT THIS WOULD HAVE LET THE SOVIET UNION OFF THE HOOK OF RESPONSIBILITY FOR REPAYMENT OF POLISH DEBT. AS IT WAS, THE SOVIET UNION WAS IN A SEVERE CASH CRUNCH AND HAD BEEN SELLING GOLD AT AN UNPRECEDENTED RATE. THE US DECISION WAS A MEANS OF INSISTING THAT THE SOVIET UNION MEET ITS OBLIGATIONS.

(C) GRAIN EMBARGO. SENATORS FROM GRAIN STATES SAID THAT THE POSSIBILITY OF A GRAIN EMBARGO WAS ALREADY HAVING AN ADVERSE EFFECT ON THE POSITION OF AMERICAN FARMERS. HAIG SAID THAT A NUMBER OF FACTORS, INCLUDING EUROPEAN AGRICULTURAL SALES, HAD AFFECTED THE US POSITION. THE PRESIDENT HAD MADE IT VERY VERY CLEAR THAT IT WAS NOT HIS POLICY TO INSTITUTE A UNILATERAL US GRAIN EMBARGO UNLESS IT WERE PART OF A BROADLY BASED ARRAY OF SANCTIONS. IT HAD ALSO BEEN MADE CLEAR THAT A US GRAIN EMBARGO, EVEN ONE INSTITUTED AS PART OF AN OVERALL SANCTIONS POLICY, WOULD NOT BE FULLY EFFECTIVE UNLESS OTHER GRAIN PRODUCING COUNTRIES AGREED TO JOIN IN. A GRAIN EMBARGO IMPOSED OUTSIDE THE FRAMEWORK OF GENERAL SANCTIONS WOULD COST THE US GOVERNMENT 30 BILLION DOLLARS IN PARITY PRICE SUPPORT TO THE US FARMER FOR THIS YEAR ALONE.

(D) LINKAGE.

LINKAGE WAS A FACT OF INTERNATIONAL LIFE NOT A POLICY OPTION. THE PRESIDENT HAD DIRECTED THAT THE INF DISCUSSIONS SHOULD CONTINUE, NOT BECAUSE THESE HAD BEEN DELINKED BUT BECAUSE IT WAS IN

THE US INTEREST TO CONDUCT THE TALKS WITHOUT DELAY (A) BECAUSE THIS HAD BEEN AGREED WITH AMERICA'S PARTNERS, (B) BECAUSE THE SOVIET UNION WAS ALREADY DEPLOYING SS20'S AND THE WEST WAS NOT YET DEPLOYING COMPARABLE WEAPONS, AND (C) BECAUSE, TO HAVE ABANDONED THE TALKS, COULD HAVE TRANSFORMED EUROPEAN DEMONSTRATIONS AGAINST OPPRESSION IN POLAND, INVOLVING 60-70,000 DEMONSTRATORS AT A TIME, INTO DEMONSTRATIONS ON THE ISSUE OF DISARMAMENT INVOLVING UP TO 300,000 PEOPLE. HAIG HAD TOLD GROMYKO THAT PREPARATIONS FOR START WERE PROCEEDING WITH ALL DUE HASTE WITH A VIEW TO EARLY INITIATION OF SUBSTANTIVE DISCUSSIONS. BUT IF THERE WERE NO ABATEMENT OF REPRESSION IN POLAND, THE SITUATION WOULD BECOME INCREASINGLY SERIOUS. POLAND COULD NOT BE DISSOCIATED FROM SUCH A VITAL QUESTION AS THAT OF STRATEGIC ARMS NEGOTIATIONS.

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