SECRET PART 4

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UK | Polish Relations Internal Situation Economic Assistance

POLAND

Part 1: August 1979

Referred to Date Referred to Date Referred to Date
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PART + ends:-

Tes to all members of Cabinet + 00 (Recircal) 18.12.87

PART 5 begins:-

workan ked: 975 of 19/12/87

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC (81) 31 st Conclusions, Minute 1 (extract)	15.9.81
OD (81) 16 th Conclusions, Minute 3	18.9.81
CC (81) 32 nd Conclusions, Minute 2	24.9.81
CC (81) 33 rd Conclusions, Minute 3	20.10.81
OD (81) 51	6.11.81
OD (81) 17 th Meeting, Minute 2	12.11.81
JIC (81) (N) 64	3.12.81
CC (81) 41 st Conclusions, Minute 2	17.12.81
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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 OWayland

Date 18 August 2011

PREM Records Team



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Prime Nivieffer

FCS/81/138

ALL MEMBERS OF CABINET AND OD

Poland

My colleagues may welcome a note about Poland before the start of the Christmas holiday.

The action taken so far has been carried out by Polish security forces assisted by some 150,000 Polish troops or half the Polish Army. The Russians undoubtedly knew what was going to happen and approved of it. I assume that there is a contingency plan for the possibility of the situation getting out of control of the Polish authorities. In that event Soviet forces could not fail to be involved. But there is no sign of this at the moment. Jaruzelski and his colleagues in the Military Council may be at least partly sincere when they talk of Poland returning in due course to the path of reform and renewal. But I am very doubtful whether events are going to permit this, at least in the next few weeks and possibly months. A more sombre interpretation is that we are witnessing the start of the extinction of the process of renewal which began in August 1980. We are, and shall stay, closely in touch with allies and partners about the crisis and how to handle it.

All this has required and will continue to require difficult decisions, not least about the line to take in public. The statement issued by the Foreign Ministers of the Ten on 15 December was criticised in some quarters here as too weak, and a stronger line is certainly required now, to match the worsening situation and the tone of comment from other Western capitals, especially Washington. I added a

/stronger piece



stronger piece on Poland to my speech to the European Parliament in Strasbourg on 17 December.

Humphrey Atkins was asked in the House about the possibility of increasing the broadcasting hours of the BBC Polish Service. I find that for an annual cost of £53,000 it would be possible to add an extra 15 minutes three times a day, making five hours a week. More than that would require additional staff. I am not at the moment convinced that a small increase would be worth making.

There is a potential problem about immigration. Our usual practice has been to grant visas to Poles fairly freely. There are 2.000 outstanding applications from before 13 December, but it has not been possible to process these for communication and other reasons. But if the situation degenerates further we could see Britain becoming a country of refuge for Poles, as Austria is already. I have asked my officials to look at this urgently with their colleagues in the Home Office.

There may also be a problem with the voluntary agencies. There has been considerable pressure for the Government to play at least a coordinating role. The position should be clearer after a meeting of the various charities on 21 December which the Red Cross has called.

Lastly there are the complicated and difficult economic questions. The position at the moment is that economic assistance from Britain and the rest of the Community already "in the pipeline" is not being held back (this includes the 8,000 tonnes of beef which the Ten Govrnments agreed to supply to Poland free of charge in time for Christmas). There will shortly be a need to decide,

/for example,



for example, whether to proceed with the second stage of the third tranche of subsidised food from the Community; what policy ECGD should follow from now on; whether the rescheduling operation for 1981 should be suspended, and whether that envisaged for 1982 can take place as planned; and what to do about the URSUS tractor plant in Warsaw, to which £30 million of credit had been allocated for 1982. None of these matters requires to be decided before Christmas, but officials are meeting to consider the issues and set them out in a form which will facilitate decisions in case they are needed urgently.

(CARRINGTON)

CONFIDENTIAL CONFIDENTIAL

FM FCO 182200Z DEC 81 TO PRIORITY WARSAW

TELEGRAM NUMBER 720 OF 18DECEMBER

INFO ROUTINE WASHINGTON PARIS BONN UKDEL NATO MOSCOW UKREF BRUSSELS INFO SAVING BUDAPEST BUCHAREST BELGRADE PRAGUE EAST PERLIN SOFIA

POLISH CRISIS

- 1. YOU MAY FIND IT HELPFUL TO HAVE A BRIEF REVIEW OF HOW THE SITUATION LOOKS FROM THIS END, TOWARDS THE END OF THE FIRST WEEK, AND OUR VIEWS ON SOME OF THE PARTICULAR PROBLEMS WHICH HAVE EMERGED.
- 2. THE RUSSIANS UNDOUBTEDLY KNEW WHAT WAS GOING TO HAPPEN AND APPROVED OF IT. THEY PRESUMABLY HAVE CONTINGENCY PLANS INCLUDING DIRECT INTERVENTION IF THE SITUATION APPEARED TO BE GETTING OUT OF THE CONTROL OF THE POLISH AUTHORITIES. IT IS POSSIBLE THAT JARUZELSKI MAY AT LEAST BE PARTLY SINCERE IN HIS REFERENCES TO RETURNING TO THE PATH OF REFORM AND RENEWAL. BUT IT IS DOUBTFUL WHETHER EVENTS WILL PERMIT THIS, AT LEAST IN THE NEXT FEW WEEKS AND POSSIBLY MONTHS. ANOTHER INTERPRETATION IS THAT WE ARE WITNESSING THE START OF THE EXTINCTION OF THE PROCESS OF RENEWAL WHICH BEGAN IN AUGUST 1980.
- 3. IN PUBLIC A STRONGER LINE THAN THAT IN THE STATEMENT ISSUED BY THE TEN ON 15 DECEMBER HAS BEEN NECESSARY TO MATCH THE WORSENING SITUATION AND THE TONE OF COMMENT FROM OTHER WESTERN CAPITALS. THIS IS REFLECTED IN THE PASSAGE ON POLAND IN MY SPEECH ON 17 DECEMBER IN STRASBOURG. THE TASK OF COORDINATION WITH OUR PARTNERS WILL NOT GET ANY EASIER. BUT IT IS ESSENTIAL THAT CRACKS OVER BOTH PRESENTATION AND POLICY DO NOT OPEN UP.
- 4. ON DETAILED QUESTIONS WE HAVE CONSIDERED WHETHER WE SHOULD INCREASE THE BROADCASTING HOURS OF THE BBC POLISH SERVICE, BUT FOR THE PRESENT, FOR A VARIETY OF REASONS, WE HAVE DECIDED AGAINST THIS.
- 5. WE ARE MAINTAINING OUR PRESENT POLICY OVER THE ISSUE OF VISAS WHILE ACKNOWLEDGING THAT RESTRICTIONS IMPOSED BY THE POLES EFFECT-IVELY PREVENT THEM BEING TAKEN UP FOR THE TIME DEING. NEVERTHELESS IF THE SITUATION DEGENERATES FURTHER THE UK, LIKE OTHERS, COULD BE FACED WITH A CONSIDERABLE REFUGEE PROBLEM. WE ARE EXAMINING THIS URGENTLY WITH THE HOME OFFICE.

16.

6. THE GOVERNMENT HAS COME UNDER PRESSURE TO TAKE ON A COORDINATING ROLE FOR THE VARIOUS VOLUNTARY AGENCIES PROVIDING BUHARITARIAN RELIEF. WE SHALL BE REVIEWING THE POSITION IN THE LIGHT OF AN INTER-AGENCY MEETING WHICH THE RED CROSS ARE HOLDING ON 21 DECEMBER.

7. FINALLY THERE ARE A NUMBER OF COMPLEX AND SENSITIVE ECONOMIC QUESTIONS. AT THE MOMENT COMMUNITY ASSISTANCE ALREADY 'IN THE PIPELINE' INCLUDING THE 8,000 TONNES OF BEEF WHICH IS TO BE SUPPLIED AS A GIFT BEFORE CHRISTMAS, IS GOING AHEAD. A DECISION WILL HOWEVER BE NEEDED QUITE SOON ON THE SECOND PART OF THE THIRD TRANCHE OF COMMUNITY FOOD ASSISTANCE. WE ARE ALSO LOOKING AGAIN AT THE RELATIVELY SMALL AMOUNT OF INDUSTRIAL CREDIT WHICH REMAINS OUTSTANDING FOR FINANCIAL YEAR 1981/82 (APRIL). RESCHEDUL-ING ARRANGEMENTS FOR 1981 ARE ALREADY COMPLETE. AS FAR AS 1982 IS CONCERNED, THE POSITION ON RESCHEDULING AND CREDIT FOR URSUS WILL DE REVIEWED EARLY IN THE NEW YEAR IN THE LIGHT OF THE CIRCUMSTANCES AT THE TIME.

CARRINGTON

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CONFIDENTIAL FM UKMIS NEW YORK 182304Z DEC 81 TO PRIORITY F C O TELEGRAM NUMBER 1601 OF 18 DECEMBER 1981 INFO WARSAW, MOSCOW, WASHINGTON, BONN, PARIS, UKDEL NATO. INFO SAVING UKMIS GENEVA.

WASH INGTON TELNO 3818 (NOT TO ALL): POLAND

- 1. I HAD A MESSAGE ON 17 DECEMBER TO TELEPHONE MRS KIRKPATRICK AT THE STATE DEPARTMENT ABOUT ONE OR TWO ROUTINE UN MATTERS. SHE MENTIONED THAT THE NSC HAD THAT DAY DISCUSSED WHETHER OR NOT ANYTHING SHOULD BE DONE AT THE UN ABOUT POLAND. THE GENERAL FEELING WAS THAT NO SUCH ACTION SHOULD BE TAKEN FOR THE MOMENT. WHAT DID I THINK?
- 2. I SAID THAT I WAS QUITE SURE THAT, AS THINGS WERE AT PRESENT. ANY ATTEMPT TO BRING POLAND TO THE SECURITY COUNCIL WOULD BE A LEAD BALLOON. THE SOVIET UNION AND THEIR ALLIES WOULD STRONGLY OPPOSE IT AS AN INTERNAL MATTER, AND THE NON-ALIGNED, WHO WERE NOT UNUSED TO INTERNAL REPRESSION IN THEIR OWN COUNTRIES, WOULD RUN A MILE FROM SUCH A PROPOSITION. I ADDED THAT I THOUGHT IT SHOULD NOT BE FORGOTTEN, IF INTERNAL REPRESSION GOT WORSE, THAT THE HUMAN RIGHTS COMMISSION WOULD BE MEETING IN GENEVA IN TWO OR THREE MONTHS' TIME. AS REGARDS ACTION IN THE SECURITY COUNCIL, I WAS CONVINCED THAT NOTHING COULD BE DONE UNTIL OUTSIDE INTERVENTION BY MILITARY FORCE WAS ESTABLISHED BEYOND DOUBT. MRS KIRKPATRICK SEEMED TO AGREE WITH THESE ARGUMENTS.

F C O PLEASE PASS SAVING TO UKMIS GENEVA.

PARSONS

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TO IMMEDIATE FCO

TEL9 964 OF 18TH DECEMBER 1981



MYTEL NO 932 (PARA 4): BRITISH COMMUNITY.

1. THE SITUATION HAS NOW CHANGED TO THE EXTENT THAT THE AMERICAN EMBASSY IS ADVISING ITS NATIONALS, WHO HAVE NO COMPELLING REASON TO STAY, TO LEAVE, ALTHOUGH WE ARE STILL NOT CONVINCED THAT THIS IS YET NECESSARY, THE BRITISH COMMUNITY, WITH WHOM WE STILL HAVE NO CONTACT EXCEPT IN WARSAW, WILL BE EXPECTING SOME MESSAGE FROM US. THEREFORE WE THINK WE SHOULD NOW USE THE BBC'S GOOD OFFICES TO ADVISE BRITISH SUBJECTS OF THE AVAILABLE TRAVEL POSSIBILITIES.

2. PROVIDED YOU SEE NO OBJECTION, WOULD YOU PLEASE ARRANGE FOR THE BBC TO TRANSMIT THE FOLLOWING MESSAGE AS SOON AS POSSIBLE :-

"THE BRITISH EMBASSY AT WARSAW HAS ASKED THAT THE FOLLOWING MESSAGE SHOULD BE BROADCAST TO BRITISH SUBJECTS IN POLAND.

MEMBERS OF THE BRITISH COMMUNITY IN POLAND MAY LIKE TO KNOW THAT LOT AIRWAYS HAVE ARRANGED A SPECIAL CHARTER FLIGHT TO LONDON LEAVING WARSAW AT 14.25 ON 19 DECEMBER. ANYONE WISHING TO LEAVE URGENTLY IS ADVISED TO TAKE ADVANTAGE OF THIS FLIGHT SINCE THERE IS NO INFORMATION AVAILABLE ON ANY ADDITIONAL FLIGHTS TO LONDON.

TRAIN SERVICES TO THE WEST ARE STILL OPERATING AND FOREIGNERS ARE BEING ALLOWED TO LEAVE BY CAR AT EAST GERMAN BORDER CROSSING POINTS. ALL TRAVELLERS MUST BE IN POSSESSION OF VALID PASSPORTS, POLISH VISAS AND, WHERE APPROPRIATE, EAST GERMAN TRANSIT VISAS BEFORE STARTING THEIR JOURNEY.

BRITISH SUBJECTS INTENDING TO REMAIN IN POLAND SHOULD AS ALREADY ADVISED, CONTINUE TO EXERCISE CAUTION IN THEIR MOVEMENTS AND AVOID LARGE CROWDS'.

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GRS 118 CONFIDENTIAL FM FCO 181645Z DEC 81 TO IMMEDIATE WARSAW TELEGRAM NUMBER 711 OF 18 DECEMBER INFO IMMEDIATE MOSCOW, WASHINGTON, PARIS, BONN, UKDEL NATO UKREP BRUSSELS, STOCKHOLM.

POLAND: WALESA'S APPEAL

- THE TUC HAVE TOLD US THAT, AT AN INTUC MEETING IN BRUSSELS YESTERDAY, SOLIDARITY REPRESENTATIVES SAID THAT WALESA HAD ISSUED AN UNDERGROUND APPEAL TO THE WEST ASKING THAT:
- FOOD AID SHOULD (RPT SHOULD) CONTINUE TO POLAND BUT SHOULD BE DIRECTED TO THE CHURCH FOR THEM TO DISTRIBUTE TO THE PEOPLE: AND
- THAT FINANCIAL ASSISTANCE SHOULD CEASE (RPT CEASE) AND BE USED AS A BARGAINING COUNTER TO PERSUADE THE POLISH AUTHORITIES TO RELEASE SOLIDARITY ACTIVISTS AND TO NEGOTIATE WITH THEM.

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PS/PUS
MR BULLARD /
MR FERGUSSON
SIR A ACLAND
MR GILLMORE

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FM VIENNA 181407Z DEC 81

TO IMMEDIATE FCO

TELNO 262 OF 18 DECEMBER

INFO WARSAW WASHINGTON BONN

MY TELNO 257 (NOT TO ALL): POLAND

- 1. KREISKY GAVE A ONE AND THREE QUARTER HOUR PRESS CONFERENCE THIS MORNING DEVOTED ALMOST EXCLUSIVELY TO POLAND. HE MADE THE FOLLOWING POINTS.
- 2. THE MILITARY TAKEOVER IN POLAND, THE MILITARY OCCUPATION OF AFGHANISTAN, THE ISRAELI ANNEXATION OF THE GOLAN HEIGHTS AND THE IRAN/IRAQ TENSIONS MEANT THAT THE WORLD WAS NOW IN HIS VIEW IN THE MOST DANGEROUS POLITICAL SITUATION SINCE THE SECOND WORLD WAR. HE CONDEMNED DEEPLY THE IMPOSITION OF MARTIAL LAW IN POLAND AND VERY MUCH HOPED THAT NO FOREIGN INTERVENTION FROM ANY DIRECTION WOULD TAKE PLACE. ANY MILITARY INTERVENTION WOULD MEAN THAT DETENTE WAS DEAD IN A WAY IN WHICH WE COULD NOT IMAGINE: IT WOULD MEAN THE END OF HELSINKI AND DISARMAMENT. A DANGEROUS ARMS RACE WOULD ENSUE. HE KNEW FROM HIS OWN EXPERIENCE IN THE '30S OF THE DANGERS OR URGING ACTION OR OFFERING ADVICE FROM A POSITION OF SECURITY. HIS PREVIOUS STATEMENTS (SEE PARAGRAPH 1 OF TUR) WERE THUS ONLY EXPRESSIONS OF SOLIDARITY WITH THE STRUGGLING POLISH WORKERS. HE WAS MAKING NO RECOMMENDATIONS AND OFFERING NO ADVICE. THERE WAS NO

DEAD IN A WAY IN WHICH WE COULD NOT IMAGINE: IT WOULD MEAN THE END
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ACTION OR OFFERING ADVICE FROM A POSITION OF SECURITY. HIS
PREVIOUS STATEMENTS (SEE PARAGRAPH 1 OF TUR) WERE THUS ONLY
EXPRESSIONS OF SOLIDARITY WITH THE STRUGGLING POLISH WORKERS. HE
WAS MAKING NO RECOMMENDATIONS AND OFFERING NO ADVICE. THERE WAS NO
QUESTION OF HIS URGING POLISH RESISTANCE. HE BELIEVED THAT
RECONCILIATION WOULD BE VERY MUCH MORE DIFFICULT TO ACHIEVE UNDER THE
NEW POLISH GOVERNMENT, PARTICULARLY AFTER CIVILIAN BLOODSHED.

- 3. IN RESPONSE TO A QUESTION (FROM CBS) KREISKY SAID THAT THERE WERE TWO AREAS IN WHICH AUSTRIA AND THE WEST SHOULD BE ACTIVE TO HELP THE POLISH PEOPLE: ALL POSSIBLE POLITICAL INFLUENCE SHOULD BE USED TO AVOID FOREIGN MILITARY INTERVENTION AND ATTEMPTS SHOULD BE MADE TO INFLUENCE THE POLISH GOVERNMENT TO END AS SOON AS POSSIBLE THE PRESENT SITUATION AND RETURN TO A POSITION BASED ON THE HELSINKI PRINCIPLES. AT PRESENT AUSTRIAN POLICY WAS ONE OF QUOTE WAIT AND SEE UNQUOTE. WHILST THE OUTCOME OF THE PRESENT SITUATION WAS UNCERTAIN, HE FAVOURED CAUTION. NO DECISION HAD THUS BEEN TAKEN TO SUSPEND AUSTRIAN AID OR CREDIT TO POLAND, THOUGH IN PRACTICE EVERYTHING WAS STOPPED ANYWAY BECAUSE OF THE IMPOSSIBILITY OF COMMUNICATION. BUT HE ADDED THAT AS A CONSEQUENCE OF ITS RECENT ACTIONS THE POLISH GOVERNMENT MUST EXPECT THAT OTHER GOVERNMENTS WOULD REVIEW THEIR POLICIES TOWARDS POLAND. AUSTRIA WOULD ONLY CONTINUE SUPPLIES TO POLAND WHEN THEY WERE SURE THAT THEY WERE REACHING THE RIGHT PEOPLE AND NOT HELPING TO SUSTAIN A REGIME IN CONFLICT WITH THE HELSINKI PRINCIPLES.
- 4. KREISKY CONFIRMED THAT ALTHOUGH THE RE-IMPOSED VISA REQUIREMENT FOR POLISH CITIZENS ENTERING AUSTRIA (MY TELNO 254 NOT TO WASHINGTON) WAS STILL IN FORCE, IN PRACTICE ALL POLES REACHING THE AUSTRIAN BORDER WERE BEING ADMITTED. HE EXPECTED THAT THE VAST MAJORITY OF THE 30,000 OR SO POLES CURRENTLY IN AUSTRIA ON TOURIST VISAS WOULD NOW APPLY FOR POLITICAL ASYLUM. IT WAS TRUE THAT SOME POLES WITHOUT VISAS HAD BEEN REFUSED ENTRY BUT THEY WERE TRYING TO ENTER AUSTRIA FROM WESTERN COUNTRIES. NO POLES COMING FROM THE TOTALITARIAN EAST BLOC WOULD BE TURNED BACK. AUSTRIA HAD NO CHOICE BUT TO DO WHAT IT COULD TO COPE. HE HAD WRITTEN TO PRESIDENT REAGAN ABOUT THE DIFFICULTIES AUSTRIA WAS EXPERIENCING WITH POLISH PREFUGEES. ALTHOUGH HE UNDERSTOOD THE DIFFICULTIES OF THE MAJOR IMMIGRATION COUNTRIES, AUSTRIA WAS DISAPPOINTED AT THEIR UNWILLINGNESS TO PLAY A GREATER ROLE IN EASING HER REFUGEE BURDEN.

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MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR GILLMORE

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FM WARSAW 181420Z DEC 81
TO IMMEDIATE FCO
TELNO 959 OF 18TH DECEMBER 1981
INFO IMMEDIATE: WASHINGTON, BONN, MOSCOW, UKDEL NATO, PARIS, MODUK, HQBAOR AND HQRAFG.

FROM MELHUISH.

POLISH SITUATION.

- 1. LAST NIGHT'S CANDLE DEMONSTRATION APPEARS TO HAVE BEEN OBSERVED IN BETWEEN 25% AND 40% OF APARTMENTS IN WARSAW. SOME WINDOWS ALSO HAD SIGNS IN.
- 2. THE AUSTRALIAN EMBASSY HAS HEARD FROM A SOURCE IT REGARDS AS RELIABLE THAT THE FIVE MAIN CENTRES OF OPPOSITION ARE GDANSK, KATOWICE, KRAKOW, LUBLIN AND LEGNICA. TO THIS LIST WE WOULD ADD WROCLAW IN VIEW OF OFFICIAL CONFRONTATION YESTERDAY THAT THERE

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- 2. THE AUSTRALIAN EMBASSY HAS HEARD FROM A SOURCE IT REGARDS AS RELIABLE THAT THE FIVE MAIN CENTRES OF OPPOSITION ARE GDANSK, KATOWICE, KRAKOW, LUBLIN AND LEGNICA. TO THIS LIST WE WOULD ADD WROCLAW IN VIEW OF OFFICIAL CONFRONTATION YESTERDAY THAT THERE WAS STILL TROUBLE IN THE TOWN. THEY BELIEVE THAT THERE ARE AROUND 200 SIT-IN STRIKES IN POLAND OF WHICH ABOUT HALF ARE IN GDANSK.
- 3. CENSORSHIP HAS TODAY BEEN IMPOSED ON WESTERN CORRESPONDENTS WHO HAVE TO SUBMIT THEIR COPY TO THE CENSORS' OFFICE. AFTER IT HAS BEEN CENSORED AND RETURNED TO THE JOURNALISTS THE POLES WILL ARRANGE FOR ITS TRANSMISSION.
- 4. THE US EMBASSY HEARD REPORTS OF STREET FIGHTIN IN GDANSK FROM THE EPISCOPATE (PROBABLY A RELIABLE SOURCE) AND THAT 300 PEOPLE HAD BEEN WOUNDED, INCLUDING SOME SOLDIERS AND POLICE. THEY HAD HEARD NO REPORTS OF DEATHS. WE THINK THIS REPORT CONCERNS INCIDENTS WHICH OCCURRED AFTER WE WERE ASSURED YESTERDAY THAT GDANSK WAS QUIET.
- 5. THE FRENCH EMBASSY HAVE BEEN GIVEN A PAMPLET SAID TO EMANATE ON 15 DECEMBER FROM WALESA, WHO IS INTERNED AT CHYLICZKE NEAR KONSTANCIN. IT CALLS ON THE POLISH PEOPLE:
- (A) NOT TO LET THEMSELVES BE BROKEN.
- (B) TO UNDERTAKE STRIKES IN LARGE FACTORIES AND PASSIVE RESISTANCE IN SMALL.
- (C) IF FORCE SHOULD BE USED, TO ACT IN SUCH A WAY AS TO PREVENT BLOODSHED.
- (D) TO REMAIN SOLID, HELP EACH OTHER AND DEMONSTRATE THAT SOLIDARITY WILL RISE AGAIN.

THE ECONOMY

6. IT IS IMPOSSIBLE TO PUT TOGETHER AN ACCURATE PICTURE OF THE LEVEL OF ECONOMIC ACTIVITY. ACCORDING TO OFFICIAL STATEMENTS FACTORIES IN WARSAW ARE WORKING NORMALLY, BUT OBSERVATIONS YESTERDAY DETECTED LITTLE OR NO ACTIVITY AT THE FSO CAR PLANT, URSUS OR THE WARSAW STEELWORKS. ONE REPORT SUGGESTS THAT A BLAST FURNACE AT THE LATTER HAS BEEN ALLOWED TO GO OUT, AND THERE ARE FURTHER REPORTS OF

THE ECONOMY

6. IT IS IMPOSSIBLE TO PUT TOGETHER AN ACCURATE PICTURE OF THE LEVEL OF ECONOMIC ACTIVITY. ACCORDING TO OFFICIAL STATEMENTS FACTORIES IN WARSAW ARE WORKING NORMALLY, BUT OBSERVATIONS YESTERDAY DETECTED LITTLE OR NO ACTIVITY AT THE FSO CAR PLANT, URSUS OR THE WARSAW STEELWORKS. ONE REPORT SUGGESTS THAT A BLAST FURNACE AT THE LATTER HAS BEEN ALLOWED TO GO OUT, AND THERE ARE FURTHER REPORTS OF INDUSTRIAL ESPIONAGE INCLUDING A RUMOUR THAT TWO OF THE FOUR FURNACES IN THE HUTA KATOWICE PLANT HAVE BEEN CLOSED DOWN.

7. THERE MUST ALSO BE SERIOUS DOUBTS ABOUT THE LEVEL OF ACTIVITY IN THE COAL MINES, ESPECIALLY FOLLOWING THE DEATHS IN KATOWICE. THIS WILL HAVE ITS EFFECTS IN DUE COURSE ON POWER SUPPLIES, WHICH ARE ALREADY UNDER STRAIN, AS IS EVIDENCED BY A SPATE OF POWER REDUCTIONS OR CUTS IN THE LAST 2 - 3 DAYS.

JAMES

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PS PS/LPS

PS/LORD TREFGARNE PS/FUS MR BULLARD MR FERGUSSON SIR A ACLAND

MR GILLMORE

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TO IMMEDIATE FOO

TELNO 955 OF 18TH DEFEMBER 1981 ..

INFO IMMEDIATE: WASHINGTON, BONN, MOSCOW, UKDEL NATO, PARIS, MODUK, HO BAOR AND HO RAFG.

FROM MELHUISH.

POLAND: INTERNAL SITUATION.

- 1. THE POLISH MINISTER FOR FOREIGN AFFAIRS SUMMONED A GROUP OF 12 WESTERN HEADS OF MISSION, INCLUDING THE US, GERMANY, FRANCE, AUSTRIA, NETHERLANDS AND CANADA, TO THE MINISTRY OF FOREIGN AFFAIRS AT SHORT NOTICE THIS EVENING (17/12).
- 2. THE MAIN PURPOSE OF THE MEETING WAS TO EXPLAIN TO THE AMBASSADORS THE LATEST DEVELOPMENTS IN SILESIA AND GDANSK. CZYREK SAID THAT ON 16 DECEMBER A GROUP OF IRRESPONSIBLE PEOPLE, SOME STRANGERS TO THE MINE, STARTED DEMONSTRATING AGGRESIVELY IN THE MLIEK TO AL MINE NEAD KATOWICE ACAINST THE FORCES OF BURLIC ORDER

A GROUP OF MILICJA AND ARMY FOUND THEMSELVES SURROUNDED BY HOOLIGANS ARMED WITH STONES, SLEDGE HAMMERS AND AXES AND IN SELF-DEFENCE WERE FORCED TO USE FIRE ARMS. 41 MEMBERS OF THE MILICJA WERE INJURED, SEVERAL SEVERELY. 6 WORKERS WERE KILLED, ONE DIED SUBSEQUENTLY IN HOSPITAL AND 39 WERE INJURED. IN ANSWER TO SUBSEQUENT QUESTIONS CZYREK CONFIRMED THAT THERE WERE STRIKES AND INCIDENTS IN OTHER PARTS OF SILESIA. AT ANOTHER MINE 17 PEOPLE WERE INJURED. CZYREK WENT ON TO SAY THAT YESTERDAY EVENING IN GDANSK DURING SERIOUS RIOTS AND DEMONSTRATIONS 160 MILICJA MEN WERE INJURED AND 164 CIVILIANS.

3. CZYREK THEN DENIED WESTERN PRESS REPORTS THAT THE NUMBER OF POLES IN DETENTION AMOUNTED TO 45,000. THE ACTUAL NUMBERS RAN AT ABOUT 10% OF THAT FIGURE AND ONE OF CZYREK'S STAFF SAID THAT IT DID NOT REACH 4,000. CZYREK ADDED THAT THERE WAS NOW FULL PEACE IN THE COUNTRY. THE TROUBLES HAD ONLY INVOLVED EIGHT VOIVODSHIPS AND 43 FACTORIES (SMALLER THAN OLECHAWSKI'S ESTIMATE IN OUR TELNO 948).

4. CZYREK SAID THAT THE DEATHS IN SILESIA AND THE INJURIES IN THE NORTH WERE A MATTER OF GREAT REGRET TO THE POLISH GOVERNMENT. AN INVESTIGATION WAS NOW BEING CONDUCTED BY THE MILITARY PROCURATOR.

5. CZYREK THEN SPOKE FOR 30 MINUTES FROM HAND-WRITTEN NOTES GIVING AN UNCONVINCING AND OFTEN RAMBLING JUSTIFICATION FOR THE DECLARATION OF MARTIAL LAW. HE INVITED OUR ATTENTION TO A STATEMENT OF THE MILITARY COUNCIL PUBLISHED TODAY AND REITERATED THAT THE POLISH AUTHRITIES WISHED TO FOLLOW A COURSE OF RENEWAL OF PUBLIC LIFE THROUGH DEEP REFORMS. THERE WAS NO TURNING BACK FROM THE ODNOWAL IN THE PURSUIT OF THIS OBJECTIVE THE AUTHORITIES SAW A PLACE FOR SOLIDARITY WITHOUT EXTREMIST ELEMENTS OR ELEMENTS INTENT ON DESTROYING THE ECONOMY. THE COUNTRY NOW NEEDED TO CONCENTRATE ON STABILISATION, A PROCESS WHICH WOULD BE HELPED BY THE SUPPORT OF POLAND'S WESTERN PARTNERS. WHAT HAD HAPPENED ON SUNDAY WAS NOT A MILITARY COUP D-ETAT. ON THE CONTRARY, STEPS HAD BEEN TAKEN TO STRENGTHEN THE LEGAL GOVERNMENT. THE ECONOMIC SITUATION WAS VERY DIFFICULT BUT WESTERN PARTNERS SHOULD NOT FORGET THE HUMANITARIAN ASPECT OF HELPING TO PROVIDE FOOD. THE AUTHORITIES REGARDED COOPERATION WITH THE CHURCH AS AN IMPORTANT ELEMENT IN SOLVING THE CRISIS.

6. THIS MEETING WAS CLEARLY IMPROVISED AT SHORT NOTICE TO GIVE AS MANY WESTERN AMBASSADORS AS THEY COULD ROUND UP A PREVIEW OF WHAT WAS GOING TO APPEAR IN A PUBLIC COMMUNIQUE LATER IN THE EVENING. THE GOVERNMENT HAS CLEARLY DECIDED THAT IT IS BETTER

EVENING. THE GOVERNMENT HAS CLEARLY DECIDED THAT IT IS BETTER TO CONFESS OPENLY THE DEATHS IN SILESIA WHICH THEY HAVE RIGHTLY RECOGNISED WILL MAKE A GREAT DEAL OF DIFFERENCE BOTH TO THE OUTSIDE WORLD'S ASSESSMENT OF THE RULE OF THE MILITARY AUTHORITIES IN POLAND AND TO THE CONTINUATION OF ORGANISED OPPOSITION WITHIN THE COUNTRY. SOLIDARITY NOW HAS ITS FIRST MARTYRS.

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4. CEYREK BAID THAT THE DEATHS IN DILESIA AND THE INJURIES IN THE POSTA BOVERNMENT. AN POSTA WERE A MATTER OF SPEAT BEING TO THE POLICE SOVERNMENT. AN HAVESTADITION WAS NOW CELLE CONDUCTED BY THE MILITARY PRINCIPATION.

S. CHRIER THEN DEWIED WESTERN PRESS REPORTS THAT THE ALCIDES OF POLES IN STREET THE ACTUAL NUMBERS RAW AT ABOUT IN SETTING AND WATER AND ONE OF CINKER'S STAFF SAID THAT IT DID ACT FELLOW S.STO. CINBER ADDED THAT THERE WAS NOW FULL PENCE IN THE CONTRY. THE TROUBLES HAS GALL SR THAN SECTIONS OF TELMS DAD ...

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MR FERGUSSON
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FM WARSAW 180545Z DEC 81

TO IMMEDIATE FCO

TEL NO 953 OF 18TH DECEMBER 1981

AND TO IMMEDIATE: WASHINGTON, BONN. MOSCOW, UKDEL NATO, PARIS, MODUK.

POLAND - INTERNAL SITUATION.

1. WARSAW. EYE WITNESSES HAVE REPORTED A MAJOR INCIDENT BETWEEN THE POPULATION AND THE POLICE IN THE MIDDLE OF WARSAW THIS AFTERNOON (17/12). IT BEGAN IN VICTORY SQUARE WHERE A CROSS WAS PLANTED ON THE SITE WHERE WYSZYNSKI'S COFFIN HAD LAIN DURING HIS FUNERAL SERVICE. THIS CROSS BECAME THE FOCUS OF POPULAR ATTENTION. CANDLES WERE LIT AROUND IT. THE SECURITY FORCES THEN INTERVENED, PUSHED THE CROWD OUT OF THE SQUARE AND EXTINGUISHED THE CANDLES. THE CROWD REASSEMBLED IN A NEARBY STREET ON THE STEPS OF A CHURCH WHICH WAS TODAY SAID TO HAVE BECOME A SOLIDARITY INFORMATION CENTRE. AN EYE WITNESS ESTIMATES THAT BY 1630 SEVERAL THOUSAND PEOPLE WERE GATHERED ROUND THE CHURCH SINGING HYMNS AND PATRIOTIC SONGS. THE RIOT POLICE THEN ATTACKED THE CROWD WITH TEAR GAS AND TRUNCHEONS. SOME OF THE CROWD FLED INTO THE CHURCH PURSUED BY THE POLICE WHO DRAGGED THEM OUT AND TOOK THEM AWAY. NO DEAD WERE SEEN BY THE EYE WITNESS BUT THE FIGHTING WAS HEAVY AND RESULTED IN NUMBERS OF CASUALTIES. AMBULANCES WERE SUBSEQUENTLY SEEN COMING TO THE SCENE OF THE INCIDENT. HAVING DISPERSED THE CROWD OUTSIDE THE CHURCH. THE POLICE ALSO TURNED AND ATTACKED SPECTATORS.

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- 2. A CALLER AT THE BRITISH COUNCIL FROM SILESIA SAID THAT SEVER A MINES WERE OCCUPIED BY MINERS WHO HAD TAKEN THEIR WIVES AND CHILDREN UNDERGROUND WITH THEM. THE MINERS WERE SAID TO POSSESS EXPLOSIVES AND HAVE THREATENED TO BLOW THEMSELVES AND THE MINES UP IN THE EVENT OF ACTION BY THE SECURITY FORCES. THE SAME CALLER SAID THAT AN UNCOMFIRMED REPORT HAD SPOKEN OF SUCH AN EXPLOSION AT THE WUJEK COLLIERY. FOREIGN MINISTER CZYREK HAS SUBSEQUENTLY CONFIRMED THAT THIS COLLIERY WAS THE SCENE OF THE FIRST MOB DEATHS YESTERDAY.
- 3. A SOLIDARITY ACTIVIST FROM URSUS RELEASED IN ERROR FOR A FEW HOURS AFTER THE FIRST ROUND UP OF URSUS WORKERS TOLD HIS WIFE, WHO IN TURN TOLD A MASSEY FERGUSSON EMPLOYEE, THAT URSUS WORKERS HAD BEEN STOOD WITH THEIR FACES AGAINST A WALL FOR SEVERAL HOURS FOR INTERROGATION. THE INTERROGATOR, WHOM THEY HAD NOT SEEN, HAD SPOKEN RUSSIAN TO THEM AND HAD ACCOMPANIED HIS INTERROGATION BY THREATS INVOLVING COCKED RIFLES AT THE BACK OF THE WORKERS' HEADS.

 (THERE IS CLEARLY AN ELEMENT OF EXAGGERATION IN THIS ACCOUNT).

 THIS INFORMANT WAS ARRESTED SEVERAL HOURS AFTER HIS ERRONEOUS RELEASE. WE HAVE ALSO HEARD OF INDUSTRIAL SABOTAGE AT HUTA WARSZAWA.
- 4. THE MILCJA INTEREST IN WESTERN EMBASSIES HAS INCREASED. THERE ARE NOW BARRIERS BLOCKING OFF THE PAVEMENT AT EITHER END OF THE FRONT OF OUR EMBASSY. PRESUMABLY INTENDED TO CHANNEL WOULD BE VISITORS MORE DIRECTLY TOWARDS THE MILICJA GUARD OUTSIDE. ON OF OUR DRIVERS BRINGING AN EMPTY OFFICIAL CAR INTO THE COURTYARD WAS ORDERED TO OPEN THE BOOT FOR INSPECTION BEFORE BEING ALLOWED IN. (WE ARE CONSIDERING WHAT RESPONSE TO MAKE TO THIS INCIDENT.)
 THIS HEIGHTENED INTEREST MAY BE CAUSED BY THE RUMOURED PRESENCE OF THE MAZOWSZE LEADER, BUJAK AT THE FRENCH EMBASSY. OTHER EVIDENCE OF INCREASED SECURITY FORCE ANXIETY AT ROADBLOCKS CAME FROM THE BA REPRESENTATIVE. HE WAS ORDERED BY A SOLDIER TO EMPTY THE CONTENTS OF A JERRYCAN IN HIS BOOT INTO HIS PETROL TANK, POLES HAVE SIMPLY HAD JERRYCANS CONFISCATED BY THE SOLDIERS.

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POLAND:

ADVANCE COPIES

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TO IMMEDIATE FCO
TELNO 948 OF 17TH DECEMBER 1981
INFO IMMEDIATE: WASHINGTON, BONN, PARIS, UKDEL NATO AND MOSCOW

FROM MELHUISH.

POLAND: INTERNAL SITUATION.

- 1. I CALLED ON DEPUTY FOREIGN MINISTER OLECHOWSKI AT MY REQUEST
 THIS MORNING. EARLIER AMBASSADOR STANISZEWSKI, ON HIS WAY TO LONDON
 BY LOT CHARTER FLIGHT, CALLED IN TO COLLECT HIS VISA.
 - 2. OLECHOWSKI SAID THAT THE FIRST THREE DAYS OF THE STATE OF EMERGENCY HAD PASSED OFF RELATIVELY PEACEFULLY WITH NO SERIOUS OR CONCERTED RESISTANCE THROUGHOUT THE COUNTRY. THE MILITARY AUTHORITIES HAD ENCOUNTERED TROUBLE IN ONLY NINE OUT OF THE 49 VOIVODSHIPS AND ONLY 57 FACTORIES HAD PROVED DIFFICULT IN ONE FORM OR ANOTHER. THE MOST WORRYING AREA WAS UPPER SILESIA, WITH WROCLAW CLOSE BEHIND. ACCORDING TO HIS LATEST INFORMATION, GDANSK WAS NOW

CLOSE DEHIND. ACCORDING TO HIS LATEST INFORMATION, GDANSK WAS NOW QUIET. STRESSING THAT HE WAS SPEAKING CONFIDENTIALLY, AND WITH THE EXPLICIT REQUEST THAT THE INFORMATION SHOULD NOT BE PASSED TO THE PRESS, OLECHOWSKI THEN SAID THAT UNFORTUNATELY THE FIRST BLOODSHED HAD NOW OCCURRED WITH SEVEN DEAD IN A CLASH IN A SILESIAN COAL MINE. HE HAD ONLY LEARNED OF THIS A LITTLE TIME BEFORE THE MEETING AND HAD NO MORE DETAILS. EARLIER, STANISZEWSKI HAD SPOKEN ABOUT "ACCIDENTS" IN SILESIA AND THESE MUST HAVE BEEN THE SAME INCIDENT.

3. BOTH OLECHOWSKI AND STANISZEWSKI SAID THAT THE MILITARY AUTHORITIES HAD EXPECTED TODAY, 17 DECEMBER, TO BE DIFFICULT. SOLIDARITY WAS TRYING TO ORGANISE DEMONSTRATIONS AND STRIKES AND STANISZEWSKI TALKED ABOUT POSSIBLE MOVEMENT OF LARGE NUMBERS OF PEOPLE INTO WARSAW. WHEN I ASKED STANISZEWSKI ABOUT PEOPLE UNDER ARREST, HE SAID THAT THE AUTHORITIES HAD HAD TO DETAIN A NUMBER. HE NAMED GEREMEK AND JAN JOZEF LIPSKI THE KOR ACTIVIST. IN REPLY TO A QUESTION ABOUT WALESA, STANISZEWSKI SAID THAT HE WAS LIVING WITHIN WARSAW AND WAS HAVING DISCUSSIONS WITH RAKOWSKI AND OTHER GOVERNMENT MINISTERS. STANISZEWSKI STRESSED THAT, WHEN ALL THE PRESENT EXCITEMENT DIED DOWN, THE AUTHORITIES STILL WISHED TO HAVE DEALINGS WITH A DIFFERENT SORT OF SOLIDARITY WHICH THEY HOPED MIGHT BE LED BY WALESA WHOMTHEY REGARDED AS A MODERATE, IF WAYWARD, INTERLOCUTOR.

^{4.} I TOOK THE OPPORTUNITY OF STANISZEWSKI'S CALL TO CONTRAST THE WAY IN WHICH HE WOULD BE ABLE TO CARRY OUT HIS MISSION IN LONDON AND THE CURRENT RESTRICTIONS IMPOSED ON THIS EMBASSY. I MADE THE SAME POINT TO OLECHOWSKI WITH PARTICULAR EMPHASIS ON THE RESTRICTIONS ON OUR MOVEMENTS, THE BAN ON TELECOMMUNICATIONS AND THE ACTION OF THE POLISH POLICE OUTSIDE THE EMBASSY IN TURNING BACK POLISH VISITORS. OLECHOWSKI MADE NO ATTEMPT TO DEFEND THESE RESTRICTIONS EXCEPT IN TERMS OF THE STATE OF EMERGENCY. HE SAID THAT HE HOPED SOME FACILITIES WOULD BE RESTORED TODAY WITH EMBASSIES HAVING ACCESS TO A CENTRAL TELEX EXCHANGE TO WHICH THEY COULD TAKE MESSAGES. I SAID I WOULD PREFER TO USE OUR OWN TELEX MATERIAL, BUT OLECHOWSKI SAID THAT THIS WOULD NOT YET BE POSSIBLE.

^{5.} IN ACCORDANCE WITH INSTRUCTIONS IN PARAGRAPH 3 OF FCO TEL NO 672; I PRESSED OLECHOWSKI TO PERMIT BA TO BRING IN AIRCRAFT.

I ALSO POINTED OUT THAT IT WAS NOT MUCH GOOD LOT FLYING OUT TWO CHARTER PLANES TO LONDON THIS MORNING AT 10.30 AND 10.45 WHEN WE WERE ONLY INFORMED ABOUT 9.00 AM. I MENTIONED SOME OF THE CONCULAR COMPASSIONATE CASES THAT NEEDED TO BE GOT OUT QUICLY. IF POLISH AIR SPACE COULD BE USED FOR LOT, I SAW NO REASON WHY IT SHOULD NOT

HELP IN STATE ORDER USED FOR LOT, I SAW NO REASON WHY IT SHOOLS IN SPACE COULD BE USED FOR LOT, I SAW NO REASON WHY IT SHOOLS IN SPACE COULD BE USED FOR LOT, I SAW NO REASON WHY IT SHOOLS IN SPACE COULD BE USED FOR LOT, I SAW NO REASON WHY IT SHOOLS IN SPACE COULD BE USED FOR LOT, I SAW NO REASON WHY IT SHOOLS IN LIFE OF THE OWN TO DAY (FCO TEL NO 685).

6. I THANKED OLECHOWSKI FOR THE PERMISSION THAT HAD BEEN GIVEN FOR OUR CONSULAR TEAM TO VISIT WLOCLAWEK BUT SAID THAT I WAS DISAPPOINTED ANOTHER TEAM COULD NOT GO TO GDANSK. OLECHOWSKI SAID THAT GDANSK WAS PARTICULARLY SENSITIVE BUT, IF IT WAS NOW INDEED QUIET AS HE THOUGHT, WE MIGHT BE ABLE TO GET UP THERE SOON. I SAID THAT I WAS ALSO CONCERNED ABOUT BRITISH SUBJECTS IN THE KRAKOW/KATOWICE AREA, AND HAD ASKED FOR PERMISSION FOR ANOTHER TEAM TO GET DOWN THERE. OLECHOWSKI SAID THAT THIS MIGHT BE DIFFICULT FOR A DAY OR TWO BUT HE WOULD SEE WHAT HE COULD DO TO HELP.

7. I ALSO SOUGHT OLECHOWSKI'S HELP IN CASE WE SHOULD NEED TO FLY IN FROM LONDON SOME OF OUR STRANDED CHILDREN. HE SAID THERE VOULD BE NO DIFFICULTY ON THIS. I ALSO MENTIONED THAT WE MIGHT NEED SOME REINFORCEMENTS FOR THE EMBASSY AND THAT I HOPED THAT THIS SOME REINFORCEMENTS FOR THE EMBASSY AND THAT I HOPED THAT THIS WOULD BE LOOKED AT KINDLY, PARTICULARLY AS WE HAD MANAGED TO GET VOULD BE LOOKED AT KINDLY, PARTICULARLY AS WE HAD MANAGED TO GET VOULD BE LOOKED AT KINDLY, PARTICULARLY AS WE HAD MANAGED TO GET VOULD BE LOOKED AT KINDLY, PARTICULARLY AS WE HAD MANAGED TO GET VOUR STANISZEWSKI VERY RAPIDLY. I SUBSEQUENTLY SPOKE TO LASZCZ, DIRECTOR OF PROTOCOL, WHO SAW NO DIFFICULTY OVER THE LASZCZ, DIRECTOR OF PROTOCOL, WHO SAW NO DIFFICULTY OVER THE CHILDREN BUT WAS LESS ENTHUSIASTIC ABOUT REINFORCEMENTS. WE WILL CHILDREN BUT WAS LESS ENTHUSIASTIC ABOUT REINFORCEMENTS. WE WILL PRESS THIS WHEN WE KNOW YOUR VIEWS. (PARAGRAPH 5 OF YOUR TEL NO 672).

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8. QLECHOWSKI IS CLER

ALL OF THIS ?

8. OLECHOWSKI IS CLEARLY BEING AS HELPFUL AS HE POSSIBLY CAN BUT FINDS HIS HANDS TIED, PROBABLY BY THE MILITARY OVERLORDS IN THE FINDS HIS HANDS TIED, PROBABLY BY THE MILITARY OVERLORDS IN THE FIRST OFFICIAL NEAR THE MEETING WAS, HOWEVER, IMPORTANT FOR THE FIRST OFFICIAL CONFIRMATION BY THE POLES THAT THE IMPOSITION OF MARTIAL LAW HAD CONFIRMATION BY THE POLES THAT THE IMPOSITION OF MARTIAL LAW HAD LOW GAUSED BLOODSHED WITH A NUMBER OF DEATHS.

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GPS 415 CONFIDENTIAL FM BONN 171700Z DEC 81 TO IMMEDIATE FCO TELEGRAM NUMBER 1019 OF 17 DECEMBER INFO IMMEDIATE WASHINGTON WARSAW INFO PRIORITY UKDEL NATO MOSCOW AND PARIS INFO SAVING ANKARA ATHENS BRUSSELS COPENHAGEN THE HAGUE LISBON LUXEMBOURG OSLO OTTAWA REYKJAVIK ROME BMG BERLIN E BERLIN AND CICC(G)

POLAND

- 1. AFTER YESTERDAY'S FEDERAL CABINET MEETING THE GOVERNMENT SPOKESMAN TOLD THE PRESS THAT THE CABINET HAD EXPRESSED ITS CONCERN AT THE SITUATION IN POLAND AND HAD ENDORSED TUESDAY'S STATEMENT BY EC FOREIGN MINISTERS IN LONDON. BECAUSE OF THE EXCEPTIONAL DIFFICULTY IN OBTAINING INFORMATION FROM POLAND, THE CABINET HAD REFRAINED FROM MAKING A DEFINITIVE JUDGEMENT ON THE SITUATION. OUR CONTACTS WITH THE AUSWAERTIGES ANT CONFIRM THAT THE FEDERAL GOVERNMENT, WHILE SHARING THE GENERAL FEELING OF APPREHENSION AND BELIEVING THAT RESISTANCE AND REPRESSION IN POLAND ARE INCREASING. IS FOR THE MOMENT UNCERTAIN HOW TO EVALUATE THE CONSEQUENCES OF THE MILITARY TAKEOVER.
- 2. THE DGB (GERMAN TUC) ISSUED AN APPEAL YESTERDAY FOR THE RELEASE OF SOLIDARITY MEMBERS UNDER ARREST.
- THE POLISH CHARGE D'AFFAIRES HAD A FURTHER DEFTING AT HIS DECUEST

THE MILITARY TAKEOVER. 2. THE DGB (GERMAN TUC) ISSUED AN APPEAL YESTERDAY FOR THE RELY SE OF SOLIDARITY MEMBERS UNDER ARREST. 3. THE POLISH CHARGE D'AFFAIRES HAD A FURTHER MEETING AT HIS REQUEST WITH GENSCHER YESTERDAY. THE AUSWAERTIGES AMT HAVE TOLD US THAT HE AGAIN SOUGHT GERMAN UNDERSTANDING FOR EVENTS IN POLAND. AND EXPRESSED THE HOPE THAT POLISH-FRG RELATIONS WOULD REMAIN UNAFFECTED AND THAT THE FEDERAL GOVERNMENT WOULD CONTINUE TO PROVIDE ECONOMIC AND OTHER ASSISTANCE. GENSCHER TOOK NOTE, AND STUCK TO THE AGREED EC LINE. 4. IN WASHINGTON TELNO 3818 TO FCO, PARA. 10, SIR N. HENDERSON REPORTS STOESSEL AS HAVING CRITICISED GERMAN PRESS COMMENT ON POLAND AS BEING QUOTE FEEBLE UNQUOTE. IT IS CERTAINLY TRUE THAT GERMAN PRESS COMMENT SO FAR HAS BEEN PREDOMINANTLY AGAINST THE EXERCISE OF OVERT PRESSURE BY THE WEST ON THE POLISH GOVERNMENT AT THIS STAGE IN THE CRISIS. BUT THERE HAS BEEN STRONG CRITICISM OF THE MILITARY TAKEOVER AND THE ARRESTS WHICH HAVE ACCOMPANIED IT. THE PREVAILING TONE HAS BEEN ONE OF ALARM AND GROWING PESSIMISM. AND THERE HAS BEEN SOME CRITICISM IN MORE CONSERVATIVE NEWSPAPERS OF WESTERN QUOTE HELPLESSNESS UNQUOTE. THE STRAIN IN GERMAN THINKING WHICH, TO JUDGE FROM STOESSEL'S REMARKS, THE AMERICANS FIND UNWELCOME IS EXEMPLIFIED IN THEO SOMMER'S ARTICLE IN TODAY'S EDITION OF THE INFLUENTIAL WEEKLY DIE ZEIT (WHICH HOWEVER STOESSEL COULD NOT HAVE SEEN WHEN SPEAKING AS REPORTED). THIS SAYS IT IS PREMATURE TO TALK OF SANCTIONS, BREAKING OFF CONTRACTS WITH THE EAST AND A RETURN TO THE COLD WAR. POLAND IS NOT YET LOST, OR DETENTE IN TATTERS. THE COUP, WHICH HAD BECOME UNAVOIDABLE. IS POLAND'S LAST CHANCE, AND THE POLES STILL DESERVE WESTERN SUPPORT. FCO PASS SAVING ABOVE EXCEPT BMG BERLIN CICC(G) AND E BERLIN TAYLOR MMMM SENT AT 17/17402 DW

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PS/PUS
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MR FERGUSSON
SIR A ACLAND
MR GILLMORE
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FM WASHINGTON 1721ØØZ DEC 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 3832 OF 17 DECEMBER

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

PRESIDENT REAGAN'S PRESS CONFERENCE: POLAND

1. AT HIS PRESS CONFERENCE TODAY, PRESIDENT REAGAN MADE THE FOLLOWING STATEMENT ABOUT POLAND:

BEGINS QUOTE ALL OF THE INFORMATION THAT WE HAVE CONFIRMS
THAT THE IMPOSITION OF MARTIAL LAW IN POLAND HAS LED TO
THE ARREST, CONFINEMENT IN PRISONS AND DETENTION CAMPS OF
THOUSANDS OF POLISH TRADE UNION LEADERS AND INTELLECTUALS.
FACTORIES ARE BEING SEIZED BY SECURITY FORCES, WORKERS BEATEN.
THESE ACTS MAKE PLAIN THERE HAS BEEN A SHARP REVERSAL OF THE
MOVEMENT TOWARD A FREER SOCIETY THAT HAS BEEN UNDERWAY IN POLAND
FOR THE PAST YEAR AND A HALF.
COERCION AND VIOLATION OF HUMAN RIGHTS ON A MASSIVE SCALE HAVE
TAKEN THE PLACE OF NEGOTIATION AND COMPROMISE. ALL OF THIS IS
IN GROSS VIOLATION OF THE HELSINKI PACT TO WHICH POLAND IS A
SIGNATORY. IT WOULD BE NAIVE TO THINK THIS COULD HAPPEN
WITHOUT THE FULL KNOWLEDGE AND THE SUPPORT OF THE SOVIET UNION.
WE ARE NOT NAIVE. WE VIEW THE CURRENT SITUATION IN POLAND IN THE
GRAVEST OF TERMS, PARTICULARLY THE INCREASING USE OF FORCE

WE ARE NOT NATUE, WE VIEW THE CURRENT SITUATION IN POLAND IN THE GRAVEST OF TERMS, PARTICULARLY THE INCREASING USE OF FORCE AGAINST AN UNARMED POPULATION, AND VIOLATIONS OF THE BASIC CIVIL RIGHTS OF THE POLISH PEOPLE. VIOLENCE INVITES VIOLENCE AND THREATENS TO PLUNGE POLAND INTO CHAOS, WE CALL UPON ALL FREE PEOPLE TO JOIN IN URGING THE GOVERNMENT OF POLAND TO REESTABLISH CONDITIONS THAT WILL MAKE CONSTRUCTIVE NEGOTIATIONS AND COMPROMISE POSSIBLE. CERTAINLY, IT WILL BE IMPOSSIBLE FOR US TO CONTINUE TRYING TO HELP POLAND SOLVE ITS ECONOMIC PROBLEMS WHILE MARTIAL LAW IS IMPOSED ON THE PEOPLE OF POLAND, THOUSANDS ARE IMPRISONED AND THE LEGAL RIGHTS OF FREE TRADE UNIONS, PREVIOUSLY GRANTED BY THE GOVERNMENT, ARE NOW DENIED. WE HAVE ALWAYS BEEN READY TO DO OUR SHARE TO ASSIST POLAND IN OVERCOMING ITS ECONOMIC DIFFICULTIES, BUT ONLY IF THE POLISH PEOPLE ARE PERMITTED TO RESOLVE THEIR OWN PROBLEMS FREE OF INTERNAL COERCION AND OUTSIDE INTERVENTION.

OUR NATION WAS BORN IN RESISTANCE TO ARBITRARY POWER AND HAS BEEN REPEATEDLY ENRICHED BY IMMIGRANTS FROM POLAND AND OTHER GREAT NATIONS OF EUROPE. SO, WE FEEL A SPECIAL KINSHIP WITH THE POLISH PEOPLE IN THEIR STRUGGLE AGAINST SOVIET OPPOSITION TO THEIR REFORMS. THE POLISH NATION, SPEAKING THROUGH SOLIDARITY, HAS PROVIDED ONE OF THE BRIGHTEST, BRAVEST MOMENTS OF MODERN HISTORY, THE PEOPLE OF POLAND ARE GIVING US AN IMPERISHABLE EXAMPLE OF COURAGE AND DEVOTION TO THE VALUES OF FREEDOM IN THE FACE OF RELENTLESS OPPOSITION. LEFT TO THEMSELVES, THE POLISH PEOPLE WOULD ENJOY A NEW BIRTH OF FREEDOM. BUT THERE ARE THOSE WHO OPPOSE THE IDEA OF FREEDOM WHO ARE INTOLERANT OF NATIONAL INDEPENDENCE AND HOSTILE TO THE EUROPEAN VALUES OF DEMOCRACY AND THE RULE OF LAW. TWO DECEMBERS AGO, FREEDOM WAS LOST IN AFGHANISTAN. THIS CHRISTMAS IT'S AT STAKE IN POLAND. BUT THE TORCH OF LIBERTY IS HOT. IT WARMS THOSE WHO HOLD IT HIGH. IT BURNS THOSE WHO TRY TO EXTINGUISH IT UNQUOTE ENDS.

PRESIDENT REAGAN DECLINED TO ANSWER QUESTIONS ABOUT POSSIBLE
OPTIONS OR INITIATIVES, INCLUDING THE POSSIBLE EFFECT ON
ARMS CONTROL NEGOTIATIONS. HE SAID THAT, NOT ONLY THE UNITED
STATES, BUT ALSO HER ALLIES IN WESTERN EUROPE, HAD MADE VERY PLAIN
HOW SERIOUSLY THEY WOULD CONSIDER RUSSIAN INTERVENTION
IN POLAND. ASKED WHETHER HIS ATTITUDE TO THE SOVIET
UNION HAD SOFTENED IN RECENT MONTHS COMPARED
WITH HIS EARLY, HARSH STATEMENTS, THE PRESIDENT REFERRED TO HIS
FIRST PRESS CONFERENCE WHEN HE HAD DONE NO MORE THAN TELL THE
TRUTH IN SAYING THAT THE SOVIET UNION REGARDED AS MORAL
ANYTHING WHICH FURTHERED THE CAUSE OF SOCIALISM.

PS PS/LPS

PS/LORD TREFGARNE PS/PUS MR BULLARD MR FERGUSSON SIR A ACLAND MR GILLMORE

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RESTRICTED FM WASHINGTON 171800Z DEC 81 TO IMMEDIATE FCO TELEGRAM NO 383Ø OF 17 DECEMBER INFO PRIORITY WARSAW, BONN, PARIS, MOSCOW, UKDEL NATO, UKDEL MADRID

MY TELNO 3819: POLAND

1. THE US PAPERS LEAD WITH REPORTS OF FURTHER EVIDENCE OF SYSTEMATIC REPRESSION IN POLAND, INCLUDING THE ARREST OF LARGE NUMBERS OF WORKERS AND OTHER DISSIDENTS, THE USE OF FORCE AGAINST STRIKING WORKERS AND THE POLISH CHURCH'S STATEMENT ACCUSING THE AUTHORITIES OF TURNING THE COUNTRY INTO A NATION QUOTE TERRORISED * BY MILITARY FORCE UNQUOTE AND DEMANDING THAT THE BAN ON TRADE UNION ACTIVITIES BE LIFTED, AND THAT THOSE WHO HAVE BEEN DETAINED SHOULD BE RELEASED.

2. THE STATE DEPARTMENT SPOKESMAN ANNOUNCED THE PROTEST TO THE POLISH AUTHORITIES ON THE RESTRICTION OF US EMBASSY PERSONNEL. THE POLISH AMBASSADOR WAS TOLD THAT REPORTS ABOUT WALESA AND THE ARREST OF OTHER DISSIDENTS WERE CONTRARY TO THE POLISH GOVERNMENT'S STATED COMMITMENT TO REFORM AND ITS ADHERENCE TO THE HELSINK! FINAL ACT .

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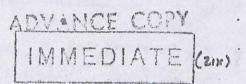
ACTIVITIES BE LIFTED, AND THAT THOSE WHO HAVE BEEN DETAINED LOULD BE RELEASED. 2. THE STATE DEPARTMENT SPOKESMAN ANNOUNCED THE PROTEST TO THE POLISH AUTHORITIES ON THE RESTRICTION OF US EMBASSY PERSONNEL. THE POLISH AMBASSADOR WAS TOLD THAT REPORTS ABOUT WALESA AND THE ARREST OF OTHER DISSIDENTS WERE CONTRARY TO THE POLISH GOVERNMENT'S STATED COMMITMENT TO REFORM AND ITS ADHERENCE TO THE HELSINK! FINAL ACT. 3. PRESIDENT MITTERRAND'S STATEMENT THAT DEVELOPMENTS IN POLAND MUST BE QUOTE CLEARLY, VIGOROUSLY, CONSTANTLY DENOUNCED UNQUOTE AND ASSAILING QUOTE THE LOSS OF PUBLIC LIBERTIES, COLLECTIVE AND INDIVIDUAL, WHETHER THEY RESULT FROM EXTERNAL PRESSURE OR INTERNAL OPPRESSION UNQUOTE IS PROMINENTLY REPORTED AND IS CONTRASTED WITH THE TONE OF THE STATEMENT ISSUED BY THE EC FOREIGN MINISTERS AND OTHER EUROPEAN REACTIONS. THERE IS UNDERSTANDING IN THE PRESS FOR THE ADMINISTRATION'S CAUTIOUS RESPONSE, PUT CRITICISM THAT THERE HAS NOT BEEN A CLEARER DENUNCIATION OF THE REPRESSION, WITH A STRONG UNDER-CURRENT OF CONCERN AT THE ATTITUDE OF THE ALLIES. THERE IS NO DISPOSITION TO BELIEVE THAT THE ACTION OF THE POLISH MILITARY AUTHORITIES COULD HAVE BEEN TAKEN WITHOUT THE KNOWLEDGE AND APPROVAL OF THE SOVIET UNION. HENDERSON NNNN

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FM WASHINGTON 162105Z DEC 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 3819 OF 16 DECEMBER

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

MY TELNO 3796: POLAND

- 1. THE WHITE HOUSE SPOKESMAN SAID YESTERDAY THAT THE USE OF VIOLENCE AGAINST THE POLISH PEOPLE BY THE GOVERNMENT WOULD HAVE EXTREMELY GRAVE CONSEQUENCES. THE WASHINGTON POST AND NEW YORK TIMES REPORT A SENSE OF PESSIMISM ON THE PART OF US OFFICIALS, WITH A PICTURE EMERGING FROM POLAND OF GROWING WORKER RESISTANCE AND INCREASING EVIDENCE OF WIDESPREAD REPRESSION. THE PRESS NOTE REPORTS THAT THE SOVIET WARSAW PACT COMMANDER KULIKOV ARRIVED IN POLAND BEFORE THE IMPOSITION OF MARTIAL LAW AND MAY STILL BE THERE.
- 2. THE STATE BEPARTMENT PROTESTED TO THE POLISH AUTHORITIES
 YESTERDAY AFTER SECURITY FORCES APPEARED AROUND THE US EMBASSY AND
 CONSULATES. THE AGRICULTURE SECRETARY, BLOCK, WHO ADVOCATED THE
 LIFTING OF THE GRAIN EMBARGO AGAINST THE SOVIET UNION AFTER
 AFGHANISTAN SAID THAT HE PROBABLY WOULD RECOMMEND A NEW EMBARGO IF
 THE SOVIET UNION INTERVENED IN POLAND.
- 3. IN AN ARTICLE ENTITLED THE QUOTE NEW ISOLATIONISTS UNQUOTE

EVIDENCE OF WIDESPREAD REPRESSION. THE PRESS NOTE REPORTS THAT THE SOVIET WARSAW PACT COMMANDER KULIKOV ARRIVED IN POLAND BEFORE THE IMPOSITION OF MARTIAL LAW AND MAY STILL BE THERE.

2. THE STATE DEPARTMENT PROTESTED TO THE POLISH AUTHORITIES YESTERDAY AFTER SECURITY FORCES APPEARED AROUND THE US EMBASSY AND CONSULATES. THE AGRICULTURE SECRETARY, BLOCK, WHO ADVOCATED THE LIFTING OF THE GRAIN EMBARGO AGAINST THE SOVIET UNION AFTER AFGHANISTAN SAID THAT HE PROBABLY WOULD RECOMMEND A NEW EMBARGO IF THE SOVIET UNION INTERVENED IN POLAND.

3. IN AN ARTICLE ENTITLED THE QUOTE NEW ISOLATIONISTS UNQUOTE JAMES RESTON IN THE NEW YORK TIMES MAKES PESSIMISTIC JUDGMENTS ABOUT THE RESPONSE OF THE ALLIANCE AND DENOUNCES THE QUOTE COMPARATIVELY MILD CONDEMNATION BY THE WEST OF THE MILITARY. SUPPRESSION OF SOLIDARITY UNQUOTE.

HENDERSON

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FM WASHINGTON 162100Z DEC 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 3818 OF 16 DECEMBER

INFO IMMEDIATE WARSAW MOSCOW BONN UKDEL NATO PARIS UKMIS NEW YORK

UKREP BRUSSELS PRIORITY OTHER NATO POSTS DUBLIN UKDEL VIENNA

UKDEL MADRID

MY TELNO 3798: POLAND.

- 1. I ASKED STOESSEL THIS MORNING ABOUT THE US ASSESSMENT OF THE SITUATION AND WHAT THEY PROPOSED TO DO.
- 2. I MENTIONED THE DISPOSITION BY SOME IN THE EARLY STAGES TO RESERVE JUDGEMENT AND SEEK TO ASCERTAIN WHETHER JARUZELSKI HAD BEEN TAKING ACTION TO FORESTALL SOVIET INTERVENTION. STOESSEL SAID THAT THE AMERICANS DID NOT BUY THAT EXPLANATION AT ALL. THE ACTION TAKEN WAS BEING DRESSED UP TO LOOK NATIONALIST, BUT IT SEEMED OBVIOUS THAT THE REGIME HAD BEEN ACTING UNDER SOVIET PRESSURE. IT REMAINED THE ADMINISTRATION'S VIEW THAT WE SHOULD ALL BE CAUTIOUS IN WHAT WE SAID. THEY DID NOT WANT TO CONTRIBUTE TO A WORSENING OF THE SITUATION OR GIVE THE SOVIET UNION A PRETEXT TO SAY THAT THEY HAD DONE SO. THEY ASSESSED THE SITUATION AS DETERIORATING. IT REMAINED TO BE SEEN IF THE POLES WOULD BE ABLE TO HANDLE IT. THERE WERE CONTINUING SIT-INS IN THE GDANSK SHIPYARDS AND AT THE NOVAHUTA STEELWORKS. THE TROOPS SEEMED TO BE USING FORCE SHORT OF THE USE OF FIREARMS TO DEAL WITH STRIKING WORKERS. SOLIDARITY FORCES WERE TRYING TO REORGANISE. THE AMERICANS HAD NO FURTHER INFORMATION ABOUT WALESA. IF IT BECAME NECESSARY TO INTENSIFY THE REPRESSION STOESSEL THOUGHT THAT THE AUTHORITIES WOULD RELY ON THE PARA-MILITARY INTERNAL SECURITY FORCE. THE OTHER WARSAW PACT COUNTRIES HAD GENERALLY SUPPORTED THE ACTION TAKEN, THOUGH HUNGARIAN SUPPORT HAD BEEN MORE MUTED THAN THAT OF THE CZECHS AND EAST GERMANS.
- 3. I EXPLAINED THE DECISION TAKEN BY THE EC COUNCIL OF MINISTERS ON FOOD AID. THERE CLEARLY COULD BE PHYSICAL DIFFICULTY IN PRESENT CIRCUMSTANCES IN GETTING SUPPLIES INTO POLAND AND DISTRIBUTED. STOESSEL SAID THAT THE AMERICANS FACED SIMILAR PROBLEMS ABOUT THE DOLLARS 30 MILLION OF HUMANITARIAN ASSISTANCE BEING HANDLED THROUGH THE CATHOLIC RELIEF SERVICE AND CARE. SOME SHIPS WERE STILL GOING INTO POLISH PORTS BUT IT WAS NOT CLEAR IF THEY WERE OFFLOADING. THE AMERICANS WERE HOLDING IN ABEYANCE ANY FURTHER AID.

- 4. STOESSEL ADDED THAT NITZE HAD HELD A FURTHER MEETING WITH KVITSINSKY YESTERDAY. HE HAD MADE A BRIEF STATEMENT REGISTERING US CONCERN ABOUT POLAND AND THAT THERE SHOULD BE NO OUTSIDE INTERVENTION. KVITSINSKY HAD REPLIED SHARPLY THAT THIS WAS A POLISH AFFAIR AND THAT THERE SHOULD BE NO LINKAGE WITH THE ARMS CONTROL NEGOTIATIONS.
- 5. EAGLEBURGER IS SEEING THE POLISH AMBASSADOR THIS MORNING
 TO GIVE HIM A NOTIFICATION RESTRICTING THE MOVEMENTS OF HIS
 EMBASSY PERSONNEL TO THE CITY OF WASHINGTON IN RETALIATION FOR
 THE RESTRICTIONS PLACED ON US PERSONNEL IN POLAND. THIS WILL BE
 ANNOUNCED, AS WILL THE FACT THAT EAGLEBURGER WILL BE ASKING FOR
 ASSURANCES ABOUT WALESA AND THE SOLIDARITY PERSONNEL WHO HAVE BEEN
 ARRESTED.
- 6. STOESSEL ADDED THAT THERE WERE PLENTY OF PEOPLE HERE WHO WOULD LIKE TO SHOOT OFF ABOUT THE SITUATION. HAIG SAW IT AS VERY GRAVE BUT WANTED A MEASURED US RESPONSE. HE DID NOT WANT TO GET TOO FAR OUT IN FRONT OF THE ALLIES. THE PRESIDENT WOULD BE GIVING A PRESS CONFERENCE TOMORROW, WHICH HAD BEEN SCHEDULED FOR SOME TIME, AT WHICH HE WOULD HAVE TO GO FURTHER THAN THE ADMINISTRATION HAD SO FAR DONE IN CONDEMNING THE ACTION WHICH HAD BEEN TAKEN BY THE POLISH AUTHORITIES. HE WOULD REFER TO THE STRIKES, THE REPORTS OF THE USE OF FORCE, THE SUPPRESSION OF HUMAN RIGHTS AND CONCERN ABOUT SOLIDARITY AND THE SUPPRESSION OF REFORMS. STOESSEL SAID, IN PARENTHESIS, THAT IT SEEMED CLEAR THAT THE ASSURANCES THAT THERE WOULD BE NO RETURN TO THE SITUATION BEFORE AUGUST 1980 WERE WORTHLESS.
- 7. I SAID THAT THE PRESIDENT WAS BOUND TO BE ASKED WHETHER HE THOUGHT THE SOVIET UNION HAD BEEN INVOLVED. STOESSEL SAID HE THOUGHT THAT IT WAS LIKELY THAT HE WOULD TAKE THE LINE THAT THE SOVIET PRESENCE WAS SO PERVASIVE THAT ACTION COULD HARDLY HAVE BEEN TAKEN WITHOUT SOVIET KNOWLEDGE. STOESSEL ADDED THAT THE US DID NOT AT THIS STAGE ENVISAGE ACTION AT THE UN.
- 8. STOESSEL SAID THAT WE SHOULD ALL NEED TO REFLECT VERY CAREFULLY ON THE QUESTION OF FOOD AID. I ASKED WHETHER THE AMERICANS SAW ANY WAY OF GETTING FOOD TO THE POPULATION WITHOUT ITS BEING USED AS AN INSTRUMENT OF THE REGIME. STOESSEL SAID THAT THE AMERICANS HAD BEEN LOOKING AT THE POSSIBILITY OF TRYING TO USE INTERNATIONAL ORGANISATIONS, CHARITABLE ORGANISATIONS OR THE CHURCH. BUT IT WAS IN PRACTICE VIRTUALLY IMPOSSIBLE TO DISTRIBUTE LARGE QUANTITIES OF FOOD AID EXCEPT THROUGH THE AUTHORITIES, WHO COULD TRY TO USE IT TO ASSIST REPRESSION.

9. STOESSEL CONFIRMED THAT THE AMERICANS HAVE NO EVIDENCE OF SOVIET TROOP MOVEMENTS. BUT THEY CONSIDER THE STATE OF SOVIET READINESS SUFFICIENTLY HIGH TO ENABLE THEM TO MOVE QUICKLY IF NEED BE. THE AMERICANS HAVE NOT BEEN IN TOUCH WITH THE RUSSIANS SINCE STOESSEL SAW BESSMERTNYKH HERE ON SUNDAY TO WARN THEM AGAINST INTERVENTION.

10. COMMENT.

THE AMERICANS ARE CONVINCED THAT THE POLISH AUTHORITIES ARE ENGAGED IN SYSTEMATIC REPRESSION. (FOR ONE NORMALLY SO GUARDED IN HIS UTTERANCES, STOESSEL WAS STRIKINGLY CATEGORIC). THE QUESTION IS WHETHER THE POLISH AUTHORITIES WILL BE ABLE TO ACHIEVE THE SUPPRESSION OF SOLIDARITY ON THEIR OWN OR WHETHER THEY WILL NEED SOVIET ASSISTANCE TO DO SO, (WITH REFERENCE TO PARA 1 OF YOUR TELNO 78 TO UKDEL MADRID, THE AMERICAN VIEW WOULD BE THAT EVENTS IN POLAND HAVE ALREADY TAKEN A DRAMATIC TURN). THEY ARE CONCERNED TO MARCH IN STEP WITH THE ALLIES. THEY CONSIDER THAT ANY APPEARANCE OF DISUNITY WOULD HAVE SERIOUS IMPLICATIONS FOR POLAND AND THE ALLIANCE. THEY ARE CONCERNED ABOUT THE GERMAN REACTIONS. STOESSEL SAID THAT GERMAN PRESS COMMENT HAD BEEN QUOTE FEEBLE UNQUOTE, WITH SOME LEADING NEWSPAPERS SUGGESTING THAT THE POLES WERE HANDLING THE PROBLEM THEMSELVES. THE ADMINISTRATION IS NOW UNDER PRESSURE HERE (RESTON TODAY, KRAFT YESTERDAY) TO MAKE ITS OWN POSITION CLEARER ON THE EVENTS THAT HAVE BEEN TAKING PLACE.

11. THERE WILL BE A FURTHER MEETING WITH STOESSEL TOMORROW.

HENDERSON

[REPETITION TO REYKJAVIK REFERRED FOR DEPARTMENTAL DECISION, REPEATED AS REQUESTED TO OTHER POSTS]

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FM WARSAW 161925Z DEC 81
TO IMMEDIATE FCO
TELNO 937 OF 16TH DECEMBER 1981
AND TO IMMEDIATE: WASHINGTON, BONN, MOSCOW, PARIS, UKDEL NATO
AND MODUK.

POLISH SITUATION.

- 1, A SPOKESMAN FOR THE EPISCOPATE TOLD THE US EMBASSY THIS
 EVENING THAT THE POLISH BISHOPS MET YESTERDAY. (THIS IS MORE
 LIKELY TO HAVE BEEN A MEETING OF THE MAIN COUNCIL OF THE
 EPISCOPATE, WHICH COMPRISES THE PRINCIPAL BISHOPS IN POLAND, THAN A
 PLENARY MEETING OF THE EPISCOPAL CONFERENCE.) THE BISHOPS HAVE
 DRAWN UP A COMMUNIQUE WHICH THEY EMBARGOED UNTIL SUNDAY AT LEAST,
 WHEN IT MAY BE READ OUT IN THE CHURCHES. THE COMMUNIQUE WILL CALL
 ON THE GOVERNMENT TO LIFT MARTIAL LAW, RELEASE ALL DETAINEES AND
 RETURN TO THE PATH OF DIALOGUE. A MESSAGE OF THIS SORT WOULD NOT
 BE INCONSISTENT WITH GLEMP'S EARLIER CALL FOR RESTRAINT AND NONVIOLENCE. BUT IT WOULD BE A POWERFUL INCENTIVE TO THOSE WHO ARE
 RESISTING MARTIAL LAW EITHER ACTIVELY OR PASSIVELY.
- 2. THE DUTCH EMBASSY TOLD US TODAY THAT THEY HAD HEARD EYE WITNESS REPORTS OF DEATHS IN NOWA HUTA, ALTHOUGH THE DETAILS VARIED. THE NUMBER OF DEATHS WAS PUT AT BETWEEN 3 AND 7.
- 3. ACCORDING TO THE JAPANESE EMBASSY (HEARD AT SECOND HAND)
 BARCIKOWSKI, KUBIAK AND LABENCKI, ALL MEMBERS OF THE POLIBURO, HAVE
 BEEN DETAINED. WE ARE INCLINED TO DISBELIEVE THAT BARCIKOWSKI HAS
 BEEN DETAINED, BECAUSE OTHER RUMOURS HAVE SUGGESTED THAT HE WAS ONE
 OF THE FEW POLITBURO MEMBERS TO BE TOLD ABOUT MARTIAL LAW BEFORE IT
 WAS DECLARED. THE PRIMATE TOLD THE US CHARGE' THAT BARCIKOWSKI
 HAD BEEN JARUZELSKI'S EMISSARY IN PASSING ON NEWS OF THE MILITARY
 TAKE-OVER IN THE EARLY HOURS OF SUNDAY MORNING. BUT IT DOES SEEM
 LIKELY THAT ANY MEMBERS OF THE POLITBURO WHO CONTINUED TO OPPOSE
 MARTIAL LAW WOULD FIND THEMSELVES DETAINED, KUBIAK AT LEAST WOULD
 BE A STRONG CANDIDATE TO MAINTAIN SUCH OPPOSITION.
- 4. ARRESTS CONTINUE. WE HAVE HEARD FROM THE GERMAN EMBASSY THAT A LARGE HOLDING CAMP HAS BEEN BUILT AT THE HEL PENINSULA TO TAKE PRISONERS FROM THE NORTHERN PORTS. BOTH THESE AND THE CAMP NEAR WARSAW ARE RUNOURED TO HAVE BEEN VERY HASTILY AND PROVISIONALLY CONSTRUCTED, WITH THE RESULT THAT CONDITIONS IN THE NOW VERY MUCH COLDER WEATHER ARE NOT GOOD. FROM A NUMBER OF ACCOUNTS IT IS APPARENT THAT REPRESSION IS OCCURRING, NOT ONLY AGAINST SOLIDARITY BUT AGAINST THE INTELLECTUAL AND ACADEMIC CIRCLES AMONG WHICH IT FINDS GREAT SUPPORT. THE ACTING REPRESENTATIVE OF THE BRITISH COUNCIL WAS TOLD AT THE POLISH ACADEMY OF SCIENCES TODAY THAT 1000

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OF ITS MEMBERS, INCLUDING PRESIDENT GEYSZTOR, WERE DETAINED IN YESTERDAY'S RAID. ALL BUT 12 WERE SUBSEQUENTLY RELEASED. (GEYSZTOR IS AMONGST THOSE SET FREE.) HARRISON ALSO VISITED THE POLYTECHNIC WHERE HE WAS TOLD THAT THE STUDENTS HAD RESPONDED TO AN APPEAL BY THE RECTOR TO LEAVE. HE SAW A PILE OF IDENTITY CARDS BELONGING TO THE POLYTECHNIC LECTURERS LYING ON A TABLE IN THE BUILDING, A SIGHTING THAT LENDS CREDIBILITY TO THE RUMOUR THAT ALL WARSAW UNIVERSITY AND POLYTECHNIC LECTURERS HAVE BEEN DISMISSED FROM THEIR LOBS. THREE CATHOLIC ORGANISATIONS, ZNAK, PAX AND THE CHRISTIAN SOCIAL MOVEMENT HAVE BEEN EFFECTIVELY DISSOLVED.

5. REPORTS REACHING US FROM WROCLAW INDICATE THAT ARRESTS HAVE TAKEN PLACE IN MUSICAL AND THEATRICAL CIRCLES THERE. THE DIRECTOR OF WROCLAW UNIVERSITY IS ALSO SAID TO HAVE BEEN DETAINED. JAMES

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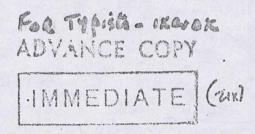
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FM WASHINGTON 162100Z DEC 81 TO IMMEDIATE FCO TELEGRAM NUMBER 3818 OF 16 DECEMBER INFO IMMEDIATE WARSAW MOSCOW BONN UKDEL NATO PARIS UKMIS NEW YORK UKREP BRUSSELS PRIORITY OTHER NATO POSTS DUBLIN UKDEL VIENNA UKDEL MADRID

MY TELNO 3798 POLAND.

- 1. I ASKED STOESSEL THIS MORNING ABOUT THE US ASSESSMENT OF THE SITUATION AND WHAT THEY PROPOSED TO DO.
- 2. I MENTIONED THE DISPOSITION BY SOME IN THE EARLY STAGES TO RESERVE JUDGEMENT AND SEEK TO ASCERTAIN WHETHER JARUZELSKI HAD BEEN TAKING ACTION TO FORESTALL SOVIET INTERVENTION. STOESSEL SAID THAT THE AMERICANS DID NOT BUY THAT EXPLANATION AT ALL. THE ACTION TAKEN WAS BEING DRESSED UP TO LOOK NATIONALIST, BUT IT SEEMED OBVIOUS THAT THE REGIME HAD BEEN ACTING UNDER SOVIET PRESSURE. IT REMAINED THE ADMINISTRATION'S VIEW THAT WE SHOULD ALL BE CAUTIOUS IN WHAT WE SAID. THEY DID NOT WANT TO CONTRIBUTE TO A WORSENING OF THE SITUATION OR GIVE THE SOVIET UNION A PRETEXT TO SAY THAT THEY HAD DONE SO, THEY ASSESSED THE SITUATION AS DETERIORATING IT REMAINED TO BE SEEN IF THE POLES WOULD BE ABLE

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- 3. I EXPLAINED THE DECISION TAKEN BY THE EC COUNCIL OF MINISTERS ON FOOD AID. THERE CLEARLY COULD BE PHYSICAL DIFFICULTY IN PRESENT CIRCUMSTANCES IN GETTING SUPPLIES INTO POLAND AND DISTRIBUTED. STOESSEL SAID THAT THE AMERICANS FACED SIMILAR PROBLEMS ABOUT THE DOLLARS 30 MILLION OF HUMANITARIAN ASSISTANCE BEING HANDLED THROUGH THE CATHOLIC RELIEF SERVICE AND CARE. SOME SHIPS WERE STILL GOING INTO POLISH PORTS BUT IT WAS NOT CLEAR IF THEY WERE OFFLOADING. THE AMERICANS WERE HOLDING IN ABEYANCE ANY FURTHER AID.
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- 7. I SAID THAT THE PRESIDENT WAS BOUND TO BE ASKED WHETHER HE THOUGHT THE SOVIET UNION HAD BEEN INVOLVED. STOESSEL SAID HE THOUGHT THAT IT WAS LIKELY THAT HE WOULD TAKE THE LINE THAT THE SOVIET PRESENCE WAS SO PERVASIVE THAT ACTION COULD HARDLY HAVE BEEN TAKEN WITHOUT SOVIET KNOWLEDGE. STOESSEL ADDED THAT THE US DID NOT AT THIS STAGE ENVISAGE ACTION AT THE UN.
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11. THERE WILL BE A FURTHER MEETING WITH STOESSEL TOMORROW.

HENDERSON

MNNN



PRIME MINISTER

Poland

- In the Foreign and Commonwealth Secretary's absence the Lord Privy Seal will of course report on Poland at Cabinet tomorrow. He may well be cross-examined by colleagues not only about the political implications of what is happening but also about the implications for British policy in economic fields of direct concern to other Ministers. You may therefore wish to have in mind the outstanding collective decisions by OD which are relevant to current developments.
- Sanctions. These are not contemplated at present. But they could 2. come to be later. "The use of force against the population by the Polish authorities without Warsaw Pact assistance" was one of the contingencies envisaged in the NATO paper on possible sanctions options which was circulated to OD in May (OD(81) 26) and considered there on 1st June (OD(81) 10th Meeting). Your summing up directed that "the Committee should have the opportunity to consider the situation collectively, at short notice if need be, before any decisions were taken to implement contingency plans". The contingency planning papers left open the question of who any sanctions should be applied to; if the Soviet Union was not overtly involved, therefore, Poland itself might be the only practicable target.
- It has all along been accepted in Review of economic assistance. OD that "if the political climate in Poland changed, Ministers would of course have a chance to reconsider their policy", in the words of a report by officials (OD(81) 7) considered by the Committee in February (OD(81) 2nd Meeting). At a later meeting in September (OD(81) 16th Meeting) your summing up directed that "the shipment of barley and the provision of credit should of course be urgently reviewed if serious internal repression were to develop in Poland". Such a review is now being carried out by officials of the Departments concerned; and the Foreign and Commonwealth Office and the Cabinet Office will provide any necessary co-ordination.

4. The Foreign and Commonwealth Secretary is being advised, before he leaves for Strasbourg early tomorrow, to send his Cabinet colleagues a preliminary minute about policy in both these areas.

RA

16th December 1981

GRS 1300
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FM FCO 151850Z DEC 81

TO IMMEDIATE UKREP BRUSSELS

TELEGRAM NO 1085 OF 15 DEC
INFO IMMEDIATE OTHER EC POSTS WASHINGTON BIS NEW YORK PRIORITY
WARSAW TEL AVIV CAIRO DAMASCUS BAGHDAD JEDDA MOSCOW.

FOLLOWING FROM HEAD OF NEWS DEPARTMENT

EC FOREIGN MINISTERS MEETING IN LONDON

1. FOLLOWING THE EC FOREIGN MINISTER MEETING IN LONDON ON 14/15

DECEMBER THE SECRETARY OF STATE GAVE INTERVIEWS TO BBC TV ITN AND
BBC RADIO ON THE COMMUNITY, POLAND AND THE GOLAN HEIGHTS.

FOLLOWING IS EDITED TRANSCRIPT OF THE BBC RADIO AND ITN INTERVIEWS:
BBC RADIO

THE MANDATE

Q: HOW MUCH HAVE YOU MOVED THINGS FORWARD SINCE THE HEADS OF GOVERNMENT MEETING. IS THERE A CHANCE OF A BREAKTHROUGH AS A RESULT OF THESE TALKS?

A: WE HAVE MOVED THINGS FORWARD QUITE A BIT, ALTHOUGH I DONT THINK ONE COULD SAY THAT WE HAD SOLVED ALL THE PROBLEMS. THE TWO REALLY BIG PROBLEMS THAT REMAIN ARE THE PROBLEMS OF MILK AND THE QUESTION OF EXCESSIVE PRODUCTION AND WHETHER OR NOT SMALL PRODUCERS ARE PAID MORE THAN OTHERS — THESE ARE OBVIOUSLY DIFFICULT PROBLEMS FOR VARIOUS MEMBERS OF THE COMMUNITY: AND THEN THERE IS THE BUDGET PROBLEM. ON THE BUDGET PROBLEM I THINK THAT WE HAD FOR THE FIRST TIME A GOOD DISCUSSION ABOUT IT AND I GOT THE FEELING, AFTER I HAD I HOPE MADE A FAIRLY LUCID EXPOSE OF OUR CASE, THAT PEOPLE DID BEGIN TO UNDERSTAND THAT THERE REALLY WAS A PROBLEM AND THAT THERE WAS A NEED TO DEAL WITH IT. I FELT RATHER ENCOURAGED BY IT. BUT THATS NOT TO SAY THAT WE HAVE GOT A SOLUTION YET. I THINK WE HAVE PUSHED THINGS FORWARD.

Q: WHEN DO YOU THINK YOU WILL MEET AGAIN?

A: I SHOULD THINK PROBABLY THE BEGINNING OR MIDDLE OF JANUARY.

WHATS GOING TO HAPPEN NOW IS THAT IN THE LIGHT OF WHAT WE DID TODAY

THE PRESIDENT OF THE COMMISSION, M. THORN, WAS GOING TO GO AWAY

AND REWRITE SOME OF THE STUFF IN THE LIGHT OF IT ALL, AND WE WOULD

HAVE A LOOK AT IT IN THE MIDDLE OF JANUARY, AND HOPE PERHAPS THAT

WE CAN COME TO A CONCLUSION THEN.

Q: WHEN YOU SAY THERES A FULLER UNDERSTANDING OF BRITAINS POSITION ABOUT THE BUDGET, DO YOU MEAN THAT YOUR COLLEAGUES WITHIN THE COMMUNITY AGREED A SET NUMBER OF YEARS FOR SOME SORT OF BUDGET PROPOSAL?

A: NO, WE HAVENT AGREED A SET NUMBER OF YEARS. WE HAVENT REALLY AGREED THE MECHANISM BY WHICH YOU DO IT. WHAT I THINK THERE IS AGREEMENT ABOUT IS THAT THERE IS A PROBLEM AND ITS GOT TO BE DEALT WITH. ITS NOT JUST US NOW, ITS THE GERMANS AS WELL, BECAUSE THE GERMANS ARE FAR AND AWAY THE BIGGEST CONTRIBUTORS AND THEY ARE GETTING VERY RESTLESS AS WELL. SO THERE IS AN UNDERSTANDING THAT BOTH THESE PROBLEMS HAVE GOT TO BE DEALT WITH. THEY HAVENT BEEN SOLVED YET, BUT I THINK WE HAVE GONE A BIT FURTHER DOWN THE LINE THAN WE WERE BEFORE.

POLAND

Q: A LOT OF PEOPLE IN THIS COUNTRY AND AROUND THE WORLD, AND NOT JUST POLES IN EXILE, ARE EXTREMELY ANGRY AT WHAT HAS HAPPENED, THIS STRICT IMPOSITION OF MARTIAL LAW, AND YET YOUR STATEMENT SEEMS TO BE QUOTE MILD, IT DOESN'T STRONGLY CONDEMN THAT IMPOSITION OF MARTIAL LAW. WHY NOT?

A: TWO REASONS REALLY, ALTHOUGH WE EXPRESS GREAT CONCERN AT WHATS HAPPENED. WE HAVE ALWAYS SAID FROM THE BEGINNING WHEN THIS FIRST STARTED IN AUGUST 18 MONTHS AGO THAT THIS WAS AN INTERNAL MATTER FOR THE POLES AND THAT WE WERE NOT GOING TO INTERFERE IN THEIR INTERNAL AFFAIRS. AND THEREFORE I THINK ONE MUST BE CAREFUL NOT TO INTERFERE IN A WAY WHICH IS GOING TO MAKE THINGS WORSE. BUT I THINK RATHER MORE IMPORTANTLY THAN THAT, THAT GENERAL JARUSELSKI HAS SAID, FIRST OF ALL THAT HE HOPES THIS IS TEMPORARY AND THAT WHEN, AS HE SAYS, LAW AND ORDER IS RESTORED THEY WILL GO BACK TO WHERE THEY WERE BEFORE: SECONDLY HE HAS SAID THAT THIS DOES NOT MEAN THAT THE GAINS THAT HAVE BEEN MADE IN WHAT THEY CALL THE RENEWAL, ARE GOING TO BE WITHDRAWN, THAT THERE IS ANY QUESTION OF GOING BACK TO WHAT IT WAS LIKE 18 MONTHS AGO. I THINK THATS VERY IMPORTANT. SO WHAT WE HAVE DONE AND WHAT WE THOUGH WAS RIGHT TO DO, WAS TO EXPRESS OUR CONCERN FOR WHATS HAPPENED, AND IN PARTICULAR AT THE IMPOSITION OF MARTIAL LAW. AND THE DETENTION OF TRADE UNIONISTS, BECAUSE I THINK THATS A VERY SERIOUS MATTER. AND HAVE EXPRESSED OUR HOPE THAT THE POLES WILL MANAGE TO RECONCILE THEIR OWN DIFFERENCES. WE DON'T BELIEVE THAT ANYTHING EXPRESSED IN STRONGER TERMS THAN THAT WOULD NECESSARILY BE VERY HELPFUL. WE WANT TO BE ON RECORD, THE TEN OF US, THAT THIS WAS A MATTER FOR SERIOUS WORRY. Q: THERE SEEMS TO BE A DEVELOPMENT INTERNATIONALLY A DIVISION DEVEL-OPING BETWEEN HOW VARIOUS STATES SHOULD REACT, PARTICULARLY OVER THE QUESTION OF FOOD AID. IT WOULD BE POSSIBLE PRESUMABLY FOR THE EC TO CUT OFF THE VERY LARGE AMOUNTS OF FOOD THAT WE ARE SENDING

INTO POLAND AS A STRONG SIGN OF ITS DISAPPROVAL. WHY HAS THAT NOT BEEN DONE?

A: THE TEN HAVE TAKEN THE VIEW THAT THEY DONT WANT TO RESCIND AS OF NOW THE FOOD AID THATS GOING IN AND THAT NOTHING HAS HAPPENED WHICH MAKES IT DESIRABLE AS OF NOW TO PUNISH THE POLISH PEOPLE WHO ARE GETTING FOOD. BUT I THINK THAT WE SHALL HAVE TO WATCH EVENTS IN POLAND. WE SHALL HAVE TO MAKE UP OUR MIND IN THE NOT TOO DISTANT FUTURE AS TO WHAT FOOD AID WILL BE SENT FROM THE COMMUNITY NEXT YEAR. I DON'T THINK THAT WE OUGHT TO MAKE THAT DECISION UNTIL WE HAVE SEEN WHAT IS GOING TO HAPPEN IN THE NEXT WEEK OR TWO.

Q: SO YOU ARE REALLY PUTTING GENERAL JARUSELSKI AS IT WERE ON TRIAL TO SEE WHAT HE DOES, THEN YOU WILL MAKE YOUR DECISIONS ABOUT HOW YOU SHOULD REACT FURTHER?

AR I THINK WE HAVE GOT TO SEE THE CIRCUMSTANCES IN POLAND OVER THESE NEXT FEW WEEKS BECAUSE I CAN ENVISAGE CIRCUMSTANCES IN WHICH IT IT WOULD BE VERY DIFFICULT TO GO ON SENDING FOOD AID. I CAN EQUALLY VISUALISE CIRCUMSTANCES IN WHICH IT WOULD BE QUITE WRONG TO CUT OFF FOOD AID, AND SO I THINK WE HAVE JUST GOT TO WATCH AND SEE WHAT HAPPENS.

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TO PRIORITY FCO
TELNO 923 OF 15TH DECEMBER 1981



FROM MELHUISH.

OUR TEL NO. 883 : BRITISH COMMUNITY WARSAW.

- 1. THERE ARE CURRENTLY JUST UNDER 90 BRITISH VISITORS (MAINLY TOURISTS OR FAMILY VISITORS BUT WITH HALF A DOZEN OR SO BUSINESSMEN) WAITING FOR THE AIRPORT TO OPEN. ALL ARE ACCOMMODATED EITHER IN HOTELS OR PRIVATELY. THEIR MAIN PROBLEM IS DWINDLING HARD CURRENCY RESOURCES WITH NO MEANS OF SUPPLEMENTING THEIR RESERVES. WE WILL GIVE ASSISTANCE IN ACCORDANCE WITH DSP AS NECESSARY.
- 2. IN THE CONTEXT OF THE NEW POLISH AMBASSADOR'S VISA (PARA 2 OF OUR TELNO 902). CONTINUED DELAY WILL IMPOSE PARTICULAR HARDSHIP IN SOME CASES E.G. ONE WOULD BE TRAVELLER IS AN ELDERLY LADY WHO IS DUE TO BE ADMITTED TO HOSPITAL IN LONDON ON DEC 19 FOR URGENT MEDICAL TREATMENT. TWO MORE ARE YOUNG MOTHERS WITH BOTTLE-FED INFANTS WHOSE SUPPLY OF BABY FORMULA (UNOBTAINABLE IN POLAND) IS ALMOST EXHAUSTED. WE WILL ENCOURAGE STRANDED VISITORS TO LEAVE BY TRAIN, WHICH WE UNDERSTAND IS STILL POSSIBLE, BUT IT SEEMS LIKELY. THAT MOST WILL TRY TO HANG ON UNTIL THE AIRLINES RESUME OPERATING.
- 3. TO THE ABOVE MUST BE ADDED AN UNSPECIFIABLE NUMBER OF BRITISH RESIDENTS WAITING TO TRAVEL TO BRITAIN FOR THE CHRISTMAS HOLIDAYS. THE EVENTS OF THE LAST 3 DAYS ARE BOUND TO INCREASE THIS NUMBER.
- 4. WLOCLAWEK. WE HAVE HAD NO DIRECT CONTACT WITH THE BRITISH COMPANIES OPERATING AT WLOCLAWEK SINCE THE EMERGENCY STARTED. WE DID HOWEVER BRIEF ON THE LINES OF MY TEL NOS. 877 AND 878 TWO BRITISH WORKERS THERE WHO HAPPENED TO BE IN WARSAW LAST SUNDAY AND WERE RETURNING TO WLOCLAWEK THE SAME DAY. WE HOPE TO RECEIVE MFA PERMISSION TO SEND A CONSULAR OFFICER TO THE SITE TOMORROW.

BALTIC PORTS.

CONFIDENTIAL

5. WE HAVE ALSO BRIEFED A BRITISH SUBJECT WORKING WITH CEMENTATION LTD IN GDYNIA, WHO WAS ATTEMPTING TO RETURN THERE FROM WARSAW TODAY, AND ASKED HIM TO CONTACT THE LLOYDS REPRESENTATIVE IN GDANSK, WHO IS THE WARDEN FOR THE AREA. WE ARE SIMILARLY HOPING TO SEND A CONSULAR OFFICER THERE TOMORROW.

EL SEWHERE.

6. WE HAVE HAD NO CONTACT WITH BRITISH RESIDENTS ELSWEHERE IN THE COUNTRY.

7. DESPITE THE OVERT MILITARY PRESENCE ON THE STREETS AND INCREASING REPORTS OF ATTEMPTED STRIKES AND SIT-INS. THE OVERALL SITUATION REMAINS RELATIVELY CALM.

8. THE ABULT SON OF ONE OF OUR SO'S (R S G HOWELLS) WILL BE TRAVELLING TO LONDON BY TRAIN LEAVING TOMORROW. WE HAVE ASKED HIM TO REPORT ON HIS JOURNEY TO CONSULAR DEPT AND WOULD BE GRATEFUL IF YOU WOULD LET US KNOW AS QUICKLY AS POSSIBLE WHAT HE HAS TO SAY ABOUT HIS JOURNEY.

JAMES

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TELNO 915 OF 15TH DECEMBER 1981
AND TO IMMEDIATE PRAGUE (FOR PS/LORD TREFGARNE)
WASHINGTON, BONN, MOSCOW, PARIS, UKDEL NATO, MODUK, HQBAOR AND HQRAFG

POLISH SITUATION.

1. IN THE EARLY HOURS OF THIS MORNING THE HUTA WARSZAWA FACTORY
NEAR WARSAW WAS RAIDED BY THE ARMY AND POLICE AND THE STRIKERS
WHO WERE OCCUPYING IT WERE CLEARED OUT, REPORTEDLY WITHOUT VIOLENCE.
ALSO YESTERDAY EVENING THE POLICE RAIDED THE URSUS FACTORY
AND ARRESTED 300 KEY ACTIVISTS, OF WHOM THEY LATER RELEASED 240.
MFP OFFICIALS HAVE TOLD US THAT THE FACTORY IS OPERATING ONLY
PARTIALLY AND THAT, FOLLOWING THE REMOVAL OF THE 60 KEY
SOLIDARITY ACTIVISTS, OTHER MEMBERS OF SOLIDARITY ARE ORGANISING
FURTHER ACTION. THE MOOD AT THE FACTORY SEEMS TO BE ONE OF ANGER
AND DETERMINATION. BUT GENERALLY THE CITY SEEMS CALM.

AND DETERMINATION. BUT GENERALLY THE CITY SEEMS CALM.

2. STRIKING STUDENTS IN THE UNIVERSITY AND WARSAW POLYTECHNIC HAVE BEEN CLEARED OUT BY THE POLICE IN THE SAME WAY. SOLDIERS IN THE AREA HAVE THEIR GUNS AT THE READY. THE ARMY ARE STRIPPING WARSAW OF ALL TRACES OF SOLIDARITY. BILL POSTERS AND NOTICES ARE BEING REMOVED AND NEWSPAPERS, LEAFLETS, CONFISCATED. MEMBERS OF DEFENCE SECTION HAVE BEEN IMPRESSED BY THE EFFICIENCY OF THIS OPERATION.

3. OUR INFORMATION FROM OUTSIDE WARSAW IS LESS RELIABLE. WE HAVE HEARD THAT THE LENIN SHIPYARD STRIKE HAS BEEN BROKEN IN THE SAME MANNER AS THOSE IN WARSAW. AND THERE ARE RUMOURS OF SIMILAR ACTION IN KATOWICE. SOLIDARITY HAVE CLAIMED THAT MANY PARTS OF THE COUNTRY ARE ON STRIKE. A NEW STRIKE CLAIM HAS BEEN MADE FOR THE SWIDNIK HELICOPTER FACTORY. BUT THERE ARE MANY CITIES AND AREAS FROM WHICH THERE HAS BEEN NO INFORMATION WHATSOEVER SINCE SUNDAY MORNING.

4. AT THIS MORNINGS' NATO HEADS OF MISSION MEETING, THE US CHARGE' REPORTED HIS MEETING WITH ARCHBISHOP GLEMP THE PREVIOUS EVENING. GLEMP TOLD WILGIS THAT HE HAD AGREED WITH THE GOVERNMENT'S REQUEST THAT HIS SUNDAY SERMON BE REPEATED ON WARSAW RADIO ON CONDITION THAT IT WAS BROADCAST IN ITS ENTIRITY. THIS CONDITION HAD BEEN MET BUT GLEMP DID NOT LIKE THE WAY THE RADIO STATION HAD GONE ON REPEATING IT. THE PRIMATE WAS GENERALLY PESSIMISTIC. HE CONFESSED HE HAD LITTLE HARD INFORMATION BUT HE THOUGHT THAT SOME 2000 SOLIDARITY ACTIVISTS HAD BEEN ARRESTED. HE SAID WALESA WAS BEING HELD IN A SOUTHERN SUBURB OF WARSAW AND WAS UNDER STRONG PRESSURE TO BROADCAST SOMETHING CONCILIATORY. GLEMP WAS CONVINCED WALESA WOULD CONTINUE TO REFUSE. GLEMP SAID THAT HE HAD SPOKEN TO WALESA BUT NOT TO JARUZELSKI. FOUR PRIESTS HAD BEEN ARRESTED. THE POLISH BISHOPS WERE HOLDING A MEETING TODAY WHEN GLEMP WOULD GET MORE INFORMATION.

YESTERDAY FROM GDYNIA/GDANSK WHERE HE HAD PASSED BY THE LENIN AND PARIS COMMUNE SHIPYARDS. HE HAD SEEN NO POLICE OR MILITARY BUT ONLY THE WORKERS' STRIKE GUARDS WITH ARMBANDS. SHOPS WERE OPEN AND LIFE SEEMED TO BE CONTINUING NORMALLY. HE BROUGHT BACK A COPY OF THE NEW SOLIDARITY LEADERSHIP'S FIRST BROADSHEET CALLED 'KOMUNIKAT I' CALLING FOR A GENERAL STRIKE. IT WAS SIGNED BY KRUPINSKI, A VICE PRESIDENT OF SOLIDARITY'S NATIONAL COMMITTEE, WHO HAD ESCAPED ARREST, AND BY FOUR OTHER NATIONAL COMMITTEE MEMBERS. THE DANISH AMBASSADOR HAD SPOKEN WITH A DANISH PETER

MEMBERS. THE DANISH AMBASSADOR HAD SPOKEN WITH A DANISH PETER
JUSTESEN TRUCK DRIVER WHO HAD RECENTLY ARRIVED FROM SWINDUJCIE.
HE HAD SEEN AN IMPRESSIVE NUMBER OF TROOPS MOVING TOWARDS
WARSAW AND HAD COUNTED BETWEEN 4 AND 500 ARMOURED CARS AND TANKS
ON THE ROAD. THE BELGIAN MILITARY ATTACHE, JUST RETURNED FROM
LEAVE, ALSO SAW MANY VEHICLES ON THE EB, A LOT OF THEM IN THE
DITCH. HE REPORTED ARTILLERY MOVING AND SAW MANY TANKS ABOUT
170 KM FROM WARSAW ON THE EB. IN POZNAN, EACH FACTORY HE PASSED
HAD A TANK AT THE ENTRANCE.

6. THE US CHARGE' REPORTED THE ABORTIVE ATTEMPTS OF THREE AMERICAN TEAMS TO GET TO GDANSK, POZNAN, AND KRAKOW. ALL WERE INTERCEPTED BY THE POLICE AND SENT BACK. THE AMERICANS HAVE HAD DIPLOMATS DETAINED OUTSIDE HUTA WARSZAWA AND THE MAZOWSZE SOLIDARITY HQ IN TOWN AND TWO MEMBERS OF THE U.S. EMBASSY HAVE BEEN PNGD FOR PHOTOGRAPHING IN THE STREETS. WE HAVE HAD NO PROBLEMS YET AND I HAVE URGED STAFF TO BE PARTICULARLY CAREFUL AND COURTEOUS.

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FM WARSAW 141050Z DEC 81

TO IMMEDIATE FCO

TELNO 887 OF 14TH DECEMBER 1981

INFO ROUTINE - PRAGUE, (FOR PRIVATE SECRETARY: LORD TREFGARNE),
WASHINGTON, BONN, MOSCOW, PARIS, UKDEL NATO, MODUK, HQ BAOR AND
HQ RAFG.

MIPT: GLEMP'S SERMON.

- 1. THE FOLLOWING IS A SUMMARY OF GLEMP'S SERMON PREACHED YESTERDAY AT CZESTOCHOWA.
- 2. THE DECLARATION OF MARTIAL LAW STUPEFIED US THIS SUNDAY MORNING. BUT, AS THE EVENING APPROACHES, WE ARE GETTING USED TO IT AND ARE COMING TO THE CONCLUSION THAT IT IS SOMETHING DANGEROUS. WE ASK WHAT WILL HAPPEN NEXT AND HOW TO BEHAVE.
- 3. OPPOSITION TO THE AUTHORITIES' DECISIONS UNDER MARTIAL LAW MIGHT EVOKE A VIOLENT REACTION OF FORCED OBEDIENCE AND BLOODSHED BECAUSE THE AUTHORITIES HAVE THE ARMED FORCES AT THEIR COMMAND. WE MAY REVOLT, AND SHOUT ABOUT INJUSTICE AND PROTEST ABOUT THE INFRINGEMENT OF HUMAN RIGHTS ETC. BUT THIS WILL HAVE UNEXPECTED RESULTS BECAUSE UNDER MARTIAL LAW THE AUTHORITIES ARE NOT, AT LEAST IN PART! AUTHORITIES OF DIALOGUE. THEY BELIEVE THAT THE EXCEPTIONAL STEP OF MARTIAL LAW IS MADE NECESSARY BY A HIGHER NECESSITY - THAT IT IS THE LESSER OF TWO EVILS. IF THIS IS CORRECT, THE MAN IN THE STREET WILL COMPLY. BUT MANY PEOPLE HAVE HAD THEIR HOPES DASHED. HAVE A SENSE OF GREAT INJUSTICE AND WANT TO OPPOSE THE EVIL THAT HAS ARISEN WITHOUT TAKING INTO ACCOUNT THE FORCES AGAINST THEM. THE CHURCH WANTS TO UNDERSTAND EVERYBODY'S INDIVIDUAL SITUATION. THAT IS WHY IT WAS SO PAINFUL IN THE CHURCH TO LEARN THAT THE DIALOGUE WHICH HAD JUST BEEN ESTABLISHED WAS BROKEN AND THE ROAD OF FORCE - MARTIAL LAW - HAD BEEN TAKEN.
- 4. THE MOST IMPORTANT THING IS TO SAVE LIFE AND PREVENT BLOODSHED.
 THE CHURCH WILL BE RELENTLESS IN THIS. IT DOES NOT MATTER THAT THE
 CHURCH MAY BE ACCUSED OF COWARDICE, OR OF BEING REACTIONARY. THE
 CHURCH WANTS TO DEFEND EVERY HUMAN LIFE. SO EVEN IN A STATE OF
 MARTIAL LAW IT WILL APPEAL WHEREVER POSSIBLE FOR PEACE. THAT IS
 WHY I, WILL APPEAL FOR COMMON SENSE, EVEN AT THE EXPENSE OF
 EXPOSING MYSELF TO INSULTS, I WILL ASK FOR IT EVEN IF I HAVE TO GO
 BAREFOOT AND BEG FOR IT ON MY KNEES. DO NOT START A STRUGGLE OF
 POLE AGAINST POLE. DO NOT LOSE YOUR LIVES, WORKERS AND EMPLOYEES
 IN BIG FACTORIES, BECAUSE YOU CAN DO THE COUNTRY NO GOOD IF YOU ARE
 DEAD. IF YOU LIVE, EVERY PAIR OF HANDS WILL BE PRICELESS IN THE
 RESTORATION OF POLAND WHICH MUST AND WILL TAKE PLACE AFTER MARTIAL
 LAW IS OVER.

5. WE ARE PRAYING AND WILL CONTINUE TO PRAY TO GOD AND THE VIRGIN MARY THAT THE AUTHORITIES MAY BE PRUDENT, THAT CITIZENS MAY RESPECT THE FORCES OF LAW AND ORDER, THAT THE WORKERS MAY UNDERSTAND THE GRAVITY OF THE MOMENT AND THAT YOUNG PEOPLE WILL BE SENSIBLE. JAMES BT

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GRS 155 CONFIDENTIAL FM VIENNA 141145Z DEC 81 TO IMMEDIATE FCO TELEGRAM NUMBER 255 OF 14 DECEMBER

YOUR TELNO 1921 TO WASHINGTON: POLAND

- 1. I HAVE SPOKEN TO KREISKY'S OFFICE AND THE MINISTRY OF FOREIGN AFFAIRS ON THE LINES OF YOUR TELEGRAM. THE AUSTRIAN REACTION TO EVENTS SO FAR IS CAUTIOUS, AND THEY ARE RESERVING JUDGEMENT UNTIL THE POSITION IS CLEARER.
- 2. KREISKY HIMSELF HOPES AND BELIEVES THAT THE FORCES WHICH AIM FOR THE RENEWAL OF POLISH SOCIETY WILL AFTER ALL COME TOGETHER AND PREVENT THE WORST. HE THOUGHT THAT THE STATE OF EMERGENCY WAS THE LAST CHANCE FOR THE POLES TO SORT OUT THEIR PROBLEMS THEMSELVES WITHOUT EXTERNAL INTEFERENCE-IT COULD BRING THE CONFLICTI-ING FORCES BACK TO THE NEGOTIATING TABLE.
- 3. KREISKY HIMSELF, AS WELL AS THE FOREIGN AND INTERIOR MINISTER, PUBLICLY REAFFIRMED THAT AUSTRIA WILL REMAIN A COUNTRY OF ASYLUM FOR PEOPLE FLEEING FOR POLITICAL REASONS. INSTRUCTIONS TO THIS EFFECT HAVE BEEN GIVEN TO THE AUSTRIAN EMBASSY IN WARSAW AND TO BORDER POSTS, WHO HAVE ALSO BEEN TOLD TO BE GENEROUS IN THEIR TREATMENT OF VISA APPLICATIONS.

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TO IMMEDIATE FCO

TELNO 886 OF 14TH DECEMBER 1981

AND TO IMMEDIATE PRAGUE (FOR PRIVATE SECRETARY & LORD TREFGARNE)

WASHINGTON, BONN, MOSCOW, PARIS, UKDEL NATO, MODUK, HQBAOR AND

HQRAFG.

POLAND : THE STATE OF EMERGENCY.

- 1. ALTHOUGH THE RULING MILITARY COUNCIL HAVE NOW ASSUMED
 SWEEPING POWERS, THEY DO NOT SEEM TO BE ENFORCING THEM IN ANY
 SYSTEMATIC OR AUTHORITARIAN WAY. THERE IS AN AIR OF A PHONEY
 WAR. CHILDREN THROW SNOW-BALLS AT ARMOURED PERSONNEL CARRIERS
 PARKED AT MOST CROSS-ROADS. TROOPS WITH ARMOURED VEHICLES HAVE BEEN
 POSTED ON ROUTES INTO WARSAW BUT SEEM TO BE DOING NOTHING TO CHECK
 VEHICLES IN-BOUND OR OUT-BOUND. BRIDGES WERE LAST NIGHT BEING
 PATROLLED IN FREEZING WEATHER BY SOLDIERS WHO TOOK NO NOTICE OF
 THE TRAFFIC. YESTERDAY IN THE STREETS AROUND THE EMBASSY RIOT
 POLICE STOOD WATCHING CROWDS WATCHING THEM BUT MADE NO ATTEMPT TO
 ENFORCE THE NEW RULING ON ILLEGAL GATHERINGS. THE MAZOWSZE
 SOLIDARITY HQ IS SOMETIMES GUARDED BUT OFTEN NOT. THE ONLY
 CONSISTENTLY WELL-GUARDED AREA IS JARUZELSKI'S HOME AND HIS ROUTE
 TO THE OFFICE.
- 2. LAST NIGHT SEEMS TO HAVE PASSED WITHOUT MAJOR INCIDENT IN WARSAW. THE MILITARY HAVE ADOPTED A LOWER PROFILE THIS MORNING, MOVING BACK THEIR ROADBLOCKS AND HINDERING TRAFFIC MOVEMENT RATHER LESS THAN YESTERDAY. BUSES AND TRAMS ARE RUNNING NORMALLY, ALTHOUGH THEY SEEM TO BE CARRYING FEWER PASSENGERS THAN USUAL. MOST OF OUR LOCAL STAFF HAVE ARRIVED FOR WORK, ALTHOUGH EARLY ARRIVALS HAD SOME DIFFICULTY PASSING A POLICE/ARMY GUARD ON THE EMBASSY. IT SEEMS THAT NO POLISH CITIZENS WILL BE ALLOWED INTO THE EMBASSY TODAY.
- 3. GLEMP'S SERMON DELIVERED YESTERDAY MORNING AT CZESTOCHOWA WAS BROADCAST FOR 3 HOURS ON WARSAW RADIO IN THE EVENING, WHICH INDICATES THAT THE AUTHORITIES MUST HAVE BEEN REASONABLY SATISFIED WITH IT. WHILST IT LEAVES NO DOUBT ABOUT GLEMP'S DESIRE TO AVOID VIOLENCE, IT ALSO MAKES CLEAR GLEMP'S DISAPPROVAL OF THE GOVERNMENT'S ACTION AND HIS SADNESS AT THE STATE OF EMERGENCY. FOR FULL DETAILS SEE MIFT.

4. WE PLAN TO CHECK UP ON SOME OF THE MAJOR FACTORIES IN WARSAW TODAY TO SEE IF THE REPORTED STRIKE CALL FROM THE SOLIDARITY LEADERSHIP IN GDANSK IS BEING HEEDED. JAMES BT

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MY TEL 737 (NOT TO ALL) & POLAND

- 1. THE SOVIET LEADERSHIP MUST FOR A LONG TIME HAVE BEEN URGING JARUZELSKI TO GET A FIRMER GRIP AND IT IS REASONABLE TO ASSUME THAT THEY HAD ADVANCE KNOWLEDGE, IF ONLY BRIEF, OF HIS INTENTIONS. INDEED THE TASS ARTICLE OF 11 DECEMBER, FOLLOWED BY INCREASINGLY HOSTILE ARTICLES ON SATURDAY AND SUNDAY, COULD BE SEEN AS EVIDENCE OF THIS. THAT SAID, I DOUBT WHETHER THE TIMING OF THE MOVE WAS DICTATED BY THE SOVIET UNION. THE POLES HAVE ONCE AGAIN BETWEEN THEM CALLED THE TUNE AND THE IMPRESSION HERE IS THAT THEY ARE STILL DOING SO.
- 2. HOWEVER, NOW THAT JARUZELSKI HAS DECIDED THAT THE TIME FOR OPEN CONFRONTATION WITH SOLIDARITY HAS COME, THE SOVIET UNION HAS LITTLE CHOICE BUT TO SUPPORT HIM THIS IS PRESUMABLY THE MESSAGE OF TODAY'S TASS STATEMENT (MY TEL 741) BUT IT IS AN ODD DOCUMENT. IT CONSISTS MAINLY OF ALLEGATIONS AGAINST THE WEST. THE SOVIET UNION'S ''SATISFACTION'' IS LIMITED TO JARUZELSKI'S REFERENCE TO THE POLISH/SOVIET ALLIANCE. THE FRONTIER AND THE WARSAW PACT. THERE IS NO REFERENCE WHATEVER TO THE POLISH PARTY. NOR IS THEIRE THE CLASSIC REFERENCE TO POLAND BEING ABLE TO COUNT ON THE SUPPORT OF HER FRIENDS AND ALLIES. THE SOVIET LEADERSHIP MUST WANT TO SEE JARUZELSKI DO THE JOB HIMSELF, BUT THE IMPLICATION IS THAT THEY ARE READY FOR INTERVENTION ON GROUNDS OF WARSAW PACT SECURITY IF HE FAILS AND CERTAINLY THIS IS THE WAY THEY WILL WANT THE POLES TO READ IT.
- IT HAS FOR SOME TIME BEEN THOUGHT LIKELY THAT EAST EUROPEAN PARTY LEADERS WOULD GATHER IN MOSCOW TO CELEBRATE BREZHNEY'S BIRTHDAY ON 19 DECEMBER AND THE HEAD OF PROTOCOL CONFIRMED THIS 59 ME ON 11 DECEMBER. THE SOVIET LEADERSHIP WOULD SCARCELY HAVE. PLANNED TO MARK THE OCCASION WITH AN INTERVENTION IN POLAND) BUT, HOWEVER THINGS DEVELOP, THE MEETING, IF IT GOES AHEAD, WILL PROVIDE A USEFUL OPPORTUNITY TO CONCERT WARSAW PACT TACTICS. KEEBLE

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FM BONN 141650Z DEC 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 1010 OF 14 DECEMBER

INFO IMMEDIATE WASHINGTON

INFO PRIORITY PARIS, UKDEL NATO, WARSAW, MOSCOW

MY TELNO 1008: FRG REACTIONS TO POLAND

- 1. AT HIS REGULAR PRESS CONFERENCE TODAY, GOVERNMENT SPOKESMAN BECKER SAID THAT THE CHANCELLOR ATTACHED PRIME IMPORTANCE TO THREE POINTS:
 - (A) THAT THE CRISIS SHOULD BE BROUGHT UNDER CONTROL:
 - (B) THAT THE PROCESS OF REFORM SHOULD BE CONTINUED: AND
 - (C) THAT THE POLES SHOULD BE ALLOWED TO SOLVE THE CRISIS IN THEIR COUNTRY ON THE BASIS OF CONSENSUS AND COMPROMISE WITHOUT ANY OUTSIDE INTERVENTION.
- 2. BECKER SAID THAT THE CHANCELLOR REMAINED MUCH CONCERNED ABOUT DEVELOPMENTS IN POLAND. THE FEDERAL GOVERNMENT'S POLICY WAS ONE OF STRICT NON-INTERVENTION IN THE AFFAIRS OF POLAND: THEY HOPED THAT ALL SIGNATORIES OF THE CSCE FINAL DECLARATION TO DO THE SAME.

 3. IN RESPONSE TO QUESTIONS BECKER SAID THAT THE POLISH CHARGE D'AFFAIRES HAD ASSURED THE FEDERAL GOVERNMENT THAT THE PROCESS OF REFORM WOULD CONTINUE, THAT THE ARMY TAKE-OVER WAS ENTIRELY CONSTITUTIONAL AND WOULD BE OF LIMITED DURATION ONLY. ASKED ABOUT THE POSSIBILITY THAT THE POLISH GOVERNMENT HAD DELIBERATELY ACTED

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TAYLOR

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SENT AT 141710Z KB

FM UKDEL NATO 141735Z DEC 81

TO FLASH FOREIGN AND COMMONWEALTH OFFICE,

TELEGRAM NUMBER 49Ø OF 14 DECEMBER 1981,

INFO IMMEDIATE WARSAW, MOSCOW,

INFO PRIORITY WASHINGTON, BONN, PARIS, UKDEL MADRID,

INFO SAVING OTHER NATO POSTS.



POLAND.

- 1. FOLLOWING THIS AFTERNOON'S MEETING OF THE COUNCIL WHICH ME WILL DESCRIBE AS FRANK AND FRIENDLY BUT LOW KEY, LUNS IS BRIEFING THE PRESS ON THE BASIS OF THE FOLLOWING FOUR POINTS PUT FORWARD BY THE FRG:
- (1) THE ALLIES ARE FOLLOWING THE SITUATION WITH CAREFUL ATTENTION AND GREAT CONCERN.
- (2) THEY ARE AND SHALL REMAIN IN CLOSEST CONSULTATIONS AMONG THEMSELVES.
- (3) THEY BELIEVE THAT POLAND'S PROBLEMS SHOULD BE RESOLVED BY COMPROMISE AND CONSENSUS AMONG THE VARIOUS NATIONAL GROUPINGS IN POLAND.
- (4) THE ALLIES SHALL OBSERVE A POLICY OF STRICT NON-INTERVENTION AND THEY EXPECT ALL SIGNATORIES OF THE HELSINKI FINAL ACT TO DO THE SAME.
- 2. THE ITALIAN AMBASSADOR ASKED THAT LUNS SHOULD ALSO REINFORCE THE POPE'S MESSAGE THAT THE USE OF FORCE WOULD BE VERY DANGEROUS. HALSTEAD (CANADA) TONED THIS DOWN BY SUGGESTING THAT A CALL FOR MODERATION COULD BE INCLUDED IN POINT 1(3) ABOVE. THE BELGIAN AMBASSADOR SUGGESTED THAT HE SHOULD ALSO REFER TO THE SPONTANEOUS PUBLIC REACTION IN A NUMBER OF ALLIED COUNTRIES AGAINST THE DECLARATION OF MARTIAL LAW.
- 3. SEE MY TWO IFTS (NOT TO ALL).

FCO PLEASE PASS SAVING TO ANKARA, ATHENS, COPENHAGEN, THE HAGUE, LISBON, LUXEMBOURG, OSLO, OTTAWA, REYKJAVIK, ROME. ROSE

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FM BELGRADE 141507Z DEC 81

TO IMMEDIATE F C O

TELNO 216 39\$ 14 DEC 81

TO FOR INFO IMMEDIATE UKDEL NATO.

RPTD FOR INFOR ROUTINE WASHINGTON, BONN, PARIS, UKREP BRUSSELS,

AND MOSCOW

SAVING WARSAW, BUCHAREST, BUDAPEST, EAST BERLIN, PRAGUE, SOFIA, UKDEL MGJID.

YOUR TELNO 1921: POLAND.

ON MELOVISKI, THE SENIOR ASSISTANT FEDERAL SECRETARY.

STRESSING OUR INTEREST IN EXCHANGING INFORMATION AND VIEWS
ON THE DEVELOPING SITUATION IN POLAND. I SPOKE TO HIM

PERSONALLY ON THE LINES OF PARAGRAPH 3 OF YOUR TUR.
AND DREW ON YOUR TEL NO 1076 TO UKREP BRUSSELS.

- 2. THANKING ME FOR THIS INFORMATION, MELOVSKI SAID HE WOULD PASS IT ON TO THE UOTHER UPEOPLE CONCERNED. SWBSEQUENTLY, HE AGREED IT WOULD BE IN OUR JOINT INTEREST TO CONTINUE TO EXCHANGE VIEWS AS LONG AS THE CURRENT CRISIS CONTINUED.
- 3. MELOVSKI SAID THAT, ALTHOUGH HE COULD CONFIRM THEIR VIEWS WERE CLOSE TO OUR OWN, HE WOULD LIKE TO EMPHASISE, ON A PERSONAL BASIS, A NUMBER OF POINTS. THESE WERE:
- (A) THE POLES SHOULD BE LEFT TO SETTLE THEIR AFFAIRS
 THEMSELVES, IT WAS IMPORTANT THERE SHOULD BE NO SORT
 OF INTERFERENCE, INCLUDING DECLARATIONS BY ONE SIDE
 OR THE OTHER WHICH COULD EXCITE THE SITUATION WHEN IT
 NEEDED, ABOVE ALL, TO BE CLALMED DOWN.
- (B) HE FELT THE PRESENT CRISIS WAS INEVITABLE. THE DIALOGUE
 BETWEEN SOLIDARITY AND THE AUTHORITIES HAD BROKEN DOWN.
 SOME STATEMENTS BY SOLIDARITY LEADERS HAD BEEN VERY
 EXTREME. THEY HAD INFORMATION FROM THE POLISH GOVERNMENT WHICH
 SUGGESTED THAT SOME RADICALS WERE AIMING AT THE SEIZURE
 OF POWER. FROM THE OTHER SIDE, PARTY HARD-LINERS HAD BEEN
 URGING THAT NO FURTHER CONCESSIONS SHOULD BE MADE. THEY
 MIGHT WELL HAVE BEEN INSTIGATED BY THE SOVIET UNION,
 CZECHOSLOVAKIA AND EAST GERMANY. IF THE PRESENT CRISIS
 COULD BE SETTLED SOON, IT NIGHT BE POSSIBLE TO AVOID CIVIL
 WAR OR FOREIGN MILITARY INTERVENTION. THE BEST COURSE
 NOW WAS, AS I HAD SUGGESTED, THAT THE CRISIS SHOULD BE KEPT
 UNDER CONTROL.
- (C) ON TIMING, HE THOUGHT THE RAPILDY DETERIORATING ECONOMIC SITUATION HAD ALSO BEEN IMPORTANT. THE GOVERNMENT HAD TO TAKE ACCOUNT OF MEETING THE PEOPLE'S MATERIAL NEEDS BEFORE THE FULL FORCE OF WINTER MADE ITSELF FELT.
- (D) HE STRONGLY AGREED THAT THERE SHOULD BE NO GOING BACK TO PRE-RENEWAL CONDITIONS. HE DID NOT THINK THERE COULD BE AND IN THIS CONNECTION JARUZELSKI'S STATEMENT WAS IMPORTANT.
- (E) HE WELCOMED THE POPE'S STATEMENT. THE CHURCH HAD A VERY SOLID POSITION IN POLAND AND A GREAT RESPONSIBILITY. IT COULD CONTRIBUTE TO CONSOLIDATING THE ACHIEVEMENTS MADE. AGAIN JARUZELSKI'S RECOGNITION OF THE CHURCH'S ROLE WAS

AGAIN JARUZELSKI'S RECOGNITION OF THE CHURCH'S ROLE WAS

(F) YUGOSLAVIA WAS VERY CONCERNED ABOUT THE EFFECTS NOT ONLY
ON POLAND BUT ALSO MORE WIDELY IN EUROPE OF ANY VIOLENT
RESOLUTION OF THE PRESENT CRISIS. THEY FEARED THE
CONSEQUENCES OF CIVIL WAR AND POSSIBLE FOREIGN INTERVENTION
ON THE GENEVA NEGOTIATIONS, CSCE ETC.

ANSWERING MY QUESTIONS, MELOVSKI SAID:

- (A) HE DID NOT THINK THEY WOULD ISSUE A PUBLIC STATEMENT YET AND THEY WOULD CONTINUE TO REFRAIN FROM ANY PUBLIC COMMENT. I WOULD HAVE NOTICED THE MEDIA WAS PRESENTING A FULL AND FAIR PICTURE OF THE EVENTS. THEY MIGHT, HOWEVER, MAKE A STATEMENT '' IN THE COMING DAYS' DEPENDING ON HOW THE SITUATION DEVELOPED. THIS WOULD THEN REFLECT THEIR WELL-KNOWN VIEWS. BUT ABOVE ALL THEY WANTED TO COOL THE SITUATION.
- (B) THERE WAS NO PRESENT NSED FOR A STATEMENT BY THE NON-ALIGNED MOVEMENT. THERE WOULD BE DIFFERENCES IN APPROACH AND IT WAS PROBABLY BETTER FOR EACH COUNTRY TO EXPRESS ITS OWN VIEWS.

BOLLAND

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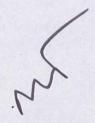
Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons Hansard,
14 December 1981, volums 19-25
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FROM MELHUISH.

NEW POLISH AMBASSADOR.

1. THE MFA TOLD US TODAY THAT, IN VIEW OF THE SITUATION IN POLAND, CZYREK HAD DECIDED TO SEND STANISZEWSKI TO LONDON AS AMBASSADOR NEXT FRIDAY (18 DECEMBER) INSTEAD OF IN JANUARY AS ORIGINALLY PLANNED. THEY HAVE ASKED US TO EXPEDITE HIS VISA. WHICH WAS APPLIED FOR LAST FRIDAY.

2. THE MFA'S WISH TO HAVE A SUBSTANTIVE AMBASSADOR IN LO DON IS UNDERSTANDABLE," IF A BIT CHEEKY IN VIEW OF THE RESTRICTIONS THAT HAVE BEEN IMPOSED ON OUR ACTIVITIES HERE. YOU WILL WISH TO CONSIDER HOW IMPORTANT IT MIGHT BE FOR YOUR RELATIONS WITH THE POLISH EMBASSY TO HAVE STANISZEWSKI QUICKLY IN LONDON BUT I WONDER WHETHER THERE IS ANY WAY WE MIGHT LINK OUR GRANTING OF A VISA WITH SOME SPECIFIC ACTION BY THE POLISH AUTHORITIES TO HELP US HERE. THE BUILD-UP OF BRITISH SUBJECTS WANTING TO LEAVE POLAND BY AIR FOR EXAMPLE IS BECOMING GREATER ALL THE TIME AND WE WILL NEED TO GET IN SOME BA PLANES FAIRLY SOON.

JAMES

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POLAND

(This text has been released to NATO)

- 1. Warsaw so far remains relatively calm after the initial measures to implement martial law. We have no reports of violent incidents other than the dispersal of a crowd outside Solidarity's Warsaw headquarters. Little information is available on the situation outside Warsaw. The authorities were not able completely to round up union radicals and dissidents; at least four members of Solidarity's National Commission escaped detention in the initial phase and there are indications of difficulties in rounding up Solidarity leaders in some areas.
- 2. The four National Commission members at liberty were apparently responsible for the call for a general strike starting today and to continue until martial law/rescinded and detainees released. We have little information on how far the call has been heeded. Agency reports claim that workers at three important Warsaw works are staging an occupation strike and that other workers have stayed at home. The authorities have introduced penalties including imprisonment for striking. Archbishop Glemp has appealed for calm and the avoidance at all costs of bloodshed. Walesa is reported to be holding discussions with the authorities. His attitude will be highly important to the future course of events. He is susceptible to strong pressure from the Church, and the authorities may try to get Glemp's co-operation in persuading him to help to avert bloodshed and possible Soviet intervention. But Walesa will be aware that to co-operate at this stage would discredit him in the eyes of the mass of the workers and mean the abandonment of everything he has worked for.
- 3. Futher details of the martial law regime have been announced. Economic measures include the reintroduction of the 6-day week and provision for control over agricutural production and procurement. Another important provision is the "militarisation" of key industries, communications and the media. This means that all employees will be treated as enlisted personnel

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in wartime, with penalties applicable up to the death sentence. This is clearly intended as a deterrent to industrial action such as sabotage as well as to strikes. Under the new regime Party and Government activities are to continue normally, but the next session of the Sejm has been postponed. The military commissars are evidently intended to fulfil a general supervisory role rather than exercise executive power. All conscripts are being retained, which will increase the personnel available to the military authorities, but nevertheless the army and other security forces may find it difficult to carry out all the detailed checks and administrative measures laid down in the martial law regulations, as well as providing guard and patrol personnel.

4. The Soviet media have reported the latest developments fully and factually. The first Tass comment has stressed that the steps taken are an internal Polish affair. The factors causing the Soviet Union to be unwilling to intervene militarily remain as strong as ever; the opening of arms talks with the US is an additional disincentive. They will certainly welcome Jaruzelski's latest moves and hope that they will succeed. They will nevertheless be prepared to intervene if they judge this to be essential but are more likely to delay action until the situation in Poland becomes so appalling as to provide reasonable justification for their action. We may see preparations to improve the readiness of Soviet forces; but the Soviet authorities will have to weigh the advantages of this against the risk that any move by them would undermine Jaruezelski's best card — his assertion that he is acting as he is in order to forestall the worse option of Soviet intervention. At present there are no signs of Soviet military moves.

14 December 1981

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MR.ALEXANDER. 10.DOWNING STREET.

TO IMMEDIATE FCO

TELNO 901 OF 14TH DECEMBER 1981 (FCO PASS COPY TO TREASURY) INFO PRIORITY: PRAGUE (FOR PS/LORD TREFGARNE), WASHINGTON, MOSCOW, PARIS, BONN, DOT AND ECGD.

FROM MELHUISH.

POLISH FINANCIAL SITUATION.

- 1. FINANCE MINISTER KRZAK SUMMONED THE 16 HEADS OF MISSION FROM POLAND'S MAIN CREDITOR COUNTRIES TO THE MINISTRY OF FINANCE TODAY. MEETING WAS SET UP ON SATURDAY BEFORE DECLARATION OF STATE OF EMERGENCY BUT WAS SPECIFICALLY CONFIRMED BY MESSENGER THIS MORNING.
- 2. KRZAK, WHO WAS SUPPORTED BY DEPUTY MINISTERS FROM FOREIGN
 AFFAIRS, FOREIGN TRADE AND HIS OWN MINISTRY AND BY THE PRESIDENT
 AND VICE PRESIDENT OF THE BANK HANDLOWY, BEGAN BY EMPHASISING THAT,
 ALTHOUGH POLAND WAS NOW IN A STATE OF EMERGENCY AND HAD A MILITARY
 COUNCIL RUNNING ITS AFFAIRS, THE COUNTRY STOOD BY ALL ITS
 INTERNATIONAL RELATIONS AND OBLIGATIONS. HE WISHED TO ASSURE THE
 WESTZRN COUNTRIES THAT THERE WOULD BE NO CHANGE IN POLICY
 TOWARDS NORMAL COMMERCIAL BANKING AND INTERNATIONAL INSURANCE
 OPERATIONS.
- 3. KRZAK THEN SPELT OUT SOME OF THE HISTORY OF POLISH NEGOTIATIONS WITH THE COMMERCIAL BANKS. POLAND WISHED TO SIGN THE AGREEMENT ALREADY NEGOTIATED WITH THE COMMERCIAL BANKS AND HAD BEEN TRYING HARD TO FIND THE MONEY TO CATCH UP WITH INTEREST PAYMENTS.

 ALTHOUGH POLAND'S EXPORTS TO THE WEST HAD DROPPED CONSIDERABLY THIS YEAR, BY 21% OVER THE 1980 FIGURES, IMPORTS HAD BEEN EVEN MORE REDUCED BY SOME 24% BELOW 1980. IN NOVEMBER IMPORTS HAD BEEN SLASHED FURTHER AND HAD FINISHED UP AT ONLY 69% OF THE 1980 FIGURES. BUT POLAND STILL NEEDED 350 MILLION DOLLARS TO COPE WITH BANKING TRANSACTIONS AND TO PAY COMMERCIAL BANKS WHO WERE INSISTING ON FULL PAYMENT OF ALL ARREARS OF INTEREST. KRZAK WAS THEREFORE ASKING THE 16 CREDITOR COUNTRIES TO FIND THIS MONEY UNDER A SIX MONTH BRIDGE FINANCING ARRANGEMENT OR BY ANY OTHER WAY ACCEPTABLE TO THE MMUNTRY CONCERNED.
- 4. TURNING TO OTHER FINANCIAL SUBJECTS, KRZAK EMPHASISED POLAND'S WISH TO CONTINUE THE NEGOTIATIONS OVER RE-FINANCING THE 1982 DEBTS. HE WAS FRANKLY NOT HAPPY WITH PROGRESS SO FAR. SOME COUNTRIES WERE INSISTING ON LESS BENFICIAL TERMS THAN FOR THE 1981 RESCHEDULING AND HE PARTICULARLY DISLIKED THE ATTEMPT TO IMPOSE A SIX MONTH LIMITATION. POLAND WOULD NEED NEW CREDIT LINES FOR CRUCIAL IMPORTS FROM THE WEST IN 1982. THE BALANCE OF PAYMENTS FIGURES WERE LOOKING BETTER WITH THIS YEAR'S DEFICIT SO FAR LESS THAN 100 MILLION DOLLARS AS COMPARED WITH 500 MILLION DEFICIT AT THE SAME TIME IN 1980 AND 2 BILLION DOLLARS DEFICIT IN 1979,

POLAND WOULD ONLY NEED TWO-THIRDS OF THE COMMODITY CREDITS GRANTED IN 1980. HE ALSO ASKED FOR HELP FROM GOVERNMENTS TOWARDS POLAND'S APPLICATION FOR THE IMF WHO HAD A WORKING GROUP IN WARSAW AT PRESENT.

5. FINALFY KRZAK SOUGHT TO JUSTIFY THE PRESENT STATE OF EMERGENCY AS A NECESSARY CONTRIBUTION TO THE LIQUIDATION OF ANARCHY IN POLAND AND THE INTRODUCTION OF ORDER INTO THE ECONOMY. HE THOUGHT THAT CREDITORS WOULD WISH TO SUPPORT THE POLISH AUTHORITIES WHO WERE SEEKING TO PROTECT CREDITORS' INTERESTS.

6. THE AUSTRIAN AMBASSADOR OPENED QUESTION TIME WITH A STRONG PLEA TO RESTORE TELED AND TELEPHONE FACILITIES. HE WOULD BE UNABLE TO PASS ON THE MINISTER'S REQUEST TO HIS AUTHORITIES IN VIENNA BECAUSE HE WAS TOTALLY OUT OF CONTACT WITH THEM. THIS WAS A DIRECT DEFIANCE OF THE VIENNA CONVENTION. KRZAK AND OLECHOWSKI SAID THAT THE BAN WAS ONLY TEMPORARY AND HAD TO BE SEEN AGAINST THE EXTRAORDINARY CRISIS IN THE COUNTRY. I THEN ASKED HOW MUCH OF THE 350 MILLION DOLLARS REQUESTED BY KRZAK WOULD GO IMMEDIATELY TO THE COMMERCIAL BANKS. KRZAK SAID ALL OF IT. THE POLES HAD BEEN ABLE TO FIND 150 MILLION DOLLARS OF THE APPROXIMATELY 500 MILLION DOLLARS THEY OWED THE BANKS FROM THEIR OWN RESOURCES BUT HAD NO MORE MONEY. HE HOPED THAT SOME COMMERCIAL BANKS MIGHT FIND SOME NEW CREDITS TO HELP OUT. IN REPLY TO A QUESTION FROM THE SWISS REPRESENTATIVE KRZAK SAID THAT TODAY AND TOMORROW'S CLOSURE OF POLISH BANKS WAS A NATURAL RESULT OF THE STATE OF EMERGENCY. IT WAS DESIGNED TO HELP CLIENTS. BECAUSE OF A FEAR OF A RUN ON THE BANKS. NEW RULES ON BANKING OPERATIONS IN POLAND WOULD BE PUBLISHED ON 15 DECEMBER BUT THESE WOULD NOT AFFECT FOREIGN BANKS OR COMMERCIAL OPERATIONS WITH FOREIGN COUNTRIES.

7. THIS WAS AN EXTRAORDINARY PERFORMANCE. KRZAK'S PRESENTATION WAS UNCONVINCING AND CONTRADICTORY. HE MADE NO SPECIFIC SUGGESTIONS FOR RAISING THE MONEY AND HIS ADMISSION THAT IT WOULD ALL GO INTO THE COFFERS OF COMMERCIAL BANKS CONVINCED EVERYONE TO WHOM I SPOKE THAT THEIR GOVERNMENTS WOULD NOT FIND ANY NEW MONEY. HIS PLEA FOR MAINTENANCE OF NORMAL COMMERCIAL ACTIVITIES SAT UNEASILY BESIDE HIS INABILITY TO PROMISE ANY HELP ON THE CURRENT TELECOMMU-NICATIONS BAN.

JAMES

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INFO IMMEDIATE: PRAGUE (FOR PS/LORD TREFGARNE), WASHINGTON,
MOSCOW, PARIS, UKDEL NATO, MODUK, HQBAOR AND HQ RAFG.

FROM MELHUISH.

POLISH SITUATION.

- 1. WHAT FOLLOWS IS BITTY AND MUCH OF IT IS SUBJECTIVE AND BASED ON HEARSAY ACCOUNTS. BUT AS ALL INFORMATION IS AT A PREMIUM TODAY, I THINK IT WORTH REPORTING.
- 2. IN WARSAW IT IS CLEAR THAT MANY PEOPLE HAVE BEEN VERY FRIGHTENED AND SHOCKED BY WHAT HAPPENED YESTERDAY. AT THE SAME TIME, MOST OF THEM ARE GOING ABOUT THEIR DAY-TO-DAY LIVES MORE OR LESS NORMALLY AND IN MANY CASES ARE FRATERNISING WITH THE SOLDIERS ON THE STREET CORNERS. THE SOLDIERS HAVE BEEN PAYING PARTICULAR ATTENTION TO VANS, LORRIES AND CARS FROM OUTSIDE WARSAW, BUT OTHERWISE TRAFFIC IS MORE OR LESS AS NORMAL. THERE ARE CLEARLY SOME AREAS THAT THE MILITARY ARE CORDONING OFF, INCLUDING THE SOUTHERN SUBURB OF KONSTANCIN, WHERE THERE ARE SOME IMPORTANT GOVERNMENT BUILDINGS.
- 3. WE HAVE RECEIVED EYE-WITNESS REPORTS ON THE SITUATION AT URSUS FROM MASSEY FERGUSON REPRESENTATIVES THERE. THE FACTORY IS OPEN AS NORMAL BUT IS UNDER THE COMMAND OF A MILITARY COMMISSAR. SOLDIERS ARE PATROLLING INSIDE AND ARE CONFINING WORKERS STRICTLY TO THEIR WORK PLACE. THE FOUNDRY AND GEAR SECTION WERE ON STRIKE TODAY AND THERE WAS CONSIDERABLE ANGER AMONG THE WORK FORCE. ARRESTED SOLIDARITY MEMBERS WERE BEING REPLACED BY SECRET SUBSTITUTES. A SOLIDARITY ACTIVIST TOLD THE MASSEY FERGUSON REPRESENTATIVES THAT SOLIDARITY HAD A NETWORK OF SAFE HOUSES, MEANS OF COMMUNICATION ETC. AND WERE CONFIDENT THAT, AFTER A PAUSE FOR REGROUPING THEY COULD ORGANISE A GENERAL STRIKE. NEVERTHELESS, AT THE END OF THE WORKING DAY, THE WORK FORCE APPEARED TO BE LEAVING THE FACTORY AS NORMAL WITH NO SIGNS OF EITHER A TOTAL SHUT-DOWN OR AN OCCUPATION STRIKE.
- 4. INFORMATION FROM THE PROVINCES IS SCARCE. WE HAVE HEARD THAT IN KRAKOW SOLIDARITY ARE HOLDING ELECTIONS TO REPLACE THE ARRESTED MEMBERSHIP AND THE BELGIAN AMBASSADOR TOLD ME TODAY THAT AT MINSK MAZOWIECKI NOT FAR FROM WARSAW THERE WAS AN UGLY INCIDENT WHEN SOLIDARITY ACTIVISTS ATTACKED THE POLICE STATION AND WER E REPELLED BY RIOT POLICE USING WATER WATER CANNON. A MAZOWSZE ENGLISH LANGUAGE HAND-OUT RELEASED THIS EVENING CLAIMS 19 ACTS OF OPPOSITION THROUGHOUT THE COUNTRY, OF WHICH THE MOST IMPORTANT

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ARE SIT-IN STRIKES AT NOWA HUTA STEEL WORKS AND THE SILESIAN MINES, STRIKES IN ALL MAIN FACTORIES IN POZNAN AND WROCLAW AND THE LENIN SHIPYARD IN GDANSK'S PREPARATIONS TO DEFEND THEMSELVES AGAINST SEABORNE ATTACK.

5. ON THE INFORMATION AVAILABLE TO US SO FAR, IT IS IMPOSSIBLE TO SAY WHETHER SOLIDARITY'S CALL FOR A STRIKE HAS MET WITH MORE THAN A LIMITED RESPONSE. BUT IT IS UNDERSTANDABLE THAT THE SHOCK CAUSED BY YESTERDAY'S EVENTS, THE ARREST OF THE LEADERSHIP, THE BREAKING OFF OF COMMUNICATIONS AND THE CURFEW, WHICH EFFECTIVELY PREVENTS ILLEGAL BILL-POSTING, SHOULD HAVE BLUNTED SOLIDARITY'S REACTIONS MORE THAN MOST WESTERN OBSERVERS FIRST THOUGHT. SOME POLES NOW FEAR THAT 17 DECEMBER MAY BE A CRITICAL DAY. IT IS THE FIRST ANNIVERSARY OF THE UNVEILING OF THE GDANSK MEMORIAL AND ALSO THE DAY THAT THE MAZOWSZE REGION OF SOLIDARITY HAD ALREADY DESIGNATED AS A DAY OF PROTEST. MANY ARE ALSO WAITING ON THE OUTCOME OF THE RUMOURED TALKS BETWEEN WALESA AND THE AUTHORITIES.

6. FOR BONN. WE HAVE HEARD THAT THE POLISH AUTHORITIES HAVE BEEN JAMMING THE FRG EMBASSY'S RADIO COMMUNICATIONS WITH BONN. YOU MAY WISH TO CHECK WITH THE AUSWAERTIGES AMT WHETHER THIS IS THE CASE. JAMES

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STATEMENT ON POLAND, TO BE MADE BY THE RIGHT HON: HUMPHREY ATKINS MP, LORD PRIVY SEAL, IN THE HOUSE OF COMMONS ON MONDAY 14 DECEMBER 1981

With permission, Mr Speaker, I will make a statement on Poland.

Martial law was declared in Poland from midnight on 12/13 December. A Military Council for National Salvation, consisting of military leaders, has been set up under the Prime Minister and Party Secretary General Jaruzelski. Military Commissars have been appointed to oversee central and local government. Other steps taken include sealing of the borders, severing of telex and telephone links, imposition of a curfew, suspension of civil liberties, a ban on strikes and gatherings other than religious ceremonies, a takeover of the broadcasting system and suspension of regional broadcasts.

General Jaruzelski announced these measures in a speech broadcast to the Polish people early on 13 December. He stressed that they were intended to be of short duration and would be rescinded when calm and order were restored. He said the measures were intended to preserve the fundamentals of the Polish 'Renewal' and that reforms would be continued. We regard it as important that these two commitments should be fulfilled.

There are no reports of danger to the safety of members of the British community in Poland. The British Embassy is in touch with British nationals and as a precautionary measure has advised them to say at home. This advice has also been broadcast, at the Government's request, on the BBC World Service.

Her Majesty's Government is following developments with the closest attention and with great concern. We are, and shall remain, in close consultation with our partners in the Ten and in the North Atlantic Alliance. The next few days would appear to be of critical importance to the future of Poland. We sincerely hope that the Polish Government and people will be able to resolve their problems without bloodshed by compromise and consensus. We shall observe a policy of strict non-intervention and we expect the same of all signatories of the Helsinki Final Act.

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TO IMMEDIATE FCO

TELNO 879 OF 13TH DSCEMBER 1981

AND TO IMMEDIATE WASHINGTON, BONN, MOSCOW, PARIS, UKDEL NATO, 4RAMODUK, HQBAOR AND HQRAFG.

FRO MELHUISH.

OUP TEL 874: POLISH INTERNAL SITUATION.

- 1. DEPUTY FOREIGN MINISTER CLECHOWSKI SUMMONED ME TO MFA THIS MORNING AND SAW ME ON MY OWN FOR ONE HOUR. OTHER AMBASSADORS I TALKED BRIEFLY TO THE FRENCH AND GERMAN WERE BEING SEEN BY OTHER MINISTERS. HE WAS BY NO MEANS HIS USUAL SUAVE SELF AND WAS TALKING FROM PENCILLED NOTES ON ISSUES WHICH WERE STILL BEING THRASHED OUT IN A DIFFERENT PART OF THE BUILDING.
- 2. OLECHOWSKI BEGAN BY SAYING THAT WE WOULD HAVE STUDIED GENERAL

2. ULECHUNSKI BERAY BY WAYING THAT WE WOUNT HAVE JARUZELSKI'S SPEECH BY NOW. THE GOVERNMENT HAD DECIDED THAT THERE WAS NO LONGER ANY CHANCE OF FINDING COMMON GROUND WITH SOLIDARITY, WHOSE DEMANDS AND GENERAL ATTITUDE HAD BECOME MORE INTRACTABLE OVER THE PAST FEW WEEKS. UNDER THE POLISH CONSTITUTION THERE WAS NO PROVISION FOR A STATE OF EMERGENCY, ONLY FOR A "STATE OF WAR" AND FOR A "STATE OF WARLIKENESS" (STAN WOJENNY). THE GOVERNMENT HAD NOW PROCLAIMED THE SECOND STATE. BUT OLECHOWSKI STRESSED THAT POLAND'S LAWFUL GOVERNMENT WAS STILL OPERATING. I ASKED HOW THIS SQUARED WITH THE ANNOUNCEMENT OF A MILITARY COUNCIL AND OLECHOWSKI SAID THAT HE WAS NOT YET SURE HOW THIS WOULD WORK. AS HE UNDERSTOOD IT, EVERY CENTRAL ORGANISATION, AND PROBABLY EVERY VOIVODSHIP, WOULD HAVE A MILITARY COMMISSAR ATTACHED TO IT. AT THE SAME TIME CERTAIN LEGAL CASES WOULD BE TRANSFERRED TO MILITARY COURTS, PARTICULARLY IN TWO CASES, DANGEROUS OR HARMFUL ACTION TO COUNTERMAND THE STATE OF WAR-LIKENESS. AND CRIMES AGAINST THE ECONOMY. I ASKED WHETHER SOLIDA-RITY LEADERS DETAINED DURING THE NIGHT WOULD BE TRIED IN A MILITARY COURT. OLECHOWSKI CONFESSED HE DID NOT KNOW. HE THEN CONFIRMED THAT SOME SILIDARITY LEADERS HAD BEEN DETAINED IN GDANSK BUT HE DID NOT KNOW WHICH. I ALSO ASKED WHETHER UNDER "HARMFUL ECONOMIC ACTIVITIES" THE AUTHORITIES WOULD INCLUDE FOR EXAMPLE A STRIKE IN THE SILESIAN COAL FIELDS. GLECHOWKSI SAID HE THOUGHT THEY WOULD. IN REPLY TO ANOTHER QUESTION OLECHOWSKI SAID HE WAS NOT SURE WHETHER MILITARY OR CIVIL LAW WOULD APPLY IN SUCH COURTS.

- 3. OLECHOWKS! THEN SAID THAT THE MEA WAS CURRENTLY DRAFTING AN IMPORTANT NOTE WHICH WOULD BE PASSED TO ALL EMBASSIES. HE WANTED US TO HAVE ADVANCE WARNING. DURING THE PERIOD OF THE EMERGENCY EMBASSIES WERE ASKED:
- 1) TO LIMIT ARRIVALS OF ALL FOREIGNERS TO POLAND INCLUDING DIPLOMATS, JOURNALISTS, COMMERCIAL AND CULTURAL REPRESENTATIVES AND TOURISTS.
- 2) TO CONFINE MOVEMENTS OF ALL DIPLOMATIC AND CONSULAR PERSONNEL TO THE CITY IN WHICH THEY LIVE. IN THE CASE OF THE BRITISH EMBASSY THIS WOULD MEAN WARSAW. HE LATER EXPANDED THIS TO INCLUDE ALL OTHER FOREIGN RESIDENTS, INCLUDING JOURNALISTS, BUSINESSMEN ETC.
- 3) TO KEEP ALL BRITISH SHIPS AWAY FROM POLISH PORTS. IF THERE WERE BRITISH SHIPS IN POLISH PORTS, THE SEAMEN WERE NOT PERMITTED TO GO ASHORE.

TO THE TOMACT THEOR

- T THE AIRPORT. NONE WOULD BE ALLOWED TO ENTER POLAND.
 - 5) THERE WAS NO OBJECTION TO FOREIGNERS LEAVING POLAND BY AIR OR BY TRAIN. IF FOREIGNERS WISHED TO LEAVE POLAND BY PRIVATE CAR, THEY HAD TO SECURE PERMISSION IN WRITING FROM THE AUTHORITIES OF THE VOLVODSHIP IN WHICH THEY FOUND THEMSELVES.
 - 6) TO CANCEL ANY LARGE GATHERING SUCH AS A NATIONAL DAY RECEPTION. IN REPLY TO MY QUESTION, OLECHOWSKI CONFIRMED THAT ALL GATHERINGS OF POLES WOULD BE BANNED UNDER THE STATE OF EMERGENCY. HE DID NOT MENTION A CURFEW BUT I AM CHECKING ON THIS.
 - 4. TAKING UP OLECHKOWSKI ON THESE POINTS, I SAID THAT IT WOULD BE TOTALLY IMPOSSIBLE TO CARRY OUT THE WISHES OF THE MEA SO LONG AS TELEPHONE COMMUNICATIONS WERE BROKEN. WE COULD NOT WARN THE REASONABLY LARGE NUMBERS OF BRITISH SUBJECTS SCATTERED THROUGHOUT POLAND ABOUT THE BAN ON MOVEMENT AND ON PRIVATE CARS UNLESS WE COULD SPEAK TO THEM, IT WAS QUITE LIKELY THAT MANY BRITISH TOURISTS IN THEIR CARS WERE ALREADY SETTING OFF FOR THE EAST GERMAN FRONTIER. OLECHKOWSKI THEN AGREED TO ALLOW A CONSULAR OFFICIAL TO TRAVEL TO WLOCLAWER AND GDANSK TO MAKE CONTACT WITH THE BRITISH COMMUNITIES THERE. I WILL ARRANGE THIS AS SOON AS POSSIBLE. MORE GENERALLY, I SAID THAT THE CURRENT COMPLETE BLANKET ON TELEPHONE AND TELEX FACILITIES DID NOT PERMIT THIS EMBASSY TO CARRY OUT ITS FUNCTIONS AND URGED HIM TO LIFT IT. I PROMISED TO PASS ON THE OTHER POINTS HE MADE. AS REGARDS POINT 3), I WAS NOT SURE THAT WE COULD STOP BRITISH SHIPS ON THEIR WAY TO POLAND. ON POINT 4). I ASKED WHETHER BRITISH AIRCRAFT COULD STILL COME FREELY TO POLISH AIRFIELDS. OLECHOWKSI SAID THEY COULD STILL COME BUT ONLY TO PICK UP OUTGOING PASSENGERS. I THEN ASKED ABOUT THE DIPLOMATIC COURIER THAT WE ARE EXPECTING BY TOMORROW'S BA FLIGHT. OLECHOWSKI HAD CLEARLY NOT THOUGHT OF THIS BUT, AFTER CONSULTING BY TELEPHONE, HE SAID THAT THERE WOULD BE NO DIFFICULTY. WE MUST INFORM PROTOCOL DEPARTMENT OF THE MFA OF FULL NAMES AND PASSPORT DETAILS. I ALSO ASKED WHETHER MEMBERS OF THIS EMBASSY WHO WERE ON LEAVE (EG BALMER) OR SCHOOL CHILDREN OF EMBASSY FAMILIES COMING TO POLAND FOR THE CHRISTMAS HOLIDAYS WOULD ALSO BE BANNED. CLECHOWSKI SAID THEY COULD COME, PROVIDED WE GAVE THE MFA A LIST. (I AM RECOMMENDING SEPARATELY THAT WE SHOULD IN FACT NOW STOP CUR SCHOOL CHILDREN COULNE CUT)

5. CLECHOWSKI CONCLUDED BY SAYING THAT THE POLISH AUTHORITIES WANTED HMG TO KNOW THAT THEY HAD CHOSEN THE PATH OF DECLARING A STATE OF EMERGENCY AS THE LEAST VIOLENT OF A NUMBER OF ALTER-NADIVES. THEY COULD HAVE DONE MUCH. MORE. HE THEN SAID THAT, SPEAKING PERSONALLY, HE WAS UPSET BY WHAT HAD HAPPENED BUT THOUGHT THE GOVERNMENT HAD NO ALTERNATIVE. RETURNING TO HIS INSTRUCTIONS, HE SAID HE HOPED THAT THE BRITISH GOVERNMENT, WHOSE FOREIGN AFFAIRS MINISTERS NOW KNEW POLAND WELL PERSONALLY, WOULD UNDERSTAND THE DILEMMA IN WHICH THE POLISH GOVERNMENT FOUND THEMSELVES AND WOULD LOOK UPON THE ACTIONS OF THE PREVIOUS NIGHT WITH AS MUCH SYMPATHY AS THEY COULD MUSTER.

6. I REPLIED BY SAYING THAT, AS OUR MINISTERS HAD SAID MANY TIMES, WE BELIEVED THAT THE POLES WHOULD BE LEFT TO THEMSELVES TO SORT OUT THEIR OWN PROBLEMS. I HAD TO SAY, HOWEVER, THAT THE PATHTHE GOVERNMENT NOW SEEMED TO HAVE CHOSEN COULD ONLY SHARPEN THE FOCUS OF CONFRONTATION. IT LOOKED AS IF THE POLES HAD NOW TURNED THEIR BACK ON THE CONCEPT OF NATIONAL CONCILIATION AND COMPROMISE. I WAS SURE THAT HMG WOULD BE WATCHING EVENTS IN POLAND ANXIOUSLY AND I THOUGHT THAT MINISTERS WOULD BE DISMAYED BY WHAT HAD HAPPENED DURING THE NIGHT. I WENT ON TO SAY THAT I THOUGHT THE EFFECT OF THE CRACK-DOWN ON SOLIDARITY WOULD BE LITTLE SHORT OF DISASTROUS SO FAR AS POLAND'S WESTERN CREDITORS WERE CONCERNED. I HAD BEEN SUMMONED TO CALL ON FINANCE MINISTER KRZAK THE FOLLOWING DAY AND I NOW WONDERED IF THERE WAS ANY POINT IN SUCH A MEETING. FINALLY, I PUT IN ANOTHER REQUEST FOR LIFTING OF THE TELE-COMMUNICATIONS BAN. I ALSO SAID I COULD NOT EXCLUDE THE POSSIBILITY THAT THE AUTHORITIES IN BRITAIN MIGHT WISH TO CONFINE THE MOVEMENTS OF POLISH DIPLOMATIC AND CONSULAR PERSONNEL IN THE SAME WAY THAT OUR MOVEMENTS WERE BEING CONFINED. AJAMES

BT

POLAND:

ADVANCE COPIES

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MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR GILLMORE

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FM WARSAW 131240Z DEC

TO IMMEDIATE FCO

TELNO 878 OF 13TH DECEMBER 1981

MalaPaTo

BRITISH COMMUNITY.

FOLLOWING IS PROPOSED TEXT OF WORLD SERVICE MESSAGE :-

THE BRITISH EMBASSY AT WARSAW HAS ASKED THAT THE FOLLOWING MESSAGE SHOULD BE BROADCAST TO BRITISH SUBJECTS IN POLAND.

ADVISED IN YOUR OWN INTEREST TO REMAIN AT HOME AS FAR AS PUBSIBLE.
ALL TELEPHONE LINES IN POLAND ARE AT PRESENT CUT. IF IT BECOMES
NECESSARY TO GIVE FURTHER ADVICE BEFORE THE RESTORATION OF TELEPHONE LINES, IT WILL BE BROADCAST IN THE BBC WORLD SERVICE ON THE

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PHONE LINES, IT WILL BE BROADCAST IN THE BBC WORLD SERVICE ON THE FOLLOWING WAVELENGTHS!

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MEWS BROADCASTS ARE GIVEN THROUGHOUT THE DAY ON THE HOUR AT MOST HOURS. UNTIL THE SITUATION BECOMES MORE NORMAL YOU SHOULD LISTEN TO THESE BROADCASTS AS OFTEN AS POSSIBLE. **

FOR YOUR INFORMATION WHEN TELEPHONE SERVICES ARE RESUMED, THE EMBASSY'S TELEPHONE NUMBER IS 231001-5 REPEAT 281001-5.

JA'MES

MMMM

Con



PS/LORD TREFGARNE PS/PUS MR BULLARD MR FERGUSSON SIR A ACLAND MR GILLMORE

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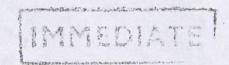
FM WARSAW 131238Z DEC

TO IMMEDIATE FCO

TELNO 677 OF 13TH DECEMBER 1981

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THE CONTRACTOR



BRITISH COMMUNITY.

1. WE ARE INTRODUCING PHASE ONE (" HEADS DOWN ") OF EMBASSY'S CONTINGENCY ARRANGEMENTS WITH INVEDIATE EFFECT. WARDENS ARE BEING BRIEFED AT 12.00 GMT ON LINES OF APPENDIX 1 TO ANNEX D OF CIVIL CONTINGENCY PLAN.

2. FWE HAVE NOW BEEN TOLD THAT NO (NO) FOREIGNERS (EXCEPT SPECIFIC NAMED DIPLOMATS) ARE TO BE ALLOWED TO ENTER POLAND FOR THE TIME BEING, YOU SHOULD IN ANY CASE ADVISE AIRLINES, TOUR OPERATORS, ENQUIRERS ETC THAT TRAVEL TO POLAND IS NOT (NOT) RECOMMENDED AT THE PRESENT TIVE.

- 3. IN VIEW OF CONTINUED CUTTING OF ALL TELEPHONE LINKS WE SHOULD BE GRATEFUL IF BBC WORLD SERVICE COULD BE ASKED TO TRANSMIT A PESSAGE TO THE BRITISH COMPUNITY (SEE MIFT FOR RECOMPENDED TEXT).
- 4. THERN HAVE SO FAR BEEN NOZ(NO) REPORTS OF ANY VIOLENCE, WE AIM TO LET YOU HAVE A FURTHER REPORT ON WARSAW BRITISH COMMUNITY AT 18.00 GMT AFTER WARDENS HAVE VISITED THEIR FLOCKS.

JAMES

JUNITER LAWAR

PS
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PS/LPS
PS/MR-HURD
PS/LORD TREFGARNE
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR GILLMORE

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TO IMMEDIATE FCO
TELNO 874 OF 13TH DECEMBER 1781
AND TO IMMEDIATE WASHINGTON MOSCOW, PARIS, BONN, UKDEL NATO, MODUK, HQ BAOR, HQ MAFG.

FROM MELHUISH.

OUR TEL 873 POLAND : INTERNAL SITUATION.

- 1. WARSAW RADIO HAS CARRIED AT REGULAR INTERVALS SINCE 0600 JARUZELSKI'S SPEECH TO THE NATION DECLARING A STATE OF EMERGENCY AND THE ESTABLISHMENT OF A MILITARY COUNCIL TO GOVERN THE COUNTRY. THE TEXT OF THE SPEECH, WHICH WAS FOLLOWED BY THE NATIONAL ANTHEM AND THEN BY SOME CHOPIN PIANO MUSIC, WILL BE AVAILABLE TO YOU IN LONDON AND THE BBC HAS CARRIED A GOOD SUMMARY.
- 2. THREE SEPARATE TEAMS FROM DEFENCE SECTION HAVE BEEN TOURING WARSAW AND ITS OUTSKIRTS THIS MORNING LOOKING FOR EVIDENCE OF WHAT THE POLISH AUTHORITIES MAY NEXT BE PLANNING. THEY HAD NO GREAT DIFFICULTY MOVING AROUND. WHEN STUPPED AT ROAD BLOCKS THEY PRODUCED IDENTITY CARDS AND WERE WAVED THROUGH. THEY HAVE BROUGHT BACK NO CLEAR-CUT PICTURE. THERE ARE NOW MANY SOLDIERS IN POSITION ON MAIN STREETS IN WARSAW, MOSTLY TO THE SOUTH AND WITH A HEAVY CONCENTRATION AROUND A PARTICULAR HOUSING ESTATE WHICH AS KNOWN TO

CLEAR-CUT PICTURE. THERE ARE NOW MANY SOLDIERS IN POSITION ON MAIN STREETS IN WARSAW, MOSTLY TO THE SOUTH AND WITH A HEAVY CONCENTRATION ARQUID A PARTICULAR HOUSING ESTATE WHICH IS KNOWN TO CONTAIN A NUMBER OF GENERALS. ROAD BLOCKS ARE READY TO BE SWUNG INTO POSITION ON THE EB, FROM THE SOVIET UNION AND LUBLIN, ON THE E12 FROM BIALYSTOK AND ON THE T11 FROM JABLONNA AT ABOUT 18 - 15 KILOMETRES OUTSIDE WARSAW. THERE ARE NO APPARENT BLOCKS ON THE GDANSK ROAD NOR ON THE MAIN ROADS FROM THE WEST AND SOUTH. THE FOUR VISTULA BRIDGES ARE OPEN TO TRAFFIC ALTHOUGH THE US DEFENCE SECTION SAID THREE WERE CLOSED EARLIER THIS MORNING.

3. IT LOOKS AS IF THE AUTHORITIES ARE SEEKING TO ESTABLISH THEIR ABILITY TO SEAL WARSAW OFF IF NECESSARY. THIS COULD BE USEFUL TO THEM BOTH TO MAINTAIN SOLIDARITY'S CURRENT INABILITY TO COMMUNICATE AND TO PREVENT ANY MOVEMENT OF SOLIDARITY OR OTHER ACTIVISTS INTO WARSAW. BUT THIS MUST BE A TENTATIVE CONCLUSION. THE PATCHY AND HAPHAZARD ARRANGEMENTS BEAR THE HALLMARK OF POLISH INEFOICIENCY.

4. WE STILL HAVE NO NEWS FROM THE REST OF THE COUNTRY. THE NEXT IMPORTANT, AND PERHAPS CRUCIAL, DEVELOPMENT MUST BE SOLIDARITY'S REACTION TO LAST NIGHT'S EVENTS. I DO NOT SEE HOW THIS CAN BE ANYTHING OTHER THAN SHARP AND NASTY.

5. I HAVE BEEN SUMMONED TO THE MFA ALONG WITH OTHER AMBASSADORS AT 10.15.

JAMES

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MR BULLARD MR FERGUSSON SIR A ACLAND MR GILLMORE

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UNCLASSIFIED FM WASHINGTON 131845Z DEC 81 TO IMMEDIATE FCO TELEGRAM NUMBER 3778 OF 13 DECEMBER INFO IMMEDIATE WARSAW MOSCOW

MIPT: POLAND. FOLLOWING IS STATE DEPARTMENT TEXT OF HAIG'S STATEMENT MADE IN BRUSSELS TODAY:

4:00 P.M., DECEMBER 13 STATEMENT BY SECRETARY HAIG, HYATT-REGENCY HOTEL, BRUSSELS

I WANT TO SHARE WITH YOU TODAY OUR INFORMATION ON THE POLISH SITUATION AND EXPLAIN OUR APPROACH ON THE EVOLVING SITUATION THERE AS WE KNOW IT NOW.

THE FACTS ARE THESE:

- -- EARLY THIS MORNING THE PRIME MINISTER ANNOUNCED THAT POLISH SECURITY FORCES BEGAN ''INTERNING'' SOLIDARITY, DISSIDENT AND PARTY LEADERS IN WARSAW: WE HAVE REPORTS THAT SIMILAR ACTIONS ARE BEING TAKEN IN OTHER POLISH CITIES AS WELL.
- -- SIMULTANEOUSLY, POLISH COMMUNICATIONS WERE CUT WITH: N THE COUNTRY AND WITH THE OUTSIDE WORLD:
- -- POLISH SECURITY FORCES HAVE BEEN DISPATCHED TO KEY OFFICES AND FACILITIES, INCLUDING UNION HEADQUARTERS.
 - AIR TRAFFIC IN AND OUT OF POLAND HAS BEEN RESTRICTED, AND

- AIR TRAFFIC IN AND OUT OF POLAND HAS BEEN RESTRICTED, AND FOR THE TIME BEING FOREIGNERS ARE NOT BEING PERMITTED TO ENTER THE COUNTRY : - IN SUM, WHAT AMOUNTS TO MARTIAL LAW HAS BEEN INSTITUTED IN POLAND. OF COURSE, WE HAVE NO WAY OF PREDICTING WHAT THE OUTCOME OF THESE DEVELOPMENTS WILL BE. OUR CHARGE IN WARSAW HAS BEEN ASSURED BY A SENIOR POLISH FOREIGN OFFICE OFFICIAL THAT THERE WILL BE NO RETURN TO THE SITUATION WHICH EXISTED IN POLAND PRIOR TO AUGUST 1980. THAT YOU WILL RECALL, IS WHEN THE GOVERNMENT AGREED TO ACCEPT MAJOR REFORMS UNDER PRESSURE FROM THE SOLIDARITY LABOR MOVEMENT, OUR CHARGE WAS TOLD BY THE POLISH OFFICIAL TODAY THAT REFORMS WOULD CONTINUE. THAT, OF COURSE, REMAINS TO BE SEEN, PENDING FURTHER INFORMATION, IT WOULD BE UNWISE TO SAY TOO MUCH AT THIS TIME, NEVERTHELESS, I MUST EMPHASIZE THAT WE ARE SERIOUSLY CONCERNED ABOUT THE DECISION TO IMPOSE MARTIAL LAW: AS WE HAVE SAID BEFORE, THE POLITICAL EXPERIMENTS UNDERWAY IN POLAND SHOULD BE ALLOWED TO PROCEED UNIMPEDED. THE POTENTIAL IN-STABILITIES IN POLAND WHICH COULD ARISE FROM THE IMPOSITION OF MARTIAL LAW ARE OBVIOUS TO ALL, FOR THIS REASON, THE UNITED STATES GOVERNMENT REFTERATES THAT THE POLISH PEOPLE SHOULD FIND A SOLUTION TO THEIR CURRENT DIFFICULTIES THROUGH A PROCESS OF NEGOTIATION AND COMPROMISE AMONG THE PARTIES INVOLVED. ABOVE ALL, THEY SHOULD BE PERMITTED TO DO SO WITHOUT ANY OUTSIDE INTERFERENCE. HENDERSON NNNN

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CONFIDENTIAL DESKBY 132189Z FM WARSAW 131940Z DEC TO IMMEDIATE FCO TELNO 8º4 OF 13TH DECEMBER 1981 AND TO IMMEDIATE WASHINGTON, MOSCOW, BONN, PARIS, UKDEL NATO.

HAIMEDIALE

FROM WELHUISH.

POLAND : THE STATE OF EMERGENCY.

- 1. THE POLISH GOVERNMENT HAS TAKEN THIS GRAVE STEP FOLLOWING A GRADUAL INCREASE IN TENSION DURING THE LAST FEW DAYS. IT SEEMS LIKELY THAT IT WAS TRIGGERED BY YESTERDAY'S CONFIRMATION BY THE SOLIDARITY NATIONAL COMMISSION OF THE RADO: DECLARATION. SUCH EVIDENCE AS WE HAVE SUPPORTS THIS VIEW, ALTHOUGH THE GOVERNMENT WILL DEVIOUSLY HAVE BEEN DRAWING UP CONTINGENCY PLANS DURING THE LAST WEEK. THEY HAVE ENJOYED SOME LUCK IN THAT SOLIDARITY'S DECISION WAS MADE ON A SATURDAY EVENING, THUS ENABLING THE STATE F E ERGENCY TO START ON A SUNDAY.
- 2. THE GOVERN ENT HAS MOVED AGAINST SOLIDARITY PRIMARILY BECAUSE OF ITS GROWING FRUSTRATION WITH THE UNION. MOSCOW'S ATTITUDE WILL ALSO HAVE BEEN CRUCIAL, ALTHOUGH IT IS IMPOSSIBLE TO SAY WHETHER .. THE INITIAL IMPULSE FOR THE MOVE CAME FROM MOSCOW OR WARSAW. ON BALANCE, WE THINK IT LIKELY THAT THIS ATTEMPT TO IMPOSE A POLISH

SOLUTION WITHOUT AT THIS STAGE INVOLVING THE SOVIET UNION WAS JARUZELSKI'S LAST-MINUTE ANSWER TO HIS CRITICS AT HOME AND WITHIN CMEA.

3. AS EXPECTED, TODAY HAS BEEN QUIET, AND THERE HAS BEEN NO REACTION SO FAR TO THE STATE OF EMERGENCY IN WARSAW. (IT IS STILL IMPOSSIBLE TO SAY WHAT IS HAPPENING ELSEWHERE IN POLAND).

OBVIOUSLY, NO STRIKE CAN BEGIN BEFORE TOMORROW MORNING AT THE EARLIEST. BUT THERE IS THE DANGER THAT PUBLIC ANGER MIGHT ERUPT INTO STREET DEMONSTRATIONS OR EVEN VIOLENCE TODAY OR TONIGHT.

THE FACT THAT THE ARMY, AFTER INITIALLY LIFTING THE CORDON ROUND SOLIDARITY'S WARSAW HEADQUARTERS, HAS REIMPOSED IT, IS AN INDICATION OF THE SERIOUSNESS WITH WHICH THE AUTHORITIES VIEW THIS POSSIBILITY.

4. THE NEXT STAGE WILL BE TO SEE HOW SOLIDARITY REACTS. ALTHOUGH THE GOVERNMENT HAS DETAINED MOST OF THE TOP SOLIDARITY LEADERSHIP, AND MAY CONTINUE TO HOLD THEM IN CUSTODY, THE ORGANISATION IS WELL STRUCTURED AND OTHERS WILL STEP INTO THE SHOES OF THOSE DETAINED. THIS RUMP LEADERSHIP IS LIKELY TO BE YOUNGER AND MORE RADICAL THAN THE REGULAR LEADERSHIP, BUT JUST AS WELL ORGANISED. THEY WILL HAVE SEVERAL OPTIONS OPEN TO THEM!

- 1) SELECTIVE STRIKES.
- 11) AN ''ACTIVE'' STRIKE.
- 111) A GENERAL STRIKE.
- IV) PROTESTS IN THE STREETS.
- V) ATTEMPTS TO RUSH PRISONS OR EVEN THE LENIN SHIPYARD
 IN GDANSK AND RELEASE THE IMPRISONED SOLIDARITY LEADERS.

AN ACTIVE STRIKE CAN BE VIRTUALLY RULED OUT AS IT IS A WEAPON FOR TIMES OF SOCIAL QUIET. SELECTIVE STRIKES IN THE MINING INDUSTRY, THE POWER INDUSTRY AND THE RAILWAYS WOULD PROBABLY BE THE MOST EFFECTIVE WEAPON THAT SOLIDARITY HAS AT HAND. BUT IT IS MORE LIKELY THAT THE PASSIONS OF THE MEMBERSHIP WOULD IN TIME TURN A SELECTIVE STRIKE INTO A GENERAL STRIKE. WIDESPREAD STREET PROTESTS ARE ALSO LIKELY TO BURST OUT SPONTANEOUSLY AT SOME STAGE AND I WOULD NOT BE AT ALL SURPRISED IF A FEW SOLIDARITY HOTHEADS CREANISED RAIDS ON PRISONS OR MILICUA HEADQUARTERS WHERE

SOLIDARITY LEADERS ARE IMPRISONED. IF, AS SEEMS LIKELY, THE LENIN SHIPYARD HAS BEEN SEALED OFF, THEN AN ATTEMPT MAY WELL BE MADE TO BREAK INTO IT.

- 5. A FURTHER UNKNOWN FACTOR IS WALESA HIMSELF. THE GOVERNMENT SPOKES AN HAS JUST TOLD WESTERN JOURNALISTS THAT WALESA IS AT LIBERTY AND IS DISCUSSING POSSIBLE SOLUTIONS WITH THE GOVERNMENT IN THE WARSAW REGION.
- G. THE GOVERNMENT HAS GIVEN ITSELF THE POWER TO INDICT STRIKE
 LEADERS BEFORE MILITARY COURTS. IT WILL USE THAT POWER, BUT,
 AS SOON AS IT CUTS OFF SOLIDARITY'S HEADS, NEW ONES WILL SPROUT.
 A MORE IMPORTANT FACTOR IS WHETHER THE MEMBERSHIP AND PEOPLE IN
 SCHERAL WILL FOLLOW THE LEAD OF THE RUMP OF THE LEADERSHIP OF
 SOLIDARITY. A BRITISH SUBJECT WHO HAS BEEN ACTIVE IN SOLIDARITY
 IN GDANSK HAS TOLD US THAT THE MOOD THERE YESTERDAY WAS DETERMINED
 AND THAT SOLIDARITY MEMBERS ARE RESIGNED TO THE POSSIBILITY OF
 VIOLENCE.
- 7. TOMORROW IS LIKELY TO BE A CRUCIAL DAY. THE WORKERS WILL RETURN TO THEIR FACTORIES, WHEREUPON SOLIDARITY CAN START ORGANISING THEM. IT WOULD BE SELF-DEFEATING OF THE GOVERNMENT NOT TO LET THE WORKERS RETURN TO WORK. IN THE LONGER TERM, THE ATTITUDE OF THE CHURCH AND IN PARTICULAR THE POPE WILL BE CRUCIAL. IT IS ALSO NOT CLEAR HOW LONG THE GOVERNMENT PROPOSES TO CONTINUE THE STATE OF EMERGENCY. BUT NOW THAT THEY HAVE LOCKED THEMSELVES INTO THIS SITUATION THEY CAN HARDLY DRAW BACK WITHOUT INFLICTING A MAJOR DEFEAT UPON THEMSELVES. SO IT LOOKS AS IF THE EMERGENCY WILL CONTINUE FOR WEEKS RATHER THAN DAYS UNLESS THE SITUATION WORSENS TO THE POINT WHERE SOVIET INTERVENTION IS CALLED FOR.

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TELNO 873 OF 13TH DECEMBER 1981
INFO IMMEDIATE: MOSCOW, WASHINGTON, PARIS, BONN, UKDEL NATO, MODUK, HQ BAOR AND HQ RAFG.

FROM MELHUISH.

POLAND : INTERNAL SITUATION.

VERSION OF TONIGHTS EVENTS CARRIED BY BBC IS ACCURATE. THE MAZOWSZE SOLIDARITY HEADQUARTERS BUILDING, 2 BLOCKS FROM THE EMBASSY, WAS RAIDED ABOUT MIDNIGHT AND THE ROAD IN FRONT OF THE BUILDING IS CURRENTLY CUT OFF BY MILITIA VEHICLES AND A SMALL NUMBER OF ZOMO (MILITARY POLICE) AND WOW (INTERNAL SECURITY) PERSONNEL. SLIWINSKI, MAZOWSZE'S FOREIGN RELATIONS CHIEF, HAS BEEN ARRESTED AT HOME.

- 2. AT FIRST THERE WERE FEW OTHER SIGNS OF UNUSUAL ACTIVITY. ABOUT 0415 I WALKED AROUND THE STREETS NEAR THE MAZOWSZE HQ AND APART FROM THESE TWO ROAD BLOCKS, ONLY SAW EARLY MORNING BUSES AND PEDESTRIANS AND THE ODD SNOW-PLOUGH. THERE WERE NO LIGHTS IN COUNCIL OF MINISTERS BUILDING NOR IN PARTY HQ. OUR DEFENCE ATTACHE'S HAS HOWEVER JUST REPORTED SIGHTING 16 POLISH TANKS WITH COMMUNICATIONS VEHICLES GOING NORTH ALONG MAIN DUAL CARRIAGEWAY ROAD ON WEST SIDE OF THE VISTULA. ARMY STAFF CARS ARE ALSO PICKING UP OFFICERS FROM HOME TO TAKE THEM INTO MINISTRY OF DEFENCE.
- 3. ALL INTERNAL AND EXTERNAL TELEPHONE AND TELEX FACILITIES WERE CUT ABOUT ØØ15 THIS MORNING. BBC AND AGENCIES ARE USING SPECIAL REUTERS FACILITY WHICH BYPASSED NORMAL TELEX. WE HAVE NO IDEA WHAT IS HAPPENING ELSEWHERE IN THE COUNTRY BUT, IF THE AUTHORITIES HAVE BOTHERED TO ARREST SLIWINSKI, A SMALL FRY, I PRESUME THEY WILL HAVE TRIED TO PICK UP ALL THE SOLIDARITY TOP BRASS, CONVENIENTLYCONCENTRATED IN GDANSK FOR NATIONAL COUNCIL MEETING. OR AT LEAST TO SEAL OFF THE LENIN SHIPYARD WHERE THEY ARE MEETING.
- 4. I WILL REPORT FURTHER AS WE GET MORE INFORMATION. MY INITIAL ESTIMATE IS THAT THIS IS A CAREFULLY PLANNED SWOOP ON THE SOLIDARITY LEADERSHIP KNOWN TO FEW AND CARRIED OUT EFFICIENTLY. IT IS BOUND TO PROVODE SERIOUS AND POSSIBLY VIOLENT REACTION FROM SOLIDARITY AND FROM THE COUNTRY AT LARGE. I SEE IT AS JARUZELSKI'S LAST DITCH ATTEMPT EITHER ON HIS OWN INTIATIVE OR ON ORDERS FROM MOSCOW TO PROVE HIS CREDENTIALS BEFORE HIS RUMOURED VISIT TO MOSCOW ON MONDAY.

CONFIDENTIAL

- 5. SO FAR THERE IS NO THREAT TO THE BRITISH COMMUNITY IN WARSAW BUT I INTEND TO CALL IN OUR WARDENS WHEN IT GETS LIGHT. I WILL ADVISE COMMUNITY TO STAY PUT. I HAVE NO WAY OF KNOWING WHAT IS HAPPENING TO THE COMMUNITY ELSEWHERE IN POLAND.
- 6. BBC AND DAILY TELEGRAPH CORRESPONDENTS ASKED EARLIER WHETHER THEY COULD USE OUR COMMUNICATIONS FACILITIES, FORTUNATELY THEY WERE ABLE TO SEND COPY VIA REUTERS BUT BBC CORRESPONDENT HAS NOW AGAIN REQUESTED OUR ASSISTANCE IF REUTERS ARE CUT OFF. I HAVE SAID THAT I COULD NOT ENDANGER OR CLOG UP OUR OWN COMMUNICATIONS BUT, IF THERE WERE NO OTHER MEANS OF GETTING INFORMATION OUT TO THE WEST, I WOULD BE PREPARED TO AUTHORISE SHORT POOLED COPY FROM ALL BRITISH CORRESPONDENTS HERE. CANADIAN EMBASSY HAVE LOST THEIR COMMUNICATIONS LINK WITH OTTAWA AND I HAVE AGREED TO HELP OUT. JAMES

POLAND SPECIAL

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TO IMMEDIATE F C O

TELEGRAM NUMBER 737 OF 11 DECEMBER

INFO WARSAW, WASHINGTON, PARIS, BONN

POLAND

- 1. THE TONE OF SOVIET REPORTING OF DEVELOPMENTS IN POLAND HAS

 BECOME NOTICEABLY SHARPER DURING THE PAST WEEK OR SO. TODAY'S

 PRAVDA STEPS THE TONE UP EVEN FURTHER WITH A TASS DESPATCH, WHICH

 INCLUDES SEVERAL NEW OR STRENGTHENED ALLEGATIONS AGAINST SOLIDARITY:
- (1) LOCAL SOLIDARITY LEADERS HAD DECIDED TO SET UP 'FIGHTING GROUPS', OF 250 TO 300 PERSONS EACH. THERE WERE REPORTS OF THEFTS OF WEAPONS AND EXPLOSIVES FROM GOVERNMENT STOREHOUSES. YOUTHS FROM THE NOTORIOUS KPN HAD APPEARED IN THE STREETS FLAUNTING SYMBOLS OF THE ARMIA KRAJOWA WHICH HAD FOUGHT AGAINST THE ESTABLISHMENT OF A PEOPLES' DEMOCRATIC SYSTEM IN POLAND.
- (11) SOLIDARITY HAD THREATENED TO HOLD PRE-TERM SO-CALLED "FREE" ELECTIONS, AND SET UP 4 PARLIAMENT WHICH WOULD SERVE THE POLICIES OF SOLIDARITY LEADERS. AN OPEN ATTACK HAD BEEN STARTED AGAINST THE EXISTING ELECTORAL SYSTEM SOLIDARITY HAD BEEN STARTED AGAINST

(11) SOLIDARITY HAD THREATENED TO HOLD PRE-TERM SO-CALLED 'FREE''
ELECTIONS, AND SET UP A PARLIAMENT WHICH WOULD SERVE THE POLICIES
OF SOLIDARITY LEADERS. AN OPEN ATTACK HAD BEEN STARTED AGAINST
THE EXISTING ELECTORAL SYSTEM. SOLIDARITY HAD PUT ON THE AGENDA
THE QUESTION OF OVERTHROWING BOTH THE EXECUTIVE AND LEGISLATIVE
AUTHORITIES IN POLAND.

(111) CLERICAL CIRCLES AND ORGANISATIONS HAD BECOME NOTICEABLY MORE ACTIVE. IN CHURCHES THE NUMBER OF SERMONS WHICH AIMED TO DISCREDIT THE GOVERNMENT'S ACTIONS TO DEFEND SOCIALISM HAD INCREASED.

(IV) ATTACKS ON POLAND'S ALLIANCES WERE INCREASING. THERE WERE DEMAGOGIC DEMANDS FOR POLAND'S WITHDRAWAL FROM THE WARSAW PACT AND CMEA, AND FOR THE COMMUNICATIONS RUNNING THROUGH POLISH TERRITORY TO BE USED TO PUT PRESSURE ON POLAND'S ALLIES. SOME HAD QUESTIONED THE SOVIET/POLISH FRONTIER.

THE LATEST ONE IS OF DIRECT MOSCOW ORIGIN. THE REFERENCE IN A SINGLE ARTICLE TO FIGHTING-GROUPS, THE THEFT OF WEAPONS, THE USE OF THE HOME ARMY'S SYMBOL AND A THREAT TO TRANSIT FACILITIES STRIKES AN OMINOUS NOTE AND EARLIER IN THE YEAR I WOULD HAVE SEEN IT AS A PART OF THE PREPARATION FOR DIRECT SOVIET INTERVENTION. THE ASSESSMENT NOW IS SOMEWHAT DIFFERENT. ALTHOUGH THE ARTICLE MUST BE BASED ON SOME POLICY GUIDANCE, IT IS STILL ONE OF THE LOWER FORMS OF OFFICIAL COMMENT AND BY ITSELF OF LIMITED SIGNIFICANCE. MORE IMPORTANT, SO FAR AS SOVIET POLICY IS CONCERNED IS THE ASSESSMENT OF THE CURRENT WIDER SOVIET INTEREST. WE DISCUSSED THIS AT A MEETING OF EC AMBASSADORS YESTERDAY, PRIOR VVVMM

DISCUSSED THIS AT A MEETING OF EC AMBASSADORS YESTERDAY, PRIOR

TO THIS LATEST ARTICLE, AND WERE THEN IN AGREEMENT THAT THE SOVIET UNION, HAVING APPARENTLY BEEN RELUCTANT TO INTERVENE EARLIER IN THE YEAR HAD SUBSTANTIALLY STRONGER GROUNDS FOR AVOIDING INTERVENTION NOV. I DO NOT THINK THAT THE LATEST ARTICLE CHANGES THIS ASSESSMENT. THE WORRY REMAINS HOWEVER THAT THE RUSSIANS THEMSELVES SEEM TO HAVE BEEN PROGRESSIVELY LESS ABLE TO DO ANYTHING ABOUT THE PACE AND DIRECTION OF EVENTS IN POLAND AND MIGHT IN THE LAST RESORT FIND THEMSELVES DRAGGED IN BECAUSE

AND MIGHT IN THE LAST RESORT FIND THEMSELVES DRAGGED IN BECAUSE THE POLISH COMMUNISTS HAD SO HANDLED THEIR OWN AFFAIRS AS TO LOSE THE LAST SEMBLANCE OF CONTROL.

IN CONSIDERING CURRENT SOVIET POLICY THE STRNAGE HANDLING OF THE SAKHAROV CASE MAY ALSO BE RELEVANT. AFTER THE IZVESTIA ARTICLE OF 4 DECEMBER, A TYPICAL KGB SLANDER JOB ONTHOSE INVOLVED IN THE ALEKSEEVA AFFAIR, IT SEEMED INCONCEIVABLE TO ANY OF US THAT SHE SHOULD BE GIVEN AN EXIT VISA. IF SHE DOES RECEIVE ONE, IT WILL REPRESENT A REMARKABLE TURN AROUND AND AN EQUALLY REMARKABLE PUBLIC HUMILIATION FOR THOSE WHO INSPIRED THE DRIGINAL ARTICLE. I WOULD BE MUCH ENCOURAGED IF I THOUGHT THAT THIS REPRESENTED A GENUINE SOVIET RECOGNITION OF THE DEEPLY FELT WESTERN OPINIONS ON THE SOVIET UNION'S HANDLING OF DISSENTERS IT WOULD EVEN BE SOMETHING OF A GAIN IF THEY WERE READY TO MAKE CONCESSIONS FOR THE SAKE OF IMPRESSING THOSE IN THE WEST WHO SHARE THEIR PROFESSED CONCERN TO DO SOMETHING ABOUT ARMS CONTROL BUT ARE SHOCKED BY THE SOVIET RECORD ON HUMAN RIGHTS. THERE MUST BE SOMETHING AT LEAST OF THE LATTER IN IT. PERHAPS THE HANDLING OF THE LAST PRE-CHRISTMAS PHASE OF THE MADRID CONFERENCE WILL SHOW HOW MUCH. BUT I FIND IT HARD TO BELIEVE THAT THIS GOVERNMENT HAS CHANGED ITS BASIC CHARACTERISTICDS. UNLESS THE WHOLE THING IS SOME ELABORATE KGB PLOY, IT MAY BE A SIGN THAT WE ARE IN A PERIOD IN WHICH THE GRIP OF THE LEADERSHIP IS UNSURE. IF SO POLICY IN OTHER MATTERS MAY BECOME MORE DIFFICULT TO PREDICT.

KEEBLE

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CONFIDENTIAL

DESKBY 131930Z TO WASHINGTON, UKDEL NATO AND WARSAW

DESKBY 140800Z TO BRUSSELS THE HAGUE LUXEMBOURG UKDEL MADRID

ROME STOCKHOLM VIENNA

DESKBY 141300Z UKMIS NEW YORK

DESKBY 141330Z OTTAWA

DESKBY 140700Z ALL OTHER POSTS

FM FCO 131615Z DEC 81

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1921 OF 13 DECEMBER

AND TO IMMEDIATE BONN, PARIS, UKDEL NATO, UKREP BRUSSELS,

ALL OTHER EC POSTS, ALL OTHER NATO POSTS, WARSAW, MOSCOW,

STOCKHOLM, OSLO, HELSINKI, UKMIS NEW YORK, VIENNA, UKDEL MADRID,

BELGRADE, BUDAPEST, BUCHAREST, PRAGUE, SOFIA, EAST BERLIN, TOKYO.

POLAND

- 1. WE ARE REPEATING WARSAW TELS NOS 873 AND 874 (NOT TO ALL) AND LATEST JIC ASSESSMENT ON THE PRESENT SITUATION IN POLAND.
- 2. AGAINST THIS BACKGROUND, NEWS DEPARTMENT IN RESPONSE TO ENQUIRIES ARE TAKING THE FOLLOWING LINE: WE ARE STILL SEEKING TO ESTABLISH PRECISELY WHAT IS HAPPENING IN POLAND AND ARE CONSULTING OUR ALLIES ABOUT THIS. UNATTRIBUTABLY: WE ARE HOPING TO GET AN ACCOUNT SOON FROM THE POLISH AUTHORITIES. IT IS IMPORTANT THAT POLAND SHOULD CONTINUE TO SETTLE ITS AFFAIRS WITHOUT OUTSIDE INTERFERENCE OF ANY KIND.
- 3. YOU SHOULD BE AWARE THAT FOR THE TIME BEING IN THE VARIOUS CO-ORDINATION MEETINGS THAT WILL BE TAKING PLACE WITHIN THE ALLIANCE AND AMONG THE TEN (MEETING OF NATO PERMANENT REPRESENTATIVES IS SCHEDULED FOR 4 PM MONDAY 14 DECEMBER: ALREADY SCHEDULED MEETING OF POLITICAL COMMITTEE AND SPECIAL MEETING OF EC FOREIGN MINISTERS WILL BE TAKING PLACE HERE ON 14 DECEMBER) WE SHALL BE SPEAKING SUBJECT TO ANY AFTERTHOUGHTS ON THE FOLLOWING LINES:
 - (A) IMPORTANCE OF CLOSE CONSULTATION AND COORDINATION:
 - (B) NEED TO GET CLEARER FACTS OF WHAT IS HAPPENING IN

1 ETDENET POLAND BEFORE TAKING SUBSTANTIVE DECISIONS:

- (C) RECOGNITION THAT AT THIS STAGE ANY PUBLIC STATEMENT SHOULD BE OF A PRELIMINARY NATURE:
- (D) IDENTIFICATION OF CHIEF WESTERN INTERESTS AS BEING
 - (I) THAT THE CRISIS, TO THE EXTENT POSSIBLE, SHOULD BE KEPT UNDER CONTROL:
 - (II) THAT POLAND SHOULD SETTLE ITS AFFAIRS WITHOUT OUTSIDE INTERFERENCE:
 - (III) THAT THE PROGRESS OF THE LAST SIXTEEN MONTHS SHOULD NOT BE LOST DESPITE WHAT MAY BE A SETBACK:
- (E) ANY WESTERN RESPONSE SHOULD TAKE ACCOUNT OF PUBLIC OPINION IN POLAND AND THE REACTION OF OTHER GOVERNMENTS.
- 4. FOR UKDEL NATO. FOR MEETING OF PERMANENT REPRESENTATIVES ON 14 DECEMBER, YOU MAY LIKE TO DRAW ON THE ABOVE AND ON OUTCOME OF OFFICIAL DISCUSSIONS IN BRUSSELS TODAY (FCO TELNO 1920, NOT TO ALL).
- 5. FOR UKDEL MADRID. WHILE WE APPRECIATE THAT EVENTS IN POLAND WILL NOT MAKE IT ANY EASIER TO ACHIEVE A 'BALANCED AND POSITIVE OUTCOME' BY THE END OF THE YEAR, YOU SHOULD, UNTIL YOU RECEIVE INSTRUCTIONS TO THE CONTRARY, CONTINUE TO WORK TO THIS END. SPECIFICALLY, YOU SHOULD LEAVE EXPLANATION OF THE INTERNAL SITUATION IN POLAND TO THE POLISH DELEGATION AT THE PLENARY MEETING ON 14 DECEMBER.
- 6. FCR MOSCOW. FOR THE TIME BEING, I DO NOT CONSIDER THAT IT WOULD BE APPROPRIATE FOR YOU TO APPROACH THE SOVIET AUTHORITIES EITHER BILATERALLY OR AS THE PRESIDENCY. WE SHALL SEND INSTRUCTIONS AS NECESSARY.
- 7. FOR BELGRADE, VIENNA AND STOCKHOLM. WE THINK IT IMPORTANT THAT WE SHOULD KEEP THE NEUTRAL AND NON-ALIGNED ON OUR SIDE AND INFORMED OF OUR VIEWS. GRATEFUL, THEREFORE, IF YOU WOULD MAKE AN URGENT INFORMAL APPROACH TO HOST AUTHORITIES AND SEEK THEIR REACTION ON EVENTS IN POLAND. SPEAKING PERSONALLY, YOU MAY DRAW ON THE ABOVE AT YOUR DISCRETION. FOR VIENNA, WE SHOULD BE PARTICULARLY INTERESTED TO KNOW KREISKY'S

PERSONAL VIEWS AND ASSESSMENT OF THE SITUATION.

- 8. FOR STOCKHOLM. WE SHOULD ALSO BE INTERESTED TO HAVE SWEDISH VIEWS OF IMPLICATIONS OF POLISH GOVERNMENT ACTIONS ON PROBLEM OF INCREASED REQUESTS FOR POLITICAL ASYLUM FROM POLES TEMPORARILY RESIDENT IN SWEDEN.
- 9. FOR BUDAPEST AND BUCHAREST. GRATEFUL FOR URGENT ASSESSMENT OF LOCAL REACTIONS AND OFFICIAL ATTITUDE BEING TAKEN TOWARDS POLISH GOVERNMENT'S ACTIONS.
- 10. FOR UKMIS NEW YORK. AT PRESENT WE DO NOT CONSIDER THIS WOULD BE AN APPROPRIATE SUBJECT TO RAISE IN GENERAL ASSEMBLY. IN ANY CONTACTS, HOWEVER, YOU MAY DRAW ON ABOVE AS APPROPRIATE.

CARRINGTON

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TO IMMEDIATE F C O

TELEGRAM NUMBER 458 OF 10 DECEMBER

INFO PRIORITY (PERSONAL FOR AMBASSADOR/MINISTER)

BONN PARIS WASHINGTON AND MOSCOW.

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MR FERROSSON.

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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 SOULARS 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 THRESE 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 CONCENSUS AMONG THE FOUR FOREIGN MINISTERS THAT POLAND COULD NOT BE ALLOWED TO GO DOWN.

3. GENSCHER ENDORSED THIS LAST POINT. THE MOST EXPENSIVE ALD 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.

ROSE

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MR GILLMORE

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PS/MR HURD PS/And Trefgore
PS/PUS
MR BULLARD
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SIR A ACLAND

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TO IMMEDIATE FCO

TELNO 864 OF 9TH DECEMBER 1981
INFO ROUTINE: WASHINGTON, MOSCOW AND UKDEL NATO
INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, BUCHAREST, SOFIA,
BELGRADE, HELRINKI, STOCKHOLM, PARIS, BONN, UKREP BRUSSELS,
UKMIS NEW YORK AND MODUK.

POLISH SITUATION.

- 1. ON 8 DECEMBER CENTRAL COMMITTEE SECRETARIES, VOIVODSHIP FIRST SECRETARIES AND CC HEADS OF DEPARTMENT MET TO DISCUSS THE QUOTE WORSENING SOCIO-POLITICAL SITUATION UNQUOTE. THIS IS THE FOURTH SUCH MAJOR MEETING ALL DESCRIBED IN SIMILAR LACONIC TERMS IN THE LAST FEW DAYS, AN INDICATION OF THE SERIOUSNESS WITH WHICH THE AUTHORITIES VIEW THE CURRENT POLITICAL SITUATION.
- 2. TODAY'S PRESS ANNOUNCES THAT THERE WILL BE A MEETING OF THE SEJM ON 15 AND 16 DECEMBER AND AGAIN ON 21 DECEMBER. THE MAJOR ITEM AT THE FIRST MEETING WILL BE THE DRAFT TRADE UNION LAW. THE SECOND MEETING WILL CONSIDER EIGHT DRAFT ECONOMIC REFORM BILLS. THERE IS NO MENTION IN THE AGENDA FOR EITHER MEETING OF EMERGENCY MEASURES.

3. FOLLOWING AN INITIATIVE BY THE STUDENTS IN WARSAW, THE STRIKES IN UNIVERSITIES AND OTHER PLACES OF HIGHER EDUCATION SEEM TO BE DYING DOWN. THE PRIMATE HAS SENT A MESSAGE TO POLISH STUDENTS ENDORSING THE STRIKE IN UNMISTAKEABLE TERMS BUT CALLING ON THEM TO END IT NOW. THE TEXT OF THIS MESSAGE IS PUBLISHED IN THE PRESS THIS MORNING. THERE HAS BEEN, HOWEVER, NO OFFICIAL ANNOUNCEMENT OF THE OTHER LETTERS WHICH THE BBC REPORTS THE PRIMATE HAS SENT TO THE SEJM, JARUZELSKI AND WALESA. THE PRIMATE'S PRESS OFFICE HAS CONFIRMED TO WESTERN CORRESPONDENTS THAT THESE LETTERS WERE SENT. WE UNDERSTAND THAT THE LETTER TO THE SEJM CALLED ON DEPUTIES NOT TO VOTE FOR EMERGENCY MEASURES AND THAT THE LETTERS TO WALESA AND JARUZELSKI CONTAINED A MORE GENERAL MESSAGE ABOUT THE NEED FOR SOCIAL PEACE.

4. THIS INTERVENTION BY THE PRIMATE IS A NEW DEPARTURE FOR THE CHURCH. GLEMP HAS ENDORSED THE STUDENT STRIKERS TO AN UNPRECEDENTED DEGREE AND HAS EFFECTIVELY GIVEN SOLIDARITY TEE BACKING OF THE CHURCH SHOULD IT DECIDE TO PROTEST ABOUT ANY EMERGENCY MEASURES WHICH THE SEJM MIGHT PASS.

5. THE ATMOSPHERE CONTINUES TO WORSEN. THE URGE TOWARDS COMPROMISE EVIDENT IN THE AFTERMATH OF THE GLEMP/JARUZELSKI/WALESA MEETING HAS FOR THE MOMENT DISAPPEARED. BOTH SIDES SEEM EAGER TO TAKE PUBLIC OFFENCE AT THE ACTIONS OF THE OTHER - E.G. THE RESOLUTION OF THE FIRE CADETS STRIKE AND SOLIDARITY'S RADOM DECLARATION. THE AUTHORITIES' RESPONSE TO THE LATTER IS ESPECIALLY DISTURBING SINCE, BY PORTRAYING WALESA IN SUCH BLACK TERMS FOR THE FIRST TIME. IT RISKS CLOSING THE DOOR TO FURTHER NEGOTIATIONS WITH HIM. GLEMP'S INTERVENTION APPEARS TO BEAINTENDED TO RESTRAIN THE GOVERNMENT FROM AN IRREVOCABLE ACTION THAT WOULD INEVITABLY LEAD TO THE CONFRONTATION CLEARLY DESIRED BY SOME ELEMENTS ON BOTH SIDES. THE DANGER IS THAT EVEN IF THE GOVERNMENT HEEL GLEMP'S ADVICE AND DROPS THE THREATENED EMERGENCY MEASURES BILL - AND THE LACK OF PUBLICITY ABOUT SUCH A BILL IS A HOPEFUL SIGN - THE EXTREMISTS WILL ONLY GO ON TO SEEK CONFRONTATION ON SOME OTHER GROUND.

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JAMES

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TO PRIORITY F C 0'

TELEGRAM NUMBER 729 OF 8 DECEMBER

INFO WARSAW

SAVING FOR INFO WASHINGTON, UKDEL NATO

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POLAND : SOVIET PRESS COMMENT

- FEW DAYS ITS MAIN FEATURE IS SHARP CRITICISM OF SOLIDARITY AND ITS CHIEF SUBJECTS THE RADOM DECLARATION BY SOLIDARITYS PRAESIDIUM (WARSAW TEL NO 843) AND AND ALLEGED CAMPAIGN BY SOLIDARITY TO HINDER PARTY WORK AT INDUSTRIAL ENTERPRISES WHICH HAS BEEN DESCRIBED IN THE PRESS AS THE LATEST STAGE IN THE SCENARIO OF 'CREEPING COUNTER-REVOLUTION'.
- 2. PRAVDA OF 8 DECEMBER PUBLISHED TOGETHER 2 TASS PIECES ON POLAND. THE FIRST STATED THAT THE SITUATION WAS CONTINUING TO WORSEN. AT RADOM, THE SOLIDARITY PRAESIDIUM HAD ANNOUNCED ITS REFUSAL TO CO-OPERATE WITH THE AUTHORITIES TO OVERCOME THE CRISIS (NO REFERENCE WAS MADE TO THE STRIKE THREATS). IT HAD DECLARED SEJM AND GOVERNMENT MEASURES WOULD BE UNACCEPTABLE UNLESS THEY INCLUDED ALL OF SOLIDARITY'S DIRECTIVES WHICH EFFECTIVELY PROVIDED FOR THE TRANSFER TO SOLIDARITY'S CONTROL OF KEY POSITIONS IN THE COUNTRY. THE RADOM MEETING SET THE SIGHTS OF SOLIDARITY ON OPEN STRUGGLE FOR POWER, ON BREAKING THE STATE AND SOCIAL SYSTEM IN POLAND. THE OTHER TASS PIECE SUMMARIZED A STATEMENT BY THE GOVERNMENT PRESS SPOKESMAN, URBAN, ON RADOM, INCLUDING URBAN'S ALLEGATIONS THAT SOLIDARITY HAD BROKEN THE GDANSK, SZCZECIN AND JASTRZEBIE AGREEMENTS AND ITS OWN CHARTER, AND THAT ITS ACTIONS HAD CREATED A NEW AND SERIOUS POLITICAL SITUATION.
- THE TIME FOR NAIVE QUESTIONING OF THE EXISTENCE OF ANTISOCIALIST FORCES WAS OVER. THE ENEMIES OF SOCIALISM WERE TRYING
 TO SPLIT THE PARTY FROM THE MASSES, AIMING TO NEUTRALIZE THE
 PARTY AND UNDER COVER OF SLOGANS ABOUT SELF-MANAGEMENT, SEIZE
 FOWER FIRST AT ENTERPRISES, THEN IN TOWNS, VOIVODSHIPS AND FINALLY
 THE WHOLE COUNTRY. THE FRANKLY COUNTER-REVOLUTIONARY KPN WAS
 ALREADY ACTING COMPLETELY OPENLY. KURON HAD FOUNDED, UNDER THE
 SHLTER OF WARSAW SOLIDARITY, THE 'CLUBS OF A SELF GOVERNING
 REPUBLIC' WHOSE PROGRAMME SHOWED THAT A NEW COUNTER-REVOLUTIONARY
 POLITICAL PARTY OF UNBRIDLED ANTI-SOVIET CHARACTER HAD APPEARED
 ON THE SCENE. AT FACTORY PARTY COMMITTEES INCREASINGLY DECISIVE
 CALLS WERE HEARD FOR A DUE REBUFF TO BE GIPEN TO COUNTEMIA
 RUNOLUTIONARY ABTIVISTS.

21

Pdad

PS PS/LPS

PS/LORD TREFGARNE
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR GILLMORE

HD/EESD
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TO IMMEDIATE FCO

TEL NO 852 OF 8TH DECEMBER 1981

INFO ROUTINE: WASHINGTON, MOSCOW, UKDEL NATO

INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST.

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ASSESSMENT STAFF
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The solid istration books to me to be deteriorating again.

M F.

POLISH SITUATION.

UKMIS NEW YORK AND MODUK.

- 1. THE PRESIDIUM OF THE NATIONAL COMMISSION OF SOLIDARITY MET YESTERDAY IN GDANSK AND DECIDED TO HOLD A FULL MEETING OF THE NATIONAL COMMISSION ON 11 DECEMBER. THE MAIN SUBJECT WOULD BE THE TRADES UNION BILL. THE MEETING WILL BE HELD AT THE LENIN SHIPYARD.
- 2. THE SITUATION IN THE UNIVERSITIES APPEARS TO BE SLIGHTLY IMPROVED AND SOME MEDICAL ACADEMIES HAVE GONE BACK TO NORMAL OPERATION. IT SEEMS UNLIKELY, HOWEVER, THAT OTHER PLACES OF HIGHER EDUCATION ARE LIKELY TO FOLLOW SUIT IN THE IMMEDIATE FUTURE.
- 3. ON 7 DECEMBER BOTH POLISH TV AND RADIO PLAYED RECORDINGS OF THE SOLIDARITY MEETING LAST WEEK IN RADOM. THESE INCLUDED HIGHLIGHTS OF SOME OF WALESA'D MORE HARD LINE REMARKS. THIS IS THE FIRST TIME THAT WALESA HIMSELF HAS BEEN SYSTEMATICALLY ATTACKED BY THE AUTHORITIES WHO HAVE PREVIOUSLY TAKEN THE LINE THAT EXTREME ELEMENTS IN SOLIDARITY ARE FRUSTRATING THE EFFORTS OF THE MODERATE LEADERSHIP. THIS IS A WORRYING DEVELOPMENT. THE COUNCIL OF MINISTERS ALSO MET

IN SOLIDARITY ARE FRUSTRATING THE EFFORTS OF THE MODERATE LEADERSHIP.

THIS IS A WORRYING DEVELOPMENT. THE COUNCIL OF MINISTERS ALSO MET

YESTERDAY AND, AS WITH THE POLITBURO MEETING, THE ONLY PUBLIC STATES THAT THE COUNCIL MADE AN EVALUATION OF THE POLITICAL AND

ECONOMIC SITUATION IN POLAND. A SIMILAR EVALUATION WAS SAID TO BE

MADE AT A JOINT MEETING OF THE PZPR, PEASANT PARTY AND DEMOCRATIC

PARTY.

4. MEANWHILE, OLSZOWSKI'S DOINGS CONTINUE TO BE PROMINENTLY REPORTED IN THE PRESS. YESTERDAY HE HELD A MEETING WITH PARTY CONGRESS DELEGATES FROM RUCH, THE NATIONAL NEWS AGENCY. ON THIS OCCASION HOWEVER HIS REMARKS WERE NOT REPORTED.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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GRS 400 RESTRICTED FM WARSAW Ø7121ØZ DEC TO PRIORITY FCO TELNO 844 OF 7TH DECEMBER 1981 INFO ROUTINE: WASHINGTON, MOSCOW AND UKDEL NATO INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, STOCKHOLM, HELSINXI, BONN, PARIS, UKREP BRUSSELS, UKMIS NEW YORK AND MODUK. POLISH SITUATION.

- 1. THE MOST CONSPICUOUS EVENT OF THE WEEKEND WAS A SPEECH ON FRIDAY (4 DECEMBER) GIVEN BY OLSZOWSKI TO PARTY ACTIVISTS IN CENTRAL WARSAW. HE TOOK A HARD LINE. HE ATTACKED ELEMENTS IN SOLIDARITY WHO, HE SAID, WERE TRYING TO FORCE THE PARTY OUT OF LOCAL FACTORIES, END EVEN THE PRESENT LIMITED CONTROL THE PARTY EXERCISED OVER THE MASS MEDIA AND DESTROY PUBLIC ORDER. HE REPEATED HIS CALL FOR A FRONT OF NATIONAL UNDERSTANDING AND SAID THAT THE RECENT RADOM DECLARATION BY SOLIDARITY (MY TELNO 843) WAS DISQUIETING. OLSZOWSKI HAS ADOPTED A HIGHER PROFILE RECENTLY - THIS IS HIS THIRD MAJOR PRONOUNCEMENT IN JUST OVER A WEEK. IT MAY BE THAT HE IS BEGINNING TO PUSH HIMSELF FORWARD FOR THE LEADERSHIP.
- 2. I WAS TOLD BY A GOOD SOURCE THAT, AT RADOM, WALESA WAS HEAVILY DEFEATED AFTER HE PROPOSED THAT POSSIBLE EMERGENCY MEASURES BY THE GOVERNMENT SHOULD BE COUNTERED INITIALLY ONLY BY A WARNING-STRIKE. THIS PROPOSAL GAINED ONLY THREE VOTES. THE ALTERNATIVE PROPOSAL, TO MOVE IMMEDIATELY TO A 24-HOUR GENERAL STRIKE IF THE MEASURES ARE INTRODUCED, WAS CARRIED BY 40 VOTES.
- 3. ARCHBISHOP GLEMP VISITED SILESIA ON FRIDAY FOR THE ST. BARBARA'S DAY CELEBRATIONS. HE GAVE ANOTHER BOOST TO THE IDEA OF NATIONAL UNDERSTANDING IN HIS SPEECH. THE BISHOP OF SZCZECIN, INTERVIEWED AMONG OTHERS BY TRYBUNA LUDU, HAS ALSO ENDORSED THE IDEA BUT NOT SPECIFICALLY A FRONT. WE HAVE HEARD MORE TALK OF A CATHOLIC COALITION PARTY WHICH MIGHT TAKE PART IN THE FRONT SEMI COLON BUT IT IS NOT CLEAR THAT GLEMP HAS ENDORSED THIS.

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RESTRICTED

4. THE GOVERNMENT HAS FORWARDED TO THE SEJM A CLUTCH OF BILLS, THE MOST IMPORTANT OF WHICH IS TO INTRODUCE A PROVISORIUM IN PLACE OF THE PLANNED ECONOMIC REFORM. THIS IS SEEN AS A BRIDGE LASTING FROM 1 JANUARY TO 31 MAY 1982, FROM THE PRESENT SITUATION TO FULL ECONOMIC REFORM. FURTHER DETAILS WILL FOLLOW AFTER WE HAVE STUDIED THIS. BUT CRITICS OF THE PROPOSALS WILL PROBABLY SEE THEM EITHER AS A DELAYING TACTIC OR AS AN ATTEMPT TO INTRODUCE PIECEMEAL THOSE REFORMS WHICH THE GOVERNMENT WANTS. THERE IS NO MENTION YET OF THE GOVERNMENT INCLUDING AN EMERGENCY MEASURES BILL AMONG THOSE THEY HAVE PUT TO THE SEJM.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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THE PRIME MINISTER

4 December 1981

CF

Thank you for your letter of 23 November about economic assistance for Poland. As foreseen in our discussions on 25 November, the Council did indeed discuss the situation in Poland. You may be interested to see the enclosed copy of the Council's conclusions on Poland, about which you will have seen press reports.

The Government is very conscious of the potential dangers of the situation and of the food shortages which Poland faces. Thus, together with our partners in the European Community, we have over the past year played a substantial role in supplying food and agricultural products to Poland. The Community budget has borne the cost of the special discount, while individual member states have made available the necessary credit to cover the products they have supplied. Under decisions taken in December 1980 and in April and May this year the Community has responded to specific Polish requests by making available large amounts of food from Community stocks at special prices (an average 15 per cent discount from normal world prices). These offers have so far included 452,500 tonnes of barley (all from the United Kingdom), 272,500 tonnes of wheat, 100,000 tonnes of meat (including 3,000 tonnes of beef from the United Kingdom), 40,000 tonnes of butter (including 10,000 tonnes from the United Kingdom) and 100,000 tonnes of sugar.

/On 7 October

3

On 7 October the Community approved a further offer of food and agricultural products to be made available to Poland in the last quarter of 1981 on the same special terms as the earlier offers. The United Kingdom will supply the 25,000 tonnes of barley included in that offer. At the same time the Community agreed to consider proposals by the European Commission for further deliveries to Poland in the first quarter of 1982. These proposals are likely to come forward in the near future. Meanwhile, on 24 November, the Budget Council agreed, in response to a proposal made by the European Parliament, that an additional sum of 10 mecu (about £5.8m) should be made available to the Commission to assist the supply of food from the Community to Poland. And in August a resolution was adopted by the Council making it possible for member states to deliver to Poland, free of charge, fruit and vegetables withdrawn from the Community market in accordance with the provisions of the Common Agricultural Policy.

The Community's contribution therefore has been substantial, and the UK has played a full part in that contribution. As the European Council statement makes clear, the Community and its Member States will continue to assist Poland's economic recovery within the limits of the resources at their disposal and in collaboration with the efforts of others. At the same time, as I explained to you and other representatives of the European Trade Union Confederation at our meeting on 25 November, there is clearly no easy solution to Poland's economic problems. Food supplies are only part of the answer. And there are limits to what any of Poland's Western creditors can do in the face of their own economic problems.

I note your hope that the Polish Government and Solidarity can join together to make arrangements for the distribution of necessary foodstuffs throughout Poland. This is something of course for the Poles themselves to decide. It is encouraging that the Government and Solidarity are now jointly discussing economic issues, including action to end the economic crisis and to alleviate the consequences of winter. As I am sure you will agree, no amount of external aid will by itself solve the economic

problems which Poland faces. The only people who can finally overcome these problems are the Poles themselves, by agreeing on solutions and putting them into effect as quickly as possible.

(sgd) M T

The Rt. Hon. Lionel Murray, O.B.E.

Poland RESTRICTED GRS 600 RESTRICTED FM WARSAW Ø41435Z DEC TO PRIORITY FCO TELNO 843 OF 4TH DECEMBER 1981 INFO ROUTINE: WASHINGTON, MOSCOW AND UKDEL NATO INFO SAVING: EAST BERLIN, BELGRADE, PRAGUE, SOFIA, BUCHAREST. BUDAPEST, HELSINKI, STOCKHOLM, PARIS, BONN, UKREP BRUSSELS, UKMIS NEW YORK AND MODUK. SOLIDARITY: 1. A PLENARY MEETING OF THE SOLIDARITY PRESIDIUM IN RADOM YESTERDAY ISSUED THE FOLLOWING FOUR POINT DECLARATION :-(1) THE AUTHORITIES HAVE TAKEN ADVANTAGE OF NEGOTIATIONS WITH SOLIDARITY AND THE IDEA OF CONCILIATION TO BRING IN THE ECONOMIC " PROWIZORIUM" (A GOVERNMENT PROPOSAL FOR INTERIM MEASURES PRIOR TO ECONOMIC REFORM). THERE HAVE BEEN ATTEMPTS AT ANTI-UNION REPRESSION. THE VI PLENUM'S CALL FOR EMERGENCY MEASURES CONSTITUTES A THREAT TO SOLIDARITY. (11) IF EMERGENCY MEASURES ARE PASSED SOLIDARITY WILL CALL A 24 HOUR NATIONAL STRIKE AND IF THE STRIKE IS REPRESSED THERE WILL BE A FULL GENERAL STRIKE. (111) THE SO-CALLED PROWIZORIUM IS DESIGNED TO ENTRENCH THE OLD SYSTEM AND REPLACE REFORM WITH ECONOMIC DISASTER. (IV) NATIONAL UNDERSTANDING CAN ONLY TAKE PLACE IF ANTI-UNION REPRESSION IS ENDED, THE TRADE UNION BILL IS PASSED IN A VERSION ACCEPTED BY SOLIDARITY, THE PROWIZORIUM IS REPLACED BY GENUINE REFORM, DEMOCRATIC ELECTIONS ARE HELD TO THE LOCAL COUNCILS, A SOCIAL COUNCIL FOR THE ECONOMY IS FOUNDED AND SOME CONTROL IS INTRODUCED OVER THE ECONOMY SEMI COLON AND THE SOCIAL COUNCIL. SOLIDARITY AND THE CHURCH HAVE ACCESS TO THE MASS MEDIA. THESE DEMANDS CONSTITUTE THE MINIMUM NECESSARY. RESTRICTED / 2. IT IS CLEAR

RESTRICTED 2. IT IS CLEAR THAT WALESA CAME UNDER FIRE BOTH AT THE RADOM MEETING AND AT MEETINGS IN WARSAW FOLLOWING THE EVICTION OF THE FIRE CADETS ON WEDNESDAY. HE HAS HAD TO RESPOND TO THIS AND AT RADOM SAID THAT THERE COULD BE NO FRONT OF NATIONAL UNDERSTANDING BECAUSE THERE WAS NO-ONE WITH WHOM TO COME TO AN UNDERSTANDING. 3. THE CLIMATE HAS TAKEN A TURN FOR THE WORSE ALTHOUGH MOST OBSERVERS AGREE THAT THE SITUATION IS NOT COMPARABLE TO THAT AT THE TIME OF THE BYDOGSCZC INCIDENT. THE USE OF FORCE AT THE FIRE SCHOOL HAS PROBABLY STIFFENED SOLIDARITY'S RESOLVE AND THIS HAS HARDENED THE TONE OF THE RADOM DECLARATION. HOWEVER, SOLIDARITY HAS LEFT A DECISION ON WHAT TO DO ABOUT THE FIRE SCHOOL INCIDENT TO THE LOCAL SOLIDARITY AUTHORITIES IN WARSAW AND THIS DECISION WILL PROBABLY BE TAKEN TOMORROW. THE INCIDENT ITSELF HAS NOT CAUSED AN INCREASE IN TENSION AMONG THE GENERAL POPULATION, AS APPOSED TO THE POLITICIANS, AND THE STRIKERS LEGAL CASE IS AT BEST UNCLEAR. THE TROUBLE IS THAT THE GOVERNMENT WHICH IS UNDER PRESSURE TO FLEX ITS MUSCLES, THOUGHT THEY HAD CHOSEN A GOOD OCCASION TO DO SO (WHICH LEGALLY IS PROBABLY TRUE) BUT THEN SEEM TO HAVE BOTCHED IT BY AN EXCESSIVE SHOW OF FORCE. IT IS TOO EARLY TO SAY WHETHER THE GOVERNMENT AND SOLIDARITY WILL BE ABLE TO RESUME TALKS FOLLOWING THE INCIDENT AND THE RADOM DECLARATION. THE GOVERNMENT WILL NOT IMPROVE THESE PROSPECTS IF THEY GO AHEAD AND INTRODUCE EMERGENCY LEGISLATION. FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES [REPEATED AS REQUESTED] [THIS TELEGRAM WAS NOT ADVANCED] POLAND SPECIAL STANDARD ADDITIONAL DISTRIBUTION EESD POLAND SPECIAL CSCE UNIT NAD SED [COPIES SENT TO NO 10 DOWNING ST.] WED ECD(E) ESID TRED ERD SEC D OLA CONS D CONS EM UNIT - 2 -CABINET OFFICE RESTRICTED

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TELNO 837 OF 2ND DECEMBER 1981
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INFO SAVING: EAST BERLIN, PRAGUE, BELGRADE, SOFIA, BUCHAREST, BUDAPEST, HELSINKI, STOCKHOLM, PARIS, BONN, UKREP BRUSSELS, UKMIS NEW YORK AND MODUK.

VISIT OF LORD TREFGARNE:

- 1. LORD TREFGARNE HAS COMPLETED A VERY FULL AND I BELIEVE VERY SUCCESSFUL TWO-DAY VISIT TO POLAND. AS WELL AS HIS OFFICIAL TALKS WITH THE POLISH GOVERNMENT HE HAS SEEN THE PARTY (OLSZOWSKI), SOLIDARITY (WALESA) AND THE CHURCH (GELMP).
- 2. TWO MAIN THEMES HAVE DOMINATED THE TALKS: THE PROJECTED FRONT OF NATIONAL UNDERSTANDING AND THE POLISH ECONOMIC SITUATION. IT IS CLEAR THAT THE THREE MAIN FORCES IN POLAND HAVE WIDELY DIFFERING VIEWS OF THE FRONT OF NATIONAL UNDERSTANDING. OLSZOWSKI SAID THAT HT BELIEVED IN A DEMOCRATIC FRONT IN WHICH ALL THE PARTNERS WOULD HAVE AN EQUAL SHARE AND WHICH HE HOPED WOULD COME INTO BEING EARLY THIS MONTH OR BY CHRISTMAS AT THE LATEST. WALESA SAID THAT SOLIDARITY COULD NOT ENTER THE FRONT AS JUST ONE OF SEVERAL PARTIES TO IT AND WITH THE SAME STATUS AS ALL THE OTHERS. THIS WOULD BE TO REPEAT THE MISTAKES OF THE IMMEDIATE POST-WAR ERA. SOLIDARITY'S CONCEPT OF A FRONT WAS BASED ON TRIPARTITE CONSUL-TATION AT ALL LEVELS BETWEEN THE GOVERNMENT, SOLIDARITY AND THE CHURCH. SOLIDARITY WAS PREPARED TO WAIT UNTIL IT GOT THE SORT OF FRONT IT WANTED. THE GOVERNMENT WANTED A FRONT IN ORDER NOT TO LOSE NEXT YEAR'S REGIONAL ELECTIONS WHILST SOLIDARITY BELIEVED IT SHOULD LEAD THE COUNTRY OUT OF THE CRISIS AND CONTRIBUTE TO THE EVOLUTION OF NEW POLITICAL AND ECONOMIC STRUCTURES. ARCHBISHOP GLEMP ENDORSED THE IDEA OF NATIONAL UNDERSTANDING BUT WAS PREPARED TO TAKE THE LONG VIEW. HE EMPHASISED THE WEAKNESS OF THE PARTY AND ITS LACK OF FOLLOWING.
- 3. SPEAKING ABOUT THE ECONOMIC SITUATION, WWLESA SEEMED CURIOUSLY RELAXED ABOUT THE URGENCY OF ECONOMIC REFORM. SOLIDARITY WAS CLEAR IN ITS AIMS GENUINE SELF MANAGEMENT AND A SENSIBLE ECONOMIC SYSTEM WITH SOME ASPECTS OF A MARKET ECONOMY. WALESA WANTED ALL

RESTRICTED WESTERN HELP TO BE MADE PUBLIC SO THAT SOLIDARITY COULD QUESTION THE GOVERNMENT AS TO WHERE IT HAD GONE AND HOW IT WAS USED. HIS GENERAL MESSAGE WAS THAT THE PEACEFUL REVOLUTION MUST GO ON AND THAT SOLIDARITY MUST SEEK GOOD SOLUTIONS AND NOT GET THINGS WRONG UNDER PRESSURE OF TIME. OLSZOWSKI SAID THAT THE ECONOMIC SITUATION WAS THE MOST WORRYING FEATURE OF THE POLISH CRISIS. PROVIDED THE ECONOMIC PROBLEMS COULD BE SOLVED. THERE WAS HOPE FOR A WAY OUT OF THE CRISIS. DEMOCRACY WAS ALL VERY WELL DURING AN ECONOMIC BOOM. BUT GIVEN THE ECONOMIC DIFFICULTIES THERE MUST BE SOME LIMITS TO THE ODNOWA. 4. LORD TREFGARNE'S TALKS WITH DOBROSIELSKI ON INTERNATIONAL QUESTIONS WERE OPEN AND FRANK RATHER THAN REVEALING. COMMENTING ON THE EUROPEAN COUNCIL STATEMENT DOBROSIELSKI SAID HE HOPED THAT THE POLITICAL COMMITMENT CONTAINED IN IT WOULD HAVE AN EFFECT ON ECONOMIC DECISIONS. HE EXPRESSED SOME DISAPPOINTMENT AT THE UK CONTRIBUTION BUT SEEMED RELIEVED TO HEAR OUR FIRM COMMITMENT TO RESCHEDULING. BOTH SIDES PRONOUNCED THEMSELVES SATISFIED WITH THE STATE OF ANGLO/POLISH RELATIONS AND THE LEVEL AND FREQUENCY OF MINISTERIAL CONTACTS. DOBROSIELSKI ATTEMPTED TO SOUND A WARNING ON RECENT VISA REFUSALS WHICH LORD TREFGARNE ANSWERED IN ROBUST TERMS. 3. WE ARE SENDING FULL RECORDS OF THE MEETINGS BY BAG. FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES [REPEATED AS REQUESTED] ADDITIONAL DISTRIBUTION FCO/WHI TEHALL POLAND SPECIAL EESD - 2 -RESTRICTED

Foreign and Commonwealth Office London SW1A 2AH Type for Mis synature December 1981 Dear Michool, helte with 12085A ? I enclose a redraft of the reply from the Prime Minister to Mr Len Murray, amended as you requested to take account of the European Council and the Prime Minister's meeting on 25 November with a delegation from the European Trade Union Confederation. four over. (F N Richards) Private Secretary M O'D B Alexander Esq 10 Downing Street

DSR 11 (Revised)		1	
	DRAFT: minute/letter/teleletter/despatch/note	TYPE: Draft/Final 1+	
05	FROM:	Reference	
	Prime Minister		
	DEPARTMENT: TEL. NO:		
SECURITY CLASSIFICATION	TO: Rt Hon Lionel Murray, OBE General Secretary	Your Reference	
Top Secret	Trades Union Congress		
Secret	Congress House Great Russell Street	Copies to:	
Confidential	London EC1B 3LS		
Restricted Unclassified			
Onorassinod			
PRIVACY MARKING	SUBJECT:		
In Confidence	Thank you for your letter of 23		
In Confidence	assistance for Poland. As foreseen in		
CAVEAT	25 November, the Council did indeed discuss the situation in Poland. You may be interested to see the enclosed copy		
	of the Council's conclusions on Poland, about which you will		
	have seen press reports.		
The Government is well aware of the potential dan			
of the situation and of the food shortages which Polan faces. Thus, together with our partners in the Europe Community, we have over the past year played a substant		tages which Poland	
		ners in the European	
		· played a substantial	
	role in supplying food and agricultur	al products to Poland.	
	The Community budget has borne the co	ost of the special	
	discount, while individual member sta	ites have made availabl	
	the necessary credit to cover the pro		
	supplied. Under decisions taken in D	December 1980 and in	

April and May this year the Community has responded to

so far included 452,500 tonnes of barley (all from the United Kingdom), 272,500 tonnes of wheat, 100,000 tonnes of meat (including 3,000 tonnes of beef from the United

from the United Kingdom) and 100,000 tonnes of sugar.

specific Polish requests by making available large amounts of food from Community stocks at special prices (an average 15% discount from normal world prices). These offers have

Kingdom), 40,000 tonnes of butter (including 10,000 tonnes

Enclosures—flag(s).....

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MP On 7 October the Community approved a further offer of food and agricultural products to be made available to Poland in the last quarter of 1981 on the same special terms as the earlier offers. The United Kingdom will supply the 25,000 tonnes of barley included in that offer. At the same time the Community agreed to consider proposals by the European Commission for further deliveries to Poland in the first quarter of 1982. These proposals are likely to come forward in the near future. Meanwhile, on 24 November, the Budget Council agreed, in response to a proposal made by the European Parliament, that an additional sum of 10 mecu (about £5.8m) should be made available to the Commission to assist the supply of food from the Community to Poland. in August a resolution was adopted by the Council making it possible for member states to deliver to Poland, free of charge, fruit and vegetables withdrawn from the Community market in accordance with the provisions of the Common Agricultural Policy.

The Community's contribution therefore has been substantial, and the UK has played a full part in that. As the Council statement makes clear, the Community and its Member States will continue to assist Poland's economic recovery within the limits of the resources at their disposal and in collaboration with the efforts of others. At the same time, as I explained to you and other representatives of the European Trade Union Confederation at our meeting on 25 November, there is clearly no easy solution to Poland's economic problems. Food supplies are only part of the answer. And there are limits to what any of Poland's Western creditors can do in the face of their own economic problems.

I note your hope that the Polish Government and Solidarity can join together to make arrangements for the distribution of necessary foodstuffs throughout Poland. This is something of course for the Poles themselves to decide. It is encouraging that the Government and Solidarity are now jointly discussing economic issues, including action to end the economic crisis and to alleviate the consequences of winter. As I am sure you will agree, no amount of external aid will by itself solve the economic problems which Poland faces. The only people who can finally oversome these problems are the Poles themselves, by agreeing on solutions and putting them into effect as quickly as possible.

THE EUROPEAN COUNCIL HEARD A REPORT FROM LORD CARRINGTON ABOUT THE VISIT OF THE POLISH FOREIGN MINISTER TO LONDON ON 20 NOVEMBER. THEY TOOK NOTE OF PAST AND CURRENT COMMUNITY PROGRAMMES TO SUPPLY FOOD AT SPECIAL PRICES TO POLAND AND WELCOMED THE BUDGET COUNCIL'S RECENT ACCEPTANCE OF AN INTIATIVE FROM THE EUROPEAN PARLIAMENT TO MAKE ADDITIONAL SUMS AVAILABLE FOR THIS PURPOSE. THE HEADS OF

STATE AND GOVERNMENT REAFFIRMED THEIR WILLINGNESS, WITHIN THE LIMITS OF THE MEANS OF THE COMMUNITY AND ITS MEMBER STATES AND IN COLLABORATION WITH OTHERS, TO RESPOND TO THE REQUESTS OF THE POLISH GOVERNMENT FOR CONTINUED SUPPORT FOR THE EFFORTS OF THE POLISH PEOPLE TO PROMOTE THE RECOVERY OF THEIR NATIONAL ECONOMY. THEY SELIEVE THAT THE RESCHEDULING OF THE POLISH DEBT AND THE PROVISION OF NEW CREDIT WOULD MAKE AN IMPORTANT CONTRIBUTION TO THAT END.

TRADES UNION CONGRESS CONGRESS HOUSE · GREAT RUSSELL STREET · LONDON WC1B 3LS Telegrams TRADUNIC LONDON WC1 Telephone 01-636 4030 YOUR REFERENCE The Rt. Hon. Mrs. Margaret Thatcher MP, OUR REFERENCE LM/MW/EAC Prime Minister, 10 Downing Street, DEPARTMENT London SW1. International November 23, 1981. Dear Prime Minister, Poland: European Council You will be aware that Solidarity in Poland has made a public appeal to Governments, and in particular those in the European Community, to undertake extraordinary and immediate assistance to Poland. Solidarity has also approached national trade union centres including the TUC with a request that they should do all in their power to obtain from Government and intergovernmentalinstitutions assistance to overcome the grave economic and social difficulities confronting Poland. The most serious immediate problem in Poland is the acute shortage of most kinds of basic food, which can only become worse in the coming winter months, and could increase political instability and civil and industrial unrest. Our Finance and General Purposes Committee have today discussed the position, and consider that it would clearly be in the interests of the United Kingdom and of all other European countries for Poland to receive all possible assistance in meeting its basic food needs. I believe that that view is shared by all our colleagues in the Western European trade union Movement. The forthcoming meeting in London of the European Council, and your chairmanship of it, provides an opportunity for the UK to give a lead to the European Community in providing assistance to Poland in the form of food aid. That would help Poland to avoid massive unrest, the consequences of which might be extremely dangerous for Europe as a whole and for Poland in particular. We would hope that, if additional food aid is made available, means could be found, by arrangement with the Cont'd GENERAL SECRETARY: RT. HON. LIONEL MURRAY OBE DEPUTY GENERAL SECRETARY: NORMAN WILLIS ASSISTANT GENERAL SECRETARIES: KENNETH GRAHAM OBE AND DAVID LEA OBE

Polish authorities to enable Solidarity to assist with its distribution inside Poland. The involvement of Solidarity would, I am sure, help it to play the constructive, practical role its leadership seeks. I hope that you will agree that the issue of food aid for Poland should be included in the agenda of the Council meeting; and that the Government will strongly support the requests for assistance which have been made recently. General Secretary.

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PS/LORD TREFGARNE PS/PUS MR BULLARD MR FERGUSSON SIR A ACLAND MR GILLMORE

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TELNO 805 OF 20TH NOVEMBER 1981 INFO ROUTINE: WASHINGTON, BONN, PARIS, UKDEL NATO AND MOSCOW

INFO SAVING: SOFIA, BUDAPEST, BUCHAREST, BELGRADE, PRAGUE, EAST BERLIN, MODUK, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

WALESA'S VIEWS.

IN GENEDAL

- 1. THE US AMBASSADOR TOLD ME THAT HE HAD HAD A LONG TALK WITH WALESA YESTERDAY EVENING. HE HAD ARANGED THE MEETING BECAUSE HE WAS RETURNING TO THE STATES FOR A LONG LEAVE AND WOULD BE SEEING IR HAIG AND POSSIBLY THE PRESIDENT.
- 2. ON THE POLITICAL SITUATION, WALESA SAID THAT THE GOVERNMENT WANTED SOLIDARITY IN THE NATIONAL FRONT. SOLIDARITY WANTED TO DISCUSS AND RESOLVE THE MAIN ISSUES FIRST. THEY ATTACHED GREAT IMPORTANCE TO THE DISCUSSIONS WHICH WERE GOING ON WITH THE GOVERNMENT AT PRESENT. BUT THEY DID NOT EXPECT QUICK RESULTS. ON THE BASIS OF SATISFACTORY SETTLEMENTS WITH THE GOVERNMENT, THEY WOULD BE READY TO TAKE PART IN THE FRONT, THEY HAD NO OBJECTIONS IN PRINCIPLE TO THE IDEA OF A BROADER NATIONAL FRONT.

3. IN GENERAL, THE US AMBASSADOR FOUND WALESA RETURNING AGAIN AND AGAIN TO THE SAME IMAGE. SOLIDARITY WAS NEAR THE CREST OF THE HILL, SUCCESS WAS IN SIGHT BUT THEY COULD EASILY SLIP DOWN THE OTHER SIDE TOWARDS FAILURE AND DISASTER. THEY WOULD NEED STILL TO BE VERY CAGEY WITH THE GOVERNMENT. WALESA SAID AT ONE POINT THAT THE GOVERNMENT WOULD HAVE BEEN READY TO MAKE HIM A VICE PREMIER. BUT HE WAS NOT GOING TO FALL FOR THAT SORT OF STUFF, NOR WOULD HE PERSONALLY GET DRAWN INTO THE PRESENT NEGOTIATIONS. IT WAS IMPORTANT THAT HE KEPT HIMSELF IN RESERVE.

4. ON THE ECONOMIC SITUATION, WALESA TALKED ABOUT HIS APPEAL FOR AID TO WESTERN TRADE UNIONS. HE SAID THAT THIS WAS VERY IMPORTANT FOR SOLIDARITY AND THE RESPONSE WOULD BE CRUCIAL. MEEHAN ASKED HIM HOW MUCH AID HE WAS LOOKING FOR. HE SAID FIVE BILLION DOLLARS. MEEHAN THEN ASKED WHAT WAS THE MINIMUM HE BELIEVED NECESSARY FOR ECONOMIC RECOVERY. WALESA SAID THREE BILLION. WALESA DID NOT SEEM UNDULY PREOCCUPIED BY THE DIFFICULTIES AHEAD THIS WINTER. HIS MAIN ANXIETY WAS THE CURRENT NEGOTIATIONS, THE IMPORTANCE OF WHICH HE SAID, IN A RATHER GRAND WAY, THE RANK AND FILE OF SOLIDARITY DID NOT UNDERSTAND.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

[Paned telegraphically to more as Savis, as requested]

JAMES

NNNN

PS
I / LPS
PS/ME HURD
PS/LORD TREFGARNE
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR GILLMORE

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ASSESSMENT STAFF
CABINET OFFICE
DIO CABINET OFFICE

HD/EESD
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HD/ECD(E)
HD/PLANNING STAFF
HD/NEWS D
HD/CONS D
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RESIDENT CLERK



ADVINICE SOPX



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FM WARSAW 191620Z NOV

TO IMMEDIATE FCO

TELNO 804 OF 19TH NOVEMBER 1981

INFO ROUTINE: MDSCOW, WASHINGTON AND UKDEL NATO

INFO SAVING: EAST BERLIN, PRAGUE, BUCHAREST, BUDAPEST, BELGRADE, SOFIA, HELSINKI, STOCKHOLM, PARIS, BONN, UKREP BRUSSELS, UKHIS NEW YORK AND MODUK.

POLISH SITUATION.

- 1. THE PRESIDIUM OF THE SEJM ISSUED A DECLARATION ON 18 NOVEMBER DEPLORING THE CONTINUATION OF SOCIAL TENSION IN THE COUNTRY. THE DECLARATION STATES THAT IF A THREAT TO THE EXISTENCE OF THE NATION SHOULD ARISE, THE SEJM WOULD EXAMINE PROPOSALS TO GIVE THE GOVERNMENT SUCH LEGAL MEANS AS THE SITUATION REQUIRED. THIS IS AMBIGUOUS BUT IS GENERALLY THOUGHT TO MEAN SOME FORM OF STATE OF EMERGENCY.
- 2. THE DECLARATION IS ISSUED AGAINST A BACKGROUND OF CONTINUING TENSION IN THE ACADEMIC WORLD BUT OF COMPARATIVE CALM ON THE INDUSTRIAL FRONT. THE NEWSPAPER SELLERS STRIKE CONTINUES AND THERE WAS A PROTEST MARCH IN THE SMALL SOUTH-EASTERN TOWN OF JAROSLAW YESTERDAY. NEVERTHELESS, THE SERIOUS INDUSTRIAL PROBLEMS

JAROSLAW YESTERDAY. NEVERTHELESS, THE SERIOUS INDUSTRIAL PROBLEMS AGAINST WHICH THE ORIGINAL SEUM APPEAL WAS ISSUED HAVE LARGELY BEEN RESOLVED - FOR THE TIME BEING. THERE IS THUS SOME DANGER THAT THE SEJM. WHICH WE UNDERSTAND WILL MEET ON 25 NOVEMBER, MAY TIE ITSELF INTO UNNECESSARY KNOTS BY EXAGGERATING THE PRESENT STATE OF DISORDER IN THE COUNTRY. 3. THE SOLIDARITY PRESIDIUM MET ON 18 NOVEMBER AND APPROVED THE OUTCOME OF THE NEGOTIATIONS UNDERTAKEN BY WADOLOWSKI WITH THE GOVERNMENT. (WARSAW TELNO 800). 4. OLSZOWSKI AND OTHER LEADING MEMBERS OF THE PARTY ADDRESSED THE COMMISSIONS OF THE CENTRAL COMMITTEE ON NOVEMBER 18 ON THE PROPOSALS FOR A FRONT OF NATIONAL UNDERSTANDING. THE MEETING APPEARS TO HAVE BEEN DESIGNED TO HAMMER OUT AN ACCEPTABLE, IDEOLOGICAL JUSTIFICATION FOR THE FRONT. WE HAVE HEARD NOTHING FURTHER YET OF THE COUNCIL WHICH IS SUPPOSED TO DISCUSS WAYS AND MEANS OF CALLING THE NEW FRONT INTO EXISTENCE. FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES MNNN

GRS 600 RESTRICTED

FM WARSAW 131500Z NOV

TO IMMEDIATE FCO

TELNO 786 OF 13TH NOVEMBER 1981
INFO ROUTINE MOSCOW, WASHINGTON AND UKDEL NATO

Polad

INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, HELSINKI, STOCKHOLM, PARIS, BONN, MODUK, UKREP BRUSSELS AND UKMIS NEW YORK.

POLISH SITUATION.

- 1. THE REGIONAL STRIKE COMMITTEE OF SOLIDARITY IN ZIELONA GORA HAS AGREED TO SUSPEND THEIR STRIKE WHICH HAS LASTED 22 DAYS. STRIKE READINESS WILL BE MAINTAINED UNTIL AGREEMENT IS REACHED WITH THE AUTHORITIES. SOLIDARITY HAVE BEEN GIVEN THE RIGHT TO PUT THEIR CASE TO THE LOCAL COUNCIL ON 16 NOVEMBER AND THE CHAIRMAN OF THE LOCAL COUNCIL HAS AGREED TO INVESTIGATE THE PGR FACTORY IN SWIEBODZIN WHICH IS AT THE CENTRE OF THE DISPUTE. AGAINST THIS, THE INDUSTRIAL DISPUTE AFFECTING NEWSPAPER DISTRIBUTION IN WROCLAW APPEARS TO BE GETTING WORSE AND THERE HAS BEEN AN INTENSIFICATION OF PROTESTS IN UNIVERSITIES AND OTHER CENTRES OF HIGHER EDUCATION IN SUPPORT OF THE DISPUTE AT RADOM.
- 2. WALESA YESTERDAY VNSITED WROCLAW IN AN ATTEMPT TO SPEED UP TALKS THERE. HE SAID THAT THERE WERE PRESENTLY 65 INDUSTRIAL DISPUTES OF A GREATER OR LESSER SIZE IN POLAND. SUCH DISPUTES WERE HARMING THE ECONOMY. SOLIDARITY OUGHT NOT TO PROVOKE CONFRONTATIONS, WHICH HELPED NOBODY. IN PARTICULAR, A CHANGE OF GOVERNMENT WOULD NOT IMPROVE THE SITUATION. SOLIDARITY'S MAIN TASK OUGHT TO BE THE WORK FOR GENUINE SELF-GOVERNMENT.
- 3. WE HAVE HEARD FROM WESTERN CORRESPONDENTS THAT CLOSEK,
 MINISTER FOR TRADE UNION AFFAIRS, YESTERDAY PROPOSED A MEETING
 BETWEEN THE GOVERNMENT AND SOLIDARITY ON TUESDAY 17 NOVEMBER,
 AND THAT SOLIDARITY ACCEPTED THIS PROPOSAL. SO FAR THERE HAS BEEN
 NO ANNOUNCEMENT IN THE LOCAL PRESS.
- 4. THE MEETING OF THE ECONOMIC COMMITTEE OF THE COUNCIL OF MINISTERS UNDER DEPUTY PRIME MINISTER OBODOWSKI WAS GIVEN MORE INFORMATION ABOUT POLAND'S CONTINUING ECONOMIC DECLINE. HARD COAL EXTRACTION IN 1981 WILL BE NO GREATER THAN 162 MILLION TONS (A FURTHER 2 MILLION TON DROP FROM THE LAST OFFICIAL FORECAST). INDUSTRIAL PRODUCTION IN OCTOBER WAS 15% DOWN ON A YEAR AGO SEMI COLON PROCUREMENT OF LIVESTOCK IN OCTOBER WAS 40% DOWN AND GRAIN PURCHASES 29% LOWER DESPITE THIS YEAR'S GOOD HARVEST. EXPORTS TO THE WEST CONTINUED TO FALL AND ARE NOW 25% BELOW THE 1980. LEVEL. NO FURTHER DECISIONS WERE TAKEN AT THIS MEETING OTHER THAN TO RECOGNISE YET AGAIN THE NEED TO INCREASE COAL PRODUCTION AND USE IT MORE EFFICIENTLY.

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THIS HAS BEEN A QUITE AND ENCOURAGING WEEK. ALTHOUGH THERE APPEARS NO IMMEDIATE PROSPECT OF STRIKES DYING OUT COMPLETELY, THERE HAS BEEN NO MAJOR ESCALATION. IT IS CERTAINLY A GOOD SIGN THAT SOLIDARITY AND THE GOVERNMENT ARE TO HAVE TALKS NEXT WEEK. WITH WALESA TAKING A PERSONAL INTEREST IN LOCAL DISPUTES, MORE MAY BE SOLVED, BUT IT WILL TAKE A LONG TIME TO SOLVE ALL 65. JARUZELSKI HAS SPENT THE WEEK TALKING TO SENIOR REPRESENTATIVES OF MOST ELEMENTS IN POLISH SOCIETY PROMULGATING HIS PLANS FOR AFRONT OF NATIONAL UNDERSTANDING. HE SHOULD SOON BE IN A POSITION TO APPOINT THE "INITIATIVE GROUP" WHICH WILL WORK OUT EXACTLY HOW THE NEW FRONT WILL OPERATE. AND IT IS AT THAT POINT THAT DIFFERENCES IN APPROACH BETWEEN SOLIDARITY AND THE GOVERNMENT ARE LIKELY TO EMERGE.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

MELHUISH

[COPIES SENT TO NO 10 DOWNING ST] POLAND SPECIAL COPIES TO: STANDARD PS/S OF S MR DICK ·DOT EESD MR POWNALL CSCE UNIT CONS D PS/CHANCELLOR) CONS EM UNIT SIR K COUZENS) TREASURY NAD MISS BAKER SED MR HAWTIN WED MR MOUNTFIELD) ECD(E) ESID MR P J BULL BANK OF ENGLAND TRED ERD MR G BREACH ECGD SECURITY D PASSE) AS REQUESTED OLA CABINET OFFICE RESTRICTED

and

CONFIDENTIAL



with the compliments of

The Rt. Hon. Julian Amery, M.P.



HOUSE OF COMMONS LONDON SWIA 0AA

Brini Miniter CONFIDENTIAL The Rt. Hon. The Lord Carrington, KCMG. MC. 11th November, 1981. I was in Warsaw over the weekend for the Anglo-Polish Round Table Conference. Our Ambassador, Kenneth James, who knows much more about Poland than I do is now in London and will no doubt tell the Department how it all went. I only bother you on one specific point. In the intervals of the Conference I had a good talk with Cyrek, who as you know is an old friend of mine. He is very exercised about the difficulties the Polish Government will face in implementing its economic recovery plan even if it gets support from Solidarity and the Church. This involves a number of unpopular measures and could trigger off serious disturbances leading to chaos and the risk of Soviet inter-He said that he had instructed the Polish Ambassador wention. to tell the FCO that he would very much like a meeting with you both in your personal capacity and as Chairman of the European Foreign Ministers to discuss the whole question of Poland's economic and financial relations with the West. I asked where he would like such a meeting to be held. He said it would be all the same to him. He would gladly go whenever you wished. He then asked me if I would speak to you in general support of his proposal for a meeting. He stressed the urgency of his proposal as the economic recovery plan is due to be launched on 1st January. I think I can do this, with a clear conscience, for the following reasons. After talking to our Ambassador and to supporters of the Communist Government and their opponents in Solidarity and the Church, I think the economic situation has fallen very close to the level where it could lead to serious troubles involving bloodshed. The Polesh Government have been at pains to keep their lines open to the West. It seems significant that their Foreign Minister should take the initiative to ask to come and see you at this particular juncture. He was only recently in Moscow and presumably cleared this idea with the Soviets as over the recent proposal to rejoin the IMF. I understand that the American Administration - or at any rate the State Department and the Pentagon - are making what sounds like far reaching multi-billion dollar plang for a US and EEC aid programme to Poland. This would presumably be on the understanding that the Communist Government could show Some progress in its efforts to work together with Solidarity and the Church. Kenneth James will explain the wider arguments for supporting this line much better than I could. I am sending a copy of this letter to Margaret Thatcher. Julian Amery

Ref: A05940

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PRIME MINISTER

Economic Aid for Poland (OD(81) 51 and 52)

BACKGROUND

In the eleven months since OD first considered the problems of bailing the Poles out of their economic mess (OD(80) 26th Meeting) the mess has become a good deal worse, with a prospective increase to about \$36 billion of cumulative hard-currency indebtedness and no likelihood of net repayments beginning until around 1988. On the other hand there has been no breakdown within Poland, and no Soviet invasion; and the Renewal lives on. It is impossible to be sure how far the rescheduling of Western debts and the continued provision of trade credit have contributed to this; or how far more Western economic assistance will similarly help to stave off disaster in 1982. But Western help has clearly given the Poles a breathing space, and has so far avoided default and its attendant public and private sector losses.

- 2. The Committee will have before them a report by officials (OD(81) 51) reviewing the economic background to the immediate decisions required, which are set out in the covering note; and a memorandum by the Foreign and Commonwealth Secretary (OD(81) 52) powerfully arguing the political case for our doing roughly as much in 1982 as we have done in 1981. In addition to rescheduling debt maturities and sustaining the Ursus project, which are likely to be as readily agreed for 1982 as they were for 1981, the Foreign and Commonwealth Secretary proposes that in the more contentious area of new credit we should offer £60 million in 1982, which compares with £65 million in 1981.
- 3. The Chief Secretary, Treasury (in the Chancellor's absence) will have no difficulty in agreeing to rescheduling and to the continuation of Ursus; and the Secretary of State for Trade will similarly agree on behalf of Export Credits Guarantee Department. On new credit for industrial and agricultural exports, there will be a general disposition in the Committee to do all we reasonably can to help, because of the wider considerations set out by the Foreign and

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Commonwealth Secretary. The Secretary of State for Industry and the Mini ster of Agriculture will in addition support him on Departmental grounds. So will the Secretary of State for Trade in his Department of Trade capacity, while in his ECGD capacity making clear that repayment prospects are now too bleak for any large new loans to Poland to be possible under the Export Guarantees Act. But the Chief Secretary will then argue strongly, on public expenditure grounds, that any new money should be produced by the Foreign and Commonwealth Secretary, i.e. by transfer from the aid programme; and the Foreign and Commonwealth Secretary will argue equally strongly that this is impossible because that programme is already hopelessly overstretched.

Lurking behind this disagreement will be the wider Treasury/Foreign and Commonwealth Office argument about public expenditure cuts. In MISC 62 the Chief Secretary asked for £42 million to be contributed by the Foreign and Commonwealth Secretary, who refused; and the Home Secretary has concluded that this deadlock should be resolved under your chairmanship before the public expenditure exercise gets back to the Cabinet. Neither the Foreign and Commonwealth Secretary nor the Chief Secretary are likely to feel able to give way on money for Poland while the MISC 62 stand-off is still unsettled. therefore be sensible to try to wrap the two quarrels up together in a single compromise. If pushed, the Chief Secretary might be prepared to find £20 million of new money for Poland. It would in principle be reasonable to ask the Foreign and Commonwealth Secretary to match this pound for pound, i.e. to offer Poland a further £20 million by transfer from the aid programme. That would make £40 million, which might be accepted by the Committee as a reasonable offer given our economic circumstances. But the only chance of getting the Foreign and Commonwealth Secretary to agree to contribute £20 million would probably lie in the Chief Secretary agreeing in return to drop the MISC 62 demand for £42 million; in other words to settle for half the MISC 62 demand, and for that half to be used as additional new money for Such a deal will not be recommended to either Minister by his officials and would be pretty unpalatable to both. But a compromise on these lines, or some variant of it, may be the best, indeed the only, way to resolve the impasse.

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- 5. Three basic points are axiomatic.
- (a) Any assistance we give is conditional on there being no Soviet invasion or equivalent internal clamp-down. If there is, all bets are off (though we should still need some mechanism for eventually recovering as much as possible of what the Poles already owe us). In that context, ECGD are sensibly keeping the level of their outstanding short-term credit as low as possible; at £8 million it is now below the £10 million authorised by Mini sters in April, so that no further decisions are needed in this area.
- (b) We should not get out in front of our main Western partners. The machinery for Western consultation has worked well. Any new rescheduling will certainly be on a common multilateral basis. On new credit, such evidence as we have suggests that the French and Germans will each offer about £100 million in 1982. The Americans seem almost bound to do considerably more. Indeed they may conceivably launch a really major rescue operation for Poland; if so, we and other allies would no doubt be pressed to take a substantial share, which in our case could well be larger than the Foreign and Commonwealth Secretary's present bid.
- (c) All bets would also be off if Poland were to default before the end of 1981.

 If she did, she could probably get through 1982 without external assistance, since her exports should just about pay for her essential imports; her present problems are caused by her need not only to import but also to service her debts, which as a defaulter she would ex-hypothesi notbe doing.

HANDLING

- 6. You could invite the <u>Foreign and Commonwealth Secretary</u> to explain his proposals in the light of the Polish economic and political situation and of the attitude of other Western Governments. The <u>Chief Secretary</u> could then comment.
- 7. If they are agreed on the two comparatively easy issues, i.e. on rescheduling and on Ursus, you should then establish that the <u>Secretary of State</u> for Trade also agrees and that no other member of the Committee dissents.

CONFIDENTIAL 8. The rest of the time available can then be spent on the two difficult issues: new agricultural and industrial credit, and where the money for it should The Secretary of State for Trade, the Secretary of State for Industry and the Minister of Agriculture should be asked to comment; and then other members of the Committee. The Home Secretary and the Lord President in particular may have views on how far public and Parliamentary opinion will expect the Government to go. If wider public expenditure issues are raised, the Home Secretary should comment on the MISC 62 position. This may open the way towards some compromise; either on the lines of paragraph 4 above, or failing that on the basis of limiting new credit to £20 million overall, which would be new money, and leaving the MISC 62 row for settlement later. Either way, the exact breakdown as between agricultural and industrial exports should be left open, for settlement in the light of development. CONCLUSION You should record conclusions as follows: -Ohiwid Rescheduling to be agreed on the basis proposed. (b) Ursus project to be continued by ECGD. New credit, of whatever amount agreed, to be divided between (c) industry and agriculture in the light of developments. (d) Public expenditure basis for (c).

Robert Arms trong

11th November 1981

RESTRICTED



GRS 500 RESTRICTED

FM WARSAW Ø91600Z NOV

TO PRIORITY FCO

TELNO 779 OF 9TH NOVEMBER 1981
INFO ROUTINE: WASHINGTON, MOSCOW AND UKDEL NATO.
INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN,
MODUK, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS
NEW YORK AND UKREP BRUSSELS.

POLISH SITUATION.

- 1. THE SITUATION HERE IS QUIETER ALTHOUGH A FEW STRIKES ARE STILL GOING ON. JARUZELSKI HAS INFORMED THE GOVERNMENT THAT HIS MEETING WITH WALESA AND GLEMP REPRESENTED A POSITIVE DEVELOPMENT AND THAT THE MAIN SUBJECT DISCUSSED WAS THE CREATION OF A NEW FRONT OF NATIONAL CONSENSUS.
- 2. THE SOLIDARITY PRESIDIUM ON FRIDAY ISSUED A STATEMENT CLARIFYING THE DECREES PROMULGATED BY THE NATIONAL COMMISSION LAST WEEK. THE THREE MAIN POINTS WERE :-
- (1) IN NEGOTIATIONS WITH THE GOVERNMENT THE UNION WILL BE READY TO LOOK FOR COMPROMISE AND AGREEMENT.
- (2) SOLIDARITY DOES NOT USURP TO ITSELF THE SOLE RIGHT TO REPRESENT POLISH SOCIETY.
- (3) ANY OTHER INTERPRETATION OF THE DECREES WOULD BE CONTRARY TO THE GDANSK AGREEMENTS.

WALESA SAID AT THE SAME TIME THAT HE WAS OPTIMISTIC ABOUT THE FUTURE. (THERE ARE SIGNS HOWEVER THAT HE MAY MEET CONSIDERABLE OPPOSITION FROM THE MORE RADICAL ELEMENTS IN SOLIDARITY WHO DO NOT WANT TO HELP OUT WHAT THEY CONSIDER A DISCREDITED GOVT AND PARTY).

- 3. THE PEASANTS PARTY HAVE NOW CHANGED THEIR LEADER REPLACING IGNAR BY MALINOWSKI, WHO IS A VICE PRIME MINISTER. THE EFFECT OF THIS IS THAT THE LEADERS OF THE DEMOCRATIC AND PEASANT PARTIES ARE BOTH VICE PRIME MINISTERS AND THE COALITION ELEMENT IN THE GOVERNMENT IS MUCH STRONGER.
- 4. ON FRIDAY, THERE WAS A RIOT AT KAMINSK PRISON IN WHICH TWO PRISONERS WERE KILLED. RAKOWSKI TOLD THE ANGLO POLISH ROUND TABLE ON SATURDAY THAT THE ARMY HAD FIRED AT THE RIOTERS LEGS. THIS IS THE FIRST TIME THAT BLOOD HAS BEEN SHED DURING THE POLISH CRISIS, ALBEIT IN RATHER SPECIAL CIRCUMSTANCES.

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5. IN GENERAL THERE SEEMS TO BE A SLIGHT MOOD OF OPTIMISM IN THE AIR BUT NO-ONE IS PREPARED TO COMMIT THEMSELVES MORE THAN A FEW DAYS AHEAD. IT WILL BE IMPORTANT THAT TALKS BETWEEN SOLIDARITY AND THE GOVERNMENT SHOULD START SOON AND THAT BOTH SIDES GET A MOVE ON WITH THE IDEA OF A NATIONAL COUNCIL.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

(REPEATED AS REQUESTED)

JAMES

THIS TELEGRAM
WAS NOT
ADVANCED

POLAND SPECIAL	[COPIES SENT TO NO 10 DOWNING ST]
STANDARD , EESD CSCE UNIT	COPIES TO: PS/S OF S) MR DICK) DOT MR POWNALL)
CONS D CONS EM UNIT NAD SED WED ECD(E) ESID	PS/CHANCELLOR) SIR K COUZENS) TREASURY MISS BAKER) MR HAWTIN) MR MOUNTFIELD)
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CABINET OFFICE -	2

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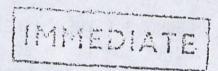
No.10 DOWNING ST

ASSESSMENT STAFF CABINET OFFICE

DIO CABINET OFFICE

ADVANCE CORY

GRS 750 CONFIDENTIAL FM WARSAW 091530Z NOV TO IMMEDIATE FCO TELNO 777 OF 9TH NOVEMBER 1981



INFO PRIORITY: WASHINGTON, UKDEL IMF/IBRD WASHINGTON, BONN, PARIS, MOSCOW, UKDEL NATO, UKREP BRUSSELR AND BUDAPEST.

INFO SAVING: BUCHAREST, BELGRADE, SOFIA AND EAST BERLIN.

POLAND AND THE IMF/IBRD.

1. DEPUTY FOREIGN MINISTER OLECHOWSKI, WHO WAS ACCOMPANIED BY FIRST DEPUTY FINANCE MINISTER BIEN, CALLED ME IN THIS AFTERNOON TO INFORM THE BRITISH GOVERNMENT, IN CONFIDENCE AND AHEAD OF ANY PUBLIC ANNOUNCEMENT, THAT POLAND HAD DECIDED TO APPLY FOR RE-ADMISSION TO MEMBERSHIP OF THE IBRD AND IMF. THE POLISH DELEGATION (INCLUDING, AS WE KNOW FROM HIS LAST-MINUTE DISAPPEARANCE FROM THE POLISH TEAM AT THE ANGLO/POLISH ROUND TABLE, THEIR CHIEF NEGOTIATOR IN THE PARIS TALKS) WAS ALREADY IN WASHINGTON AND WOULD BE TALKING TO THE TWO PRESIDENTS OF THE IN WASHINGTON AND WOULD BE TALKING TO THE TWO PRESIDENTS OF THE BANK AND FUND TOMORROW. A PUBLIC ANNOUNCEMENT WOULD BE MADE ON WEDNESDAY.

2. OLECHOWSKI WENT ON TO SAY THAT THE POLES PARTICULARLY WANTED THEIR FIVE MAIN FRIENDS IN THE WEST, FRANCE, GERMANY, UNITED STATES, ITALY AND BRITAIN, TO KNOW ABOUT THIS IN ADVANCE. THE ADMISSION PROCEDURES WOULD TAKE A LITTLE TIME BUT THE POLES WERE PREPARED TO ANSWER FULLY ANY QUESTIONS PUT TO THEM.

OLECHOWSKI SAID THAT THE POLISH GOVERNMENT HOPED THEY COULD COUNT ON BRITISH SUPPORT FOR POLAND'S RE-ADMISSION. I SAID I WAS SURE THIS NEWS WOULD BE WELCOMED IN LONDON AND THAT WE WOULD OFFER WHAT HELP WE COULD. I SAID I THOUGHT THIS MIGHT HAVE A HELPFUL EFFECT ON WESTERN CONFIDENCE IN POLAND.

- THINKING ABOUT TAKING THIS STEP FOR SOME TIME BUT HAD MOVED SWIFTLY IN THE LAST FEW WEEKS. IN REPLY TO MY QUESTION, HE CONFIRMED THAT POLAND HAD CONSULTED ITS PRINCIPAL PARTNERS IN CMEA. POLAND CONSIDERED IT AN ECONOMIC DECISION BUT THERE WERE OBVIOUS POLITICAL IMPLICATIONS. IN REPLY TO ANOTHER QUESTION, BIEN SAID THAT HE WOULD BE INFORMING THE DELEGATION OF COMMERCIAL BANKERS CURRENTLY IN WARSAW OF THIS DECISION THIS AFTERNOON.
- 4. OLECHOWSKI THEN ASKED ABOUT THE AGENDA FOR THE EUROPEAN COMMUNITY SUMMIT TO BE HELD IN LONDON ON 26 NOVEMBER SINCE HE HOPED THAT POLAND'S NEED FOR FINANCIAL ASSISTANCE MIGHT BE DISCUSSED THERE. SINCE BRITAIN HELD THE PRESIDENCY, THE POLES HAD HIGH HOPES OF SOME CONCRETE ACTION. HE THEN RAN THROUGH THE STANDARD POLISH LIST OF FINANCIAL REQUESTS UNDER THREE MAIN HEADS. ON RESTRUCTURING THE 1982 DEBT, HE ASKED FOR MORE GENEROUS TERMS THAN IN 1981 BUT AGREED THAT ALL THIS WOULD HAVE TO BE THRASHED OUT AT THE JOINT COMMISSION MEETING IN PARIS ON 19 AND 20 NOVEMBER. HE ALSO APPEALED FOR HELP IN OPENING EUROPEAN MARKETS TO POLISH EXPORTS. THIRDLY, POLAND WOULD NEED NEW CREDITS IN 1982 TO COMPLEMENT THE RESCHEDULING AND TO ENABLE THE COUNTRY TO FINANCE MUCH-NEEDED IMPORTS. OLECHOWSKI DEVOTED PARTICULAR ATTENTION TO THE DELORS DOLLARS 500 MILLION SHORT TERM MONEY, WHICH, HE SAID, WAS STILL ON THE TABLE, AND POLAND'S NEEDS FOR FURTHER TRANCHES OF EUROPEAN COMMUNITY FOOD,
- 5. I SAID I WAS RETURNING TO LONDON THE FOLLOWING DAY AND WOULD PASS ON THIS LIST OF POLISH REQUESTS. I THEN SPOKE ON SIMILAR LINES AS MY CONVERSATION WITH CZYREK EARLIER TODAY (MY TEL NO

AS MY CONVERSATION WITH CZYREK EARLIER TODAY (MY TEL NO 773, PARA 8) STRESSING OUR OWN ECONOMIC PROBLEMS, BUT EXPRESSING OUR WISH TO DO WHAT WE COULD TO HELP. OLECHOWSKI CLOSED THE MEETING WITH A STRONG APPEAL TO BRITAIN AS A FRIEND OF POLAND WHICH COULD USE ITS PRESIDENCY OF THE COMMUNITY TO PLAY A SPECIAL ROLE. BUT HE HOPED WE COULD AVOID POLITICAL DECLARATIONS IN THE COMMUNITY, WHICH COULD CAUSE POLAND DIFFICULTIES.

6. THE POLES HAVE MOVED FASTER THAN EXPECTED IN THIS APPLICATION

6. THE POLES HAVE MOVED FASTER THAN EXPECTED IN THIS APPLICATION TO JOIN THE IMF. THEY HAVE OBVIOUSLY CLEARED THEIR LINES WITH MOSCOW, PERHAPS AT THE SAME MEETING AS THE HUNGARIANS DID THEIR CONSULTATIONS (BUDAPEST TEL NO 566). THEIR NEED FOR IMF MEMBERSHIP IS STRONG AND OBVIOUS AND IT LOOKS AS IF THEIR TIMING MAY BE MORE CLEVER THAN HAS BEEN THE CASE IN THE PAST. THE CONTINUED DETERIORATION OF THE ECONOMY HERE HAS COINCIDED WITH THE JOINT COMMISSION MEETING IN PARIS IN TWO WEEKS. TIME AND THE RUN UP TO THE SIGNATURE OF THE AGREEMENT WITH THE COMMERCIAL BANKERS SCHEDULED FOR 10 DECEMBER.

1 TAKE IT THAT WE WILL WISH TO SUPPORT THE POLISH APPLICATION, IF SO, I SEE SOME ADVANTAGE IN LETTING THE POLISH GOVT KNOW THAT THIS IS WHAT WE INTEND TO DO.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

NNNN

RESTRICTED

GRS 45Ø RESTRICTED

FM WARSAW Ø51540Z NOV
TO IMMEDIATE FCO
TELNO 769 OF 5TH NOVEMBER 1981
INFO ROUTINE: WASHINGTON, MOSCOW AND UKDEL NATO.

INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, MODUK, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEWSYORK AND UKREP BRUSSELS.

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MEETING BETWEEN JARUZELSKI, GLEMP AND WALESA.

1. JARUZELSKI, GLEMP AND WALESA MET YESTERDAY FOR 2 974.

ONLY VERY SPARSE DETAILS HAVE BEEN UBLISHED IN THE POLISH PRESS INDICATING THAT THE 3 MEN DISCUSSED THE POSSIBILITIES OF CREATING A FRONT OF NATIONAL UNDERSTANDING. IT WAS ALSO AGREED THAT THE MEETING SHOULD SERVE AS A PREPARATION FOR FURTHER CONSULTATIONS, ALTHOUGH IT IS NOT CLEAR WHETHER THIS WOULD BE AT THE SAME HIGH LEVEL.

- 2. THIS WAS OBVIOUSLY A VERY IMPORTANT MEETING. IT SHOWS THAT THE GOVERNMENT HAS RECOGNISED SOME OF THE IMPORTANT POLITICAL REALITIES IN POLAND AND IT MAY REPRESENT THE FIRST STEP TO SOME CONVERGENCE OF THE PRINCIPAL FORCES IN THE COUNTRY IN THE FORM OF A LOOSE COALITION. HOWEVER, EACH OF THE THREE PARTIES IS UNDER CERTAIN CONSTRAINTS. WALESA WENT TO WARSAW AFTER FACING SEVERE CRITICISM FEOM SOME ELEMENTS IN SOLIDARITY'S NATIONAL COMMISSION WHO ARE MEETING IN GDANSK (MY TEL NO 761) WHILST SOME OF THE COMMISSION WERE REPORTEDLY PREPARED TO GIVE HIM A FREE HAND IN HIS NEGOTIATIONS WITH JARUZELSKI OTHERS WISHED TO LIMIT DRASTICALLY HIS FREEDOM OF MANOEUVRE, PRESUMABLY BECAUSE THEY DID NOT TRUST HIM. HE WILL HAVE TO GIVE AN ACCOUNT OF THE TALKS TO THE NATIONAL COMMISSION TODAY AND THIS MAY GIVE US A CLUE AS TO WHAT WENT ON AT THEM. CERTAINLY THERE ARE ELEMENTS IN SOLIDARITY WHO WOULD NOT WISH TO SEE ANY FORM OF LOOSE COALITION WITH THE GOVERNMENT AND WOULD RESIST WHAT THEY SAW AS A FURTHER ATTEMPT TO ENTRENCH THE PARTY'S LTADING ROLE.
- 3. THERE MUST ALSO BE ELEMENTS WITHIN THE GOVERNMENT AND PARTY WHO WILL WISH AT LEAST TO DILUTE THE COALITION IN A MANNER WHICH IS UNACCEPTABLE TO SOLIDAPITY. THEY MAY, FOR EXAMPLE, WORK THROUGH THE BRANCH UNIONS WHO WILL NOT WISH TO BE LEFT OUT OF A COALITION. JARUZELSKI WILL HAVE TO TRY TO STEER A COURSE WHICH IS ACCEPTABLE TO THESE ELEMENTS. BUT IT IS IMPORTANT TO RECOGNISE THAT ANY COALITION IS UNLIKELY TO HAVE MUCH SIGNIFICANCE UNLESS IT IS EFFECTIVELY LIMITED TO THE THREE PARTIES WHO MET YESTERDAY WITH PERHAPS A SMALL ADDITIONA INDEPENDENT ELEMENT.

RESTRICTED 4. THE ATTITUDE OF THE CHURCH WILL ALSO BE CRUCIAL. GLEMP IS UNLIKELY TO WANT MEMBERS OF THE EPISCOPATE TO SIT FORMALLY ON A NEW NATIONAL FRONT. BUT THE CHURCH MAY BE ABLE TO CONTEMPLATE THE INCLUSION OF PROMINENT LAY-CATHOFICS IN WHATEVER INSTITUTION IS SET UP. 5. IT MUST BE DISTASTEFUL TO THE SOVIET UNION TO SEE THE THREE MAIN SOCIAL AND POLITICAL FORCES IN POLAND SITTING AROUND THE SAME TABLE. BUT IF JARUZELSKI CAN PERSUADE THE SOVIET LEADERSHIP THAT THE MEETING HAS OPENED UP THE POSSIBILITIES FOR IMPROVING THE INTERNAL SITUATION HERE, THEY MAY BE PREPARED TO LIVE EVEN WITH THIS DEGREE OF POWER - SHARING FOR A TIME. FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES REPEATED AS REQUESTED [COPIES SENT TO NO 10 DOWNING ST] POLAND SPECIAL COPIES TO: STANDARD PS/S OF S MR DICK) DOT EESD MR POWNALL CSCE UNIT CONS D PS/CHANCELLOR) CONS EM UNIT SIR K COUZENS) TREASURY NAD MISS BAKER SED MR HAWTIN WED MR MOUNTFIELD ECD(E) ESID MR P J BULL BANK OF ENGLAND TRED ERD MR G BREACH ECGD SECURITY D OLA CABINET OFFICE 2 RESTRICKED

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FM WARSAW 021545Z NOV

TO PRIORITY FCO

TELNO 755 OF 2ND NOVEMBER 1981

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

POLISH SITUATION : THE JURCZYK AFFAIR.

- 1. A CURIOUS BUT POTENTIALLY DANGEROUS ROW HAS ARISEN OVER REMARKS ALLEGEDLY MADE BY MARIAN JURCZYK, THE LEADER OF SZCZECIN SOLIDARITY ORGANISATION AT A MEETING OF SOLIDARITY ACTIVISTS ON OCT 25. (JURCZYK WAS RUNNER UP TO WALESA IN THE LEADERSHIP ELECTION AT THE SOLIDARITY CONGRESS.
- 2. JURCZYK SAID THAT THE SEJM AND THE GOVERNMENT WERE TRAITORS
 TO THE NATION SEMI COLON THAT THE SOVIET UNION WAS AN
 ARTITICIAL FRIEND OF POLAND SEMI COLON THAT JARUZELSKI WAS UNABLE
 TO HOLD THE PARTY TOGETHER AND THAT IT WOULD SOON CEASE TO EXIST
 IN FACTORIES SEMI COLON THAT THE BRANCH TRADE UNIONS WERE AN
 EXTENSION OF THE ADMINISTRATION AND THE SECRET POLICE. HE IS ALSO
 SAID TO HAVE CALLED FOR THE ADOPTION BY POLAND OF NEUTRAL STATUS.
- 3. THE STATEMENT HAS BEEN TAKEN UP IN VARIOUS WAYS. A PZPR DEPUTY AT THE SEJM ON 31 OCTOBER CALLED FOR THE PUNISHMENT OF WRURCZYK. THE PROCURATOR GENERAL IN SZCZECIN HAS ORDERED AN INVESTIGATION INTO THE LEGALITY OF THE STATEMENT. AN UNOFFICIAL RECORDING, OF JURCZYK MAKING THE SPEECH HAS ALSO BEEN BROADCAST ON POLISH RADIO AND TV.
- 4. THE WHOLE BUSINESS REMAINS MYSTERIOUS. IT IS CURIOUS THAT
 THE OFFICIAL MACHINE SHOULD HAVE TAKEN 6 DAYS TO START MOVING
 AGAINST JURCZYK SEMI COLON AND MORE CURIOUS STILL THAT THE
 AUTHORITIES SHOULD HAVE CHOSEN TO TAKE SUCH ACTION AGAINST A
 PROMICENT AND NORMALLY MODERATE OFFICIAL OF SOLIDARITY. THOUGH
 JURCZYK'S STATEMENTS, IF GENUINE, SOUND WILD AND INFLAMATORY
 THEY ARE LITTLE DIFFERENT FROM THE SORT OF LANGUAGE FREQUENTLY
 USED INSIDE SOLIDARITY WHEN DISCUSSUNG THE AUTHORITIES AND
 TEMPERS RISE. SOLIDARITY HAVE NOT SO FAR PRODUCED AN OFFICIAL
 COMMENT ON JURCZYK'S SPEECH. THERE IS A DANGER THAT HOWEVER
 MUCH THE MODERATES IN SOLIDARITY MAY REGRET HIS WORDS, THEY WILL
 FEEL COMPELLED TO RALLY TO HIS DEFENCE.

15. THE

RESTRICKED 5. THE STRIKE PICTURE REMAINS UNCHANGED, WITH MOST OF THE EXISTING STRIKES CONTINUING. NEITHER THE SEJM NOR SOLIDARITY'S OWN APPEAL SEEMS TO HAVE HAD MUCH EFFECT SO FAR. FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES. JAMES REPEATED AS EQUESTED [COPIES SENT TO NO 10 DOWNING ST] POLAND SPECIAL COPIES TO: STANDARD PS/S OF S MR DICK) DOT EESD MR POWNALL CSCE UNIT PS/CHANCELLOR) SIR K COUZENS) TREASURY NAD MISS BAKER SED MR HAWTIN WED MR MOUNTFIELD) ECD(E) ESID MR P J BULL BANK OF ENGLAND TRED ERD MR G BREACH ECGD SECURITY D OLA CABINET OFFICE 2 RESTRICKED

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FM WARSAW 821488Z NOV

TO IMMEDIATE FCO

TELNO 754 OF 2ND NOVEMBER 1981

INFO IMMEDIATE BONN, PARIS, WASHINGTON AND MOSCOW

INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, UKDEL NATO, MODUK, SOFIIA, BUCHAREST, BELGRADE AND HELSINKI.

TALK WITH MR RAKOWSKI, VICE PREMIER.

- 1. I CALLED TODAY ON MR RAKOWSKI AND ASKED FOR HIS VIEWS ON THE PRESENT SITUATION. I SAID THAT I HAD STUDIED GENERAL JARUZELSKI'S SPEECH (MY TELEGRAM NO 720) AND WAS IMPRESSED BY THE SUGGESTION THAT THERE SHOULD BE BROADENING OF THE GOVERNMENTAL BASE AND THE SETTING UP OF TWO ADVISORY COUNCILS. THESE SUGGESTIBNS WERE ACCOMPANIED BY HARDER WORDS FOR SOLIDARITY. IT SEEMED TO ME AND I FELT SURE THIS WAS ALSO THE VIEW OF MY GOVERNMENT THAT ALL EFFORTS TO REACH UNDERSTANDING IN POLAND ON THE BASIS OF A BROAD CONSENSUS AT THE PRESENT TIME WERE TO BE ENCOURAGED. DID THE GOVERNMENT STILL BELIEVE THAT THERE WAS A CHANCE OF REACHING UNDERSTANDINGS WITH THE MODERATE ELEMENTS IN SOLIDARITY? THIS WAS SURELY CRUCIAL AT A TIMT WHEN THE POLISH ECONOMY WAS IN SUCH A BAD WAY.
- 2. MR RAKOWSKI SAID THAT IT WAS TRUE THAT THE GOVERNMENT WERE STRETCHING OUT A HAND TO MODERATE ELEMENTS IN THE COUNTRY WHILE CRITICISING EXTREMISTS IN SOLIDARITY. HE HOPED THAT SOMETHING WOULD COME OF THE COUNCILS PROPOSED BY GENERAL JARUZELSKI. IT WOULD DEPEND TO SOME EXTENT ON THE ATTITUDE OF SOLIDARITY. SOLIDARITY WERE PROPAGANDISING THEIR OWN IDEA OF A SOCIAL AND ECONOMIC COUNCIL BUT THEY WISHED TO SET UP A VETO ON WHO SHOULD BELONG TO IT. (I QUESTIONED THIS AND SAID THAT I THOUGHT SOLIDARITY'S IDEAS WERE GETTING CLOSER TO THOSE OF THE GOVT.) HE SAID THAT THE GOVERNMENT WAS NOT PREPARED TO DEAL EXCLUSIVELY WITH SOLIDARITY AS A UNIQUE POLITICAL FORCE. SOLIDARITY HAD NO MONOLOPY OF POWER AND THE GOVERNMENT WOULD NOT ALLOW ANY CLAIM TO SUCH MONOPOLY. I SUGGESTED THAT WALESA WAS A MODERATE MAN AND THAT BUSINESS COULD BE DONE WITH HIM, RAKOWSKI SAID THAT HE NO LONGER KNEW WHERE WALESA REALLY STOOD. HE WAS SAYING ONE THING TO ONE STRIKE COMMITTEE. ANOTHER THING TO ANOTHER AND THEN GOING BACK ON WHAT HE SAID TO BOTH. THIS CREATED AN ATMOSPHERE OF INCONSISTENCY AND CONFUSION. THE TROUBLE WITH SOLIDARITY WAS THAT IT HAD BEEN BORN IN PROTEST AND EVEN THE MODERATES COULD NOT MOVE TO ANYTHING CONSTRUCTIVE FOR FEAR OF LOSING THEIR HOLD OVER THE MOMENTUM OF THE MOVEMENT. NEGATION WAS A PART NOW OF THIS MOMENTUM. I SAID THAT ONE ASPECT OF SOLIDARITY WAS THAT THE ORDINARY POLISH WORKING MAN WAS FED UP WITH SHORTAGES AND HAD NO PARTICULAR TIME FOR THE GOVERNMENT OR PARTY. RAKOWSKI SAID THAT THE COMPOSITION OF SOLIDARITY WAS VERY COMPLICATED. BUT THE ORDINARY WORKER WAS NOT SO EXTREME AS PEOPLE MADE OUT. THE REAL TROUBLE RECENTLY HAD COME FROM THE YOUNG INDUSTRIAL WORKERS

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IN SILESIA WHO HAD PREVIOUSLY BEEN VERY FAVOURED UNDER GIEREK AND NOW HAD MUCH LESS MONEY THAN BEFORE. THEY WERE A SORT OF DISCONTENTED LOWER MIDDLE CLASS. THE GOVERNMENT HAD CONDUCTED A POLL RECENTLY. IT HAD BEEN ALONG SIMILAR LINES TO A GALLUP POLL. IT SHOWED THAT 67% OF THE PEOPLE INTERVIEWED WERE AGAINST STRIKES. 23% WERE FOR AND 16% DID NOT KNOW. THERE WAS A SILENT MAJORITY IN POLAND WHO WERE BECOMING INCREASINGLY CRITICIAL OF SOLIDARITY.

3. RAKONSKI SAID THAT HE HOPED THAT THE IDEA OF THESE COUNCILS WOULD NOT BE REJECTED BY SOLIDARITY BUT HE WAS NOT CONFIDENT ABOUT THIS. IF THEY WERE REJECTED, THE GOVERNMENT WOULD CERTAINLY HAVE TO CONSIDER SOME FORM OF ANTI-STRIKE LEGISLATION. THIS WOULD FALL SHORT OF A STATE OF EMERGENCY. BUT THE GOVERNMENT COULD NOT NECESSARILY EXCLUDE RECOURSE TO A STATE OF EMERGENCY IF THE SITUATION DETERIORATED AND THERE WAS NO RESPONSE FROM SOLIDARITY. I SAID THAT SURELY A STATE OF EMERGENCY WOULD ONLY MAKE CONF-RONTATION INEVITABLE. HE SAID THAT HE WAS NOT SO SURE. THE AUTHORITIES HAD MORE POWER THAN WAS SUPPOSED AND NOT ALL THE PEOPLE WOULD BE AGAINST ACTAON BY THE GOVERNMENT. OF COURSE IF THINGS GOT MUCH WORSE AND THE GOVERNMENT TOOK NO ACTION. THERE WAS NO SAYING WHERE THEY WOULD END. POLAND COULD CEASE TO EXIST - AS SHE HAD IN THE PAST. I SAID THAT POLAND HAD SURELY NEVER CEASED TO EXIST, EVEN UNDER OCCUPATIONS. HE SAID THAT THIS WAS SO BUT THAT SHE HAD BECOME A GRAND DUCHY OF RUSSIA. THE SOVIET UNION WOULD NOT SLAND BY IF THERE WAS A SITUATION CLOSE TO CIVIL WAR IN POLAND, BUT HE VERY MUCH HOPED AND BELIEVED THAT THIS EXTREME SITUATION COULD BE AVOIDED. DESPITE HIS PESSIMISM, HE HAD FAITH IN THE POSSIBILITY THAT IT COULD.

4. RAKOWSKI IS WELL KNOWN FOR HIS APOCALYPTIC STATEMENTS. HE REMAINS SOMETHING OF A JOURNALIST AT HEART AND ENJOYS FREE - WHEELING. IT SEEMED TO ME THAT HIS MAIN AIM IN THIS TALK WAS TO SHOW THAT THE GOVERNMENT WERE BEING REASONABLE BUT THAT SOLIDARITY WAS COMPOSED OF DISCREDITABLE ELEMENTS AS WELL AS MODERATES AND THAT THESE WERE GAINING THE UPPER HAND. HE SAID AT ONE POINT THAT WHILE THE PARTY WOULD LOOK AFTER ITS EXTREMISTS, SOLIDARITY

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FM UKDEL NATO 291525Z OCT 81
TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,
TELEGRAM NUMBER 382 OF 29 OCTOBER 1981,
INFO PRIORITY WARSAW,
INFO ROUTINE MOSCOW, WASHINGTON, PARIS, BONN.

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SITUATION IN POLAND.

1. THE GERMAN DELEGATION HERE HAVE TOLD US THAT THE GERMAN AMBASSADOR IN WARSAW WAS SUMMONED EARLIER THIS WEEK TO BE WARNED THAT, IN THE FACE OF A DETERIORATING SITUATION, THE POLISH GOVERNMENT MIGHT HAVE TO MOVE TO TOUGHER MEASURES. IF SO, THEY WOULD HOPE FOR WESTERN UNDERSTANDING OF THE NECESSITY FOR THEIR DECISION.

2. THE GERMANS WERE CANVASSING OTHER DELEGATIONS TO SEE IF THEIR AMBASSADORS HAD RECEIVED SIMILAR APPROACHES. LIKE US, NEITHER THE AMERICANS NOR FRENCH HERE IS APPARENTLY AWARE OF ANY. UNLESS IT IS ESTABLISHED THAT SEVERAL ALLIES HAVE BEEN APPROACHED, THE DELEGATION SAY THAT THE GERMAN AMBASSADOR HAS NO IMMEDIATE INTENTION OF REPORTING THIS DISCUSSION TO THE COUNCIL.

3. GRATEFUL TO KNOW WHETHER HM AMBASSADOR HAS BEEN APPROACHED ON SIMILAR LINES IN RECENT DAYS. (THIS WAS THE QUESTION ALSTON INTENDED TO PUT TO BROOMFIELD IF SECURE TELEPHONE COMMUNICATION HAD BEEN ESTABLISHED EARLIER THIS AFTERNOON).

ROSE.

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GRS 200 RESTRICTED FM WARSAW 291610Z OCT TO IMMEDIATE FCO TELNO 744 OF 29TH OCTOBER 1981 INFO ROUTINE: MOSCOW, WASHINGTON AND UKDEL NATO

INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, MODUK, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.



SOLIDARITY GENERAL STRIKE.

1. THE 1-HOUR GENERAL STRIKE CALLED BY SOLIDARITY ON 28 OCTOBER PASSED OFF WITHOUT INCIDENT. OFFICIAL REPORTS CONFIRM THAT LARGE FACTORIES IN THE MAJOR INDUSTRIAL AREAS OVERWHELMINGLY SUPPORTED FOR THE STRIKE. MUNICIPAL TRANSPORT IN WARSAW AND OTHER LARGE TOWNS CAME TO A HALT. OTHER ESSENTIAL SEVICES CONTINUED TO FUNCTION ON INSTRUCTIONS FJOM SOLIDARITY. MOST COAL MINES IN THE KATOWICE AREA SHOWED THEIR SUPPORT FOR THE STRIKE EITHER BY STARTING WORK AN HOUR LATE OR BY HOISTING FLAGS WHILE CONTINUING PRODUCTION. THIS VARIANT SEEMS TO HAVE BEEN DICTATED MAINLY BY THE TECHNICAL DIFFICULTY OF STRIKING FOR 1 HOUR IN THE MIDDLE OF A MINING SHIFT.

2. SOLIDARITY REGIONAL ORGANISATIONS HAVE TOLD WESTERN CORRES-PONDENTS THAT THEY REGARD THE STRIKE AS A SUCCESS. THE AUTHORITIES HAVE TAKEN THE LINE THAT IT RECEIVED LESS SUPPORT THAN PREVIOUS WARNING STRIKES, CITING THE OPPOSITION OF THE BRANCH AND AUTONO MOUS UNIONS AS EVIDENCE FOR THEIR CASE. NEVERTHELESS, THE AUTHORITIES SEEM TO BE PUTTING A BRAVE FACE ON WHAT LOOKS LIKE A CLEAR INDICATION OF UNDIMINISHED POPULAR SUPPORT FOR SOLIDARITY. WHAT REMAINS TO BE SEEN IS WHETHER THE CATHARTIC EFFECT OF A NATIONWIDE GENERAL STRIKE WILL ENABLE THE SOLIDARITY LEADERSHIP TO BRING THE SERIOUS LOCAL DISPUTES IN TARNOBRZEG, ZYRARDOW AND ZIELONA GORA, ETC TO AN END.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES

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MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
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FM WARSAW 291515Z OCT

TO IMMEDIATE FCO

TELNO 743 OF 29TH OCTOBER 1981

INFO ROUTINE: WASHINGTON, MOSCOW AND UKDEL NATO

INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, STOCKHOLM, HELSINKI, BONN, PARIS, UKREP BRUSSELS AND UKMIS NEW YORK.

V PWENUM.

- 1. YESTERDAY'S V PLENUM LASTED ONLY 5 AND A HALF HOURS THERE WAS VIRTUALLY NO SUBSTANTIVE DEBATE AND ONLY MINOR CHANGES IN THE POLITBURO AND SECRETARIAT. JARUZELSKI, BARCIKOWSKI AND CLSZOWSKI WERE THE ONLY IMPORTANT SPEAKERS.
- 2. JARUZELSKI'S OPENING SPEECH WAS MODERATE. THE MAIN POINTS WERE :-
- (1) THE REALISTIC ELEMENTS IN SOLIDARITY SHOULD ADOPT A CONSTRUCTIVE APPROACH AND GIVE UP STRIKES.
- (11) THE GOVERNMENT PROPOSED A BROAD BASIS OF CONCILIATION TO-REPLACE THE PRESENT NATIONAL UNITY FRONT. DETAILED PROPOSALS WOULD BE PUBLISHED SOON.
- (111) THE GOVERNMENT COALITION WOULD BE BROADENED AND AN AUTHORITATIVE BODY OF ADVISERS BE SET UP. A DRAFT LAW WOULD BE

WOULD BE PUBLISHED SOON.

- (111) THE GOVERNMENT COALITION WOULD BE BROADENED AND AN AUTHORITATIVE BODY OF ADVISERS BE SET UP. A DRAFT LAW WOULD BE SUBMITTED TO THE SEJM ON THE PRINCIPLES OF SOCIAL CONSULTATION.
- (IV) ONLY MINOR CHANGES IN THE PARTY LEADERSHIP WERE BEING MADE AT THE MOMENT.
- (V) MORE MILITARY PEOPLE WERE BEING GIVEN SENIOR APPOINTMENTS IN THE PARTY AND GOVERNMENT. THIS WAS TO MEET THE NEEDS OF THE CURRENT SITUATION AND BUILD ON THE TRUST THE POLISH PEOPLE HAD IN THEIR ARMY. THEY WOULD GO ONCE THEY HAD FULFILLED THEIR DUTY.
- (VI) HE UNDERLINED THE IMPORTANCE OF SOVIET ECONOMIC ASSISTANCE.
- JARUZELSKI'S PROPOSALS FOR A BROADER BASIS OF NATIONAL CONCILIATION
 BUT ATTACKED SOLIDARITY FOR TAKING STRIKE ACTION. BARCIKOWKSI
 SAID THAT THE PARTY WERE CONVINCED THAT AT ITS NEXT SESSION THE
 SEJM WOULD TAKE 'APPROPRIATE DECISIONS' ON STRIKES. IF, IN
 SPITE OF THAT, SOLIDARITY'S CONDUCT REMAINED UNCHANGED, OTHER FAR
 REACHING DECISIONS WOULD BE NECESSARY TO PROTECT THE VITAL INTERESTS
 OF THE NATION AND THE STATE.
- 4. A FEW SPEAKERS FROM THE FLOOR SPOKE ABOUT INTER ALIA
 REMOVING FROM THE PARTY MEMBERS WHO REFUSE TO LEAVE SOLIDARITY.
 NO DECISIONS WERE TAKEN HOWEVER. JARUZELSKI THEN PROPOSED THREE
 MINOR ADDITIONS TO THE PARTY LEADERSHIP :-
- 1. WLODZIMIERZ MOKRZYSZCZAK TO BE A PARTY SECRETARY IN ADDITION TO HIS POST AS CANDIDATE MEMBER OF THE POLITBURO.
- 2. FLORIAN SIWICK! TO BE A CANDIDATE MEMBER OF THE POLITBURO.
- 3. MARIAN ORZECHOWSKI TO BE A PARTY SECRETARY. HE ALSO PROPOSED RATIFICATION OF THE HEADS OF DEPARTMENTS OF THE CENTRAL COMMITTEE WHOSE NUMBER IS TO BE REDUCED FROM 17 TO 15 (DETAILS BY BAG). THE PLENUM APPROVED THE THREE PROPOSALS OVERWHELMINGLY BUT NOT UNANIMOUSLY.
- 4. OLSZOWSKI SPOKE NEXT AND PROPOSED ON BEHALF OF THE WHOLE POLITBURO, THAT FOR THE TIME BEING JARUZELSKI SHOULD BE FIRST SECRETARY, PRIME MINISTER AND MINISTER OF DEFENCE. AFTER SOME INFORMATION ON THE COURSE OF THE ONE HOUR STRIKE (SEE MIFT) THE PLENUM CLOSED.

THE PLENUM CLOSED.

5. IT IS DIFFICULT TO KNOW WHAT TO MAKE OF THIS PLENUM. IT HAD BEEN GENERALLY EXPECTED THAT IT WOULD LAST MUCH LONGER AND MAKE MORE FAR REACHING PERSONNEL CHANGES. IT SEEMS MOST LIKELY THAT IN THE BACK STAGE MANOEUVERING THAT MUST HAVE PRECEDED THE PLENUM, JARUZELSKI PERSUADED THE MAJORITY OF THE CENTRAL COMMITTEE TO ALLOW HIM TO CONTINUE HIS ATTEMPTS TO BROADEN THE BASE OF THE GOVERNMENT. HE MAY HAVE HAD TO CONCEDE THE CONTINUING MEMBERSHIP OF THE POLITBURO OF SUCH HARD-LINERS AS SIWAK AND THE ADDITION OF REPUTED HARDLINER ORZECHOWSKI TO ACHIEVE CONSENSUS. IN BRINGING SIWICKI INTO THE POLITBURO HE HAS FURTHER STRENGTHENED MILITARY REPRESENTATION IN THE LEADERSHIP, HIS HOPE MUST STILL BE THAT HE CAN WOO SOLIDARITY WITH HIS PROPOSALS FOR A RE-CONSTRUCTED FRONT OF NATIONAL UNITY AND HEAD OFF DEMANDS FROM THE HARD LINERS FOR A SUSPENSION OF THE RIGHT TO STRIKE. . HE MUST REALISE THAT TO SUSPEND THAT RIGHT WOCLD BRING HIM INTO DIRECT CONFRONTATION WITH SOLIDARITY. IN GENERAL THEN, THIS PLENUM CAN BE SEEN AS SOMETHING OF A VICTORY FOR JARUZELSKI. HE HAS BEEN GIVEN TIME AND AUTHORITY, BUT THE FACT THAT FEW CHANGES HAVE BEEN MADE IN THE LEADERSHIP SUGGEST THAT HE HAS NOT BEEN GIVEN A FREE HAND.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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FM WARSAW 241315Z CCT 81

TO IMMEDIATE FCO TELNO 733 OF 24TH OCTOBER 1981

INFO ROUTINE WASHINGTON, MOSCOW AND UKDEL NATO

SAVING: BELGRADE, BUCHAREST, BUDAPEST, PRAGUE, EAST BERLIN, STOCK-HOLM, HELSINKI, SOFIA, MODUK, UKREP BRUSSELS, UKMIS NEW YORK, PARIS AND BONN.

POLISH SITUATION.

1. THE PRESIDIUM OF THE GOVERNMENT (AN INNER CABINET) MET YESTERDAY. AFTER DRAWING ATTENTION TO WIDESPREAD SOCIAL UNREST, THE GOVERNMENT REAFFIRMED ITS READINESS TO CREATE A "FRONT" OF NATIONAL UNDERSTANDING. HOWEVER, IT SAID THAT PARTNERSHIP AND DEMOCRACY CANNOT GO AHEAD AMIDST ANARCHY AND DISORDER. ACCORDINGLY. THE GOVERNMENT WOULD TAKE TOUGH AND DECISIVE ACTION TO RE-INFORCE RESPECT FOR THE LAW AND SET UP LOCAL TASK FORCES. THESE WILL INCLUDE REGULAR SOLDIERS AND CONSCRIPTS WHOSE MILITARY SERVICE HAS BEEN EXTENDED. THEY WILL BE SENT TO THE GMINAS (PARISHES) AND CERTAIN TOWNS IN THE NEXT FEW DAYS AND WILL HELP WITH PREPARATIONS FOR THE WI TER. FOOD SUPPLIES AND TRANSPORT, AND TO CONTROL CORRUPTION AND WASTAGE. THE TASK FORCES ARE TO BE SUPERVISED BY GOVERNMENT OFFICIALS, AND WILL WORK CLOSELY WITH THE LOCAL AUTHORITIES. THE DECREE CLAIMS THAT, AS USUAL, THE POLISH ARMY IS SERVING THE NATION AT A TIME OF NEED, AND THAT UNUSUAL TIMES REQUIRE EXCEPTIONAL MEASURES.

2. THE GROWING UNREST AND CONFUSION IN THE REGIONS MUST HAVE BEEN MAJOR FACTORS IN PERSUADING JARUZELSKI TO TAKE THIS ACTION, BEFORE THE 5TH PARY PLENUM, NOW RUMOURED FOR MID-WEEK, WHEN HE CAN EXPECT THE HARD-LINERS TO PRESS FOR TOUGH MEASURES. THE GOVT MAY ALSO HOPE THAT THIS WILL HAVE A SALUTARY PUBLIC EFFECT AND ENABLE IT TO LEAD OFF DEMANDS FOR A STATE OF EMERGENCY WHICH WOULD HEIGHTEN THE RISKS OF A MAJOR CONFRONTATION WITH SOLIDARITY. THE GOVT DECISION IS COUCHED IN MODERATE LANGUAGE AND THE LAW AND ORDER ASPECT IS ONLY ONE ELEMENT. THE ECONOMIC

/ ASPECTS

ASPECTS ARE HIGH-LIGHTED. THE MEASURES WILL NOT COME AS A TOTAL SURPRISE TO THE POLISH PUBLIC WHO HAVE BEEN PREPARED FOR SOME TIME THROUGH THE MEDIA TO SEE THE ARMY PLAY A PART IN HELPING WITH THE ECONOMY.

- 3. MEANWHILE THE NATIONAL COMMISSION OF SOLIDARITY ENDED ITS MEETING IN GDANSK YESTERDAY WITH A RESOLUTION ALLEGING THAT THE GOVERNMENT'S ACTIONS WERE MAKING THE ECONOMIC SITUATION WORSE AND THAT IT WAS NOW ACTING REPRESSIVELY AGAINST SOLIDARITY ACTIVISTS. SOLIDARITY THEREFORE CALLED A ONE HOUR TOKEN STRIKE ON 28 OCTOBER AND DEMANDED.
- (A) IMPROVED FOOD SUPPLIES.
- (B) BETTER DISTRIBUTION.
- (C) AN END TO REPRESSION.
- (D) A SOCIAL COMMISSION TO CONTROL THE ECONOMY. IF THESE DEMANDS WERE NOT MET BY THE END OF THE MONTH, THE COMMISSION WOULD DECIDE ON THE DATE AND SCOPE OF FURTHER SELECTIVE STRIKE ACTION. THE COMMISSION CALLED ON ITS MEMBERS TO DESIST FROM LOCAL STRIKES AND JOIN IN THE NATIONAL STRIKE.
- 4. THE NEXT WEEK THUS PROMISE TO BE LIVELY AND TENSE EVEN BY THIS COUNTRY'S HIGH STANDARDS.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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FM WARSAW 231220Z OCT

TO PRIORITY FCO

TELNO 731 OF 23RD OCTOBER 1981
INFO ROUTINE MOSCOW, WASHINGTON AND UKDEL NATO.
INFO SAVING: BELGRADE, BUCHAREST, BUDAPEST, PRAGUE, EAST BERLIN,
STOCKHOLM, HELSINSKI, SOFIA, MODUK, UKREP BRUSSELS, UKMIS
NEW YORK, PARIS AND BONN.

POLISH SITUATION.

1. THE TV AND PRESS AGAIN GIVE PROMINENCE TO THE CONTINUAL INDUSTRIAL AND SOCIAL UNREST THROUGHOUT THE COUNTRY. THE REPERCUSSIONS OF THE WROCLAW INCIDENT PERSIST. HUNGER MARCHES HAVE RE-APPEARED IN THE PROVINCES.

2. THE TWO-DAY MEETING OF THE SOLIDARITY NATIONAL COMMISSION BEGAN YESTERDAY. A NUMBER OF VOCAL RADICALS PUT FORWARD THE VIEW THAT THE ACTIONS OF THE PARTY AT THE IV PLENUM CONSTITUTED A DIRECT ATTACK ON SOLIDARITY AND SHOULD BE MET AS SUCH. RULEWSKI, GWIAZDA AND OTHERS DEMANDED COMPLETE REMOVAL OF THE PRESENT POLITICAL SYSTEM. DISCUSSION ALSO CENTRED ON THE TYPE OF PROTEST ACTION THAT SHOULD BE TAKEN AGAINST OFFICIAL SEIZING OF UNION LITERATURE ETC. WALESA TOOK THE LINE THAT THE UNION SHOULD NOT AIM TO OVERTHROW THE PRESENT SYSTEM AND THAT THERE SHOULD BE COOPERATION BETWEEN THE VARIOUS PARTS OF SOCIETY. THERE WAS FURTHER STORMY DISCUSSION ON THE RESULTS OF THE GOVERNMENT/ SOLIDARITY TALKS AND ON FOOD SUPPLIES. THE QUESTION OF NATIONAL AND REGIONAL CONTROL OVER INDIVIDUAL TRADE UNIONISTS WAS ALSO RAISED. NO DECISIONS WERE TAKEN YESTERDAY HOWEVER, AND THE MEETING WILL RESUME TODAY. WALESA IS LIKELY TO HAVE A DIFFICULT RIDE.

3. JARUZELSKI YESTERDAY MET GIEYSZTOR, THE CHAIRMAN OF THE POLISH ACADEMY OF SCIENCE (AND A WIDELY RESPECTED SCHOLAR OF INTERNATIONAL REPUTE). THIS MEETING WAS MADE THE LEAD STORY ON YESTERDAY EVENING'S TELEVISION NEWS AND WAS FOLLOWED BY EXTENSIVE COVERAGE OF STRIKES THROUGHOUT THE COUNTRY. THE MESSAGE APPEARS TO BE THAT JARUZELSKI IS ATTEMPTING TO CONDUCT A POLICY OF CONCILIATION WITH ALL SECTIONS OF SOCIETY (GIEYSZTOR REPRESENTS THE INTELLIGENTSIA), WHILE SOLIDARITY IS CAUSING CHAOS AND DISORDER.

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/ 4. WE HAVE

RESTRICTED 4. WE HAVE THE FEELING HERE IN WARSAW THAT THE SITUATION NOW RISKS GETTING OUT OF HAND AGAIN AND THAT TIME IS RUNNING OUT FOR THE GOVERNMENT. A STATE OF EMERGENCY ONCE AGAIN BECOMES A POSSIBILITY, BUT IT IS UNLIKELY THAT THIS CAN BE PUT INTO EFFECT BEFORE THE NEXT PLENUM WHICH WE LEARNT FROM A SENIOR MFA CONTACT TODAY IS APPARENTLY FIXED FOR TUESDAY AND WEDNESDAY OF NEXT WEEK. WITH DAILY CONFRONTATIONS IN THE PROVINCES ANOTHER INCIDENT OF THE BYDGOSZCZ TYPE CANNOT BE RULED OUT. SOLIDARITY WOULD THEN FIND IT DIFFICULT TO CONTROL THEIR MEMBERSHIP, AND THE GOVERNMENT MIGHT BE COMPELLED TO USE FORCE. A SOLIDARITY MEMBER OF THE CENTRAL COMMITTEE CONFIDED YESTERDAY HIS BELIEF THAT THE PARTY HARD-LINERS WERE PUSHING JARUZELSKI TO THAT EXTREME. OF COURSE, IT IS NOT IMPOSSIBLE THAT THE POLES WILL ONCE AGAIN FIND SOME WAY OF MUDDLING THROUGH. BUT THE SITUATION IS NOW MORE DELICATE AND TENSE THAN IT HAS BEEN FOR SOME TIME. FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES [REPEATED AS REQUESTED] [THIS TELEGRAM WAS NOT ADVANCED]

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FM WARSAW 221355Z OCT TO PRIORITY FCO

TELNO 728 OF 22ND OCTOBER 1981
INFO ROUTINE: WASHINGTON, UKDEL NATO AND MOSCOW
INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, BUCHAREST,
BELGRADE, SOFIA, BONN, PARIS, UKREP BRUSSELS, UKMIS NEW YORK,
MODUK, STOCKHOLM AND HELSINKI.

POLISH SITUATION.

- 1. UNREST CONTINUES. YESTERDAY'S MOST SERIOUS INCIDENT WAS IN WROCLAW WHERE, AS IN KATOWICE, ATTEMPTS BY THE POLICE TO STOP THE DISTRIBUTION OF SOLIDARITY LITERATURE LED TO AN INCIDENT. A CROWD GATHERED AND WENT TO THE VOIVODSHIP HEADQUARTERS FROM WHERE THEY WERE EVENTUALLY DISPERSED. SIX PEOPLE WERE ARRESTED. IT SEEMS THAT IN BOTH KATOWICE AND WROCLAW IT HAS BEEN THE CUSTOM FOR SOME TIME FOR SOLIDARITY TO DISTRIBUTE THE TYPE OF LITERATURE WHICH THE POLICE WERE TRYING TO SEIZE. IN WROCLAW, THIS CUSTOM HAD BEEN INSTITUTIONALISED AND THE VAN DISTRIBUTING THE LITERATURE IS KNOWN AS ''RADIO SOLIDARITY''.
- 2. JARUZELSKI YESTERDAY MET ARCHBISHOP GLEMP FOR THE FIRST TIME SINCE HIS ELECTION AS FIRST SECRETARY. THE SHORT COMMUNIQUE SAYS THAT THEY AGREED ON THE NEED FOR CONTINUING COOPERATION BETWEEN CHURCH AND STATE IN THE INTERESTS OF THE NATION, INTERNAL PEACE AND THE ODNOWA. THEY AALSO AGREED ON THE NEED FOR BROAD NATIONAL UNDERSTANDING.
- 3. THE COMMISSION FOR ECONOMIC REFORM MET YESTERDAY UNDER THE CHAIRMANSHIP OF JARUZELSKI AND CRITICISED THE PARTY'S PROPOSAL TO SUSPEND THE RIGHT TO STRIKE. THE PROPOSAL FOR A NEW SEJM CHAMBER ALSO SURFACED AT THIS MEETING.
- 4. IT IS BELIEVED THAT THE NEXT PLENUM, THE DATE OF WHICH HAS STILL NOT BEEN ANNOUNCED, WILL BRING CHANGES IN THE POLITBURO AND PROPOSALS FOR CHANGES IN THE GOVERNMENT. JARUZELSKI IS RUMOURED TO WANT TO BRING MORE NON-PARTY MEMBERS INTO THE GOVERNMENT AND TO WIDEN THE GOVT'S APPEAL ALTHOUGH RUMOURS THAT THE PRIME MINISTER MIGHT NOT BE A PARTY MEMBER CAN PROBABLY BE DISCOUNTED. BROADENING THE GOVERNMENT'S BASE WOULD BE THE START OF A LONG TERM STRATEGY TO CREATE A BROAD FRONT OF CONCILLIATION IN POLAND.

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5. TWO EXAMPLES OF HOW HARD LIFE IS BECOMING FOR THE POLES.

MY DEFENCE ATTACHE CALCULATED THAT THE LENGTH OF THE QUEUES FOR PETROL AT WROCLAW WERE 3 TO 4 KILOMETRES. HE COUNTED 371 TAXIS

IN ANOTHER QUEUE. A COLLEAGUE WHOSE HOUSE IS OPPOSITE A BUTHCHER'S SHOP SAID THAT QUEUES START AT 5 A.M. FOR MEAT WHICH IS DELIVERED AT 3 P.M.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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THIS TELEGRAM
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FM FCO 221707Z OCT 81
TO PRIORITY UKDEL CANCUN
TELEGRAM NUMBER 59 OF 22 OCTOBER 81
FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF PRIVATE
OFFICE WAS RECEIVED FROM WARSAW TELNO 726A OF 21 OCT
BEGINS
INFO ROUTINE: MOSCOW, WASHINGTON AND UKDEL NATO
INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST,
BUDAPEST, BONN, PARIS, STOCKHOLM, HELSINKI, MODUK,
UKREP BRUSSELS AND UKMIS NEW YORK.

POLISH SITUATION.

1. YESTERDAY'S INCIDENT AT KATOWICE, WHEN A CROWD STONED A
POLICE STATION AND OVER-TURNED A POLICE VEHICLE, SEEMS TO HAVE
BEEN A SPONTANEOUS REACTION TO A POLICE ATTEMPT TO ARREST
SOLIDARITY ACTIVISTS WHO WERE DISTRIBUTING PROBABLY ILLEGAL
MATERIAL. SUCH INCIDENTS ARE NOT SURPRISING AND WE MAY SEE MORE.
KATOWICE IS ONE OF POLAND'S MOST DREARY AND OPPRESSIVE
INDUSTRIAL TOWNS. NOWADAYS THERE ARE ALWAYS LARGE NUMBERS
OF UNEMPLOYED OR UNDER-EMPLOYED PEOPLE MILLING AROUND WITH NOTHING
TO DO EXCEPT TO LOOK FOR FOOD. IT IS A MEASURE OF THE
FRUSTRATIONS OF EVERYDAY LIFE HERE THAT INCIDENTS OF THIS TYPE
SHOULD OCCUR. THE SOLIDARITY LEADERSHIP IN KATOWICE IS
PARTICULARLY RADICAL AND THE PARTY PARTICULARLY HARD-LINE, WHICH
CREATES OBVIOUS POLITICAL TENSIONS. HOWEVER, LOCAL SOLIDARITY
LEADERS HAVE MADE EFFORTS TO RESTORE CALM AND SOLIDARITY'S
''PUBLIC ORDER BRIGADE'' WERE PATROLLING THE STREETS YESTERDAY
EVENING.

2. NO DATE HAS YET BEEN ANNOUNCED EITHER FOR THE V PLENUM OR FOR THE NEXT SEJM SESSION. BUT IT APPEARS THAT THE PLENUM WILL BEGIN ON FRIDAY OR SATURDAY AND MAY LAST 2 OR 3 DAYS. IT WILL MAKE THE NEW APPOINTMENTS TO THE POLITBURO AND SECRETARIAT THAT JARUZELSKI PROMISED LAST SUNDAY AND WILL ALMOST CERTAINLY MAKE RECOMMENDATIONS FOR A NEW PRIME MINISTER AND GOVERNMENTAL CHANGES. THE SEJM IS LIKELY TO MEET NEXT WEEK TO RATIFY THOSE CHANGES. A TECHNICAL HITCH HAS NOW BEEN DISCOVERED IN THE ORIGINAL PLAN FOR THE SEJM TO PASS A BILL SUSPENDING THE RIGHT TO STRIKE. THE SEJM HAS IN FACT NOT YET PASSED THE ORIGINAL TRADE UNION LAW GRANTING THE RIGHT TO STRIKE, AND THAT RIGHT IS AS YET LEGALLY ENSHRINED ONLY IN THE GDANSK AGREEMENTS. BUT NO DOUBT A WAY WILL BE FOUND ROUND THIS.

3. SPORADIC INDUSTRIAL UNREST CONTINUES, MAKING IT MORE DIFFICULT FOR JARUZELSKI AS HE ATTEMPTS TO RE-ORDER THE PARTY AND GOVERNMENT HIERARCHY AND IMPLEMENT THE FIRMER LINE DECIDED ON AT THE IV PLENUM.

CARRINGTON

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PS
PS/LPS
PS/MR HURD
PS/PUS
MR BULLARD
MR FERGUSSON
SIR A ACLAND
MR GILLMORE

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FM WARSAW 191105Z OCT
TO IMMEDIATE F C O
TELNO 718 OF 19TH OCTOBER 1981
AND TO ROUTINE WASHINGTON, MOSCOW AND UKDEL NATO.

INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, MODUK, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

IV PLENUM.

1. DURING THE THIRD DAY OF A PLENUM AT WHICH THE PARTY'S LEADERSHIP'S PERFORMANCE WAS MUCH CRITICISED, KLNIA TENDERED HIS RESIGNATION. IT WAS ACCEPTED BY 56% OF THOSE PRESENT. ON BARCIKOWSKI'S MOTION. THE PLENUM OVERWHELMINGLY ELECTED JARUZELSKI AS FIRST SECRETARY. ITSALSO ADOPTED A TOUGH RESOLUTION AND AN APPEAL TO THE WORKING PEOPLE OF POLAND.

2. WHILST IT WAS RECOGNISED THAT KANIA WOTLD HAVE HIS DIFFICULTIES AT THE PLENUM (MY TELNO 714) IT WAS GENERALLY THOUGHT THAT HE WOULD SURVIVE FAUTE DE MIEUX BUT THAT IF HE DID GO JARUZELSKI WOULD GO WITH HIM. THE POLITICAL SITUATION IS THUS UNUSUALLY OPAQUE. BUT AT FIRST SIGHT IT APPEARS THAT KANIA FELL ESSENTIALLY BECAUSE OF HIS LACK OF GRASP AND LEADERSHIP, BECAUSE THE PARTY WAS IN A SHAMBLES AND NEEDED A FIRMER HAND TO LIFT IT FROM ITS DEMORALISED STATE, RATHER THAN BECAUSE IT DISAPPROVED OF HIS POLICIES. INDEED JARUZELSKI SAID OF KANIA IN HIS ACCEPTANCE SPEECH TO THE PLENUM THAT HIS LINE HAD BEEN A GOOD ONE BUT THAT IT

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TO THE PLENUM THAT HIS LINE HAD BEEN A GOOD ONE BUT THAT IT HAD NOT BEEN PROPERLY IMPLEMENTED. A NUMBER OF THE PROPOSALS HE MADE TO THE PLENUM ON FRIDAY, NOTABLY THE SUSPENSION OF STRIKES AND A RETURN TO SATURDAY WORKING, HAVE NOW BEEN ADOPTED AS PARTY POLICY.5 23:-, 5£343\$943 3/03:5 59 '33 - 597\$£3,8,0 70 9\$ 5£3 KANIA LINE BY JARUZELSKI BUT NOT A CHANGE OF DIRECTION.

- 3. WE HAVE HEARD VARIOUS RUMOURS RECENTLY THAT KANIA'S PERFORMANCE WAS DETERIORATING. THE VIEW OF THE FRENCH FOREIGN MINISTER, WHO SAW HIM A WEEK AGO, WAS THAT HE LACKED INCISIVENESS COMPARED TO JARUZELSKI. THERE HAVE BEEN ONE OR TWO SUGGESTIONS THAT HE HAS STARTED TO HIT THE BOTTLE. I DOUBT WHETHER HE WAS BETRAYED BY JARUZELSKI, WHO PAID HIM A WARM PERSONAL TRIBUTE IN HIS SPEECH, WHICH MUST BE UNIQUE IN THE ANNALS OF PARTY HISTORY. BUT THERE WAS SOME SUGGESTION A COUPLE OF WEEKS AGO OF A RIFT BETWEEN THE TWO MEN, LARGELY DISCREDITED AT THE TIME BY THOSE CLOSE TO THEM.
- 4. WE DO NOT KNOW WHAT THE ROLE OF THE SOVIET UNION HAS BEEN NN THIS. THEY HAVE CERTAINLY TRIED TO INFLUENCE THE HARDER-LINE MEMBERS OF THE CENTRAL COMMITTEE AND HAVE PUT HEAVY PRESSURE ON THE LEADERSHIP TO TOUGHEN THEIR STANCE AND TO TIGHTEN THE IDEOLOGICAL APPROACH OF THE PARTY. THE POLISH PARTY HAVE TURNED TO JARUZELSKI WITH THE HOPE THAT HE WILL RE-ESTABLISH THEIR STANDING IN THE COUNTRY AND PUT INTO EFFECT THE POLICIES OF THE IX PARTY CONGRESS. THIS IS A VERY TALL ORDER. BUT JARUZELSKI COMMANDS MORE PUBLIC SUPPORT THAN KANIA, £- A BETTER IMAGE AND HAS THE ARMY BEHIND HIM. HIS APPOINTMENT WAS PROBABLY SEEN AS THE ONLY ALTERNATIVE TO A STATE OF EMERGENCY, WHICH WAS CERTAINLY DISCUSSED AND WHICH IT HAD BEEN WIDELY RUMOURED THAT THE PLENUM WOULD DECLARE. IN FACT, THE RESOLUTION HINTS THAT A STATE OF EMERGENCY MIGHT STILL BE CALLED IF NECE SARY. JARUZELSKI IS PERSONA GRATA WITH THE SOVIET UNION WHILST ALSO HAVING A REPUTATION AS THE MAN WHO WOULD NOT LET GIEREK USE TROOPS. AGAINST THE STRIKERS IN AUGUST 1980. HIS SPEECH TO THE PLENUM (REPORTED SEPARATELY) WAS STUDIOUSLY MODERATE COMPARED TO THE PLENUM RESOLUTION AND HE SAID THAT HE HOPED THAT NEGOTIATIONS WITH SOLIDARITY WOULD CONTINUE AND SUCCEED.
- 5. NEVERTHELESS, HIS IMMEDIATE PROSPECTS ARE BLEAK IF HE SETS OUT TO IMPLEMENT THE PLENUM'S DEMANDS TO RENEGOTIATE THE GDANSK AGREEMENTS AND TO SUSPEND THE RIGHT TO STRIKES. THIS MUST LEAD TO A HEIGHTENING OF TENSION AND FURTHER CONFRONTATION.

TO A HEIGHTENING OF TENSION AND FURTHER CONFRONTATION. G. THE NEXT STEPS ARE FOR THE SEUM TO MEET AND TO VOTE ON THE MEASURES PROPOSED. THERE WILL ALSO BE A FURTHER PLENUM IN THE NEXT FEW DAYS TO ANNOUNCE THE REDISTRIBUTION OF JOBS IN THE PARTY. [lassed Laving, as requested.] FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES NNNN IN graph with the little law. Ext. Alter the Last Start Records. The Last Control of the Control of orthographic transfer and the state of the s The state of the second state of the second state of the second s and the state of the same of t The state of the s Control of the state of the sta "我们们是我们的时间,我们们的自己的时候,我们们的一个人,我们的一个人,我们们的一个人,我们们们的一个人。" the property of the same of th

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FM WARSAW 120750Z OCT

TO ROUTINE F C O

TELNO 703 OF 9TH OCTOBER 1981

AND TO ROUTINE WASHINGTON, MOSCOW, UKDEL NATO
AND UKDEL MADRID

VISIT OF THE FRENCH FOREIGN MINISTER.

- 1. M. CHEYSSON ARRIVED IN WARSAW YESTERDAY AND CALLED ON GENERAL JARUZELSKI AND PRESIDENT JABLONSKI. JARUZELSKI RENEWED HIS INVITATION TO M. MAUROY TO VISIT POLAND. CHEYSSON HELD SUBSTANTIVE TALKS WITH CZYREK ON INTERNATIONAL ISSUES AND BILATERAL COOPERATION. DUFOURCQ HELD SEPARATE TALKS WITH DOBROSIELSKI ON INTERNATIONAL TOPICS. UNUSALLY, M. CHEYSSON ALSO CALLED ON BISHOP DABROWSKI, THE SECRETARY OF THE POLISH EPISCOPATE.
- 2. AT AN OFFICIAL DINNER IN THE EVENING CZYREK AND M. CHEYSSON MADE SPEECHES, THE TEXTS OF WHICH HAVE BEEN PUBLISHED. CZYREK'S SPEECH CONCENTRATED ON INTERNATIONAL AFFAIRS AND THE ROLE OF FRANCO/POLISH RELATIONS WITHIN THEM. HE ALSO SAID THAT CHEYSSON HAD COME TO POLAND AT A PARTICULARLY DIFFICULT TIME IN ITS HISTORY AND THAT POLAND WAS GRATEFUL TO THOSE WESTERN NATIONS WHO HAD HELPED IT. POLAND VALUED PARTICULARLY HIGHLY THE FRENCH INTEREST IN THIS MATTER AND THE PERSONAL INTEREST THAT PRESIDENT MITTER AND HAD SHOWN IN POLISH AFFAIRS. THIS HAD LAID THE FOUNDATIONS FOR FRUITFUL CONTINUATION OF COOPERATION BETWEEN THE TWO COUNTRIES.
- 3. M. CHEYSSON'S REPLY WAS CAREFULLY JUDGED. AFTER REFERRING TO THE HISTORICAL GOOD RELATIONS BETWEEN FRANCE AND POLAND FROM THE 18TH CENTURY TO THE LAST WAR, HE SAID THAT IT WAS IMPORTANT THAT THE PRIVILEGED CHARACTER OF THESE RELATIONS HAD CONTINUED DESPITE THE GREAT DIVISION IN POST-WAR EUROPE. GOOD RELATIONS IN THE LAST DECADE WERE DUE MAINLY TO THE DIALOGUE AT THE HIGHEST LEVEL WHICH HAD BEEN BEGUN IN 1967 BY GENERAL DE GAULLE. THE DIALOGUE WAS BASED ON THE PLACE THAT BOTH COUNTRIES OCCUPIED IN THE INTERNATIONAL ARENA AND ON THE HELSINKI ACCORDS.

/ FRANCE

FRANCE COUNTED ON A SUCCESSFUL OUTCOME TO THE MADRID MEETING.

TURNING TO BILATERAL MATTERS, HE SAID THAT THE HELP THAT FRANCE

HAD GIVEN POLAND REFLECTED THE DEEP SYMPATHY OF ALL FRENCHMEN.

THEY FOLLOWED EVENTS IN POLAND WITH CONSIDERABLY INTEREST AND

REALISED THAT POLAND'S FATE WAS IN THE BALANCE. THEY SAW THE HOPE

OF A GREAT RENEWAL AND WERE PLEASED WHEN WORKING PEOPLE AND THE

GOVERNMENT JOINED TOGETHER IN ATTEMPTS TO RESURRECT THE ECONOMY.

THEY WERE PLEASED FOR EXAMPLE BY THIS YEAR'S GOOD HARVEST.

POLAND, HE CONTINUED, HAS THE RIGHT TO LIVE IN BETTER CONDITIONS

AND TO WORK OUT ITS FATE WITHOUT FOREIGN INTERFERENCE WHILST RESPECTING THE WORK OR ORDINARY PEOPLE.

4. THIS WILL BE MUSIC TO POLISH EARS, ESPECIALLY THE REFERENCE TO A CONTINUING DIALOGUE WITH FRANCE AT THE PRIME-MINISTERIAL AND PRESIDENTIAL LEVEL. THE LEADERSHIP WILL FIND IT A USEFUL COUNTER-POINT TO SOVIET AND EAST-EUROPEAN PRESSURE.

THIS TELEGRAM WAS NOT ADVANCED

JAMES

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POLAND SPECIAL

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OPIES TO:

PS/S OF S)
MR DICK) DOT

MR POWNALL)

(GT 137077 107)

PS/CHANCELLOR)
SIR K COUZENS) TREASURY

MISS BAKER)

MR HAWTIN)
MR MOUNTFIELD)

MR P J BULL BANK OF ENGLAND

MR G BREACH ECGD

RESTRICTED

Princepshippe per RESTRICTED GRS 350 RESTRICTED FM WARSAW Ø8151ØZ OCT TO IMMEDIATE F C O TELNO 695 OF 8TH OCTOBER 1981 INFO ROUTINE MOSCOW, WASHINGTON AND UKDEL NATO INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, MODUK, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS SOLIDARITY CONGRESS: 1. THE SOLIDARITY CONGRESS ENDED LATE ON 7 OCTOBER. THE FINAL DAY OF DEBATE SAW THE PASSAGE OF RESOLUTIONS ADOPTING THE UNION'S DRAFT PROGRAMME (TEXT BY SAVING TELEGRAM), A RESOLUTION ON DISCUSSIONS WITH THE GOVERNMENT OVER PRICE REFORMS WHICH CARRIES THE THREAT OF A NATIONAL TOKEN STRIKE AFTER 14 DAYS IF SOLIDARITY'S DEMANDS ARE NOT SATISFIED, AND THE CONCLUDING ROUND OF THE ELECTIONS. 2. THE FLURRY OF LAST MINUTE RESOLUTIONS ALSO INCLUDED CALLS FOR THE RELEASE OF POLITICAL PRISONERS, A VOTE OF THANKS FOR THE WORK OF KOR, RESOLUTIONS ON CONTACTS WITH FOREIGN TRADE UNIONS AND ON NATIONAL MINORITIES. THE FINAL SYMBOLIC RESOLUTION DECREES THE ADOPTION OF THE BANNER OF THE 1980 STRIKE COMMITTEE AS THE BANNER OF SOLIDARITY. THE CALL MADE AT THE FIRST ROUND OF THIS CONGRESS FOR FREE ELECTIONS TO LOCAL SELF-GOVERNMENT BODIES IS REITERATED.

3. THE FINAL ROUND OF ELECTIONS WAS FOR THE ONE OUTSTANDING SEAT ON THE NATIONAL COORDINATING COMMITTEE. IT WAS WON BY THE VICE-PRESIDENT, BOGDAN LIS. HE HAS HAD PARTICULAR DIFFICULTIES AS A RESULT OF HIS ASSOCIATION WITH THE SECRET PRICE NEGOTIATIONS IN JUNE. THE DELEGATES' ANTIPATHY TO THE ADVISERS CONTINUED TO THE END OF THE CONGRESS: GEREMEK, A MODERATE ACADEMIC, FAILED TO GET A SEAT ON THE NATIONAL COORDINATING COMMITTEE.

4. THE ATMOSPHERE AT THE CONGRESS REMAINED POPULIST AND FERVENT.
IT WAS NOTICEABLE THAT, WHILE JOURNALISTS AND OBERVERS HAD LOST
PATIENCE WITH THE APPARENTLY INTERMINABLE DEBATING AND POLITICKING
IN THE HALL, THE DELEGATES REMAINED ENTHUSIASTIC AND INVOLVED TO
THE END. THE GOVERNMENT AND PARTY WILL NOW BE WEIGHING THE
CONSEQUENCES OF THE CONGRESS AND THERE CONTINUES TO BE TALK OF A
CENTRAL COMMITTEE PLENUM THOUGH NO FORMAL ANNOUNCEMENT HAS YET
BEEN MADE. THE MAIN CRITICISM SO FAR IN THE PARTY PRESS HAS
PREDICTABLY BEEN DIRECTED AGAINST THE EXTREMISTS AND AGAINST
SOLIDARITY STRAYING OUTSIDE ITS LIMITS INTO POLITICS.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

[REPEATED AS REQUESTED]

JAMES

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FM MOSCOW 051417Z OCT

TO IMMEDIATE FCO

TELEGRAM NUMBER 620 OF 5 OCTOBER

INFO UKDEL MELBOURNE, WARSAW UKDEL NATO
SAVING WASHINGTON, PARIS, BONN, BELGRADE, HELSINKI, STOCKHOLM,

PRAGUE, SOFIA, BUDAPEST RND EAST BERLIN.

MYTELNO 619: POLAND

1. SOVIET MEDIA COVERAGE OF THE SOLIDARITY CONGRESS HAS BEEN HARSH IN TONE AND IMPLIES SOVIET RECOGNITION THAT THE PROSPECTS OF AN TUTCOME WHICH THE RUSSIANS WOULD FIND EASY TO TOLERATE ARE AT BEST DIM. THERE IS ALSO A CONTINUING THREAT OF INPLIED CRITICISM OF THE POLISH GOVERNMENT AND PARTY LEADERSHIP FOR THEIR INACTION IN THE FACE OF CLEAR AND PRESENT DANGER. THE SOVIET PRESS CLAIMS THAT SOLIDARITY IS ITSELF DIVIDED AND DOES NOT REPRESENT THE POLISH WORKING CLASS, VBUT THIS INTERPRETATION OF EVENTS IS PROBABLY INTENDED MORE FOR THE QUIDANCE OF SOVIET PUBLIC OPINION AND IS UNLIKZLY TO REPRESENT A REAL SOVIET ASSESSMENT THAT SOLIDARITY'S HOLD ON THE POLISH WORKING CLASS CAN EASILY BE DILUTE OR THAT THE ORGANISATION ITSELF WILL DISINTEGRATE.

- DESPATCHES FROM WARSAW. THE SOVIET LEADERSHIP WILL PRESUMABLY AWAIT THE FINAL GUTCOME OF THE CONGRESS BEFORE DECIDING HOW TO REACT BOTH IN WORD AND DEED. THERE HAS BEEN LITTLE OR NOTHING TO SHOW WHAT THEY MAY HOPE FOR OR FEAR FROM THE FORTHCOMING POLISH PLENUM BUT FHEIR PROSPECTS OF EXERTING A DECISIVE INFLUENCE ON THE SITUATION THROUGH THE POLISH PARTY MUST BE HEAVILY TEMPERED BY THE CONTINUING DEMONSTRATION OF WHAT MUST OFTEN APPEAR TO MOSCOW LIKE THE VIRTUAL IMPOTENCE OF THE POLISH AUTHORITIES WHEN FACED WITH RESOLUTE DEMANDS BY SOLIDARITY.
 - 3. THE HUMILIATION OF POLISH GOVERNMENT MINISTERS BY SOLIDARITY WILL HAVE FURTHER WEAKENED WHATEVER HOPES THEY MAY STILL HAVE THAT THE POLISH GOVERNMENT AND PARTY CAN MAKE THEIR WILL PREVAIL. THE RUSSIAN DILEMMA HAS HOWEVER BEEN MADE MORE DIFFICULT BY THE RENEWED PROSPECT OF SERIOUS TALKS WITH THE UNITED STATES, ABOUT WHICH BREZHNEV WAS RELATIVELY FORTHCOMING WHEN SPEAKING TO THE PRESIDENT OF MADAGASCAR (MY TEL NO 615). THERE IS NOW MORE AT STAKE FOR THEM IN EAST-WEST RELATIONS THAN AT ANY RECENT PERIOD: THE NEED FOR GRAIN IMPORTS AND THE CONCLUSION OF THE SIBERIAN PIPELINE DEAL, AS WELL AS THE BEGINNINGS OF A RESUMED DIALOGUE WITH THE US, ARE FACTORS WHICH WILL NOW HAVE TO BE WEIGHED IN DECIDING THE BALANCE OF POSSIBLE GAINS AND LOSSES FROM ANY FORWARD MOVE IN REGARD TO POLAND.

FCO PSE PASS ALL SAVING ADDRESSEES

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FM WARSAW 051605Z OCT

TO IMMEDIATE F C O

TELNO 689 OF 5TH OCTOBER 1981

INFO IMMEDIATE MELBOURNE (FOR PRIVATE SECRETARY), WASHINGTON AND UKDEL NATO.

INFO SAVING: MOSCOW, EAST BERLING, PRAGUE, BUDAPEST, PARIS. BONN, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK, UKREP BRUSSELS AND MODUK.

MY TELNO 688 : SOLIDARITY CONGRESS: CONFRONTATION WITH THE GOVERNMENT

- 1. WALESA'S ELECTION ENCOURAGED HOPES THAT THE CONGRESS WOULD PURSUE A MORE MODERATE PATH. THESE HOPES HAVE BEEN DASHED BY THE HANDLING OF THE COMPROMISE ON WORKERS SELF-MANAGEMENT AND BY THE GOVERNMENT'S PROPOSAL TO RAISE THE PRICES ON CIGARETTES.
- 2. THE VOTE ON WORKERS SELF-MANAGEMENT UNDOES THE COMPROMISE
 ACHIEVED BETWEN SOLIDARITY AND THE SEJM. THE CONGRESS RESOLUTION
 STATES THAT THE SEJM HAS IGNORED THE VIEWS EXPRESSED IN THE FIRST
 ROUND OF THE SOLIDARITY MEETING ON 8 SEPTEMBER. THE CONGRESS HAS
 THEREFORE VOTED TO HOLD A REFERENDUM ON THIS ISSUE AND SO SEEK
 CHANGES ON IMPORTANT ASPECTS OF THE COMPROMISE RELATING TO THE
 ELECTION OF DIRECTORS AND THE RIGHT OF THE STATE TO DEFINE THE
 ENTERPRISES' TASKS. TRYBUNA LUDU, THE GOVERNMENT PAPER, CRITICISED
 THE CONGRESS FOR THE WAY IN WHICH THE RESOLUTION WAS PASSED.
 IT SEEMS THAT THERE WAS A GREAT DEAL OF CONFUSION IN THE HALL AT
 THE TIME AND THERE MAY HAVE BEEN IRREGULARITIES. NEVERTHELESS SOME
 OF THE DELEGATES WERE DEEPLY DISSATISFIED WITH THE COMPROMISE
 AND WITH WHAT THEY REGARDED AS THE UNDEMOCRATIC AND HIGH-HANDED
 WAY IN WHICH THE LEADERSHIP HAD REACHED AGREEMENT WITH THE

3. GIVEN THE COMBUSTIBLE ATMOSPHERE OF THE CONGRESS, IT IS
ASTONISHING THAT THE GOVERNMENT SHOULD HAVE DECIDED TO EMBARK ON
A PICE RISE IN CIGARETTES WITHOUT ANY APPARENT PREPARATION OF
PUBLIC OPINION. AS RECENTLY AS 1 OCTOBER THE STATE PRICE COMMISSION
HAD ANNOUNCED THAT THERE WAS A DRAFT SCHEME TO INCREASE PRICES FOR
FUELS, ELECTRICITY, GAS, SUGAR, JAMS, STARCH, SALT AND MATCHES.
NO MENTION WAS MADE OF CIGARETTES. THE MINISTER RESPONSIBLE FOR
PRICES COMMENTED THAT ALL PRICE CHANGES WOULD BE SUBJECT TO
CONSULTATION WITH SOLIDARITY AND THE TRADE UNIONS. HE NOW CLAIMS
THAT HE DID CONSULT SOLIDARITY ABOUT CIGARETTE PRICE RISES AND
THAT RULEWSKI AND LIS HAD AGREED IN THE SUMMER NOT TO CHALLENGE
RISES IN CIGARETTE PRICES. SOLIDWRITY CLAIM HOWEVER THAT, ALTHOUGH
CONSULTED ON THE PRINCIPLE, THEY WERE NOT CONSULTED AS THEY
EXPECTED TO BE ON THE TIMING OR THE DETAILS.

4. THE GOVERNMENT SEEM TO HAVE ADDED TO THEIR OWN BLUNDERS BY DESPATCHING THE CHAIRMAN OF THE STATE PRICE COMMISSION AND THE MINISTER OF FINANCE, TO EXPLAIN THEMSELVES TO AN ANGRY SOLIDARITY CONGRESS. THEY WERE GIVEN A ROUGH TIME AND TOLD TO GO AWAY AND SEEK AN ANNULMENT OF THE RISES FROM THE PRIME MINISTER. ACCORDING TO JOURNALISTS WHO WERE THERE, THE MOOD OF THE CONGRESS AT THAT MOMENT BECAME VERY UGLY AND SEEMS TO HAVE COMPELLED WALESA TO ADOPT AN UNCOMPROMISING NEGOTIATING STANCE. THE ROW HAS NOW ACQUIRED THE PROPORTIONS OF A TEST OF STRENGTH FOR BOTH SIDES. IF THE GOVERNMENT BACKS DOWN. IT WILL SHOW HOW VERY WEAK IT HAS BECOME AND THAT IT CANNOT DO ANYTHING WITHOUT SOLIDARITY'S APPROVAL. IT MAY BE POSSIBLE TO FUDGE SOME SORT OF COMPROMISE BUT ONCE AGAIN THIS INCIDENT REVEALS THE DISINTEGRATION OF AUTHORITY IN THE COUNTRY AND THE REALITY OF POWER WHICH NOW RESTS WITH SOLIDARITY. WHATEVER THE MERITS OF THE CASE, THE GOVERNMENT WAS INEPT TO ENGAGE IN A TRIAL OF STRENGTH ON GROUND WHICH WAS NOT ESSENTIAL TO ITS ECONOMIC PLANS AND WHERE PUBLIC OPINION WAS SO EASILY INFLAMED. SMOKING IS ONE OF THE RARE COMFORTS LEFT TO A POLE.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

pr. Porland GR 400 RESTRICTED RESTRICTED FM WARSAW 291525Z SEP TO IMMEDIATE F C O TELNO 676 OF 29TH SEPTEMBER 1981 AND TO IMMEDIATE UKDEL MELBOURNE (FOR PRIVATE SECRETARY) INFO ROUTINE: MOSCOW, WASHINGTON AND UKDEL NATO. INFO SAVING: EAST BERLIN, PRAGUE, BUCHAREST, BUDAPEST, SOFIA, BELGRADE, PARIS, BONN, MODUK, UKREP BRUSSELS, HELSINKI AND STOCKHOLM. SOLIDARITY CONGRESS: THIRD DAY. 1. THE MOST SPECTACULAR EVENT OF THE THIRD DAY WAS THE PUBLIC DISSOLUTION OF KOR, IT WAS PROCLAIMED BY ONE OF ITS LEADERS, THE 93 YEAR OLD PROFESSOR LIPINSKI, ON THE GROUNDS THAT SOLIDARITY HAD NOW ACHIEVED THE AIMS SET FOR ITSELF AND KOR AT ITS FOUNDATION. LIPINSKI LAUNCHED A FIERCE ATTACK ON THE GOVERNMENT, DESCRIBING ITS BRAND OF SOCIALISM AS "ANTI-SOCIALIST" AND CRITICISING THE FASCIST APPEARANCE OF SOME OFFICIAL PRESS ORGANISATIONS. 2. THE BULK OF THE DAY WAS TAKEN UP WITH THE FIRST READING OF THE UNION'S ELECTORAL REGULATIONS. ONCE THESE HAVE BEEN APPROVED, THE UNION IS EXPECTED TO ELECT ITS OFFICERS, POSSIBLY TODAY, BEFORE PASSING TO CONSIDERATION OF RESOLUTIONS, DISCUSSION OF THE UNION'S DRAFT PROGRAMME (TEXT IN MY SAVING TELNO Ø11) IS ALSO EXPECTED TO BEGIN TODAY. 3. OTHER SUBJECTS THAT AROSE AT THE CONGRESS ON 28 SEPTEMBER INCLUDED A REPORT FROM A REPRESENTATIVE OF SOLIDARITY AT THE SZCZYGLOWICE COAL MINE ON THE STRIKE THAT CONTINUES THERE AND A REQUEST FOR SUPPORT FROM THE FOUNDING MEMBERS OF A SOLIDARITY UNION IN THE POLICE FORCE (MO). THE CONGRESS STILL HAS FORMALLY TO APPROVE THE PRAESIDIUM'S COMPROMISE STANCE ON WORKERS' SELF-MANAGEMENT. 4. OFFICIAL COMMENT ON THE CONGRESS HAS BEEN GENERALLY NEGATIVE. THE PARTY PRESS HAS HIGHLIGHTED KOR'S PUBLIC DISSOLUTION. REPORTS HAVE, SOMEWHAT DISTURBINGLY, STRESSED THE DEGREE OF SUPPORT FOR KOR AT THE CONGRESS. TRYBUNA LUDU COMMENTED THAT "THE MORE AGGRESSIVE STATEMENTS (OF LIPINSKI) TOWARDS THE AUTHORITIES WERE GREETED BY THE FLOOR WITH HURRAHS". THE GENERAL LINE IS TO LAY STRESS ON THE IRRESPONSIBILITY OF THE DELEGATES AND THE FLOWERING OF IDEAS WHICH ARE ANTI-SOCIALIST, EVEN CAPITALIST. RESTRICTED

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5. IF THE AUTHORITIES SO WISH, THEY WILL BE ABLE TO LAUNCH A SIMILAR ATTACK ON SOLIDARITY'S 34 POINT PROGRAMME. TWO THIRDS OF THE PROGRAMME REFLECTS SOLIDARITY'S TRADE UNION CONCERNS. BUT THERE ARE OTHER POINTS - AMONG THEM CALLS FOR PLURALISM, A SECOND PARLIAMENTARY CHAMBER AND FREEDOM OF CONSCIENCE AND THE PRESS THAT CAN BE PORTRAYED AS POLITICAL. THE BULK OF THE PROGRAMME DOES, HOWEVER, HOLD OUT THE POSSIBILITY OF CONTINUED GOVERNMENT/SOLIDARITY COOPERATION IF THE GOVT WISH TO SEIZE IT.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

[COPIES SENT TO NO 10 DOWNING ST] POLAND SPECIAL COPIES TO: STANDARD PS/S OF S MR DICK DOT EESD MR POWNALL CSCE UNIT CONS D PS/CHANCELLOR) CONS EM UNIT SIR K COUZENS TREASURY NAD MISS BAKER SED MR HAWTIN WED MR MOUNTFIELD) ECD(E) ESID MR P J BULL BANK OF ENGLAND TRED MR G BREACH ECGD ERD SECURITY D . 2 PASSED AS REQUESTED OLA CABINET OFFICE

SAVING TELEGRAM UNCLASSIFIED FROM WARSALL Addressed to FCO SAVINGRAM No 11 of 29 September 1981 repeated for information SAVING to Moscow, Budapest, East Berlin, Prague, Paris, Bonn, Washington, UKDEL NATO, Sofia, Bucharest, Belgrade, Helsinki, Stockholm, UKMIS New York, UKREP Brussels, Moduk MY TELNO 676: DRAFT SOLIDARITY PROGRAMME OF ACTION - PROPOSALS We demand the introduction of a self-governing and democratic reform at all levels of administration, a new socio-economic order which will link the plan, self-government and the market. The approaching winter demands energetic emergency measures the union proclaims a state of readiness of people of goodwill. Defence of the standard of living of working people demands collective opposition to the fall in production. The union expresses its agreement to a gradual return to a balanced market only in the framework of the anti-crisis programme and with unconditional defence for the weakest groups of the population. Taking account of everyone, the union extends special defence to the poorest. The right to work must be respected and the system of payments requires reform. 7. Food supplies are to-day the most important subject; ration cards must be fully honoured, distribution must be subject to social control. The struggle against the crisis and economic reform must be undertaken under social control. The union intends to address itself to the subject of meeting the requirements of the immediate environment, which have been aroused under social protest initiatives. The union will undertake action against unjust inequalities and inappropriate privileges. 11. The union will defend the right of families to meet their basic needs and to develop with a sense of security. The union will defend the rights of elderly and disabled people. 12. The union will enforce the right to work conditions which are safe and do not harm the health. /14. - 1 -

The defence of health is an area of special interest to the union in the face of the biological threat to the nation. The union will fight for effective defence of the human environment. 16. The union recognises the right to one's own home as one of the basic rights of man and will participate in the creation of a just housing policy. 17. The union will help to create the conditions for participation in culture and it will also act to ensure for every worker the appropriate quantity of free time and the possibility to take advantage of it. 18. Pluralism of socio-political and cultural outlook should be the basis of democracy in a self-governing Republic. 19. Workers self-government is the basic element of a self-governing Republic. Legally, organisationally, financially and territorially independent self-government (organs) must be genuine representatives of local society. The development of self-government demands the creation of a second chamber in the Seim, with a socio-economic character. The legal system must guarantee freedom of the citizen and universal equality before the law. The courts must be independent and the law and order apparatus must be submitted to social control. 24. No-one may be persecuted for his beliefs, or forced to take actions which are not in accordance with his conscience. 25. Persons guilty of crimes against society must bear full responsibility. 26. Culture and education are the business of the whole of society. They need help and attention from the side of the union. 27. The union will support and defend all activities independent of the state which lead towards self-government in culture and national education. 28. The truths about our past and present are the basis for national unity and awareness. The mass media must be credible, self-governed and subject to social control. 30. The members of our union have the right to unhindered expression of opinion and will as well as to free organisation of themselves for the realisation of common goals. /31. - 2 -

31. The decisions and actions of all union branches must be based on genuine knowledge of the opinion and will of members of the union. 32. The basic means for meeting the interests of the members of the unions as workers and citizens are agreements and understandings. and when these fail - protest actions. 33. Control and criticism of union organisations are the right and duty of every member of Solidarity. 34. Solidarity demands a new social agreement. JAMES [COPIES SENT TO NO 10 DOWNING ST] POLAND SPECIAL COPIES TO: STANDARD PS/S OF S MR DICK DOT EESD MR POWNALL CSCE UNIT CONS D PS/CHANCELLOR CONS EM UNIT SIR K COUZENS TREASURY NAD MISS BAKER SED MR HAWTIN WED-MR MOUNTFIELD ECD(E) ESID MR P J BULL BANK OF ENGLAND TRED MR G BREACH ERD SECURITY D OLA CABINET OFFICE - 3 -

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FM WARSAW 281310Z SEP

TO PRIORITY F C O

TELNO 672 OF 28TH SEPTEMBER 1981

AND TO WELLINGTON (PRIVATE SECRETARY)

ROUTINE: MOSCOW, WASHINGTON AND UKDEL NATO.

INFO SAVING: EAST BERLIN, BUDAPEST, PRAGUE, PARIS, BONN,

SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW

YORK, UKREP BRUSSELS, HOLY SEE AND MODUK

CALL ON PRIMATE OF POLAND.

- 1. I CALLED ON ARCHBISHOP GLEMP TODAY. (I WAS ACCOMPANIED BY CANON MOSSMAN, THE VISITING EMBASSY CHAPLAIN, WHO WAS DELIVERING A MESSAGE FROM THE ARCHBISHOP OF CANTERBURY.)
- 2. ARCHBISHOP GLEMP SAID THAT THE MAIN PROBLEM WAS THE ABYSS BETWEEN THE GOVERNMENT AND THE PEOPLE. THE PEOPLE HAD NO CONFIDENCE IN THE GOVERNMENT AT PRESENT. THE CHURCH WAS BRINGING ALL THE PRESSURE IT COULD ON SOLIDARITY AND ON THE GOVERNMENT TO BE MODERATE. HE THOUGHT THE MODERATES WOULD PREVAIL IN SOLIDARITY AND THAT WALESA WOULD BE ELECTED PRESIDENT. WALESA WAS THE MOST REALISTIC AND MODERATE LEADER THE UNION COULD HAVE. HE WAS CLOSE TO THE CHURCH AND WOULD DEAL WITH THE GOVERNMENT.
- 3. RAKOWSKI'S SPEECH LAST WEEK CRITICISING SOLIDARITY HAD BEEN A GREAT MISTAKE. HE DISMISSED RAKOWSKI AS A BUMPED-UP JOURNALIST WHO, WHEN THE PRESSURE WAS ON, RESORTED TO PHRASES. HE SAID HE LIKED TO THINK THAT THE CHURCH HAD PLAYED A ROLE IN THE MODERATING SPEECH OF OLSZOWSKI. THEY HAD CERTAINLY DONE THEIR BEST TO SEE THAT THE GOVERNMENT ISSUED A STATEMENT ALONG THESE LINES. (WE HAVE HEARD FROM OTHER GOOD SOURCES THAT A MEETING TOOK PLACE ON 17 SEPTEMBER BETWEEN THE ARCHBISHOP, CARDINAL MACHASKI, KANIA, BARCIKOWSKI AND JARUZELSKI, AT WHICH GLEMP MADE CLEAR THE CHURCH'S VIEW THAT ACCOMMODATION WITH SOLIDARITY WAS THE ONLY WAY FORWARD.)

4. I ASKED ARCHBISHOP GLEMP WHETHER HE THOUGHT THERE WAS ANY LIKELIHOOD OF A CHANGE IN THE PARTY OR GOVERNMENT LEADERSHIP. HE SAID THAT THIS WAS ALWAYS POSSIBLE. HE HAD A HUNCH THAT KANIA WAS STILL THE BEST MAN ALL ROUND. HE WAS A MAN OF THE CENTRE AND HAD NAVIGATED THE TRICKY WATERS OF THE POLISH CRISIS WITH SOME SKILL. HE WONDERED WHETHER JARUZELSKI WOULD LAST AND WHETHER OLSZOWSKI MIGHT TAKE HIS PLACE.

5. THE ARCHBISHOP SAID HE WAS VERY WORRIED BY THE PRESENT CRISIS BUT HIS JUDGEMENTS WERE DELIVERED QUICKLY AND DECISIVELY. HE HAS GAINED IN AUTHORITY.

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THIS TELEGRAM
WAS NOT
ADVANCED

(REPEATED AS REQUESTED)

POLAND SPECIAL	[COPIES SENT TO NO 10 DOWNING ST] COPIES TO:
STANDARD	PS/S OF S) MR DICK) DOT
EESD CSCE UNIT	MR POWNALL)
CONS D CONS EM UNIT	PS/CHANCELLOR) SIR K COUZENS) TREASURY
NAD SED	MISS BAKER)
WED ECD(E)	MR HAWIIN) MR MOUNTFIELD)
ESID	MR P J BUIL BANK OF ENGLAND
TRED ERD	MR G BREACH ECGD
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FM WARSAW 280815Z SEP

TO PRIORITY F C O

TELNO 671 OF 28TH SEPTEMBER 1981

AND TO PRIORITY WELLINGTON (FOR PRIVATE SECRETARY),
ROUTINE: MOSCOW, WASHINGTON AND UKDEL NATO

SAVING: EAST BERLIN, PRAGUE, BUDAPEST, BUCHAREST, SOFIA, BELGRADE, BONN, PARIS, HELSINKI, STOCKHOLM, MODUK AND UKREP BRUSSELS.

THE SEJM SESSION:

THE TWO-DAY PARLIAMENTARY SESSION ENDED ON THE AFTERNOON OF SEPT 25. APART FROM THE SPEECH BY JARUZELSK! (MY TELNO 668), THE MAIN ISSUES DISCUSSED WERE THE TWO BILLS ON WORKERS SELF-MANAGEMENT AND STATE ENTERPRISES. BOTH WERE PASSED UNANIMOUSLY. THE SIGNIFICANCE OF THIS IS THAT THE POSITIONS NOW ADOPTED BY THE SEJM AND THEREFORE ACCEPTABLE TO THE GOVT, ARE CLOSE TO THE COMPROMISE PROPOSALS OF SOLIDARITY. THIS WOULD HAVE A MODERATING INFLUENCE ON THE CONGRESS.

2. THE SEJM ALSO APPOINTED A COMMISSION ON WORKERS SELF-MANAGEMENT.
THIS COULD BE A USEFUL STEP MAINTAINING A DIALOGUE WITH
SOLIDARITY AWAY FROM THE PUBLIC GAZE, OVER THE PRACTICAL
CONSEQUENCES OF WORKERS SELF-MANAGEMENT.

3. THE SEJM ALSO VOTED A RESOLUTION UNANIMOUSLY SUPPORTING THE POLICIES OUTLINED BY JARUZELSKI.

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RESTRICTED RESTRICTED FM WARSAW 281540Z SEP TO IMMEDIATE F C O TELNO 673 OF 28TH SEPTEMBER 1981 AND TO IMMEDIATE WELLINGTON (FOR PRIVATE SECRETARY) INFO ROUTINE MOSCOW, WASHINGTON AND UKDEL NATO.

GRS 650

INFO SAVING: EAST BERLIN, BUDAPEST, PRAGUE, PARIS, BONN, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK, . UKREP BRUSSELS AND MODUK.

Ly [PASSED By COD]

SOLIDARITY CONGRESS: VISIT OF MR LEN MURRAY AND MR DRAIN.

- 1. I WAS ABLE TO SEE MR LEN MURRAY AND MR DRAIN ON THEIR WAY THROUGH WARSAW TODAY AFTER THEIR ATTENDANCE AT THE OPENING DAYS OF THE SOLIDARITY CONGRESS. I ASKED MR MURRAY FOR HIS IMPRESSIONS.
- 2. HE SAID THAT SOLIDARITY HAD LOOKED AFTER THEM VERY WELL INDEED. THE CONGRESS HAD BEEN RATHER BETTER ORGANISED THAN HE HAD BEEN LED TO EXPECT, EG FIRM CHAIRMANSHIP AND WITH CONTINUOUS TRANSLATION INTO ENGLISH. IT WAS A DIFFICULT TASK TO MANAGE A CONFERENCE OF A THOUSAND DELEGATES.
- 3. ON WORKER SELF-MANAGEMENT HE THOUGHT THAT THE MODERATE SOLUTION PROPOSED BY THE LEADERSHIP AND AGREED WITH THE SEJM WOULD PROBABLY BE ACCEPTED BY THE CONGRESS. BUT THE LEADERSHIP HAD BEEN CRITICISED FOR REACHING THIS COMPROMISE WITH THE GOVERNMENT WITHOUT PROPERLY CONSULTING THE RANK AND FILE AT THE REGIONAL LEVEL. THERE WAS ALSO MUCH CRITICISM OF THE FACT THAT ONLY FOUR MEMBERS OF THE PRAESIDIUM HAD BEEN PRESENT WHEN THE COMPROMISE WORDING WAS AGREED. WALESA WAS ATTACKED FOR HIS ABSENCE BUT SAID THAT HE HAD BEEN ILL. MR MURRAY CITED THIS AS AN EXAMPLE OF THE INSISTENCE OF SOLIDARITY MEMBERSHIP ON THE CONTINUING NEED FOR DEMOCRATIC PROCEDURES AND FULL CONSULTATION.
- 4. HE WAS IMPRESSED BY WALESA'S REPUTATION AS A SEASONED AND WILY NEGOTIATOR WITH A LONG EXPERIENCE OF UNION ACTIVITY AND WITH THE ADDED WEIGHT OF HIS CATHOLIC FAITH AND HIS PERSONAL LINKS WITH THE CHURCH. I SAID THAT IT WAS WIDELY ASSUMED THAT WALESA WOULD BE ELECTED PRESIDENT OF SOLIDARITY THOUGH THERE WAS SOME OPPOSITION TO HIM FOR BEING TOO READY TO COMPROMISE" MR MURRAY AGREED THAT WALESA WOULD PROBABLY WIN THE ELECTION BOTH BECAUSE OF HIS POSITION AND PERSONALITY AND BECAUSE THERE WAS NO OBVIOUS RIVAL IN SIGHT.
- 5. MR MURRAY SAID THAT IN HIS VIEW THE MOST IMPORTANT PROBLEM AT GDANSK WAS NOT ANY ONE ISSUE, SUCH AS SELF-MANAGEMENT, BUT THE DIFFICULTY OF RECONCILING THE VIEW OF MANY PEOPLE IN SOLIDARITY THAT THERE SHOULD BE NO AGREEMENT WITH THE GOVERNMENT,

IN WHOM THEY HAD LOST CONFIDENCE, AND SOLIDARITY LEADERSHIP'S
VIEW THAT A DIALOGUE BETWEEN SOLIDARITY AND THE GOVERNMENT SHOULD
BE MAINTAINED. IF THE MODERATE ELEMENTS WIN THIS ARGUMENT, IT
WOULD BE A HOPEFUL SIGN FOR WORKING OUT SOLUTIONS WHICH WOULD
EVENTUALLY LEAD TO A MORE DEMOCRATIC POLAND. (WE UNDERSTAND THAT
MR MURRAY EMPHASISED THE IMPORTANCE OF MAINTAINING A DIALOGUE
BETWEEN THE TRADE UNIONS AND GOVT, IN HIS 'FRATERNAL' SPEECH).
BUT HE AGREED THAT THERE WAS A REAL RISK OF INCIDENTS WHICH
COULD FLARE UP EITHER BY ACCIDENT OR BY PROVOCATION. THE PROBLEM
WAS THAT SOLIDARITY WAS A REAL POLITICAL FORCE, HAVING TO
DISGUISE THE FACT IN ORDER TO PROP UP A WEAK GOVERNMENT IN
WHICH THE PEOPLE HAD LOST FAITH.

6. I ASKED HIM WHETHER HE THOUGHT THERE WAS ANY CHANCE OF SOLIDARITY BREAKING UP. HE SAID THAT IT SEEMED TO HAVE A REASONABLE ORGANISATION AND CHAIN OF COMMAND ALTHOUGH IN A LARGE MOVEMENT OF THIS KIND THERE WOULD INEVITABLY BE SPLINTER GROUPS. HE THOUGHT THAT SOLIDARITY MIGHT THEREFORE FRAY AT THE EDGES, PERHAPS JETTISONING SOME EXTREMIST ELEMENTS, BUT THAT THE CENTRE WOULD HOLD.

7. SOLIDARITY HAD ASKED THE TUC FOR HELP IN THE TRAINING FIELD,
PARTICULARLY OVER SAFETY MEASURES IN FACTORIES. MR MURRAY
THOUGHT THE TUC MIGHT AGREE TO SEND ONE OR TWO EXPERTS TO POLAND.

8. IN GENERAL I HAD THE IMPRESSION THAT MR MURRAY WAS AGREEABLY SURPRISED BY THE SERIOUSNESS AND ORGANISATIONAL STRENGTH OF SOLIDARITY AND BELIEVED THAT WITH A GOOD DEAL OF LUCK AND NO SOVIET INTERVENTION THE PROCESS OF SEEKING MODERATE SOLUTIONS COULD CONTINUE.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES (REPEATED AS REQUESTED)

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CONFIDENTIAL

FM WARSAW Ø6Ø73ØZ OCT

TO PRIORITY F C 0

TELNO 69Ø OF 5TH OCTOBER 1981

INFO ROUTINE PARIS, BONN, WASHINGTON, VIENNA, ROME, BERNE,

POLAND: FINANCIAL SITUATION.

UKREP BRUSSELS

1. KARCZ, WHO HAS BEEN OUT OF WARSAW ALMOST CONTINUALLY SINCE HIS RETURN FROM LEAVE IN SEPTEMBER, TOLD MY COMMERCIAL COUNSELLOR TODAY THAT THE STRUGGLE TO SECURE AGREEMENT WITH THE COMMERCIAL BANKS RECORDED IN LAST WEEK'S FINANCIAL TIMES WAS EVEN MORE DRAMATIC THAN HAD APPEARED IN SOME ACCOUNTS. THE TWO SIDES COULD NOT AGREE IN VIENNA AND KARCZ HAD RETURNED TO WARSAW TO BE FOLLOWED THE NEXT DAY BY THE BANKERS IN A PRIVATE PLANE. THE FINAL AGREEMENT WAS INITIALLED IN WILANOW OUTSIDE WARSAW, ALTHOUGH BOTH SIDES HAD AGREED THAT THE PRESS WOULD BE TOLD THAT EVERYTHING HAD TAKEN PLACE IN VIENNA. KARCZ SAID THAT THE TERMS WERE AS REASONABLE AS COULD BE EXPECTED IN THE CIRCUMSTANCES. THE BANKERS HAD BEEN VERY TOUGH AND HAD INSISTED, FOR EXAMPLE, THAT KARCZ HAD TO SIGN ON BEHALF OF THE POLISH GOVERNMENT IN ADDITION TO THE BANK HANDLOWY SIGNATURES. THE MOST IMPORTANT CONCESSION WAS TO DELAY PAYMENT OF THE 5% OF PRINCIPAL INTO THE SECOND, THIRD AND FOURTH QUARTERS OF 1982.

2. KARCZ THEN SAID THAT HE HAD NOT BEEN IN PARIS HIMSELF FOR THE SEPTEMBER MEETING OF THE TASK FORCE AND FOUND IT DIFFICULT TO UNDERSTAND WHY MEISSNER HAD SPOKEN AS HE DID. IN BONN LAST WEEK KUHN HAD TOLD KARCZ THAT THE GERMANS HAD BEEN SURPRISED BY MEISSNER'S AGGRESSIVE WORDS. WHEN MELHUISH SUGGESTED THAT MEISSNER WAS PRESUMABLY SEEKING TO PRESS HOME GOVERNMENTS' DETERMINATION TO INSIST ON PARITY OF TREATMENT WITH COMMERCIAL BANKS, KARCZ SAID THAT THIS WAS UNDERSTANDABLE BUT THAT THE ADJECTIVE ''SAME'' HAD BEEN CHANGED IN THE NEGOTIATIONS LEADING TO THE PARIS AGREEMENT IN APRIL TO '' COMPARABLE''. KARCZ CLAIMED THAT THERE WAS NO CHANCE OF SECURING BETTER TERMS IN VIENNA. POLAND HAD EFFECTIVELY SECURED 100% RESCHEDULING OF PRINCIPAL THIS YEAR AND IT WAS TOTALLY UNREALISTIC TO EXPECT COMMERCIAL BANKERS TO CONCEDE ABANDONING INTEREST. KARCZ KNEW OF NO POSTWAR INTERNATIONAL FINANCIAL AGREEMENT WHERE COMMERCIAL BANKERS HAD AGREED TO RESCHEDULE INTEREST EXCEPT WHERE A MORATORIUM HAD BEEN DECLARED. MOREOVER, IN MOST WESTERN COUNTRIES, A COMMERCIAL BANK RECEIVING NO INTEREST ON A RESCHEDULED DEBT WAS OBLIGED TO WRITE OFF THAT TRANSACTION AS A LOSS AND TO REPORT IT TO THE NATIONAL BANKING CONTROL.

IN REPLY TO A QUESTION ABOUT POSSIBLE PAYMENTS OF LARGE SUMS OF INTEREST, KARCZ SAID THAT HE DID NOT ANTICIPATE ANY SPECIAL DIFFICULTY. ALTHOUGH THE AGREEMENT INITIALLED LAST WEEK ENVISAGED THE IMPLEMENTATION OF SUBSEQUENT BILATERAL AGREEMENTS BY 100 DECEMBER, BANK HANDLOWY HAD ALREADY BEEN PAYING BACK INTEREST TO THE COMMERCIAL BANKS ON A REGULAR BASIS SINCE MARCH, KARCZ ESTIMATED THAT THERE WAS PROBABLY A TWO MONTH DELAY ON PAYMENTS BUT THAT THE COMMERCIAL BANKERS WOULD ALLOW THIS SORT OF GAP TO CONTINUE.

3. WHEN ASKED ABOUT THE TASK FORCE MEETING WHICH WAS SCHEDULED TO TAKE PLACE NEXT WEEK, KARCZ SAID THAT THE POLISH SIDE HAD NOT BEEN ABLE TO GET ALL THE REVISIONS COMPLETED IN TIME TO SEND A CLEAN TEXT TO PARIS BY 5 OCTOBER. HE WAS CONFIDENT THAT IT WOULD BE READY BY THIS FRIDAY BUT, IF THE TASK FORCE NEEDED TEN DAYS TO STUDY IT, THEY MIGHT HAVE TO PUT OFF THE WARSAW MEETING BY ABOUT A WEEK. KARCZ SAID HE WOULD BE IN TOUCH WITH THE FRENCH GOVERNMENT ON THIS QUESTION. MELHUISH OFFERED THE USE OF OUR BAG TO GET THE REVISED TEXT TO MOUNTFIELD.

4. KARCZ WAS IN A SOMBRE MOOD AND MORE PESSIMISTIC THAN IN THE PAST. HE WAS INCLINED TO BLAME COMMERCIAL BANKERS (BUT SPECIFICALLY NOT THE BRITISH BANKERS) FOR THE SLOW PROGRESS. BUT HE ALSO REALISED THAT HIS OWN AND HIS GOVERNMENT'S TASK IN NEGOTIATING FURTHER RESCHEDULING HAS BEEN MADE MORE DIFFICULT BY THE CONTINUED DETERIORATION OF THE POLISH ECONOMY AND THE EVIDENCE OF CONFRONTATION BETWEEN SOLIDARITY AND THE GOVERNMENT.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 601 OF 26 SEPTEMBER

INFO WARSAW, UKDEL NATO, WELLINGTON (FOR PRIVATE SECRETARY)

SAVING FOR INFO WASHINGTON

WARSAW TELEGRAMS NO 668 AND 669 : POLAND

- 1. PRAVDA OF 26 SEPTEMBER INCLUDED EXTENSIVE EXTRACTS FROM JARUZELSKI'S SPEECH OF 25 SEPTEMBER BEFORE THE SEJM. THE REPORT OMITTED REFERENCES SUCH AS THAT TO SOLIDARITY AS A "GREAT MOVEMENT", AND EMPHASIZED THE GRAVITY OF POLAND'S ECONOMIC AND POLITICAL SITUATION. PRAVDA NEVERTHELESS ALSO QUOTED JARUZELSKI AS AWAITING AN ANSWER FROM SOLIDARITY'S LEADERS ON WHETHER THEY WERE PREPARED TO CHANGE THE LINE ADOPTED AT THE FIRST SESSION OF THEIR CONGRESS AND FULFIL THEIR OBLIGATIONS UNDER THE 1980 AGREEMENTS. POLAND'S FATE WOULD DEPEND ON THEIR ABJURING A GRAB FOR POWER, REJECTING EXTREMISM. AND COOPERATING IN THE GOVERNMENT'S PLANS FOR ECONOMIC REFORM AND RECONSTRUCTION. THEY HAD ALSO TO RESPECT POLAND'S ALLIANCES. ON SUCH A BASIS MUTUAL UNDERSTANDING WAS POSSIBLE. IN DIFFICULTY TIMES EXTREME MEASURES HAD TO BE USED. HE APPEALED FOR UNDERSTANDING OF THE GOVERNMENT'S EFFORTS TO PRESERVE ORDER, IN WHICH THE AUTHORITIES WOULD BE SUPPORTED BY MILITARY UNITS. THERE HAD TO BE AN END TO DISORDER, INCLUDING ANTI-SOVIET INCIDENTS
- 2. THE FACT THAT THE RUSSIANS HAVE ACQUIESCED IN AT LEAST THE START OF THE SECOND STAGE OF THE SOLIDARITY CONGRESS AND HAVE SO QUICKLY REPORTED JARUZELSKI'S SPEECH TENDS TO CONFIRM THAT, PESSIMISTIC THOUGH THEIR LONGER TERM ASSESSMENT DOUBTLESS IS, THEY ARE STILL KEEPING ALL OPTIONS OPEN UNTIL THEY HAVE HAD TIME TO CONSIDER HOW THE CONGRESS AS A WHOLE EMERGES. FCO PSE PASS SAVING TO WASHINGTON.

[COPIES SENT TO NO 10 DOWNING ST] POLAND SPECIAL COPIES TO: REPEATED STANDARD PS/S OF S REQUESTED DOT MR DICK EESD MR POWNALL CSCE UNIT CONS D PS/CHANCELLOR) CONS EM UNIT SIR K COUZENS TREASURY NAD MISS BAKER SED MR HAWTIN WED MR MOUNTFIELD) ECD(E) ESID MR P J BULL BANK OF ENGLAND TRED MR G BREACH ECGD ERD SECURITY D OLA CABINET OFFICE

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TELNO 669 OF 25TH SEPTEMBER 1981

AND TO PRIORITY WELLINGTON (FOR PRIVATE SECRETARY)

INFO ROUTINE: MOSCOW, EAST BERLIN, BUDAPEST, PRAGUE, PARIS,
BONN, WASHINGTON, UKDEL NATO AND MODUK

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

THE FORTHCOMING SOLIDARITY CONGRESS.

- 1. I THOUGHT YOU MIGHT LIKE TO HAVE SOME THOUGHTS, INEVITABLY SPECULATIVE, ON THE WAY THE CONGRESS AND THE PRESENT POLISH SITUATION MIGHT DEVELOP.
- 2. THERE ARE VARIOUS PRESSURES ON SOLIDARITY TO BEHAVE MODERATELY AT THE NEXT CONGRESS: THE SOVIET MESSAGES, THE MODERATION OF THE POLISH LEADERSHIP, THE CHURCH (INCLUDING POSSIBLY SOME INTER-VENTION BY THE POPE). A PART OF ITS OWN MEMBERSHIP. UNDERLYING THE PRESENT CRISIS, A DIALOGUE STILL CONTINUES BETWEEN MHE SEJM AND SOLIDARITY AND IT WAS THIS THAT PRODUCED THE COMPROMISE ON WORKER SELF-MANAGEMENT. BUT ALREADY ELEMENTS IN SOLIDARITY ARE DENOUNCING THE COMPROMISE. AND IT IS BY NO MEANS CERTAIN THAT IF SOLIDARITY'S LEADERSHIP WERE TO SEEK ENDORSEMENT FOR THEIR MODERATE POSITION ON THE FLOOR OF THE CONGRESS, THEY WOULD WIN THE DAY. THE SOCIAL FORCES WHICH NOW MARCH UNDER THE BANNER OF SOLIDARITY STRETCH FROM THOSE WHO WISH TO OVERTHROW THE SYSTEM AND ITS ALLIANCES TO THOSE WHO WISH TO EFFECT DEEP CHANGES IN THE ECOMOMIC AND SOCIAL FABRIC OF POLAND. BUT EVEN IF THE MODERATES LIKE WALESA ARE MORE OR LESS ACCEPTABLE TO THE POLISH GOVERNMENT IN ITS PRESENT STATE OF WEAKNESS, THEY REMAIN ANATHEMA TO THE SOVIET UNION, IT IS THUS SURPRISING THAT GENERAL JARUZELSKI SHOULD HAVE YESTERDAY MADE A SPEECH IN WHICH HE FULLY RECOGNISED THE STRENGTH OF 'THIS GREAT MOVEMENT" WHILE CONDEMNING EXTREMISTS LIKE KOR. THIS TYPE OF STUDIOUSLY MODERATE LANGUAGE MUST MAKE THE RUSSIANS LIVID.
- 3. CAN THE POLISH GOVERNMENT ACT AGAINST SOLIDARITY OR ELEMENTS OF SOVERITY? WOULD THEY BE ABLE, FOR EXAMPLE, TO ROUND UP KOR AND PUT THEM BEHIND BARS? WHEN THIS QUESTION WAS RAISED YESTERDAY AMONG THE NATO AMBASSADORS, THE GENERAL CONCLUSION WAS THAT SOLIDARITY WOULD COME OUT ON A GENERAL STRIKE. EVEN IF SOLIDARITY BEHAVES MODERATELY AND PRODUCES RESOLUTIONS WHICH ARE NOT TOTALLY UNACCEPTABLE TO THE GOVERNMENT, HOW LONG CAN A DIALOGUE

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CONTINUE? I CANNOT GIVE ANY CLEAR ANSWER TO THIS BUT I WOULD AGREE WITH THE ASSESSMENT OF THE JIC THAT ANOTHER CRISIS WOULD SEEM INEVITABLE BEFORE LONG - THE SOCIAL FORCES INVOLVED ARE TOO DISPARATE AND VOLATILE TO PERMIT ANY SITUATION OF STABILITY IN THE FORESEEABLE FUTURE. AND THE LEADERSHIP OF SOLIDARITY KNOW THAT THEIR MOVEMENT CAN ONLY REMAIN UNITED SO LONG AS IT ADVANCES.

4. YET I AM DRAWN TO THE CONCLUSION THAT THE GOVERNMENT MUST DO SOMETHING MORE TO SATISFY THE SOVIET UNION. SO FAR THEY HAVE REALLY DONE VERY LITTLE. JARUZELSKI'S STATEMENT YESTERDAY THAT THE ARMY WOULD BE USED TO PROTECT ORDER IN THE COUNTRY AND THE MORE VISIBLE PRESENCE OF ARMED SOLDIERS ON THE MAIN STREETS OF THE CENTRAL PART OF WARSAW, WITH HELMETS ON THEIR HEADS AND CARRYING GUNS (BUT NOT INKOMBAT UNIFORM), MAY BE INTENDED AS A LOW-KEY SHOW OF DETERMINATION. BUT I DOUBT WHETHER IT WILL MAKE MUCH IMPRESSION ON THE MILITANTS IN SOLIDARITY. I THINK THEREFORE THAT SOME FURTHER ACTION BY THE PARTY IS PROBABLY NECESSARY, AND THE ONLY ROOM FOR MANOEUVRE THAT IT SEEMS TO HAVE IS TO CHANGE ITS LEADERSHIP. YET KANIA AND JARUZELSKI UNDOUBTEDLY ENJOY SOME DEGREE OF GRUDGING POPULAR SUPPORT. IF A HARDER - LINE LEADERSHIP TAKE OVER, CAN THEY HOPE TO ACHIEVE ANY BETTER RESULTS WITH SOLIDARITY? I CAN ONLY SEE AN AGGRAVATION OF THE PRESENT SITUATION WITH PRESUMABLY A GREATER PRESSURE FOR AN APPEAL FOR OUTSIDE ASSISTANCE. WE SIMPLY DO NOT KNOW IF THAT IS THE SCENARIO WHICH THE RUSSIANS ARE NOW BEGINNING TO ENGINEER SEMI COLON OR WHETHER THEY WISH TO GIVE THE APPEARANCE OF SUCH A SCENARIO IN ORDER TO PUT THE WIND UP THE POLES. 5. EACH TIME A POLISH CRISIS HAS REACHED A PEAK IN THE PAST, IT HAS SUBSIDED INTO SOME MESSY FORM OF COMPROMISE. WE MUST HOPE THAT THE SAME WILL HAPPEN AGAIN AFTER THE SOLIDARITY CONGRESS. BUT THE PITCH OF CRITICISM HAS NOW GROWN TO A POINT WHERE IT IS DIFFICULT TO SEE HOW THE SOVIET UNION CAN LIVE WITH THE POLITICAL PRETENSIONS OF SOLIDARITY EVEN IF A WEAK POLISH GOVERNMENT CAN. THEY ARE USING EVERY PRESSURE TO MAKE THE POLISH GOVERNMENT AND PARTY DO THEIR REPRESSIVE WORK FOR THEM AND I AM SURE THIS IS THEIR PREFERRED SOLUTION. THEIR APPALLING DILEMMA IS THAT NO POLISH GOVERNMENT IS OR WILL BE STRONG ENOUGH TO DO SO BY ITSELF AND HAS NO OTHER COURSE BUT THAT OF ACCOMMODATION. CHANGES IN THE LEADERSHIP MAY THEREFORE BUY TIME BUT NOT MUCH ELSE. FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES

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TELNO 668 OF 251120Z SEP 1981

INFO PRIORITY WELLINGTON (FOR PRIVATE SECRETARY)

INFO ROUTINE WASHINGTON, MOSCOW, UKDEL NATO AND MODUK

INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK

AND UKREP BRUSSELS

JARUZELSKI'S SPEECH TO THE SEJM.

- 1. PRIME MINISTER JARUZELSKI'S SPEECH TO THE SJEM OF 24 SEPTEMBER COVERED MUCH FAMILIAR ECONOMIC GROUND. ITS TONE WAS MODERATE AND CALM. HE WAS ABLE ON THE ONE HAND TO OFFER THE PROSPECT OF AN EARLY IMPROVEMENT IN MARKET SUPPLIES ON SOME PRODUCTS - FLOUR. GRAIN, SUGAR AND SOME DAIRY PRODUCTS - BUT ON THE OTHER HAND OFFERED LITTLE CHEER ON MEAT SUPPLIES AND COAL. HE REITERATED THAT AN INCREASE IN THE PRODUCTION OF COAL WAS AN ESSENTIAL PREREQUISITE FOR ECONOMIC IMPROVEMENT. HE DESCRIBED THE GOVERNMENT AS COMMITTED TO THE ECONOMIC REFORM WHICH WAS BEING HINDERED BY EXTREMIFAM CIRCLES IN THE LEADERSHIP OF SOLIDARITY. HE STATED THAT THE GOVERNMENT NOW EXPECTED THE SECOND ROUND OF THE SOLIDARITY CONGRESS TO REVERSE THE NEGATIVE LINE TAKEN AT THE FIRST ROUND. IN GENERAL HIS REMARKS ABOUT SOLIDARITY WERE CONCILIATORY. HE CALLED ON THE WHOLE OF SOCIETY TO SUPPORT THE AUTHORITY'S EFFORTS AT MAINTAINING LAW AND ORDER. HE PROPOSED TO INTRODUCE A "MORE SEVERE LINE TOWARDS VARIOUS INSTANCES OF ITS ''VIOLATION'', AND HAD CHARGED THE MINISTER OF THE INTERIOR WITH ITS IMPLEMENTATION. THE MINISTER WOULD BE SUPPORTED IN THIS TASK BY "SPECIALLY DETAILED ARMY FORCES AND MEANS ".
- 2. YESTERDAY EVENING, V R THE SPEECH, A HEIGHTENED POLICE AND MILITARY PRESENCE WAS OBSERVABLE ON THE STREETS. (SEE MY DEFENCE ATTACHE'S TELNO SIC UAJ OF 251115Z NOT TO ALL FOR DETAILS).
- 3. IT WOULD APPEAR FROM THIS MODERATE DISPLAY OF FORCE THAT THE AUTHORITIES ARE TRYING TO REINFORCE THEIR MIXTURE OF THREATS AND ENCOURAGEMENT TO THE SOLIDARITY CONGRESS AND AT THE SAME TIME TO DEMONSTRATE TO THE SOVIET UNION THAT THEY ARE PREPARED TO TAKE FIRM ACTION IF NECESSARY. WE HAVE HOWEVER OBSERVED NO INCREASE

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IN TENSION AS A RESULT OF GHIS MOVE AND IT DOES NOT LEAD US TO BELIEVE THAT IT PRESAGES ANY IMMEDIATE THREAT OF USE OF FORCE AGINST SOLIDARITY. (SEE MY TEL NO 669 FOR FURTHER GENERAL COMMENT).

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES JAMES

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GR 360 UNCLASSIFIED FM MOSCOW 250710Z SEP 81 TO IMMEDIATE F C O TELEGRAM NUMBER 597 OF 25 SEPTEMBER INFO WARSAW, UKMIS NEW YORK (FOR PRIVATE SECRETARY), WASHINGTON, PARIS, BONN, UKDEL NATO.

MY TEL NO 594 : POLAND

- 1. A TASS REPORT PRINTED IN PRAVDA OF 25 SEPTEMBER GAVE AN ACCOUNT OF A LETTER FROM POLISH COMMUNISTS WHICH TASS CLAIMED WAS ONE OF MANY LETTERS AND STATEMENTS SENT TO THE PZPR CENTRAL COMMITTEE CONTAINING 'CLEAR AND UNEQUIVOCAL DEMANDS TO HALT THE EXTREMISTS AND CUT OFF THE PATH OF COUNTER-REVOLUTION'.
- 2. THE LETTER, ATTRIBUTED TO PARTICIPANTS IN A MARXIST-LENINIST SEMINAR RUN BY THE IDEOLOGICAL CENTRE OF THE WARSAW VOVOIDSHIP PARTY COMMITTEE, CLAIMED THAT ANTI-SOCIALIST AND REACTIONARY FORCES WERE TRYING TO HEIGHTEN SOCIAL TENSION STILL FURTHER. THIS HAD BEEN CONVINCINGLY SHOWN BY THE COURSE OF THE FIRST STAGE OF SOLIDARITY'S CONGRESS. THE AUTHORS UNDERSTOOD THE CONCERN OF POLAND'S FRIENDS, AS EXPRESSED IN THE SOVIET MESSAGE TO THE POLISH LEADERSHIP. THEY CONSIDERED THAT THE POLICY OF SOCIAL AGREEMENT HAD BECOME A 'POLICY OF AGREEMENT WITH REACTION AND COUNTER-REVOLUTION, OF CONNIVANCE TOWARDS VIOLATIONS OF LAW AND ORDER, A POLICY OF DISMANTLING THE STATE AND THE SOCIALISIT ECONOMY''.
- 3. THE LETTER DEMANDED THE IMPLEMENTATION OF A GENUINELY MARXISTLENINIST LINE IN PARTY POLICIES, WHICH ALONE COULD GUARANTEE
 THE LEADING ROLE OF THE PZPR AND THE CORRECT SOCIO-ECONOMIC
 DEVELOPMENT OF THE STATE. THE STRUGGLE AGAINST THE REVISIONIST
 AND LIQUIDATIONIST TENDENCIES WHICH HAD MANIFESTED THEMSELVES
 IN THE PARTY DEMANDED ABOVE ALL A PURGE OF IT S. RANKS. THE
 GOVERNMENT SHOULD USE ALL AVAILABLE FORCES TO HALT IMMEDIATELY
 ANY ANTI-SOVIET AND ANTI-SOCIALIST PROPAGANDA AND ACTIVITY AND
 TO PUNISH THE GUILTY PARTIES WITH ALL THE SEVERITY OF THE LAW.

4. THERE HAD BEEN ENOUGH CONCESSIONS TO REACTION AND COUNTERREVOLUTION. SUCH CONCESSIONS IN THE PAST BROUGHT FASCISTS
TO POWER. IT WAS NECESSARY NOW TO CALL A PARTY PLENUM TO
DETERMINE THE CONCRETE AND EFFECTIVE DIRECTIONS OF ACTIVITY IN
THE PRESENT SITUATION. THE AUTHORS CONCLUDED BY STATING THEIR
INTENT TO RESOLUTELY DEFEND THE MARXIST-LENINIST CHARACTER OF
PARTY AND THE SOCIALIST STATE.

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TO PRIORITY F C O

TELNO 666 OF 24TH SEPTEMBER 1981

AND TO WELLINGTON (FOR PRIVATE SECRETARY)

ROUTINE: MOSCOW, WASHINGTON, UKDEL NATO, PRAGUE AND EAST BERLIN

INFO SAVING: BUDAPEST, PARIS, BONN, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK, UKREP BRUSSELS AND MODUK

POLAND: POLITICAL SITUATION.

- 1. AS THE SEJM BEGINS ITS TIO-DAY SESSION, FURTHER EVIDENCE OF A NATIONAL EFFORT TO REVIVE THE PRINCIPLE OF COOPERATION BETWEEN THE GOVERNMENT AND SOLIDARITY IS EMERGING.
- 2. THE MINISTER FOR TRADE UNIONS, AT A PRESS CONFERENCE ON 23
 SEPTEMBER, DESCRIBED SOLIDARITY'S COMPROMISE PROPOSAL ON WORKERS
 SELF-MANAGEMENT (MY TELNO 664) AS 'ONE STEP TOWARDS REALISM'.
 CIOSEK WAS UNWILLING TO COMMIT HIMSELF FURTHER SINCE, AS HE
 POINTED OUT, SOLIDARITY'S PROPOSAL HAS STILL TO BE PASSED THROUGH
 THE CONGRESS FOR FINAL RATIFICATION. IN REPLY TO A QUESTION ON
 THE POSSIBLE INTRODUCTION OF A STATE OF EMERGENCY, CIOSEK SAID
 THAT THE GOVERNMENT WOULD DO EVERYTHING, UNTIL 'THE LAST MOMENT',
 TO GET THE COUNTRY OUT OF CRISIS BY PEACEFUL MEANS.
- 3. THE PRESS ALSO CARRIES TODAY AN APPEAL SIGNED BY 35 PROMINENT INTELLECTUALS, INCLUDING THE PRESIDENTS OF THE POLISH WRITERS UNION AND THE JOURNALISTS ASSOCIATION, THE EDITOR OF TYGODNIK POWSZECHNY AND FILM DIRECTOR ANDRZEJ WAJDA. THE APPEAL, WHICH IS ACCOMPANIED BY A SEPARATE LETTER TO THE POLISH FOREIGN MINISTER, CALLS ON BOTH THE AUTHORITIES AND SOLIDARITY TO RESUME NEGOTIATIONS IN THE NAME OF THE COUNTRY'S OVERRIDING INTERESTS. IT STATES THAT THE POLISH NATION AS A WHOLE, AND NOT SIMPLY THE PZPR, SHOULD ACCEPT THE POLISH/SOVIET ALLIANCE AND POLAND'S PLACE IN THE SOCIALIST SYSTEM AS GUARANTEES OF POLAND'S N RAISON D'ETAT.
- 4. THE LETTER TO CZYREK (TRANSLATED IN FULL IN PAP BUT ONLY SUMMORISED IN ZYCIE WARSZAWY) DEVELOPS THE THEME OF THE

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POLISH/SOVIET ALLIANCE AND DESCRIBES THE RECENT SOVIET LETTER TO THE POLISH AUTHORITIES AS "A SHOCK TO POLISH SOCIETY AROUSING DEEPEST APPREHENSION". NEVERTHELESS, THE 35 HIPCTUALS SAY THAT IT IS IMPORTANT TO KEEP A SENSE OF PROPORTION ABOUT RECENT ANTI — SOVIET INCIDENTS. SOCIAL AND POLITICAL REFORM IN POLAND MUST BE ACHIEVED IN A MANNER THAT DOES NOT IMPAIR THE POLISH/SOVIET ALLIANCE. THE SIGNATORIES BELIEVE THAT THE POLITICAL WISDOM OF THE POLES SHOULD ENABLE SOLUTIONS TO BE FOUND WHICH SIMULTANEOUSLY REFORM THE COUNTRY AND PRESERVE ITS LOYALTY TO THE ALLIES.

5. THIS APPEAL REPRESENTS A TIMELY ATTEMPT BY A GROUP OF INFLUENTIAL AND LARGELY APOLITICAL POLES TO BRING BOTH SIDES CLOSER TOGETHER. BY ITSELF IT MAY NOT HAVE MUCH EFFECT ON SOLIDARITY BUT AS PART OF THE PRESSURES, ESPECIALLY THOSE OF THE CHURCH, ON SOLIDARITY TO MAINTAIN A DIALOGUE WITH THE GOVT IT MAY PROVE HELPFUL TO THE MODERATES.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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TELNO 660 OF 23RD SEPTEMBER 1981

INFO PRIORITY UKMIS NEW YORK: ROUTINE MOSCOW AND WASHINGTON

INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKREP BRUSSELS AND MODUK.

POLAND:

- 1. THE PARTY AND GOVERNMENT ARE CONTINUING THEIR ATTEMPTS TO DRIVE A WEDGE BETWEEN THE MASS OF SOLIDARITY MEMBERS AND THEIR LEADERS. ARTICLES HAVE APPEARED IN THE PRESS OVER THE PAST FEW DAYS DENOUNCING SOLIDARITY LEADERSHIP'S REACTION TO THE POLITBURO STATEMENT (OUR TELNO 652). SOLIDARITY IS CRITICISED AS BEING NO LONGER REPRESENTATIVE OF THE WORKER FOUNDERS AND DEPARTING FROM THE SPIRIT OF THE GDANSK AGREEMENTS. THE PARTY HAS ALSO ISSUED A WARNING THAT PARTY MEMBERS WHO BELONG TO SOLIDARITY MUST NOW CAREFULLY CONSIDER THEIR LOYALTIES. THOSE WHO PUT THE INTERESTS OF SOLIDARITY BEFORE THOSE OF THE PARTY WILL BE DISCIPLINED.
- 2. DEPUTY PRIME MINISTER RAKOWSKI HAS ADDED AN APOCALYPTICAL NOTE TO THE PROCEEDINGS IN A GLOOMY INTERVIEW ON 21 SEPTEMBER. HE CLAIMED THAT SOLIDARITY HAD NOW KILLED OFF THE CONCEPT OF PARTNERSHIP AND CONSENSUS AND BURIED IT AT THEIR FIRST CONGRESS.
- 3. THERE IS OF COURSE A GOOD DEAL OF THEATRE AND MANDEUVRING ON BOTH SIDES. BUT AS FAR AS WE CAN JUDGE THE AUTHORITIES DO NOT APPEAR TO INTEND TO MAKE AN OPEN CHALLENGE TO SOLIDARITY BEFORE THE START OF THE CONGRESS, EXCEPT POSSIBLY IN THE FIELD OF WORKERS SELF-MANAGEMENT. THEREAFTER, THEY ARE TRYING TO PUT A TWO-WAY BET ON THE OUTCOME. IF THE CONGRESS UNEXPECTEDLY VEERS IN A MODERATE DIRECTION AND IS PREPARED TO PICK UP THE OLIVE BRANCH OFFERED THEM LAST WEEK BY KANIA, THE LEADERSHIP MAY HOPE TO PRESENT THE SOVIET UNION WITH A FURTHER FAIT-ACCOMPLI OF CONTINUED COOPERATION BETWEEN BOTH PARTIES. I SEE THAT MR CZYREK IN HIS CONVERSATION WITH THE SECRETARY OF STATE SEEMS TO HAVE SOME HOPE THAT THIS MAY STILL BE POSSIBLE. (UKMIS TEL. NO 878) I AM SURE THAT THE CHURCH WILL BE WORKING IN THIS DIRECTION. IF, ON THE OTHER HAND, THE CONGRESS CONTINUES ALONG THE LINES OF THE FIRST SESSION, THE AUTHORITIES MUST HOPE THAT THEIR CAREFUL PROPAGANDA AI MED AT PORTRAYING SOLIDARITY AS UNREPRESENTATIVE AND POLITICALLY ADVENTURIST, WILL GIVE THEM A BETTER CHANCE OF TAKING REPRESSIVE. ACTION WITH A DEGREE OF SOCIAL CONCENT.

RESTRICTED 5. IT IS VERY HARD TO JUDGE WHETHER SOME OF THE GRASS—ROOTS IN SOLIDARITY ARE NOW GETTING FED UP WITH THE MILITANTS AND WOULD BACK FIRMER ACTION BY THE GOVERNMENT. MY IMPRESSION IS THAT IN THIS CONFRONTATION BETWEEN THE GOVERNMENT AND SOLIDARITY, MOST POLES STILL BLAME THE GOVERNMENT FOR THE MESS THEY ARE IN AND NOT SOLIDARITY. 6. I WAS TOLD THAT AT THE LAST MEETING OF SOLIDARITY, WALESA GOT SO FURIOUS WITH KURON THAT HE SAID THAT HE WOULD RATHER SEE THE WHOLE OF KOR IN PRISON THAN TEMPT A SOVIET INTERVENTION. THE GOVERNMENT MUST HOPE TO WORK ON THIS MOOD AMONG THE MODERATES BUT MAY UNDERESTIMATE GRASS—ROOT MILITANCY.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES.

JAMES

[REPEATED AS REQUESTED] [THIS TELEGRAM WAS NOT ADVANCED]

[COPIES SENT TO NO 10 DOWNING ST]
COPIES TO:
PS/S OF S) MR DICK) DOT
MR POWNALL)
PS/CHANCELLOR)
SIR K COUZENS) TREASURY MISS BAKER)
MR HAWTIN)
MR MOUNTFIELD)
MR P J BULL BANK OF ENGLAND
MR G BREACH ECGD
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CONFIDENTIAL

FM UKMIS NEW YORK 220422Z SEP 81

TO PRIORITY F C O

TELEGRAM NUMBER 878 OF 21 SEPTEMBER 1981

INFO PRIORITY WARSAW,

INFO BONN, PARIS, WASHINGTON, UKDEL NATO, MOSCOW, BUDAPEST,

BUCHAREST, PRAGUE, SOFIA, EAST BERLIN, UKREP BRUSSELS.

INFO SAVING OTHER NATO POSTS.



FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH POLISH FOREIGN MINISTER: 21 SEPTEMBER.

SUMM ARY

1. 45 MINUTE CONVERSATION WAS ENTIRELY TAKEN UP WITH DISCUSSION OF SITUATION IN POLAND. CZYREK, WHILE SPEAKING FRANKLY ABOUT POLITICAL AND ECONOMIC DIFFICULTIES, SAID THAT HE WAS NOT A PESSIMIST. SOLUTIONS TO PROBLEMS WOULD TAKE TIME AND THE PROCESS (WHICH HAD TO TAKE INTO ACCOUNT BOTH THE DOMESTIC AND INTERNATIONAL SITUATION) MIGHT BE DIFFICULT FOR OTHERS TO UNDERSTAND. IF THE WEST HELPED POLAND, BOTH ECONOMICALLY AND BY ENCOURAGING POLITICAL MODERATION, THEY SHOULD FIND THE RESULTS WOULD BE AS THEY WOULD WISH.

POLITICAL

- 2. CZYREK SAID THAT SOLIDARITY HAD GONE TOO FAR AT THE FIRST STAGE OF THEIR CONGRESS. THE MESSAGE TO WORKERS IN EASTERN EUROPE WAS SILLY AND PROVOCATIVE ("'AS WE SAY EXPORTING COUNTER-REVOLUTION"). ANOTHER DANGER WAS SOLIDARITY'S FAILURE TO RESPOND POSITIVELY OR EVEN TACTFULLY TO THE GOVERNMENT'S ATTEMPTS TO PERSUADE THEM TO SHARE ECONOMIC RESPONSIBILITY. SOLIDARITY'S ATTITUDE ON THE APPOINTMENT OF MANAGERS WAS NOT THE KEY POINT (BOTH SOLIDARITY'S AND THE GOVERNMENT'S PROPOSALS WOULD REQUIRE CONSENSUS) BUT THEIR POSITION ON ELECTIONS TO PARLIAMENT WAS A POLITICAL CHALLENGE. IF ONE PARTNER WOULD NOT COOPERATE AND SHARE RESPONSIBILITY AND INSTEAD THREW DOWN THE GAUNTLET AND STROVE FOR POWER, IT WAS NOT SURPRISING THAT THE POLISH POLITBURO HAD MADE THE STATEMENT IT HAD, TO TRY TO BRING PEOPLE TO THEIR SENSES. BUT THE POLISH AUTHORITIES HAD NOT CLOSED THE DOOR, AND HOPED THAT SOLIDARITY WOULD MAKE USE OF THE REMAINING GAP BEFORE AND DURING THE SECOND HALF OF THE CONGRESS. THE GOVERNMENT WERE DOING ALL THEY COULD TO THIS END.
- 3. CZYREK ADDED THAT NO-ONE SHOULD BE SURPRISED THAT THE SOVIET AMBASSADOR HAD MADE THE APPROACH HE DID. ASKED BY THE SECRETARY OF STATE WHETHER THE POLISH AUTHORITIES HAD FOUND THE SOVIET STATEMENT HELPFUL, HE ANSWERED THAT THEY WOULD NOT HAVE PUBLISHED IT IF THEY HAD NOT.

CONFIDENTIAL

- 4. THE SECRETARY OF STATE SAID THAT WE WANTED TO DO WHAT WE COULD TO HELP BUT:
- INDICATIONS OF THE ECONOMIC HELP WHICH MIGHT BE NEEDED IN
 THE LONGER TERM WERE MORE AND MORE ALARMING. IF THINGS WENT
 ON IN THAT WAY THE WEST MIGHT NOT HAVE THE CAPACITY TO HELP.
 WE WOULD RATHER TAKE AN OVERALL LOOK THAN FACE NEW DECISIONS
 EVERY THREE MONTHS:
- IF AFTER THE SECOND PART OF THE SOLIDARITY CONGRESS THE POLISH AUTHORITIES FOUND THEMSELVES HAVING TO TAKE MEASURES THEY WOULD HAVE WISHED TO AVOID, THINGS WOULD BE MADE VERY DIFFICULT FOR THE WEST.
- 5. CZYREK RESPONDED TO THE FIRST POINT BY SAYING THAT THIS WAS .
 EXACTLY WHAT THE POLISH GOVERNMENT WERE TRYING TO EXPLAIN TO SOLIDARITY, AND TO THE SECOND BY SAYING THAT THE GOVERNMENT WOULD NOT RESORT TO EXTREME MEASURES UNLESS THEIR ATTEMPTS TO ENSURE RESPECT FOR LAW AND ORDER BY NORMAL MEANS WERE IGNORED AND THE COUNTRY APPEARED TO BE HEADING FOR ANARCHY.
- 6. CZYREK SAW SOME GROUNDS FOR OPTIMISM IN THE POSITION OF THE CHURCH, WHICH HE BELIEVED WOULD WORK IN THE SAME DIRECTION AS THE PARTY AND THE GOVERNMENT. HE ARGUED ALSO THAT ELEMENTS IN SOLIDARITY HAD DROPPED THEIR MASK DURING THE FIRST STAGE OF THE CONGRESS AND THAT THERE WAS NOW MORE CRITICISM OF THE ORGANISATION AND SOME 50,000 RESIGNATIONS. PEOPLE WERE AFRAID OF WHERE SOLIDARITY WAS LEADING BOTH POLITICALLY AND ECONOMICALLY, AND EVEN THOSE WHO DID NOT AGREE WITH THE GOVERNMENT WERE BEGINNING NOT TO AGREE WITH SOLIDARITY. 800,000 MEMBERS OF SOLIDARITY WERE ALSO MEMBERS OF THE PARTY. A THIRD FORCE WAS EMERGING THOUGH IT WAS STILL PASSIVE. THESE WERE POSITIVE DEVELOPMENTS WHICH MIGHT HAVE A BENEFICIAL INFLUDENCE ON THE SECOND STAGE OF THE CONGRESS. HE HOPED ALSO THAT SOLIDARITY'S REPLY TO THE SOVIET STATEMENT WOULD SHOW EVIDENCE OF GOODWILL (HE SEEMED MORE CONCERNED ABOUT FORM THAN SUBSTANCE).

ECONOM IC

- 7. CZYREK SAID THAT THE WEST HAD SO FAR NOT HELPED AS MUCH AS THE POLES HAD EXPECTED, ESPECIALLY AS REGARDS DEPOSITS AND IN THE INDUSTRIAL SECTOR (HE ACKNOWLEDGED THE HELP WHICH HAD BEEN GIVEN OVER FOOD AND THE SECRETARY OF STATE SAID THAT WE WERE READY TO PLAY OUR PART IN THE THIRD TRANCHE OF EC FOOD). CZYREK EXPRESSED PARTICULAR CONCERN ABOUT DOWN PAYMENTS FOR CREDITS AND ASKED ALSO WHETHER THE COMMUNITY WOULD BE PREPARED TO OFFER TEMPORARY PREFERENTIAL TREATMENT FOR POLISH EXPORTS.
- 8. THE SECRETARY OF STATE SAID THAT THESE WERE QUESTIONS WHICH IT WOULD BE MUCH EASIER TO CONSIDER AS PART OF A FIRM OVERALL PLAN TO GET TO GRIPS WITH POLAND'S ECONOMIC DIFFICULTIES. HE ASKED ABOUT IMF MEMBERSHIP. CZYREK SAID THAT THERE WERE DIFFERENCES OF SYSTEM WHICH MADE THE QUESTION A HARD ONE FOR POLAND, BUT IMPLIED THAT

THE POLES MIGHT APPLY IF IT COULD BE DEMONSTRATED THAT IMF MEMBERSHIP WOULD CONTRIBUTE TO THE STABILISATION OF THE ECONOMY AND PROVIDE TANGIBLE RESULTS: SO FAR, THEY HAD ONLY BEEN ASKED QUESTIONS. HE ACCEPTED THE SECRETARY OF STATE'S ARGUMENT FROM BRITISH EXPERIENCE THAT IMF CONDITIONS COULD BE HELPFUL TO THE GOVERNMENT CONCERNED.

9. CZYREK CONFIRMED GOOD INDICATIONS OF THE POLISH HARVEST. POLAND WOULD HAVE NO NEED TO IMPORT SUGAR NEXT YEAR AND THE POTATO HARVEST WAS ESTIMATED AT 50 MILLION TONS. THE GOVERNMENT INTENDED TO GIVE PRIORITY TO THE AGRICULTURAL SECTOR, BUT THIS WOULD REQUIRE IMPORTS OF EQUIPMENT, FERTILISERS AND PESTICIDES.

F C O PLEASE PASS SAVING TO ANKARA ATHENS BRUSSELS COPENHAGEN THE HAGUE LISBON LUXEMBOURG OSLO REYKJAVIK ROME.

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FM WARSAW 211218Z SEP
TO PRIORITY F C 0
TELNO 657 OF 21ST SEPTEMBER 1981

AND TO PRIORITY MOSCOW, WASHINGTON AND UKDEL NATO

INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, MODUK, SOFIA, UKREP BRUSSELS, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM

AND UKMIS NEW YORK.

POLISH SITUATION.

1. ON 18 SEPTEMBER IN ADDITION TO THE SOVIET LETTER TO THE CENTRAL COMMITTEE, THE POLISH PRESS PUBLISHED A STATEMENT BY THE COUNCIL OF MINISTERS. IT WAS ON MUCH THE SAME LINES AS THE EARLIER STATEMENT BY THE POLITBURO (OUR TELNO 652). IT ACCUSED SOLIDARITY OF REFUSING TO COOPERATE WITH GOVERNMENT MEASURES AIMED AT OVERCOMING THE ECONOMIC CRISIS AND OF INDULGING IN ANTI-SOVIET ACTIVITY, PARTICULARLY THROUGH THE MESSAGE TO THE WORKING PEOPLE OF EASTERN EUROPE. SOLIDARITY'S LEADERSHIP WERE DESCRIBED AS SEEKING POWER. NEVERTHELESS, WHILE SAYING THAT THE GOVERNMENT WOULD FIGHT THE SOLIDARITY EXTREMISTS, THE STATEMENT ECHOED THE POLITBURO'S CALL FOR CONTINUED ADHERENCE BY ALL PATRIOTIC FORCES TO THE LINE OF UNDERSTANDING ESTABLISHED OVER THE PAST YEAR. THE COUNCIL OF MINISTERS MET ON SUNDAY, SEPT 20, AND IS REPORTED TO HAVE DISCUSSED ECONOMIC MEASURES.

- 2. IT WAS ANNOUNCED ON 19 SEPTEMBER THAT THE SEJM WOULD MEET ON 24 AND 25 SEPTEMBER. THE MAIN ITEMS ON THE AGENDA ARE 3-
- (A) THE GOVERNMENT REPORT ON THE MAIN POLITICAL/SOCIAL AND ECONOMIC PROBLEMS OF THE COUNTRY.
- (B) THE SEJM COMMITTEE REPORT ON THE DRAFT LAWS ON STATE ENTERPRISES AND WORKERS SELF-GOVERNMENT, DESPITE THE CONTINUED CONFUSION SURROUNDING THE LATTER BILLS THE GOVERNMENT MAY WISH TO ENACT LEGISLATION ON THESE SUBJECTS IN ADVANCE OF THE SECOND ROUND OF THE SOLIDARITY CONGRESS.
- 3. THE PRIMATE'S LASTORAL LETTER WHICH CONTAINED AN APPEAL FOR PRESS FREEDOM WAS READ OUT IN THE CHURCHES THROUGHOUT THE COUNTRY. IT WAS REPORTED WIDELY, INCLUDING IN THE PARTY PRESS BUT THE CALL FOR PRESS FREEDOM WAS OMITTED.
- 4. THE CALLING OF THE SEJM MEETING FOR LATER THIS WEEK COULD PROVIDE THE GOVERNMENT WITH AN OPPORTUNITY TO ENACT EMERGENCY LEGISLATION DIRECTED AGAINST SOLIDARITY BUT THERE IS NO HINT OF THIS IN OFFICIAL STATEMENTS. THERE IS THUS STILL NO REAL SIGNS

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THAT THE GOVERNMENT ARE READY TO TAKE FIRM ACTION IN RESPONSE TO THE DEMANDS MADE BY THE SOVIET UNION. SOLIDARITY ARE GOING FULL STEAM AHEAD WITH THEIR PREPARATIONS FOR THEIR CONGRESS TO RESUME ON 26 SEPTEMBER.

IS ON THE WAY OUT AND THAT THE RUSSIANS HAVE MADE IT CLEAR THAT THEY HAVE LOST CONFIDENCE IN HIM AND WILL DO NO MORE BUSINESS WITH HIM. THERE ARE ALSO RUMOURS THAT THE RUSSIANS ARE THREATENING ECONOMIC MEASURES. THERE IS TALK OF A CENTRAL COMMITTEE MEETING IN THE NEXT FEW DAYS THOUGH A BRITISH JOURNALIST HAS TOLD US THAT THE CENTRAL COMMITTEE PRESS SPOKESMAN ON SEPT 19 DENIED ALL KNOWLEDGE OF AN EARLY MEETING. THE NEXT TEN DAYS SEEM THEREFORE TO BE HEAVILY CHARGED WITH UNCERTAINTY EVEN BY POLAND'S FORMIDABLE STANDARDS.

FCO PPLEASE PASS SAVING TO ALL SAVING ADDRESSEES

(REPEATED AS REQUESTED)

JAMES

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YOUR TELNO 1390 TO WASHINGTON: POLAND.

- 1. PRAVDA OF 19 SEPTEMBER PUBLISHED 4 SHORTENED VERSION OF THE COMMUNICATION FROM THE SOVIET LEADERSHIP (WARSAW TELNO 653). THIS OMITTED MOST OF THE MORE INFLAMMATORY PASSAGES AND MUCH OF THE EXPLICIT CRITICISM OF THE POLISH LEADERSHIP BUT NEVERTHELESS INCLUDED THE ASSERTION THAT THE OFFICIAL POLISH AUTHORITIES HAVE NOT YET TAKEN ANY DECISIVE MEASURES TO CUT SHORT THE HOSTILE CAMPAIGN AGAINST THE USSR. IT ENDED WITH AN EXPRESSION OF CONFIDENCE THAT THE PZPR LEADERSHIP AND THE POLISH GOVERNMENT WILL IMMEDIATELY TAKE DETERMINED AND RADICAL STEPS.
- 2. PRAVDA OF 19 SEPTEMBER ALSO PUBLISHED A FURTHER LETTER TO POLISH WORKERS FROM THEWORKERS OF A KIEY FACTORY. THE TEXT IS SIMILAR TO THOSE OF THE EARLIER LETTERS. BUT WAS ADOPTED ALMOST A WEEK LATER, ON 18 SEPTEMBER. THE KIEV WORKERS EXPRESSED THE HOPE THAT THE RECENT POLISH POLITBURO STATEMENT WOULD SERVE AS A BASIS FOR MORE DECISIVE AND RAPID ACTION. THEY ASSURED THE POLES THAT THEY COULD COUNT IN THIS STRUGGLE ON THE "GENUINE REVOLUTIONARY SOLIDARITY OF THE WORKERS OF OUR COUNTRY AND OF THE SOVIET PEOPLE AND ON FRATERNAL INTERNATIONALIST HELP AND SUPPORT".
- 3. THE FACT THAT THE RUSSIANS HAVE NOW PUBLISHED AN EDITED VERSION OF THE CENTRAL COMMITTEE LETTER TO THE POLES DEMONSTRATES CLEARLY ENOUGH THAT THEY HAD NOT INTENDED THE VERSION ACTUALLY DELIVERED TO BE PUBLISHED, BUT MEANT IT TO BE A SERIOUS WARNING TO THE POLISH PARTY AND GOVERNMENT. BY LEAVING OUT THE MORE INFLAMMATORY PASSAGES, THEY MAY HAVE SHOWN THAT THEY DO NOT WISH TO OVER-EXCITE SOVIET OPINION AND WANT TO LEAVE THE MSELVES A DEGREE OF LATITUDE FOR THE FUTURE. THEIR POSITION NEVERTHELESS IS EVEN MORE CLEARLY NOW ONE OF DEMANDING THAT REVERSAL OF TRENDS WHICH THEY HAVE BEEN PRESSING ON THE POLES FOR MANY MONTHS AND WHICH THEY STATED PUBLICLY IN MARCH AT THE WARSAW PACT MEETING AFTER THE 26TH PARTY CONGRESS.
- 4. I CANNOT IMPROVE ON THE FORECAST OF SOVIET INTENTIONS SET OUT IN YOUR TUR. FOR SOME TIME NOW MOST OF THE POLITICAL ELEMENTS HAVE FROM THE SOVIET POINT OF VIEW BEEN IN PLACE TO STAGE AN OPEN CONFRONTATION BETWEEN THE POLISH AUTHORITIES AND SOLIDARITY WHICH WOULD BE FOLLOWED BY A SOVIET INTERVENTION. BUT UP TO NOW

THE NEXT

THE NEXT STEPS IN THE PRESENT SITUATION HAVE BEEN LEFT TO THE POLISH LEADERSHIP. THE RUSSIANS MAY NOT BE ENTIRELY HAPPY WITH THE POLISH POLITBURO STATEMENT BUT MUST RECOGNISE THAT THERE IS NOT MUCH ROOM BETWEEN WHAT THE POLES HAVE ALREADY DONE AND THE DECISIVE MOVE TO OPEN CONFRONTATION WITH SOLIDARITY. THE QUESTION THE SOVIET LEADERSHIP HAVE TO ASK THEMSELVES IS WHETHER AGAINST THE BACKGROUND OF DRIFT LEADING TO A PROGRESSIVE WORSENING IN THE SITUATION THEY HAVE ANYTHING TO GAIN BY PROVOKING A CONFRONTATION NOW. THEY DUGHT TO CONCLUDE - AND THEIR CURRENT PUBLIC POSTURE IS COMPATIBLE WITH THEIR HAVING REACHED SUCH A DECISION - THAT FURTHER DEFERRAL OF THE ISSUE MAKES SENSE. THEY ARE HOWEVER NOW SO ENGRGED THAT A FAILURE TO PRODUCE A CLEAR SHIFT IN THEIR FAVOUR MAY MAKE THEIR SUBSEQUENT PROBLEMS EVEN WORSE,

SO FAR THE RUSSIANS HAVE, BY A MIXTURE OF BELATED THREATS AND RELATIVELY RESTRAINED ACTION, AVOIDED A MAJOR EAST-WEST CRISIS AT THE PRICE OF A PROGRESSIVE LOSS OF CONTROL IN POLAND. ARGUMENTS IN THE EAST-WEST CONTEXT FOR THEM ARE STILL THE SAME. BUT THEIR HOPES OF AN ACCEPTABLE COMPROMISE SOLUTION EMERGING WITHIN POLAND WITHOUT THEIR INTERVENTION MUST BE DWINDLING. THEIR PATIENCE MUST BE NEAR ITS LIMIT BUT THERE IS NO RELIABLE EVIDENCE ON WHICH TO BASE A GUESS AS TO PRECISELY WHEN IT MAY SNAP.

6. WITH THE ODDS NOW SO FINELY BALANCED IT WOULD SEEM WORTH AMKING ANY EFFORT WE CAN TO DISSUADE THE SOVIET UNION FROM TAKING A DECISION WHICH WOULD NOT ONLY SUBSTANTIALLY INCREASE THE BASIC EAST-WEST CONFRONTATION BUT COULD ALSO HAVE MANY UNPREDICTABLE CONSEQUENCES FOR EUROPE AND FOR TRANSATLANTIC RELATIONS. I AM SURE THAT WARNINGS COUCHED IN TERMS THAT THE SOVIET UNION WOULD READ AS A THREAT DO ONLY HARM. THERE COULD HOWEVER BE A POSSIBILITY THAT A MESSAGE FROM REAGAN (WHICH MIGHT USEFULLY BE PARALLELED BY ONE FROM THE PRIME MINISTER, IDEALLY SPEAKING IN THE NAME OF THE COMMUNITY) IN SERIOUS, UNPOLEMICAL LANGUAGE, SETTING OUT A PROSPECT OF SOLID NEGOTIATIONS ON MAJOR EAST-WEST ISSUES, ESPECIALLY ARMS CONTROL, AND URGING THAT ALL THIS SHOULD NOT NOW BE CAST AWAY, MIGHT HAVE ITS EFFECT ON A SOVIET LEADERSHIP WHICH STILL SHOWS SIGNS OF INDECISION. KEEBLE

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TO PRI ORITY FCO

TELEGRAM NUMBER 138 OF 18 SEPT

INFO MOSCOW AND WARSAW

SAVING FOR INFO TO BELGRADE, BUCHAREST, PRAGUE, BUDAPEST E.BERLIN.

BULGARI A/POLAND

- 1. TODAY'S RABOTNICHESKO DELO CARRIES A LONG AND VIOLENT ATTACK ON SOLIDARITY WITH THE CONCLUSION THAT THE TIME HAS COME FOR POLISH PATRIOTS AND THEIR TRUE FOREIGN FRIENDS TO ATTACK THE COUNTER REVOLUTIONARIES. IT IS SIGNED BY IVAN PETROV A PSEUDONYM USED FOR POLITBURO POLICY STATEMENTS.
- 2. THE ARTICLE DEMOLISHES SOLIDARITY'S LEGITIMACY AS AN ORGANISATION OF WORKERS, WHO MAKE UP ONLY 20% OF ITS MEMBERSHIP... LAST WEEK'S CONGRESS MARKED A CHANGE IN SOLIDARITY ACTIVITIES: IT HAS ENTERED A COURSE OF OPEN CONFRONTATION WITH THE PARTY AND THE SOCIALIST WORKERS STATE. ITS AIMS ARE TO VILIFY THE PARTY, SEIZE POWER AND RESTORE PRIVATE PROPERTY. FAR FROM HELPING POLISH WORKERS THROUGH THE CRISIS, SOLIDARITY SEEKS TO CREATE ANARCHY AS AN ESSENTIAL STEP TOWARDS COUNTER REVOLUTION.
- 3. THE SITUATION IN POLAND IS NOW A THREAT TO SECURITY AND STABILITY IN EUROPE BECAUSE OF THE COUNTRY'S IMPORTANT POSITION IN THE SOCIALIST COMMUNITY. FURTHER DETERIORATION OF POLITICAL AND ECONOMIC LIFE IN POLAND WILL HAVE A DIRECT EFFECT ON THE INTERESTS OF THE SOCIALIST COMMUNITY. IT WILL AFFECT PEACE IN EUROPE AND THE WORLD. THERE SHOULD BE NO ILLUSIONS INSIDE POLAND OR ELSEWHERE THAT POLAND CAN BE ANYTHING BUT A PEOPLE'S REPUBLIC AND A MEMBER OF THE WARSAW PACT. ANY ATTEMPT TO CHANGE THIS WOULD BE ADVENTURISM AND COULD LEAD TO DISASTER.
- 4. THE ARTICLE REFERS TO SOLIDARITY'S MESSAGE TO EASTERN EUROPE:
 THEY ARE NOW TRYING TO EXPORT COUNTER-REVOLUTION, BUT THIS
 HAS BEEN REJECTED BY THE BULGARIAN PEOPLE. THE LEADERS OF SOLIDARITY
 ARE POLITICAL PROVACATEURS.
 THEY ARE AN ARM OF THE WORLD'S REACTIONARY AGENCIES. IMPERIALISM
 HOPES THAT THROUGH SOLIDARITY THEY CAN DISUNITE AND WEAKEN THE
 SOCIALIST COMMUNITY.
- 5. GENERAL CONCLUSION: THE CRISIS HAS ENTERED A DECISIVE STAGE. IT IS NOT POSSIBLE TO REMAIN WITH THE STATUS QUO. IT IS NECESSARY TO LAUNCH A DECISIVE COUNTER-OFFENSIVE OR TO RENOUNCE THE INTERESTS OF SOCIALISM TO THE COUNTER-REVOLUTIONARY FORCES. THIS IS CLEAR TO ALL PATRIOTIC POLES AND THERI TRUE FRIENDS. THE ARTICLE CONCLUDES WITH THE HOPE THAT THE HEALTHY FORCES AMONG THE PUWP WILL SUCCEED IN OVERCOMING THE CRISIS.

and

6. THE ARTICLE IS MORE EXTREME THAN THOSE OF THE EARLY SUMMER WHICH CRITICISED THE POLISH PARTY FOR LETTING THE SITUATION SLIP. IT FOLLOWS A WEEK OF ORCHESTRATED FACTORY MEETINGS IN WHICH SOLIDARITY'S MESSAGE TO EASTERN EUROPE HAS BEEN CRITICISED AND REJECTED IN ELABORATE AND WELL-REPORTED TERMS.

BULLARD

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TELNO 653 OF 180820Z SEP 1981

INFO PRIORITY: MOSCOW, WASHINGTON, UKDEL NATO.

INFO ROUTINE: BUDAPEST, EAST BERLIN, PRAGUE, PARIS, BONN AND MODUK.

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

SOVIET STATEMENT ON POLAND.

HEREWITH THE FULL TEXT OF THE SOVIET STATEMENT ON POLAND ISSUED BY PAP TODAY:

THE FIRST SECRETARY OF THE PUWP CC STANISLAW KANIA AND THE CHAIRMAN OF THE COUNCIL OF MINISTERS WOJCIECH JARUZELSKI RECEIVED THE SOVIET AMBASSADOR BORIS ARISTOV WHO ON BEHALF OF THE SUPREME PARTY AND STATE AUTHORITIES OF THE SOVIET UNION STATED THE FOLLOWING:

THE CENTRAL COMMITTEE OF THE COMMUNIST PARTY OF THE SOVIET UNION AND THE SOVIET GOVERNMENT ARE COMPELLED TO DRAW THE ATTENTION OF THE CENTRAL COMMITTEE OF THE POLISH UNITED WORKERS' PARTY AND OF THE POLISH GOVERNMENT TO THE GROWING OF ANTI-SOVIETISM IN POLAND AND TO SUCH AN INTENSIFICATION OF IT WHICH HAS REACHED DANGEROUS LIMITS.

FACTS INDICATE THAT AN ACUTE AND UNCHECKED CAMPAIGN IS BEING WAGED OPENLY, WIDELY AND WITH IMPUNITY IN THE COUNTRY AGAINST THE SOVIET UNION, ITS FOREIGN AND HOME POLICIES AND THAT IT AMOUNTS NOT TO SPORADIC IRRESPONSIBLE HOOLIGAN EXCESSES BUT TO CO-ORDINATED ACTIONS BY THE ENEMIES OF SOCIALISM OF A CLEARLY DEFINED POLITICAL LINE. ITS MAIN OBJECTIVE IS TO VILIFY AND CAST ASPERSIONS ON THE WORLDS FIRST SOCIALIST STATE AND ON THE VERY IDEA OF SOCIALISM, TO ENKINDLE AMONG POLES HOSTILITY AND HATRED OF THE SOVIET UNION AND THE SOVIET PEOPLE, TO BREAK THE BONDS OF THE BROTHERLY FRIENDSHIP LINKING OUR NATIONS AND AS A RESULT TO WREST POLAND OUT OF THE SOCIALIST COMMONWEALTH, AND TO LIQUIDATE SOCIALISM IN POLAND HERSELF.

ANTI-SOVIETISM PERMEATES EVER MORE DEEPLY VARIOUS FIELDS OF THE SOCIAL LIFE OF THE COUNTRY, INCLUDING IDEOLOGY, CULTURE, EDUCATION. FLAGRANTLY FALSIFIED IS THE HISTORY OF THE RELATIONS BETWEEN OUR COUNTRIES. THE RABID PROPAGANDA AGAINST THE SOVIET UNION EMANATES FROM THE PAGES OF VARIOUS PUBLICATIONS, FROM MOVIE SCREENS, FROM THEATRES AND STAGES. IT OPENLY SOUNDS IN

PUBLIC ENUNCIATIONS - BEFORE MASS AUDIENCES - BY THE RINGLEADER OF THE KOR, THE CONFEDERATION OF INDEPENDENT POLAND, BY THE SOLI-DARITY.

THE FIRST ROUND OF THE CONGRESS OF THAT TRADE UNION HAS BECOME IN EFFECT A PERMANENT TRIBUNE FROM WHICH SLANDERS AND INSULTS SOUNDED AGAINST OUR STATE. THE SO-CALLED MESSAGE TO THE WORKING PEOPLE OF EASTERN EUROPE ADOPTED IN GDANSK HAS BECOME A REVOLTING PROVOCATION, THE ANTI-SOVIET FORCES CARRY ON INSULTING THE MEMORY OF THE SOVIET SOLDIERS OF WHOM HUNDREDS OF THOUSANDS GAVE THEIR LIFE FOR THE FREEDOM AND INDEPENDENCE OF THE POLISH NATION. THEY DESECRATE THEIR GRAVES. THREATS HAVE STARTED APPEARING AGAINST SOLDIERS OF THE UNITS OF THE SOVIET ARMY STANDING GUARD TO THE WESTERN BORDERS OF THE SOCIALIST COMMONWEALTH OF WHICH THE POLISH PEOPLE'S REPUBLIC IS ALSO PART.

THE ANTI-SOCIALIST FORCES STRIVE TO CREATE IN POLAND AN ATMOSPHERE OF EXTREME NATIONALISM, GIVING IT A CLEARLY ANTI-SOVIET CHARACTER. THE SCALE, INTENSITY AND DEGREE OF THE HOSTILITY OF THE PRESENT ANTI-SOVIET CAMPAIGN IN POLAND TAKE ON FEATURES OF THE ANTI-SOVIET HYSTERIA ENKINDLED IN SOME OF THE IMPERIALIST STATES.

THAT CANNOT BUT GIVE GROUNDS TO OUR QUESTION WHY THE POLISH OFFICIAL AUTHORITIES HAVE NOT TAKEN ANY RESOLUTE STEPS SO FAR TO CUT SHORT THE HOSTILE CAMPAIGN AGAINST THE USSR WITH WHICH PEOPLE'S POLAND IS LINKED BY RELATIONS OF FRIENDSHIP AND ALLIED COMMITMENTS. SUCH AN ATTITUDE IS EVEN INCOMPATIBLE WITH THE CONSTITUTION OF THE PPR. INTO WHICH THE PRINCIPLE OF STRENGTHENING THE FRIENDSHIP WITH THE USSR WAS WRITTEN. WE KNOW OF NOT A SINGLE CASE IN WHICH THE INITIATORS OF THE ANTI-SOVIET PROVOCATIONS WOULD MEET WITH A HARSH REACTION ON THE PART OF THE AUTHORITIES AND WOULD BE PUNISHED MORE, THEY EASILY AVAIL THEMSELVES OF STATE-OWNED PREMISES TO HOLD THEIR MEETINGS, ARE GIVEN ACCESS TO MASS MEDIA AND HAVE TECHNICAL EQUIPMENT AT THEIR DISPOSAL ALTHOUGH IT IS KNOWN WELL IN ADVANCE FOR WHAT PURPOSE THESE MEANS WILL BE USED.

TIME AND AGAIN WE HAVE DRAWN THE ATTENTION OF THE PUWP LEADERSHIP AND THE POLISH GOVERNMENT TO THE MOUNTING WAVE OF ANTI-SOVIETISM IN POLAND. WE SPOKE ABOUT IT DURING MEETINGS, IN MOSCOW LAST MARCH AND WARSAW LAST APRIL. WITH GREAT SINCERITY WE WROTE ABOUT THIS IN THE LETTER OF THE CPSU CENTRAL COMMITTEE OF 5 JUNE, AND WE ALSO DISCUSSED THIS DURING THE MEETING IN THE CRIMEA LAST AUGUST.



WE DO NOT HIDE THAT ALL THIS EVOKES DEEP INDIGNATION OF THE SOVIET PEOPLE. THE CPSU CENTRAL COMMITTEE AND LOCAL PARTY ORGANISATIONS RECEIVE A CONSTANT STREAM OF LETTERS IN WHICH SOVIET COMMUNISTS

AND PEOPLE OF NO PARTY AFFILIATION EXPRESS THEIR ASTONISHMENT AT THE IMPUNITY OF THE ANTI-SOVIET PROPAGANDA CONDUCTED IN THE NEIGHBOURLY FRIENDLY SOCIALIST STATE. THE SOVIET PEOPLE, WHICH HAS MADE VAST SACRIFICES TO LIBERATE POLAND FROM FACIST BONDAGE, WHICH HAS SELFLESSLY HELPED AND CONTINUES TO HELP YOUR COUNTRY TODAY, HAS THE FULL MORAL RIGHT TO DEMAND THAT AN END BE PUT TO THE ANTI-SOVIET IMPUDENCE IN POLAND.

THE CPSU CENTRAL COMMITTEE AND THE SOVIET GOVERNMENT FEEL THAT FURTHER LENIENCY SHOWN TO ANY MANIFESTATION OF ANTI-SOVIETISM DOES IMMENSE HARM TO POLISH-SOVIET RELATIONS AND IS IN DIRECT CONTRADITION TO POLAND'S ALLIED OBLIGATIONS AND THE VITAL INTERESTS OF THE POLISH NATION.

WE EXPECT THAT THE PUWP LEADERSHIP AND THE POLISH GOVERNMENT IMMEDIATELY TAKE DETERMINED AND RADICAL STEPS IN ORDER TO CUT SHORT THE MALICIOUS ANTI-SOVIET PROPAGANDA AND ACTIONS HOSTILE TOWARDS THE SOVIET UNION.

END.

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CABINET OFFICE

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TO IMMEDIATE F C O

TELNO 654 OF 18TH SEPTEMBER 1981

INFO PRIORITY: MOSCOW, WASHINGTON AND UKDEL NATO

INFO ROUTINE: BUDAPEST, EAST BERLIN, PRAGUE, PARIS, BONN AND

MODUK

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

OUR TELNO 653: SOVIET STATEMENT ON POLAND.

- 1. COUCHED IN UNPRECEDENTLY BLUNT AND THREATENING LANGUAGE, THIS MESSAGE IS THE STRONGEST INDICATION SEEN HERE THAT THE PATIENCE OF THE SOVIET LEADERSHIP OVER DEVELOPMENTS IN POLAND IS NOW ON THE POINT OF EXHAUSTION. THERE HAVE BEEN NO RECENT SPECIFIC ANTI-SOVIET INCIDENTS AS SUCH WHICH COULD JUSTIFY SUCH AN ALTIMATUM. THE PRESS HAS REPORTED FURTHER ISOLATED DESECRATION OF SOVIET WAR MEMORIALS AND THIS WEEK THE EDITOR OF A SOLIDARITY BULLETIN IN SOUTH WEST POLAND WAS ARRESTED FOR ARTICLES IN RUSSIAN CALLING ON SOVIET TROOPS TO RISE AGAINST THEIR OFFICERS. THE GENERAL THRUST OF THE SOVIET NOTE, HOWEVER, INDICATES THAT IT IS THE WHOLE RANGE OF SOLIDARITY ACTIVITIES THAT HAVE PROVOKED THE ONSLAUGHT.
- 2. THE DELIVERY OF THIS NOTE LAST FRIDAY BY AMBASSADOR ARISTOV EXPLAINS THE BEHIND-THE-SCENES DELIBERATIONS THAT TOOK PLACE EARLIER THIS WEEK. IT ALSO CASTS A NEW LIGHT ON THE POLITBURO'S OWN MESSAGE YESTERDAY WHICH AT THE TIME APPEARED GENERAL AND TENTATIVE. BUT, WHEN NOW ASSESSED AGAINST THE SOVIET NOTE, COULD ALMOST BE INTERPRETED AS AN ACT OF DEFIANCE TOWARDS MOSCOW. THE SOVIET GOVERNMENT AND PARTY HAVE ACCUSED THE POLISH LEADERSHIP OF MANIFESTLY FAILING TO KEEP ITS OWN HOUSE IN ORDER AND HAVE LET IT BE KNOWN THAT THEY EXPECT TO SEE ACTION. AND ALL THE POLISH GOVERNMENT HAS DONE IS TO ISSUE A GENERAL WARNING TO SOLIDARITY COUPLED WITH AN APPEAL FOR BETTER BEHAVIOUR. THE FACT THOT THE POLITBURO CHOSE TO PUBLISH THE SOVIET NOTE AFTER ITS OWN COMMUNIQUE SUGGESTS THAT THEY MAY HAVE WISHED TO REASSURE THE POLES AND SOLIDARITY THAT THEY WERE NOT ACTING UNDER DIRECT ORDERS FROM MOSCOW AND TO INDICATE THE CONSTRAINSTS UNDER WHICH THEY ARE NOW WORKING.
- 3. HM AMBASSADOR IN MOSCOW IS BETTER PLACED THAN I TO COMMENT ON SOVIET MOTIVES FOR THIS MESSAGE. AS SEEN FROM HERE, IT IS UNLIKELY EITHER TO FORCE THE GOVERNMENT INTO TAKING DECISIVE ACTION AGAINST SOLIDARITY OR TO DETER SOLIDARITY FROM FURTHER CONFRONTATIONAL ACTIVITIES. THE GOVERNMENT MAY STILL HAVE SOME

MORE

MORE MOVES PLANNED FOR THE WEEKEND BUT SO FAR THEY HAVE NOT ATTEMPTED TO CHALLENGE SOLIDARITY ON SPECIFIC POINTS OR TO MAKE ANY ATTEMPT TO HEAD OFF THE SECOND SOLIDARITY CONGRESS SCHEDULED FOR THE END OF NEXT WEEK. FOR THEIR PART SOLIDARITY REFLECTING THE ATTITUDE OF THE VAST MAJORITY OF POLES, NO LONGER SEEM TO BE BOTHERED BY THE THREAT OF SOVIET INTERVENTION. THEY HAVE CONVINCED THEMSELVES THAT, SINCE IT HAS NOT HAPPENED UP TILL NOW, IT WILL PROBABLY NOT HAPPEN AT ALL, AND, IF IT DOES, POLAND WILL BE ACTING OUT ITS HISTORIC DESTINY.

4. THE DELIVERY OF THIS NOTE AND ITS PUBLICATION HERE MARK A NEW STAGE IN THE POLISH CRISIS. I CANNOT BELIEVE THAT IT PRESAGES A SOVIET INTERVENTION IN THE NEXT FEW WEEKS BUT, IF, AS SEEMS LIKELY, IT MAKES NO IMPACT ON THE LOCAL SITUATION, THE SOVIET UNION IS LEFT WITH VERY FEW CARDS TO PLAY SHORT OF DIRECT ACTION.

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PRIME MINISTER

Food for Poland

BACKGROUND

The Foreign and Commonwealth Secretary's minute (PM(81) 43) dated 16th September, explains why an early decision is required on his wish that the United Kingdom should participate, for the third time, in the provision of food by the European Community to Poland at prices 15 per cent below those obtaining on the world market. The Minister of Agriculture, in his letter to the Chancellor of the Exchequer, also dated 16th September, argues that it would be advantageous to participate in the Community scheme in order to dispose of 150,000 tons of barley at once. Participation would require us to provide the Poles with £15 million of export credit.

- 2. At their 9th meeting on 20th May, OD decided that new credit for Poland should be limited to £25 million in 1981 and that this should be divided between agricultural and industrial exports. The division was subsequently set at 50:50.
- 3. Since Lord Carrington's minute was written, it has been established that ECGD in fact have available (as a result of OD's May decision plus un spent balances from 1980) the whole of the £15 million credit which the proposed barley sale would require; not just £9 million as his paragraph 6 says. But as things stand this £15 million is earmarked for industrial rather than agricultural exports.
 - 4. There are therefore two issues for decision:-
 - (i) Should any new money now be provided for credit for Poland, over and above the £15 million which is at present earmarked for industrial exports, in order to facilitate barley exports?

 Although Lord Carrington's minute canvasses this possibility, there is unlikely to be much support for it, given our present economic circumstances and the unlikelihood of our ever being

repaid. Moreover, ECGD have now concluded that they would be exceeding their legal powers if they lent the Poles any money beyond what is already authorised, unless they reactivated the aid-giving provisions of their Act, which would require notification to Parliament and would be highly controversial.

- (ii) Should the money to provide credit for barley exports be found by raiding the money earmarked for industrial exports?
- 5. Discussion will centre on (ii). Ministers representing the Foreign and Commonwealth Office and the Ministry of Agriculture will answer Yes; those speaking for the Departments of Trade and Industry will answer No. Treasury Ministers, having got their way on (i), will be neutral on (ii) but inclined in the end to accept Lord Carrington's judgment of the foreign policy imperative. There will be three areas of argument:-
 - (a) Financial. Selling barley rather than industrial goods will be marginally more beneficial to us in two ways. We shall save intervention storage costs of perhaps £1.2 million; and we shall receive about £2 million net from EC funds under the export subsidy arrangements (i.e. about £2 million more than if our barley is not sold to Poland, we would eventually get back under the budget adjustment procedures).
 - (b) Industrial. If we stick to industrial exports, rather than barley, there will be some marginal gain in employment terms. The Departments of Trade and Industry felt badly done by under the 50:50 split agreed after OD's May meeting; and will therefore be even more opposed to moving now to a 100:0 split in agriculture's favour. It is also arguable that industrial goods would do more for the Poles' long-term economic health than food.
 - (c) Political. The political case is clearly set out in Lord Carrington's minute. If we did not participate in the EC food package, that would open us to criticism from the Americans, French and Germans as well as from the Poles themselves; and the lack of adequate food supplies

is exacerbating the short-term difficulties in solving Poland's internal political and economic problems. The Poles must in the end be the best judges whether in their present circumstances they need food more desperately than industrial goods.

HANDLING

- 6. The Foreign and Commonwealth Secretary should introduce his proposal; he is being briefed to make the factual correction on the amount of credits still outstanding. The Chancellor of the Exchequer should then comment on the expenditure implications. This should enable you to establish that no new credit should be provided; and that the sole issue is therefore whether we should favour agricultural rather than industrial exports.
- 7. Mr. Buchanan-Smith (in the Minister of Agriculture's absence) might then be asked to put the agricultural case; and Mr. Rees (in the Secretary of State for Trade's absence) and the Secretary of State for Industry (if he is present) to put the industrial case. You will wish to probe whether the Polish preference for agricultural credit is as absolute as Lord Carrington suggests; and whether there is scope for some intermediate position, involving provision of only part of the barley requested. But in the end his judgment of what the Polish situation most requires is likely to be the decisive factor.

CONCLUSION

- 8. You might guide the Committee to agree:-
 - (i) that no new credit should be provided for 1981;
 - (ii) that the United Kingdom should participate in the new Community food package;
 - (iii) that the extent of our participation, and therefore the amount of agricultural credit we make available (at the cost of industrial credit) should be settled in discussion with the Poles, subject to any minimum allocation for industrial goods which the Committee may decide upon.

Robert Armstrong

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TO IMMEDIATE F C O

TELNO 652 OF 17TH SEPTEMBER 1981
INFO ROUTINE MOSCOW, BUDAPEST, EAST BERLIN, PRAGUE, PARIS,
BONN, WASHINGTON, UKDEL NATO AND MODUK.
INFO SAVING: BUCHAREST, SOFIA, BELGRADE, HELSINKI, STOCKHOLM,
UKMIS NEW YORK AND UKREP BRUSSELS.

POLITBURO STATEMENT OF SOLIDARITY CONGRESS.

- 1. THE POLISH PRESS TODAY CARRIES A STATEMENT BY THE POLITBURO

 (FULL TEXT BY BAG TO FCO) WHICH REPRESENTS THE FIRST CONSIDERED

 REACTION BY THE PZPR TO THE SOLIDARITY CONGRESS AND ITS DECLARATIONS.

 THE STATEMENT IS HARD-LINE IN ITS DESCRIPTION OF SOLIDARITY AND

 THE UNION'S MOTIVES FOR ISSUING DECLARATIONS ON FREE ELECTIONS

 AND RELATIONS WITH WORKERS IN OTHER EASTERN EUROPEAN COUNTRIES.

 THE RESOLUTION ON FREE ELECTIONS IS DESCRIBED AS "ARROGANT",

 THAT ON EASTERN EUROPEAN WORKERS AS "A MAD PROVOCATION TOWARDS

 POLAND'S ALLIES". SOLIDARITY IS ACCUSED OF HAVING UNILATERALLY

 BROKEN THE GDANSK, SZCZECIN AND JASTRZEBIE AGREEMENTS AND TO HAVE

 REPLACED THEM BY "A PROGRAMME OF POLITICAL OPPOSITION WHICH HITS

 OUT AT THE VITAL INTERESTS OF THE POLISH NATION AND THE STATE,

 AND POINTS IN THE DIRECTION OF THREATENING CONFRONTATION WITH

 BLOODSHED".
- 2. THOUGH HARD-LINE IN ITS DESCRIPTION OF THE COURSE NOW EMBARKED UPON BY SOLIDARITY, THE STATEMENT NEVERTHELESS AFFIRMS THE READINESS OF THE POLITBURO TO BUILD AN ALLIANCE WITH " ANYONE WHO IS NOT AGAINST SOCIALISM AND HAS AT HEART THE CAUSE OF THE MOTHERLAND AND ITS RESCUE". THE POLITBURO CALL ON ALL MEMBERS OF SOCIETY, INCLUDING SOLIDARITY AND CATHOLIC ORGANISATIONS, TO MAKE CLEAR DECLARATIONS AGAINST POLITICAL ADVENTURISM, POWER STRUGGLES AND ATTEMPTS AT DESTROYING THE SOCIALIST STATE.
- 3. THE UNEASY AND UNNATURAL LULL OF THE FIRST HALF OF THE WEEK HAS NOW BEEN BROKEN BY THIS STERNLY WORDED POLITBURO STATEMENT.

 AFTER SOLIDARITY'S DISPLAY OF FIREWORKS IN GDANSK LAST WEEK AND AFTER THE WEEKEND'S EXTERNAL CHORUS OF ANTI-SOLIDARITY INVECTIVE LED BY MOSCOW AND ECHOED IN OTHER CMEA COUNTRIES, IT ALWAYS SEEMED LIKELY THAT THE POLISH LEADERSHIP WOULD HAVE TO DO SOMETHING TO RE-ASSERT ITS AUTHORITY AND TO TRY TO HEAD OFF SOLIDARITY FROM FURTHER EXCESSES IN THEIR RESUMED CONGRESS NEXT WEEK. THERE IS CONSIDERABLE SPECULATION HERE THAT THE SOVIET LEADERS HAVE SENT ANOTHER TOUGHHMESSAGE TO THEIR POLISH COLLEAGUES WHICH MIGHT HAVE BEEN DELIVERED WHEN THE SOVIET AMBASSADOR CALLED ON KANIA LATE LAST WEEK.

4. THERE SEEM TO BE THREE MAIN OPTIONS OPEN TO THE POLISH AUTHORITIES, NONE OF THEM PARTICULARLY APPETISING. AT ONE EXTREME THEY COULD SEEK TO PREVENT SOLIDARITY FROM HOLDING THE SECOND PART OF THEIR CONGRESS BY SUCH DEVICES AS WITHDRAWING RECOGNITION FROM A MOVEMENT WHICH HAS RADICALLY REVISED ITS CHARTER FROM THAT REGISTERED WITH THE STATE IN NOVEMBER 1980 OR BY INVOKING LAW AND ORDER ARGUMENTS AND POSSIBLY A STATE OF EMERGENCY. BUT SOLIDARITY WOULD ALMOST CERTAINLY GO AHEAD WITH THE CONGRESS, BAN OR NOT. A MIDDLE ROAD WOULD SEE THE GOVERNMENT CHALLENGING SOLIDARITY ON SPECIFIC ISSUES AND THUS ATTEMPTING TO RESTRICT DISCUSSION IN GDANSK NEXT WEEK TO AREAS WHICH THEY ACCEPT FALL WITHIN SOLIDARITY'S AMBIT. CONSIDERABLE ACTIVITY IN SEJM COMMISSIONS EARLIER THIS WEEK SUGGESTED THAT THE GOVERNMENT MIGHT PERSUADE THE SEJM TO ISSUE NEW DRAFT LAWS ON WORKER SELF-GOVERNMENT AND THE LEGAL POSITION OF THE ENTERPRISE. THE GOVERNMENT MUST KNOW HOWEVER THAT SOLIDARITY IS UNLIKELY TO BE SHACKLED IN THIS WAY. FINALLY THE GOVERNMENT, KNOWING THAT SOLIDARITY WOULD BE UNLIKELY TO SHOW ANY MODERATION IN THIS INTERVAL BETWEEN CONGRESSES, COULD DO NOTHING, HOPING THAT ONCE THE CONGRESSES WERE OVER SOLIDARITY MIGHT START NEGOTIATING SUBST-

5. THE POLITBURO STATEMENT FALLS SOMEWHERE BETWEEN THE SECOND AND THIRD OPTIONS. IT IS A GENERAL COMPLAINT ABOUT SOLIDARITY'S CONFRONTATIONAL TACTICS WITHOUT SPECIFYING ANY PARTICULAR POINTS OF DIFFERENCE. IT REPRESENTS A COMPROMISE BETWEEN BOWING TO SOVIET PRESSURE AND TAKING UP A POSITION WHICH WOULD RISK EITHER FURTHER CONCESSIONS OR AN OPEN CLASH WITH SOLIDARITY. THOUGH SAYING THAT THE PARTY RESERVES THE RIGHT TO USE ALL METHODS NECESSARY TO COUNTER THREATS, THE STATEMENTS EXPLICIT OFFER OF AN OLIVE BRANCH TO SOLIDARITY, SEEMS TO INDICATE THAT THE TIME FOR REPRESSIVE ACTION HAS NOT YET COME. NO DOUBT THE PARTY WILL HOPE THAT SOLIDARITY'S SECOND CONGRESS BEGINNING AT THE END OF NEXT WEEK WILL MODERATE THE TONE ADOPTED AT THE FIRST SESSION. BUT IN THEIR PRESENT MOOD SOLIDARITY WILL IGNORE THIS MIXTURE OF THREAT AND APPEAL AND THE GOVERNMENT MAY FEEL THAT THEY HAVE TO TAKE FURTHER PRE-EMPTIVE MEASURES ALONG THE LINES OF THE SECOND OPTION BEFORE THE CONGRESS OPENS.

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Toug

MR. WRIGHT
CABINET OFFICE

Meeting of OD: 18 September

The Prime Minister has seen your minute to me of 16 September and has agreed the proposals in it.

M. O'D. B. ALEXANDER

17 September 1981

CONFIDENTIAL

Ref. A05547

MR ALEXANDER

Prime Priniter Africe new item + additional hartinfants?

And 1619

Meeting of OD, 18th September

I should be grateful if you would approve an additional item for this meeting, namely Food aid to Poland. The Foreign and Commonwealth Secretary is minuting the Prime Minister to seek agreement on our making a positive response to the Polish request for a third tranche of food aid, which the Chancellor of the Exchequer is expected to oppose. A decision has to be taken before the Prime Minister and Lord Carrington depart overseas next week, and the OD meeting provides a convenient opportunity. In the absence abroad of Mr Biffen, Mr Peter Rees should be invited. Mr Walker is also abroad and wishes to be represented by Mr Buchanan-Smith.

As for the other two items, the following Ministers should be invited:

BBC External Services

Mr Brittan and

Mr Jopling

Policy towards Developing Countries

Mr Brittan, Mr Lawson,

Mr Marten and Mr Rees

I should be grateful for approval for this.

The Home Secretary, the Lord Chancellor and the Secretary of State 3. for Defence are out of London and will not be attending this meeting of OD.

D J WRIGHT

16th September 1981



PM/81/43

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PRIME MINISTER

Food for Poland

- 1. The question of the Community providing a third tranche of food supplies for Poland at special prices came up at the Foreign Affairs Council on 14 September. A decision will be needed soon as to whether we are prepared to make available sufficient credit to fund a sale of 150,000 tonnes of British barley which the Poles have requested as our part of the package.
- 2. I understand that it has not been possible to reach agreement among officials and that opposition to the provision of additional credit has been expressed by the other Departments concerned with the exception of MAFF. While I agree that a decision to provide further credit for Poland touches on wider issues which we will need to consider in greater detail later this year, I do not believe that we can defer a decision on the Polish request until then. I hope, therefore, that we can reach agreement on this at OD on 18 September.
- 3. The present position is that the Commission, having explored informally with Member States the availability of national credit as well as stocks of the food required by the Poles, will shortly put forward a formal Commission proposal. At the Council on 14 September the French Foreign Minister urged very strongly that the Member States should agree to the Polish request. The Germans reserved their position pending a Cabinet decision on 16 September. At a subsequent meeting of COREPER it was clear that most partners will have some difficulty finding the extra credit required. Nevertheless I think it likely that there will be agreement on some kind of a package, although it may be smaller than the Poles have requested. In those circumstances it would not be understood if,



as Presidency and as a Member State bearing a lesser burden than the French and Germans who will probably have to provide the major part of the Polish request, we were not prepared to play our part. Nor would our decision be understood by the Americans who have themselves recently made major food contributions to Poland.

- 4. Within Poland there are serious food shortages. In particular domestic production of meat is expected to be 20% lower in 1981 than last year. Although the Government has banned the hunger marches which took place earlier this summer there is no doubt that the lack of adequate supplies is contributing, and will continue to contribute to the other difficulties that face Poland at the present time. Agreement between Solidarity and the Government on the economic proposals that are now being hammered out and which are vital to Poland's future will be considerably more difficult if discontent in the population continues at the present level as a result of inadequate food supplies.
- 5. Specifically the Poles have asked for 150,000 tonnes of barley for use as feed. Peter Walker has written to the Chancellor to underline his interest in providing this barley of which we hold increasingly large surplus stocks. Doing so will ensure that we get at least some return from the Community funds as a result of the special discount on exports, whereas if we do not the barley will probably end up in intervention at public cost.
- 6. The amount of credit we may need to provide is £15 million. We have outstanding about £9 million of credits already allocated to Poland but earmarked for industrial sales. If the Poles indicate clearly that they attach top priority to receiving extra food this sum could be used towards the purchase of the barley together with an



additional £6 million of new credit. If, however, there is a real prospect of sales of British industrial goods and the transfer of the £9 million cannot be agreed, I hope nevertheless that we will be able to agree at OD that we should participate in a Community package up to a limit of £15 million.

7. I am copying this minute to colleagues in OD, to the Minister of Agriculture, Fisheres and Food, the Secretary of State for Industry and Sir Robert Armstrong.

(CARRINGTON)

Foreign and Commonwealth Office

16 September 1981

WHITEHALL PLACE, LONDON SWIA 2HH



From the Minister

plw pps for or

The Rt Hon Sir Geoffrey Howe QC MP Chancellor of the Exchequer HM Treasury Parliament Street London SW1P 3AG

16 September 1981

SALE OF FOOD TO POLAND

As you know, the Poles are asking for a further tranche of food supplies from the Community at cut prices and on special credit terms. Most of what they are asking for the UK is not in a position to supply: but there is one item in particular on their shopping list - 150,000 tonnes of barley - which is of very great interest to us.

Our production of barley is increasing due to the introduction of higher-yielding varieties and improved production methods. With domestic demand static or declining, we have to look more and more to exports to dispose of the crop. Poland has become our most important export market in recent years. During 1980 we sent them nearly 700,000 tonnes, out of total exports of 2,400,000 tonnes.

Although the weather has been less favourable this year, the barley harvest is estimated to have been as large as in 1980 and, with an expected drop in consumption and some 170,000 tonnes of intervention stocks carried over from last season, the surplus for export is likely to exceed the 1980/81 level and could reach 2.5m tonnes. The surplus may be more difficult to sell since other major world exporters (the US, Canada and Australia) have bigger crops this year.

Barley which is not exported risks ending up in intervention. Offers into intervention from the new crop already total some 250,000 tonnes. The cost to public expenditure of an additional 150,000 tonnes in intervention, assuming it stayed there for a year before being sold, would be about £1.2m. It is therefore essential that we should put ourselves in a position to meet the Polish request.

For 150,000 tonnes of barley we shall need about £15m worth of credit which, in terms of the Polish request, will need to be available in the last quarter of this year and the first quarter of 1982. We have so far decided to make some £65m worth of credit available to the Poles this year, of which some £47.5m has been earmarked for sales of food. In fact, the credit already actually granted for food sales, added to the amount we estimate we need to cover our remaining obligations under the two existing Community Food Aid schemes, will

absorb virtually the whole of the £47.5m. It may of course prove possible to make further credit available for food sales within the total of 65m: this depends on how much the Poles have used or earmarked for purchases of non-food items. But I gather that the margin now remaining is in fact a good deal less than £15m, so that even if it were all to be made available for food sales it would not be enough to cover the whole of their request for barley. I feel strongly that additional credit be made available to enable the sale to Poland to go ahead.

The one other foodstuff in the Polish list in which we have an interest is beef. It is not so easy to forecast how the beef market will behave, but it could well turn out that we will still have substantial intervention stocks of beef next year; in that case it could be useful to sell the Poles up to 3,000 tonnes next Spring. I cannot do more at the moment than ask you to note this possibility. The credit requirement for this would be some £3.5m.

I understand that these matters may be taken by OD on Friday. I am off today to Brazil and Argentina, and I wanted to make my position clear before leaving.

I am copying this letter to the Prime Minister, members of OD, the Secretary of State for Industry and Sir Robert Armstrong.

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PETER WALKER

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MR FERGUSSON
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TELEGRAM NUMBER 575 OF 14TH SEPTEMBER

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See ver

MY TELS NO 570 AND 572: THE SOVIET UNION AND POLAND.

- THE SOVIET MEDIA HAVE PUBLISHED LETTERS ATTACKING SOLIDARITY, DATED 11 SEPTEMBER AND ADDRESSED TO POLISH WORKERS, FROM THE ZIL FACTORY IN MOSCOW AND THE KIROV ENTERPHISE IN LENINGRAD. OF THE ATTER WAS SAID TO HAVE BEEN ADOPTED BY A MEETING ATTENDED BY 30,000 WORKERS. MEETINGS HAVE ALSO BEEN ORGANISED AT OTHER FACTORIES, THOUGH THE LETTERS SENT BY THEM HAVE NOT YET BEEN PUBLISHED IN THE CENTRAL PRESS. THERE HAS BEEN LITTLE OF NO REPORTING OF POLISH GOVERNEMENT OR PARTY STATEMENTS BUT SOVIET NEWSPAPERS HAVE REPRINTED ATTACKS ON SOLIDARITY BY RUDE PRAVO AND THE HUNGARIAN PARTY NEWSPAPER. USTINOV SAID IN HIS SPEECH OF 12 SEPTEMBER AT THE CONCLUSION OF THE SOVIET EXERCISES NEAR POLAND THAT THE WEST WAS MAKING COOSISTENT ATTEMPTS TO INTERFERE IN DEVELOPMENTS IN POLAND. PRAVDA OF 14 SEPTEMBER ATTACKED HAIG'S INTERVIEW WITH THE WASHINGTON POST AS DEMONSTRATING THE ADMINISTRATION'S DETERMINATION TO CONTINUE ITS 'GROSS' INTERFERENCE. DETAILS FOLLOW BY BAG.
- 2. THE GENERAL EFFECT OF THE COVERAGE HAS BEEN TO POINT UP THE SOVIET DILEMMA EVEN MORE SHARPLY THAN BEFORE. BY ORGANISING THE DESPATCH OF LETTERS WHICH ROUNDLY CONDEMN SOLIDARITY, IGNORE THE POLISH PARTY AND GOVERNMENT AND APPEAL TO RUSSIAN ANTI-POLISH SENTIMENT. THE SOVIET LEADERSHIP HAVE BEGUN TO TURN THE ISSUE INTO

2. THE GENERAL EFFECT OF THE COVERAGE HAS BEEN TO POINT UP THE SOVIET DILEMMA EVEN MORE SHARPLY THAN BEFORE. BY ORGANISING THE DESPATCH OF LETTERS WHICH ROUNDLY CONDEMN SOLIDARITY, IGNORE THE POLISH PARTY AND GOVERNMENT AND APPEAL TO RUSSIAN ANTI-POLISH SENTIMENT, THE SOVIET LEADERSHIP HAVE BEGUN TO TURN THE ISSUE INTO ONE BETWEEN THEMSELVES AND SOLIDARITY. APART FROM THE GENERAL INTENSIFICATION OF PRESSURE, THERE IS HOWEVER, AS YET NO INDICATION OF THE WAY THE RUSSIANS EXPERT KANIA TO HANDLE THE SITUATION OR OF THEIR OWN POSSIBLE ROLE.

FCO PLEASE PASS SAVING TO WASHINGTON PARIS AND BONN.

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14/13/02

GRS 690 RESTRICTED

FM MOSCOW 110750Z SEP 81
TO IMMEDIATE F C OA
TELEGRAM NUMBER 572 OF 11TH SEPTEMBER
FOR INFO PRIORITY WARSAW
FOR INFO SAVING WASHINGTON PARIS BONN UKDEL NATO BELGRADE
PRAGUE BUDAPEST BUCHAREST SOFIA AND EAST BERLIN.

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SOLIDARITY CONGRESS: MY TELNOS 569 AND 570 AND SAVING TELNO 19.

- 1. TODAY'S PRAVDA PUBLISHED A FURTHER TASS REPORT ON THE FIRST STAGE OF THE SOLIDARITY CONGRESS UNDER THE TITLE "THE GDANSK CONGRESS AN ANTI-SOCIALIST GATHERING", WHICH RAISED TO A YET HIGHER LEVEL ITS CRITICISM OF THE CONGRESS.
- 2. TASS SAID THAT THE CONGRESS HAD BEEN TURNED BY EXTREMIST CIRCLES INTO AN 'ANTI-SOCIALIST AND ANTI-SOVIET BAACHANALIA'. THE CONGRESS HAD TAKEN THE FORM OF AN OPEN STRUGGLE AGAINST THE PZPR AND THE POLISH GOVERNMENT. IT HAD BEEN STATED THAT SOLIDARITY WAS PREPARED TO USE 'ALL AVAILABLE MEANS' IN THIS STRUGGLE FOR POWER. THE CONGRESQ' MESSAGE TO THE PEOPLE OF EASTERN EUROPE WHICH CONTAINED A COLF FOR STRUGGLE AGAINST THE SOCIALIST SYSTEM WAS OPENLY PROVOCATIVE AND INSOLENT IN RELATION TO THE SOCIALIST COUNTRIES, AND AN ACT OF INTERFERENCE IN OTHER PEOPLE'S AFFAIRS. THE 'BASE INTRIGHERS' WHO WERE TRYING TO SERVE THE INTERESTS OF IMPERIALIST SUBVERSIVE CENTRES, INTENDED TO INFLUENCE THE SOCIALIST STRUCTURES OF POLAND'S NEIGHBOURS, AND USE TRADE UNITN CHANNNLS TO HARM THE ONWARD MOVEMENT OF SOCIALISM.
- 3. AS WAS WELL KNOWN, THE SO CALLED "TRADE UNION CONGRESS".
 WAS IN FACT A CONGLOMERATION OF COUNTER-REVOLUTIONARIES OF DIFFERENT
 COLOURS INCLUDING AGENTS OF SIMPERIALIST SPECIAL SERVICES AND ALL
 THOSE WHO HATED SOCIALISM AND PEOPLE'S POWER IN POLAND. THEY WERE
 AIMING TO BREAK UP THE BASIS OF THE POLISH SOCIALIST STATE, TO
 DESTROY POLAND'S INTERNATIONAL ALLIANCES AND IN THE END TO
 RESTORE BOURDEOIS INSTITUTEIONS TO POLAND. THESE VAIN ATTEMPTS HAD
 REVEALED THE TRUE FACE OF EXTREMIST LEADERS OF SOLIDARITY AND
 THOSE CIRCLES IN POLAND AND ABROAD WHO HAD ENGENDERED CRISIS AND
 ANARCHY IN THE COUNTRY. THE WORKING CLASSES OF THE SOVIET UNION
 AND POLAND WERE LINKED BY BROTHERHOOD, UNITY OF INTERESTS AND THE
 COMMONALITY OF SOCIALIST GOALS AND NO EFFORTS BY REACTIONARIES
 DRESSING THEMSELVES UP AS FRIENDS OF THE PEOPLE WOULD BE ABLE TO
 DESTROY THIS.
- 4. THE PZPR AND THE POLISH GOVERNMENT'S MEASURES TO NORMALIZE THE SITUATION HAD BEEN SUBJECTED TO HARSH ATTACKS AT THE CONGRESS.

 EITHER THE AUTHORITIES WERE TO ACCEPT SOLIDARITY'S DEMANDS OR THERE WOULD BE CONFRONTATION. AND THIS WAS NOT A QUESTION OF SECONDARY DEMANDS: SOLIDARITY WAS THREATENING THE LUQUIDATION OF SOCIALIST OWENERSHIP IN THE COUNTRY AND THE CREATION OF CONDITIONS FOR THE RESTORATION OF A PRIVATE CAPITALIST ECONOMIC SYSTEM.

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- 5. THE CONGRESS HAD MADE ATTACKS ON THE CONSTITUTIONAL PRINCIPLES
 OF THE POLISH PEOPLES'S REPUBLIC AND EVEN PUT TO THE VOTE A FODMAL
 PROPOSAL ON THE NON-RECOGNITION OF THE LEADING ROLE OF THE PZPR.
 IN THIS WAS THEY WANTED TO CANCEL THE REVOLUTIONARY GAINS OF THE
 POLISH PEOPLE AND OF POLAND'S STRUGGLE FOR INDEPENDENCE AND
 SOVEREIGNTY. THE POLICY THE CONGRESS HAD ADOPTED ON QUESTIONS OF
 PEACE AND DISARMAMENT WAS CHARACTERISTIC. THE MAJORITY OF DELEGATES
 HAD VOTED AGAINST A RESOLUTION SUPPORTING THE PEOPLE'S EFFORTS
 TO CONSOLIDATE PEACE.
- 6. AT THE CONGRESS EXHIBITIONS AND FILMS OF OPENLY ANTISOCIALIST AND ANTI-SOVIET CONTENT HAD BEEN ORGANISED. THE POLISH
 PAPER 'ZOLNIERZ WOLNOSCI' HAD RIGHTLY EMPHASISED THAT THIS
 'CULTURAL PROGRAMME' HAD TURNED INTO A 'REAL ANIT-SOCIALIST
 ORGY'. DURING THE CONGRESS THERE HAD BEEN MUCH SPREADING OF
 LEAFLETS, POSTERS AND OTHER PUBLICATIONS DEFAMING NOT ONLY THE
 POLISH AUTHORITIES AND POLISH COMMUNISTS AND PATRIOTS BUT ALSO
 SLANDERING THE SOVIET UNION AND THE WHOLE SOCIALIST COMMONWEALTH.
- 7. THE SOLIDARITY CONGRESS WAS, AS ITS PARTICIPANTS HAD STATED,
 A REVIEW OF FORCES WHICH WERE PREPARING TO TAKE POWER. THESE
 GENTLEMENT HAD SO FAR OVERSTEPPED THE MARK THAT THEY DID NOT SEE THE
 GROWING INDIGNATION AND ANGER AT THEIR PROVOCATIVE AND
 ADVENTURISTIC ACTIONS WHICH WERE EXACERBATING THE ALREADY COMPLICATED
 SITUATION IN POLAND.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

KEEBLE

REPEATED AS REQUESTED

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FM WARSAW 111425Z SEP

TO IMMEDIATE F C O

TELNO 640 OF 11TH SEPTEMBER 1981.

AND TO PRIORITY MOSCOW AND WASHINGTON.

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INFO SAVING: PARIS, BONN, UKDEL NATO, UKREP BRUSSELS, UKMIS NEW YORK, HELSINKI, STOCKHOLM, EAST BERLIN, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, PRAGUE AND MODUK.

SOLIDARITY CONGRESS.

1. THE FIRST ROUND OF SOLIDARITY'S CONGRESS ENDED YESTERDAY. IT ISSUED A PROGRAMME DECLARATION WHICH LAID DOWN THE UNION'S WORK FOR THE IMMEDIATE FUTURE. ACCORDING TO THE DECLARATION SOLIDARITY'S SUPREME GOAL IS TO CREATE THE CONDITIONS FOR DECENT LIVING IN A POLAND WHICH IS ECONOMICALLY AND POLITICALLY SOVER-EIGN. IT IS IMPORTANT TO CREATE A LIFE FREE OF POVERTY, EXPLOITATION, FEAR AND LIES, IN A SOCIETY WHICH IS ORGANISED ON THE PRINCIPLES OF DEMOCRACY AND THE RULE OF LAW. THE NATION TODAY EXPECTS AN IMPROVEMENT OF FOOD SUPPLIES THROUGH THE SETTING UP OF CONTROLS OVER PRODUCTION, DISTRIBUTION AND PRICES IN COOPERATION WITH RURAL SOLIDARITY, ECONOMIC REFORM THROUGH THE SETTING UP OF GENUINE WORKER SELF-MANAGEMENT AND THE END OF PARTY INFLUENCE ON THE MANNING OF TOP JOBS AND ECONOMIC MECHANISMS, TRUTH THROUGH PUBLIC CONTROL OVER THE MASS MEDIA AND THE TEACHING OF TRUE FACTS IN SCHOOLS AND CULTURAL EVENTS, DEMOCRACY THROUGH THE HOLDING OF FREE ELECTIONS TO THE SEJM AND PEOPLES COUNCILS, JUSTICE THROUGH THE ENSURING OF EQUALITY OF ALL BEFORE THE LAW, FREEDOM FOR POLITICAL PRISONERS AND THE DEFENCE OF THOSE VICTIMISED FOR ACTIVITIES IN PUBLISHING AND THE TRADES UNIONS, IMPROVEMENT IN THE ENDANGERED HEALTH OF THE NATION BY PROTECTING THE NATURAL ENVIRONMENT, AND COAL FOR THE POPULATION AND INDUSTRY BY GIVING PROPER LIVING AND WORKING CONDITIONS TO THE MINERS. THE DECLARATION ENDS BY SAYING THAT THOSE FORCES WHICH ARE CREATING THE SENSE OF AN EXTERNAL THREAT WILL NOT DEPRIVE SOLIDARITY OF THE WILL TO STRUGGLE FOR THE IDEALS OF AUGUST 1980 AND THE IMPLEMENTATION OF THE AGREEMENTS CONCLUDED THEN.

2. THE CONGRESS ALSO ADOPTED A RESOLUTION ON THE PROPOSAL OF THE WARSAW BRANCH ABOUT THE ELECTIONS TO PEOPLES' COUNCILS DUE NEXT YEAR. THE RESOLUTION DEMANDS NEW LEGISLATION WHICH WOULD ENSURE FREEDOM OF NOMINATION OF CANDIDATES BY ALL SOCIAL GROUPS. THERE SHOULD BE NO LIMIT ON THE NUMBER OF CANDIDATES, A SECRTE BALL OT AND A GENUINE ELECTION. ALL SOCIAL GROUPS SHOULD BE REPRESENTED ON THE ELECTORAL COMMISSIONS. A TASK FORCE WAS SET UP TO DRAFT VOTING REGULATIONS.

13.

3. THE CONGRESS ALSO ADOPTED A RESOLUTION DEMANDING THAT POLISH CITIZENS SHOULD BE GUARANTEED A FREE CHOICE OF THE COUNTRY IN WHICH THEY WISH TO LIVE AND WORK.

4. THE PROPOSAL TO CHANGE THE PREAMBLE TO THE STATUTES WHICH ACKNOWLEDGES THE LEADING ROLE OF THE PARTY FAILED TO GET ENDORSEMENT BY 10% OF THE DELEGATES AND WAS NOT DISCUSSED.

5. SOLIDARITY'S REGIONS MUST EXAMINE THE PROPOSED CHANGES IN THE STATUTES BY 24 SEPTEMBER. THE NEW STATUTES, WHICH EFFECTED THE COMPROMISE BETWEEN THE REGIONALISTS AND CENTRALISTS, COME INTO FORCE IF THEY ARE ENDORSED BY HALF THE REGIONS REPRESENTING HALF OF SOLIDARITY'S MEMBERSHIP.

6. FOR COMMENTS SEE MIFT.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES.

(REPEATED AS F.EQUESTED)

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PS/S OF S
MR DICK
MR POWNALL

PS/CHANCELLOR
SIR K COUZENS
MISS BAKER
MR MOUNTFIELD

MR P J BULL
MR COTTERILL ECGD

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FM WARSAW 111450Z SEP
TO IMMEDIATE F C O
TELNO 641 OF 11TH SEPTEMBER 1981
AND TO PRIORITY MOSCOW AND WASHINGTON.

INFO SAVING: PARIS, BONN, UKDEL NATO, UKREP BRUSSELS, UKMIS NEW YORK, HELSINKI, STOCKHOLM, EAST BERLIN, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, PRAGUE AND MODUK.

MIPT: SOLIDARITY CONGRESS.

1. THE SERIES OF UNCOMPROMISING STATEMENTS AND RESOLUTIONS WITH WHICH THE FIRST STAGE HAS ENDED WOULD SEEM, AS OF NOW, VIRTUALLY TO PRECLUDE A MODERATE OUTCOME TO THE CONGRESS AS A WHOLE.

SOLIDARITY HAS MADE IT BRUTALLY CLEAR THAT IT IS FIGHTING A POLITICAL BATTLE AND HAS DRAWN UP THE LINES FOR FUTURE CONFLICT. THE CLOSING DECLARATION READS NOT UNLIKE THE OUTLINE MANIFESTO OF A POLITICAL PARTY. THE IMPLICATIONS AND REPERCUSSIONS OF WHAT HAS BEEN RESOLVED AND DONE WILL NOT BE FORGOTTEN OR FORGIVEN AND THE ADOPTION OF FORMAL RESOLUTIONS OF THIS TENOR GOES BEYOND A MERE LETTING-OFF OF STEAM. WE CAN ONLY HOPE FOR A COOLING-OFF PERIOD AND THE RESURGENCE OF MODERATE VIEWS AND METHODS DURING THE SECOND PHASE. BUT THIS HOPE MUST NOW BE CONSIDERABLY DIMMER.

- 2. THERE HAS BEEN A DISTURBANCE AT KONIN INVOLVING GYPSIES AND ARISING FROM A QUARREL OVER CIGARETTES. CROWDS TOOK TO THE STREETS AND THREW STONES AT THE LOCAL POLICE STATION. THEY WERE BROUGHT UNDER CONTROL WITH THE AID OF POLICE MOBILE UNITS AND AN ARMY SQUAD. POSSIBLY MERELY AN EXAMPLE OF PENT UP LOCAL FRUSTRATIONS SURFACING, BUT A BAD OMEN.
- 3. THE VOTING FIGURES HAVE BEEN ANNOUNCED AT THE REFERENDUM AT HUTA KATOWICE. 9,851 WORKERS VOTED FOR THE RESIGNATION OF THE DIRECTOR AND 1,594 VOTED AGAINST. JUST OVER 3,000 WORKERS DID NOT VOTE. THE MINISTER OF HEAVY INDUSTRY HAS ALREADY SAID THAT THE REFERENDUM IS ILLEGAL AND THAT HE WILL IGNORE IT. THIS CONFLICT SITUATION, TOO, COULD ESCALATE.

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Extract NFR PM/ Mitterand 10.9.81 (tête-à-tête) France: PC? Vinte of Mitterans Poland

The Prime Minister said that the situation in Poland had become more difficult since she had last met the President. Solidarity's appeal to workers in other East European countries could only heighten the concern of the Soviet Union about the future of communism in Poland and might thus trigger off undesirable developments in Poland itself. President Mitterrand said that as seen from the Soviet Union, the biggest threat was undoubtedly the possibility that workers in East Germany, Romania, Czechoslovakia and elswhere would be infected by what was happening in Poland. Some of the/European Heads of State were now more savagely critical than the Russians themselves. The evolution in the attitude of President Ceausescu - whom President Mitterrand knew well - was striking and serious. Clearly President Ceausescu, who had his own economic problems, felt threatened.

President Mitterrand said that the view he had expressed in Luxembourg had not changed. The decisive factor was the state of the Communist Party in Poland, not of Solidarity. The Soviet Union would not intervene militarily so long as the Party was loyal and

/ solid.

solid. Latterly its attitude had seemed, if anything, to become harder. It had given new commitments to the Soviet Government. So long as it continued to resist Solidarity, military intervention was not a real possibility. This was a harsh paradox. The Prime Minister commented that the Party still seemed to be in charge but Solidarity had been suggesting that the Party was not representative of the Polish people. President Mitterrand agreed but added that the Party still held the levers of power. It might, of course, have already been more undermined than he knew. If it were to collapse, that would be the moment when an adventure might take place. It would/the alarm signal. If Solidarity's bold appeal to workers in other East European countries had not triggered Soviet intervention, it was because the Russians still thought the Communist Party had a stranglehold on the situation. He did not want the Party to grow stronger. That was the dilemma.

The <u>Prime Minister</u> said that it was a very ironic situation.

Meanwhile, the economy declined and the West kept pouring in money and food. Perhaps before more was done, there should be an examination of Poland's long-term prospects and of the consequences of giving more aid. <u>President Mitterrand</u> agreed that the right moment had come to do this. We could not refuse Poland the means of survival. But we might end by giving the Soviet system nourishment. One should not exaggerate but there were obvious contradictions in the situation.

The Soviet hesitations about intervening in Poland also owed something, President Mitterrand considered, to Moscow's doubts about the international situation. They were still concerned about the situation in Afghanistan. They were holding forces in reserve because of the confused position in Iran. They were anxious to open arms control negotiations with the West. All these preoccupations would be greatly complicated by an invasion of Poland. Moreover, the Soviet economy was in a worse position than those of Western countries.

The West should engage in a more precise examination of the reality of the East/West military balance. We needed to know how far to push our re-armament. President Mitterrand said that

Poland

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GRS 450

CONFIDENTIAL

FM WARSAW 080640Z SEP

TO ROUTINE F C 0

TELNO 625 OF 8TH SEPTEMBER 1981.



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

CONVERSATION WITH PROFESSOR SZCZEPANSKI.

- 1. I LUNCHED TODAY WITH PROFESSOR JAN SZCZEPANSKI, MEMBER
 OF THE POLISH COUNCIL OF STATE AND THE SEJM AND CHAIRMAN OF THE
 SEJM COMMISSION APPOINTED TO OVERSEE IMPLEMENTATION OF THE
 GDANSK ETC AGREEMENTS. HE WAS PESSIMISTIC ABOUT THE PRESENT
 POLITICAL SITUATION AND BELIEVED IT WAS IMPOSSIBLE FOR HIM TO
 CONTINUE HIS CENTRAL NEGOTIATING ROLE AS CHAIRMAN OF THE COMMISSION. HE HAD JUST WRITTEN HIS LETTER OF RESIGNATION ATTRIBUTING
 THIS TO HEALTH REASONS, SPECIFICALLY HIS HEART CONDITION.
- 2. HE WAS CONCERNED AT THE INCREASING RADICALISATION OF BOTH GOVERNMENT AND SOLIDARITY POSITIONS. THE YOUNG SOLIDARITY LEADERS, HE SAID, SHOWED LITTLE APPRECIATION OF THE NEED FOR A NATIONAL CONSENSUS OR SAW SUCH CONSENSUS MERELY IN THEIR OWN TERMS. HE DID NOT EXCLUDE ACHIEVEMENT OF SUCH A CONSENSUS AFTER THE SOLIDARITY CONGRESS BUT SAW IT AS A DIMINISHING POSSIBILITY AS ATTITUDES ON BOTH SIDES CONTINUED TO HARDEN. GROWING IMPATIENCE ON THE GOVERNMENT SIDE AND ESCALATING DEMANDS FOR AN END TO NEGOTIATION AND CONCEPTION MIRRORED SIMILAR EXTREMIST TENDENCIES IN SOLIDARITY. THE POSSIBILITY OF FIRM ACTION BY PARTY AND GOVERNMENT TO HALT AND EVEN REVERSE THE DEMOCRATISATION PROCESS GREW DAILY GREATER. HE BELIEVED FIRMLY FOR EXAMPLE THAT KANIA HIMSELF HAD AUTHORISED THE PUBLICATION OF THE PROSECUTOR GENERAL'S DECISION TO DISCONTINUE INVESTIGATION INTO THE BYDGOSZCZ INCIDENT. SZCZEPANSKI HIMSELF HAD ASKED THE PROSECUTOR TWICE NOT TO DO SO, BUT THIS HAD BEEN IGNORED.
- 3. SZCZEPANSKI BELIEVED THAT RAKOWSKI WAS THOROUGHLY DISILLUSIONED, BEING ATTACKED BY EXTREMISTS FROM BOTH GOVERNMENT AND SOLIDARITY AND THAT HE MIGHT NOT RETAIN HIS VICE-PREMIERSHIP FOR MUCH LONGER.

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4. SZCZEPANSKI STILL DID NOT EXPECT A SOVIET MILITARY INTERVENTION SINCE HE CONSIDERED THE POLES WERE THEMSELVES DOING AN EXCELLENT JOB OF SELF-DESTRUCTION WITHOUT OUTSIDE ASSISTANCE.

5. HE SAW NO REASON HOWEVER WHY THE ANGLO/POLISH ROUND TABLE SHOULD NOT PROCEED AS PLANNED IN NOVEMBER AT A VENUE WITHIN THE WARSAW CITY AREA. HE HAD OBTAINED RAKOWSKI'S AGREEMENT IN PRINCIPLE TO PARTICIPATE BUT HAD NOT YET APPROACHED ONYSZKIEWICZ SINCE RELATIONS BETWEEN THE TWO WERE PRESENTLY AT A DIFFICULT AND DELICATE POINT. THE WAY WOULD BE CLEARER FOR JOINT PARTICIPATION IF THE SOLIDARITY CONGRESS TURNED OUT CONSTRUCTIVELY.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES.

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YOU

THIS TELEGRAM WAS NOT ADVANCED

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RESTRICTED

GRS 450
RESTRICTED
FM WARSAW 070950Z SEP
TO IMMEDIATE F C 0
TELNO 619 OF 7TH SEPTEMBER 1981.



BBC TV TEAM.

- 1. THE BBC TELEVISION FILM CREW OF FOUR WERE ORDERED TO LEAVE POLAND BY 8.00 AM WARSAW TIME TODAY. THEIR VISAS WERE DUE TO EXPIRE LATER TODAY BUT THEY WERE EXPECTING AN EXTENSION TO ENABLE THEM TO COMPLETE COVERAGE OF THE FIRST STAGE OF THE SOLIDARITY CONGRESS.
- 2. SEBASTIAN, BBC RESIDENT CORRESPONDENT, CALLED ME FROM GDANSK ON SUNDAY EVENING TO EXPLAIN THAT THE TEAM HAD WANTED AN INDUSTRIAL SHOT AS BACKGROUND FOR A PIECE ON GDANSK AND TOOK A SHORT FILM OF THE GDANSK OIL REFINERY AT SUNSET ON SATURDAY 5 SEPTEMBER.

 AS THEY WERE PACKING UP THE POLICE DETAINED THEM AND IMPOUNDED THEIR EQUIPMENT. THEY WERE NOT ACCOMPANIED BY ANY POLISH SPEAKERS AND ONLY UNDERSTOOD SOMETHING ABOUT "INDUSTRIAL ESPIONAGE".

 THEY WERE SUBSEQUENTLY ALLOWED TO RETURN TO THEIR HOTEL AND INSTRUCTED TO REPORT TO THE POLICE AT MIDDAY ON SUNDAY. WHEN THEY DID SO THEY WERE TOLD THEIR VISAS HAD BEEN CANCELLED AND REPLACED WITH VISAS ENTITLING THEM TO REMAIN IN POLAND UNTIL 8AM MONDAY 7 SEPTEMBER. THEIR EQUIPMENT WAS RETURNED EXCEPT FOR THE FILM CASSETTE WHICH THEY WERE TOLD HAD BEEN SENT TO WARSAW FOR DEVELOPING.
- 3. SEBASTIAN ASKED WHETHER THE EMBASSY COULD HELP. I TOLD HIM IT WOULD HAVE BEEN EASIER HAD I HAD EARLIER ADVICE. I SPOKE TO THE MFA DUTY OFFICER AT ABOUT 7.30 PM ASKING FOR A STAY TO THE ORDER FOR AT LEAST 24 OR 48 HOURS TO ENABLE THE TEAM TO COMPLETE THEIR WORK. HE RETURNED MY CALL THREE HOURS LATER AND SAID THE AUTHOR—ITIES WERE ADAMANT THAT THE ORDER MUST STAND AND THE TEAM MUST LEAVE BY 8AM.

4. ALTHOUGH I STRESSED TO THE MFA THE ADVERSE EFFECT UPON BRITISH PUBLIC OPINION AT THIS EXPULSION AND SEBASTIAN LATER TOLD ME THAT OTHER VISITING FILM TEAMS HAD OBTAINED SIMILAR SHOTS, IT IS DIFFICULT TO AVOID THE IMPRESSION THAT THE TEAM COULD HAVE CHOSEN A LESS SENSITIVE SUBJECT. AFTER POZOGA'S RECENT PUBLIC ACCUSATIONS ABOUT ESPIONAGE ACTIVITY BY WESTERN EMBASSIES I BELIEVE THE MINISTRY OF THE INTERIOR MAY HAVE BEEN ON THE LOOK OUT FOR A SCAPE-GOAT. THE INCIDENT ALSO REFLECTS THE GENERALLY TOUGHER ATTITUDE BEING ADOPTED BY THE AUTHORITIES. I AM AFRAID THAT THE TEAM PLAYED STRAIGHT INTO THEIR HANDS.

JOY

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GRS 600 CONFIDENTIAL FM WARSAW Ø3141ØZ SEP TO ROUTINE F C O TELNO 613 OF 3RD SEPTEMBER 1981. AND TO ROUTINE MOSCOW AND WASHINGTON.

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

CONVERSATION WITH POLISH VICE-PREMIER RAKOWSKI.

- 1. I WAS ABLE TO ARRANGE A HALF HOUR CALL ON VICE PREMIER RAKOWSKI TODAY BEFORE HE LEFT FOR THE RESUMED CENTRAL COMMITTEE PLENARY MEETING. WE DISCUSSED THE GENERAL SITUATION AND THE CURRENT POSITIONS OF THE GOVERNMENT AND PARTY, SOLIDARITY AND THE CHURCH.
- 2. HE WAS IN A PESSIMISTIC MOOD. THE POLITICAL SITUATION WAS DANGEROUS HE SAID, THE ECONOMY DISASTROUS AND DECLINING. PROSPECTS WERE BLEAK. THERE WAS GROWING IMPATIENCE AMONGST CERTAIN PEOPLE IN THE GOVERNMENT WHO WERE TIRED OF THE CONTINUING CRISIS AND ANXIOUS FOR AN EARLY FIRM SOLUTION. ATTITUDES WERE HARDENING. THE PARTY WAS STRONGER AFTER ITS CONGRESS AND TENDING TO UNITE AGAINST SOLIDARITY, ALTHOUGH THE CONGRESS RESULTS HAD HAD NO OTHER NOTICEABLE EFFECT ON THE DETERIORATING SITUATION IN THE COUNTRY.
- 3. SOLIDARITY WAS WEAK, WITH ITS LEADERSHIP DIVIDED. WALESA HAD LOST THE LEADERSHIP OF THE PRAESIDIUM WHEN HE REMAINED SILENT IN THE FACE OF EXTREMIST ARGUMENTS ON THE NIGHT OF 6 AUGUST (THE OCCASION OF THE MAJOR ROW WITH THE GOVERNMENT NEGOTIATING TEAM). IT SEEMED LIKELY THAT EVEN IF HE WERE ELECTED CHAIRMAN BY THE SOLIDARITY CONGRESS HE WOULD BE LITTLE MORE THAN A FIGURE-HEAD, RAPIDLY LOSING CREDIBILITY AND SUPPORT. RAKOWSKI HIMSELF HAD BEEN SENT COPIES OF LETTERS ADDRESSED TO WALESA BY MEMBERS OF SOLIDARITY COMPLAINING OF EXTREMIST TENDENCIES WITHIN THE UNION AND ASKING WHAT ITS AIMS REALLY WERE. HE BELIEVED THERE WAS A REAL POSSIBILITY OF MANY MEMBERS OF SOLIDARITY LEAVING THE MOVEMENT TO BECOME PASSIVE BY-STANDERS THROUGH DISILLUSIONMENT OVER THE DIRECTION IT WAS TAKING. MEANWHILE MANY OF THE SOLIDARITY LEADERS WERE CARELESS OR RECKLESS ABOUT THE THREAT OF SOVIET INTERFERENCE. SOME WERE CONVINCED THE AMERICANS WOULD NOT ALLOW IT. A SOLIDARITY LEADER FROM WROCLAW HAD CLAIMED ON TELEVISION THE PREVIOUS EVENING THAT SOLIDARITY'S MAJOR ACHIEVEMENT WAS TO HAVE ESTABLISHED A FREE TRADE UNION IN A TOTALITARIAN STATE. RAKOWSKI INTENDED TO COMMENT IN A TELEVISION BROADCAST ON FRIDAY THAT SUCH PEOPLE DID NOT KNOW WHAT A TOTALITARIAN STATE REALLY WAS.

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4. THE CHURCH WOULD CONTINUE TO PLAY A MODERATING ROLE BUT GLEMP DID NOT YET HAVE THE WEIGHT OF WYSZYNSKI AND WAS BUSY TRYING TO ESTABLISH HIS CREDENTIALS AND MAKE HIS NAME.

5. IN ANSWER TO A QUESTION, RAKOWSKI AGREED THAT A POSSIBLE
SCENARIO COULD BE A MODERATE OUTCOME FROM THE SOLIDARITY CONGRESS
WHICH WOULD REINFORCE WALESA'S LEADERSHIP AND SHAKE OFF THE
EXTREMIST INFLUENCES AS HAD HAPPENED AT THE PARTY CONGRESS.
BUT HE DID NOT RATE THIS POSSIBILITY HIGHLY ON PRESENT INDICATIONS.
IT IS LIKELY THAT HIS VIEWS REFLECTED THE CURRENT GOVERNMENT
POSITION AND PARTY LINE BUT HE APPEARED SINCERE AND DEEPLY CONCERNED.
HE WAS LOOKING LESS TIRED AFTER HIS BRIEF HOLIDAY BUT SAID HE
WAS UNDER DOCTORS ORDERS TO TAKE THINGS MORE EASILY AFTER
INITIAL SYMPTOMS OF POTENTIAL HEART TROUBLE.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEEES.

JOY

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SAVING TELEGRAM

BY BAG

SAVINGRAM from WARSAW

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RESTRICTED

Addressed to FCO telegram No SAVING 10 of 28 August repeated for information Saving to Moscow, East Berlin, Prague, Budapest, Paris, Bonn, Washington, UKDEL NATO, Sofia, Bucharest, Belgrade, Helsinki, Stockholm, UKMIS New York, UKREP Brussels, MOD

POLAND: POLITICAL AND ECONOMIC SITUATION

- 1. As disputes multiply and tension rises in the run-up to Solidarity's first congress, the first phase of which will be held on 5 and 6 September, it is opportune to review the current economic and political problems facing Poland.
- 2. The gravest and most pressing are economic. Here, the Government's main preoccupation continues to be the market supply position. This year's good grain and root-crop harvest should improve supplies of some items by the winter, but the monthly shortfall in meat supplies continues to grow and many manufactured goods are becoming unavailable as plants are forced to close. The Government "anti-crisis" team is concentrating on 3 priority areas food, energy, health. The energy position looks particularly worrying as winter approaches. Such coal as there is will be directed in the first place towards satisfying the domestic consumer and farmers. This will mean closure of more factories, and perhaps even greater export cuts.
- 3. Falling production continues to be a key factor in the crisis. Coal output is now back at the 1973 level, petrol production at 1975 levels (since when one million more cars have taken the road), purchase of cattle and pigs are at 1973 levels, and cement output is at its lowest since 1971. Giving these figures recently, Deputy Prime Minister Obodowski also observed that average monthly production of goods was worth about 3,800 z/oties, whereas earnings averaged 7,000 z/oties a month.
- 4. The production and supply problems are producing some predictable results. By the end of 1981 prices are expected to have risen by around 25%; queues are getting longer for more types of goods (the supply problem is exacerbated by panic buying and hoarding, and erratic distribution); and the zloty is becoming increasingly devalued. Its black market rate against the dollar is approaching 10 times the official rate (linked to the value of the dollar). Despite the authorities' (and Solidarity's) efforts to stamp out racketeering, the black market continues to flourish.
- 5. In this perilous economic situation there is a constant risk of eruption of public feeling against growing economic hardship, but the Government has apparently come to terms with this risk and seems to be holding the line at the moment. Yet several other specific problems ticking away beneath the surface could blow up into full-scale confrontation at any time. Solidarity may yet decide to disagree with the Government over bread price rises

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(our telno 597, not to all). In Gdańsk, dockers are holding up shipments of meat to Britain and the USA pending a full "statement of account" of the meat import/export trade; the Government have threatened legal proceedings against the local Solidarity leaders. And the difference of view between the Government and Solidarity over the meaning of self-management seems to be widening. The Government line appears to be hardening against relinquishing control over enterprises, and particularly the appointment of directors, to the unions. In the meantime, some factory worker councils have already begun to operate as though self-management was a fact by setting output targets for the enterprise, and putting pressure on directors to resign. The stage is being set for a major row on this issue sometime during the next month or so.

Political problems are no less urgent. The dispute on access to the mass media continues. It is unlikely to be resolved soon or to disappear from the headlines and is the most serious current political issue. But there are plenty of other subjects on which the Government and Solidarity could disagree before the autumn is out. The issue of political prisoners has merely been put into cold storage and may well be re-opened at the end of the KPN trial. The press dispute in Radom illustrates the more general danger of protests designed to bring to justice those responsible for past acts of repression against the workers. The Radom dispute centres on the events of 1976 but in Solidarity's view the villains of Bydgoszcz are still at large. Local disputes on the uses to which Government property are put will probably recur in the autumn and might easily cause a confrontation. Nor should one rule out the possibility of some violent incident of the Bydgoszcz type, which would raise tension overnight. Finally, elections to the people's (regional) councils are due in 1982 and Solidarity will almost certainly want to democratise them. In the longer term, the general elections of 1984 will attract similar attention. And there is at the root of the crisis, the fundamental conflict of a powerful, uncontrolled popular labour movement operating in a totalitarian communist country. [THIS TELEGRAM WAS NOT ADVANCED]

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FM WARSAW 251320Z AUG

TO IMMEDIATE F C O

TELNO 598 OF 25TH AUGUST 1981.

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

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POLISH SITUATION.

1. THE UNEASY LULL CONTINUES, BROKEN TODAY BY A DISPUTE IN RADOM WHERE SOLIDARITY ARE DEMANDING THE PUNISHMENT OF THOSE RESPONSIBLE FOR THE BRUTAL SUPPRESSION OF THE WORKERS RIOTS OF 1976: AND FOR THE RE-INSTATEMENT OF THOSE WORKERS WHO LOST THEIR JOBS AFTERWARDS. TALKS BETWEEN THE GOVERNMENT AND SOLIDARITY ON THIS SUBJECT HAVE BROKEN DOWN SINCE THE GOVERNMENT WILL NOT AGREE TO SOLIDARITY'S DEMAND TO DISMISS RYBICKI THE GOVERNMENT NEGOTIATOR A KNOWN HARDLINER. SOLIDARITY HAVE ACCORDINGLY CALLED A ONE-HOUR TRANSPORT STRIKE IN RADOM TODAY, AND A ONE-HOUR GENERAL STRIKE IN THE REGION FOR NEXT FRIDAY (28 AUGUST). NEXT MONDAY (31 AUGUST) THEY WILL DECIDE ON THE DATE OF A LONGER STRIKE.

2. AS PREDICTED IN OUR TELNO 597, ALMOST EVERY DAY NOW SEES A NEW INDUSTRIAL DISPUTE. WHILST THAT AT RADOM IS IMPORTANT LOCALLY, IT WILL NOT NECESSARILY ASSUME NATIONAL PROPORTIONS AND THERE IS AS YET NO SIGN OF INVOLVEMENT OF THE SOLIDARITY NATIONAL LEADERSHIP. THERE IS A GROWING TENDENCY FOR SPORADIC INDUSTRIAL UNREST TO BE ACCEPTED ALMOST AS NORMAL IN POLAND TODAY, MUCH AS IT IS IN MOST WESTERN COUNTRIES.

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FM BONN 211230Z AUG 81 TO IMMEDIATE FCO TELEGRAM NUMBER 525 OF 21 AUGUST INFO ROUTINE WARSAW PARIS WASHINGTON AND MOSCOW



MY TELNO 616 (NOT TO ALL): FRG/POLAND

- 1. THE FOLLOWING ACCOUNT OF CZYREK'S TALKS WITH GENSCHER IS BASED ON AN AUSWAERTIGES AMT COMMUNITY BRIEFING AND ON INFORMATION FROM THE FEDERAL ECONOMIC MINISTRY.
- 2. THE GENSCHER/CZYREK MEETING WAS MAINLY CONDUCTED TETE-A-TETE (THE TWO BEING OLD ACQUAINTANCES) AND DEVOTED TO POLITICAL SUBJECTS. THE ATMOSPHERE WAS VERY FRIENDLY.
- 3. ON THE POLITICAL FRONT, CZYREK SAID THE PARTY WAS IN A GREATLY STRENGTHENED POSITION FOLLOWING THE PARTY CONGRESS AND COULD THUS BE MORE ASSERTIVE IN ITS DECISION MAKING. HE MENTIONED RECENT SOLIDARITY DECISIONS (SUNDAY WORKING ETC) AS A POSITIVE FACTOR AND SPOKE OF THE GENERALLY MODERATE NATURE OF THE MOVEMENT AT PRESENT. THE AUSWAERTIGES AMT WERE NOT AWARE OF HIS HAVING VOLUNTEERED ANY CRITICISM OF SOLIDARITY AS REPORTED IN PARIS TELNOS 700 AND 705 TO FCO.
- 4. CZYREK TOLD GENSCHER AS WELL AS WISCHNEWSKI (PARA 3 OF MY TUR) THAT THE POLISH/SOVIET MEETING IN THE CRIMEA HAD BEEN VERY SATISFACT-ORY. CZYREK HAD HEARD THAT SHORT-TERM AID FOR DEBT RESCHEDULING WOULD BE ABOUT US DOLLARS 4.3 BILLION. THE RUSSIANS WOULD ALSO PERMIT THE POLES TO RESOLVE THE BILATERAL TRADE DEFICIT OVER A LONGER PERIOD. THE SOVIET LEADERSHIP HAD APPROVED THE POLISH LEADERSHIP'S POLICIES ON THE BASIS OF PARTY CONGRESS DECISIONS. THEY HAD QUOTE TAKEN NOTE OF UNQUOTE (THE DIFFERENT PHRASE MAY BE SIGNIFICANT) THE MEDIUM AND LONG TERM MEASURES WHICH THE POLES NOW PROPOSED FOR ECONOMIC RENAISSANCE.
- 5. ON THE ECONOMIC FRONT, CZYREK'S MAIN THEME WAS THAT THE WEST SHOUD SUPPORT AND GEAR ITS AID EFFORT TO A LONGER-TERM CONCEPT OF ECONOMIC STABILISATION IN POLAND. LONG-TERM COMMITMENTS WERE NEEDED INSTEAD OF AD HOC ASSISTANCE AS HITHERTO. THE POLISH REFORM PROGRAMME WOULD INVOLVE GRATER SELF-MANAGEMENT FOR ENTERPRISES, WHICH WOULD HAVE MORE FUNDS AT THEIR DISPOSAL TO USE ON CRITERIA OF PROFITABILITY. CENTRAL STATE DIRECTION WOULD BE RELAXED TO ALLOW LIMITED DIRECT NEGOTIATION BETWEEN ENTERPRISES AND THE WEST. THE PROCESS OF CHANGE HOWEVER WOULD BE SLOW AND THE WEST SHOULD SHOW UNDERSTANDING FOR ANY DISRUPTION: BUT SINCE THE MAIN FOREIGN TRADE ENTERPRISES WERE ALREADY WELL-EXPERIENCED, THERE SHOULD BE NO MAJOR EFFECT ON TRADE. PRICE INCREASES WOULD ALSO BE NECESSARY TO HELP RESTORE THE HEALTH OF THE ECONOMY. THE GERMAN COMMENT ON THIS WAS THAT THEY WOULD NEED TO SEE THE PROOF OF THE PUDDING.

6. POINTS ON CZYREK'S SHOPPING-LIST WERE:

- (A) LONG-TERM REFINANCING (I.E. OVER 12 MONTHS) BY BOTH GOVERNMENT AND PRIVATE BANKS. WESTERN PRIVATE BANKS WERE CAUSING POLAND PARTICULAR PROBLEMS BY SETTING HIGHER INTEREST RATES ETC THAN EITHER THE WESTERN GOVERNMENTS THEMSELVES OR THE IMF.
- (B) POLISH INDUSTRY URGENTLY NEEDED SEMI-MANUFACTURES, RAW MAJERIALS AND SPARE PARTS TO GET PRODUCTION GOING PARTICULARLY IN EXPORTS. BUT CZYREK DID NOT SPECIFICALLY REQUEST FURTHER FEDERAL GOVERNMENT GUARANTEES.
- (C) THE FOOD SITUATION WAS IMPROVING THANKS TO A GOOD HARVEST, BUT ACUTE SHORTAGES REMAINED IN MEAT AND BOTH VEGETABLE AND ANIMAL FATS. THE POLISH REQUEST FOR A THIRD TRANCHE OF EC FOOD AID INCLUDED THESE COMMODITIES.
- (D) CZYREK ASKED FOR GERMAN HELP IN COMPILING THE US DOLLARS 500 MILLION SHORT-TERM LOAN (PARA 4 OF PARIS TELNO 705). GENSCHER SAID A DECISION ON THIS MUST AWAIT FURTHER DISCUSSION IN THE FEDERAL CABINET BUT THE GERMANS HOPE TO HAVE AN ANSWER BY 2 SEPTEMBER. OUR INFORMATION IS THAT THEIR CONTRIBUTION COULD BE ABOUT US DOLLARS 100 MILLION (WHICH WOULD ALSO COUNT AGAINST ANY 1982 (BUDGET) ALLOCATION)
- 7. ON THE IMF, CZYREK SAID THAT POLAND WAS NOT AGAINST JOINING BUT WOULD NOT WANT MEMBERSHIP TO INVOLVE ANY CHANGES IN HER QUOTE SOCIAL STRUCTURE UNQUOTE. GENSCHER SAID THE IMF CONCERNED ITSELF NOT WITH ECONOMIC STRUCTURE BUT WITH STABILITY, AND ALREADY HAD NON-CAPITALIST STATES AS MEMBERS. HE STRESSED HOW GREATLY IMF MEMBERSHIP COULD ASSIST POLAND BY FACILITATING DECISIONS ON FURTHER FINANCING AND IMPROVING THEIR CREDIT WORTHINESS IN THE EYES OF PRIVATE BANKS AS WELL AS GOVERNMENTS. CZYREK DID NOT REPEAT IN BONN THE POINT HE MADE IN PARIS (PARA 6 OF PARIS TELNO 705) ABOUT THE NEED FOR DELAY IN POLISH ACCESSION AND GENSCHER FELT THAT WESTERN ARGUMENTS MIGHT BE GETTING THROUGH TO HIM. THE GERMANS ALSO HAD THE IMPRESSION THAT POSSIBLE SOVIET DISPLEASURE AT POLISH MEMBERSHIP OF IMF WAS NOT (OR NO LONGER) A FACTOR.
- 8. DURING HIS STAY IN GERMANY CZYREK WAS AT PAINS TO STRESS HIS DOUBLE FUNCTION AS FOREIGN MINISTER AND MEMBER OF THE CENTRAL COMMITTEE. IN THE LATTER CAPACITY HE CALLED ON THE DEPUTY CHAIRMAN OF THE GERMAN COMMUNIST PARTY(DKP) AS WELL AS ON WISCHNEWSKI. HE INDICATED HE WOULD NOT GIVE UP THE FOREIGN MINISTRY BEFORE THE NEXT MEETING OF THE SEUM.
- 9. THE GERMAN PRESS HAS ALSO ANNOUNCED THIS WEEK THAT THE PRESENT POLISH AMBASSADOR HERE CHYLINSKI, WILL SHORTLY BE REPLACED BY EX-VICE FOREIGN MINISTER DOBROSIELSKI.

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FM PARIS 201245Z AUG 81

TO PRIORITY FCO

TELEGRAM NUMBER 705 OF 20 AUGUST 1981

INFO ROUTINE WARSAW BONN WASHINGTON

INFO SAVING UKDEL NATO UKREP BRUSSELS

an

MY TELNO 700: VISIT OF POLISH FOREIGN MINISTER

- 1. THE COMMUNITY BRIEFING AT THE QUAI LAST NIGHT BORE OUT M ROBIN'S IMPRESSION. M CHENU, DEPUTY DIRECTOR FOR EUROPE AT THE QUAI, WHO GAVE THE BRIEFING, SAID THAT M CZYREK HAD SAID NOTHING ESSENTIALLY NEW ABOUT THE POLISH SITUATION NOR HAD HE MADE ANY NEW REQUESTS.
- 2. CHENU CONFIRMED THAT THE MOST STRIKING ASPECT OF CZYREK'S REMARKS WAS THE HARD LINE HE HAD TAKEN AGAINST SOLIDARITY. BUT HE HAD NOT BEEN CONSISTENT. AT TIMES HE CONDEMNED THE WHOLE OF SOLIDARITY AND AT OTHER TIMES THE LEADERS ONLY. EQUALLY HE HAD AT TIMES ASCRIBED TWO MOTIVES TO SOLIDARITY ONE TO TAKE OVER POWER COMPLETELY FOR THEMSELVES AND SECONDLY TO INSERT THEMSELVES INTO THE FRAME WORK OF GOVERNMENT. CZYREK HAD SAID THAT HE HOPED THIS SECOND TENDENCY WOULD WIN OUT SO THAT THERE COULD BE A NEW NATIONAL UNITY FOUNDED ON PATRIOTISM AND NOT ON IDEOLOGY.
- 3. WHEN DISCUSSING THE POLISH ECONOMIC SITUATION WITH THE MINISTER OF THE ECONOMY (WITH WHOM HE HAD DINNER AFTER HE HAD SEEN THE PRIME MINISTER), CZYREK HAD TAKEN AN EVEN HARDER LINE AGAINST SOLIDARITY THAN HE HAD DONE WITH M MAURORY. HE SAID THAT HE HAD OFTEN TOLD SOLIDARITY THAT THEIR ONLY IDEAS FOR AN ECONOMIC POLICY WERE TO REDUCE HOURS OF WORK AND INCREASE SALARIES.
- DEBTS UNTIL 1985/86 WHEN ITS ECONOMIC SITUATION HAD IMPROVED.

 THE GOVERNMENT NEEDED THE LOAN OF 500 MILLION DOLLARS TO GET

 OVER AN IMMEDIATE LIQUIDITY PROBLEM CAUSED PARTICULARLY BY LARGE
 WITHDRAWLS (750 MILLION DOLLARS) FROM THE POLISH CENTRAL BANK

 BY WESTERN BANKS. CZYREK HAD MENTIONED THAT THE POLISH GOVERNMENT

 WAS THINKING OF PUTTING AT THE DISPOSITION OF ALL COUNTRIES

 SPARE POLISH INDUSTRIAL CAPACITY BUT HE HAD GIVEN NO DETAILS AND THE

 FRENCH DID NOT UNDERSTAND HOW THE IDEA MIGHT WORK IN PRACTICE.

 (CHENU NOTED IN PASSING THE REFERENCE TO MAKING FULLER USE OF

 POLAND'S INDUSTRIAL POTENTIAL IN THE COMMUNIQUE ISSUED AFTER KANIA'S

 VISIT TO THE SOVIET UNION PARA 5 OF MOSCOW TEL NO 514)

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- CZYREK HAD SAID THAT THE POLISH GOVERNMENT WOULD BE ASKING THE COMMUNITY FOR A THIRD INSTALMENT OF FOOD AID BUT HE GAVE NO DETAILS OF WHEN THE APPROACH WOULD BE MADE NOR WHAT THEY WOULD ASK FOR NOR ON WHAT TERMS.
- CZYREK HAD SAID THAT THE POLISH GOVERNMENT HAD NOT ENVISAGED A RETURN TO THE IMF BEFORE POLAND COULD PAY ITS DEBTS.
- CHENU'S BRIEFING WAS BASED ON NOTES TAKEN BY THE FRENCH 7. AMBASSADOR IN WARSAW WHO HAD RETURNED TO PARIS FOR CZYREK'S VISIT AND WHO HAD BEEN PRESENT AT THE MEETINGS.

PETRIE

(REPEATED AS REQUESTED)

THIS TELEGRAM WAS NOT ADVANCED

TREASURY

B/ENGLAND

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FM BONN 191345Z AUG 81
TO PRIORITY FCO
TELEGRAM NUMBER 616 OF 19 AUGUST
INFO ROUTINE WARSAW WASHINGTON
INFO SAVING PARIS UKDEL NATO UKREP BRUSSELS

FRG/POLAND

- 1. THE POLISH AND FRG FOREIGN MINISTERS HAD FIVE HOURS OF TALKS ON 18 AUGUST AT BAD REICHENHALL WHERE GENSCHER IS ON HOLIDAY. THEY SPOKE TO THE PRESS AFTERWARDS.
- 2. TEXTS OF THEIR REMARKS ARE NOT YET AVAILABLE. ACCORDING TO PRESS REPORTS, CZYREK SAID THAT THE POLISH GOVERNMENT WOULD SHORTLY DECIDE WHETHER TO JOIN THE IMF SEMI COLON IT WAS DIFFICULT SINCE POLAND QUOTE BELONGED TO ANOTHER SYSTEM, ANOTHER STRUCTURE UNQUOTE. GENSCHER COMMENTED THAT IT WOULD MAKE MANY THINGS EASIER BUT BONN WAS NOT MAKING A LINK WITH THE FURTHER BRIDGING CREDIT. THIS HAD ALREADY BEEN DISCUSSED IN CABINET AND WOULD BE FINALISED IN EARLY SEPTEMBER. HE HAD GAINED THE IMPRESSION THAT THE SOVIET UNION WOULD NOT OBJECT TO POLAND'S JOINING THE IMF.
- 3. CZYREK SUBSEQUENTLY FLEW TO BONN WHERE HE SAW WISCHNEWSKI, THE DEPUTY CHAIRMAN OF THE SPD. IN A RADIO INTERVIEW THE LATTER SUBSEQUENTLY GAVE THE IMPRESSION THAT HE BELIEVED THE ASSURANCE HE HAD BEEN GIVEN THAT THERE WAS NO DANGER OF SOVIET INVASION. HE HAD ALSO GAINED THE IMPRESSION THAT THE POLES WERE WELL PLEASED BY THEIR RECENT TALKS IN THE CRIMEA.

FCO PASS SAVING ADDRESSEES

TAYLOR

[REPEATED AS REQUESTED]
[THIS TELEGRAM WAS NOT ADVANCED]

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FM PARIS 181611Z AUG 81

TO PRIORITY FCO

TELEGRAM NUMBER 700 OF 18 AUGUST 1981

INFO ROUTINE WARSAW, BONN, WASHINGTON.

INFO SAVING TO UKDEL NATO, UKREP BRUSSELS.

m

MY TELNO 696: VISIT OF POLISH FOREIGN MINISTER.

- 1. MR CZYREK WAS RECEIVED BY M. MAUROY, THE PRIME MINISTER, FOR OVER TWO AND A HALF HOURS ON THE AFTERNOON OF 17 AUGUST.
- 2. ACCORDING TO A COMMUNIQUE ISSUED BY THE MATIGNON THEY EXCHANGED INFORMATION ON THE DEVELOPMENT OF THE SITUATION IN POLAND AND ON THE INTERNATIONAL AID EFFORT. M. MAUROY EXPRESSED "THE INTEREST AND SYMPATHY OF THE FRENCH GOVERNMENT TOWARDS THE EXPERIMENT AT PRESENT UNDER WAY IN POLAND, AND THE WISH THAT IT SHOULD CONTINUE IN ACCORDANCE WITH THE PROFOUND ASPIR ATIONS OF THE POLISH PEOPLE". HE INCICATED THAT FRANCE WOULD CONTINUE TO TAKE THE LEAD IN URGING OTHER WESTERN GOVERNMENTS TO GIVE FURTHER AID TO POLAND. THIS AID WOULD BE ENTIRELY UNCONDITIONAL, SO THAT POLAND COULD BRING ABOUT ECONOMIC RECOVERY AND ACHIEVE THE POLITICAL STABILITY THAT SHE DESERVED. M. MAUROY SAID THAT FRANCE WAS WORKING FOR THE GRANTING TO POLAND OF A 500 MILLION DOLLAR LOAN FROM THE WEST. POLAND WOULD STILL NEED SOME YEARS TO RETURN TO ECONOMIC HEALTH.
- 3. MR CZYREK WAS REPORTED AS DESCRIBING DEVELOPMENTS WITHIN POLAND AS AN EXPERIMENT IN SOCIALIST RENEWAL IN WHICH "THERE WAS A PLACE FOR THE STATE, THE COMMUNIST PARTY, THE CHURCH AND SOLIDARITY."
 THERE WAS NO MENTION OF ANY NEW AID OFFER FROM FRANCE.
- 4. M. MAUROY ACCEPTED AN INVITATION TO VISIT POLAND SOON,
 AT A DATE STILL TO BE FIXED. M. CHEYSSON IS EXPECTED TO GO
 TO WARSAW IN THE FIRST HALF OF OCTOBER, AND MR CZYREK RENEWED
 AN INVITATION TO PRESIDENT MITTERRAND TO PAY A VISIT DURING
 1982. THIS SEQUENCE OF PROPOSED VISITS IS DESCRIBED IN THE
 FRENCH PRESS AS INDICATING A CONTINUATION OF THE LONG STANDING
 PRIVILEGED RELATIONSHIP BETWEEN FRANCE AND POLAND.

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5. THE DIRECTEUR POLITIQUE AT THE QUAI TOLD ME THIS AFTERNOON HE HAD NOT BEEN AT THE TALKS, WHICH WERE MAINLY ON ECONOMIC SUBJECTS, BUT HE UNDERSTOOD MR CZYREK HAD TAKEN A HARD LINE AGAINST THE WHOLE OF SOLIDARITY, NOT JUST ITS EXTREMER ELEMENTS. ROBIN SAID HE DID NOT THINK ANYTHING NEW HAD EMERGED FROM THE VISIT, BUT THE QUAI ARE GIVING A COMMUNITY BRIEFING ON THE VISIT TOMORROW AFTERNOON.

FCO PLEASE PASS SAVING TO UKDEL NATO, UKREP BRUSSELS.

PETRIE.

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FM WARSAW 180700Z AUG
TO PRIORITY F C O
TELNO 587 OF 18TH AUGUST 1981
AND TO ROUTINE MOSCOW.
SAVING TO: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN,
WASHINGTON, UKDEL NATO, MODUK, SOFIA, BUCHAREST, BELGRADE,
HELSINKI, STOCKHOLM, UKMIS NEW YORK AND UKREP BRUSSELS.

SOVIET-POLISH SUMMIT.

- 1, AS SEEN FROM HERE, THE POLISH LEADERSHIP OUGHT TO BE FAIRLY SATISFIED WITH THE OUTCOME OF THE CRIMEAN SUMMIT. THE TEXT OF THE COMMUNIQUE IS NOT NEARLY AS HARSH AS THAT OF THE LETTER SENT TO THE CENTRAL COMMITTEE IN JUNE. NOR DOES IT CONTAIN ANY REQUIREMENT TO REVERSE THE COURSE OF EVENTS SUCH AS THAT ISSUED AFTER THE SUMMIT IN FEBRUARY.
- 2. KANIA AND JARUZELSKI SHOULD BE PLEASED BY THE ENDORSEMENT OF THE IX CONGRESS CONTAINED IN THE PASSAGE 'THE SOVIET UNION WANTS POLISH COMMUNISTS AND THE ENTIRE FRATERNAL POLISH NATION TO IMPLEMENT SUCCESSFULLY THE RESULTS OF THE IX PARTY CONGRESS LEADING TO A STRENGTHENING OF THE POLISH COMMUNIST PARTY AS A MARXIST-LENINIST PARTY AND TO THE CONFIRMATION OF THE POSITION OF SOCIALISM IN POLAND'.
- 3. THE POLISH LEADERSHIP WILL PRESUMABLE ALSO WELCOME THE PROMISES OF ECONOMIC ASSISTANCE, PARTICULARLY SINCE NO SPECIFIC COMMITMENT SEEMS TO HAVE BEEN EXTRACTED FROM THEM IN RETURN. AND ALTHOUGH THE COMMUNIQUE CONTAINS SOME STRONG STATEMENTS ABOUT THE SERIOUSNESS OF THE CRISIS AND THE DANGERS THAT STRIKES AND DEMONSTRATIONS POSE FOR THE SECURITY AND INDEPENDENCE OF THE STATE, THESE AMOUNT TO LITTLE MORE THAN THE POLES THEMSELVES HAVE BEEN MAKING FOR SOME WEEKS PAST.

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/ 4. THE PUBLICITY

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4. THE PUBLICITY SURROUNDING THE SUMMIT, IN PARTICULAR THE PHOTOGRAPHS OF THE POLISH AND SOVIET LEADERS STANDING SIDE BY SIDE DO NOT CONVEY THE IMPRESSION THAT BREZHNEV WAS TAKING KANIA AND JARUZELSKI TO TASK (WHATEVER MAY HAVE HAPPENED IN PRIVATE). ALTOGETHER THE SUMMIT WOULD APPEAR TO HAVE GONE AS WELL AS THE POLISH LEADERSHIP COULD HAVE HOPED, AND POSSIBLY BETTER THAN THEY EXPECTED.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES.

JAMES

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[REPEATED AS REQUESTED]
[THIS TELEGRAM WAS NOT ADVANCED]

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FM MOSCOW 171325Z AUG 81 TO IMMEDIATE F C 0

TELEGRAM NUMBER 515 OF 17TH AUGUST

FOR INFO ROUTINE WARSAW

FOR INFO SAVING WASHINGTON PARIS, BONN AND UKDEL NATO.

MIPT: SOVIET POLISH CRIMEAN SUMMIT.

- 1. THE IMPORTANCE OF THE KANIA/JARUZELSKI VISIT IN SOVIET EYES WAS UNDERLINED BY THE INCLUSION OF GROMYKO, CHERNENKO AND RUSAKOV (A HBDTRAL COMMITTEE SECRETARY) WITH BREZHNEV IN THE TALKS. FOR TALKS WITH HIS OTHER CRIMEAN VISITORS, BREZHNEV HAS ONLY HAD ONE OTHER POLITBURO MEMBER PRESENT.
- ALTHOUGH THE TALKS ARE RKORDED AS TAKING PLACE IN 'AN ATMOSPHERE OF FRATERNAL FRIENDSHIP AND COMRADELY UNDERSTANDING', SOME PLAIN SPEAKING NO DOUBT TOOK PLACE. IT MADE NOT HAVE BEEN EASY TO AGREE THE FORM OF THE COMMUNIQUE. THE EVENING PAPERS ON 15 AUGUST REPORTED THE DEPARTURE OF THE POLISH PARTY BUT CONFINED THEMSELVES TO SAYING THAT AN AGREED COMMUNIQUE WOULD BE PUBLISHED. IN THE EVENT THE TEXT (SUMMARISED IN MIPT) WAS DIFFERENT IN FORM FROM THAT RECORDING THE OTHER CRIMEAN SUMMITS THIS YEAR. IT WAS DIVIDED CLEARLY INTO A POLISH STATEMENT LISTING THOSE RESULTS OF THE NINTH PZPR CONGRESS MOST WELCOME TO THE SOVIET UNION FOLLOWED BY A FRANK ADMISSIONTOF GPOLAND'S ECONOMIC DIFFICULTIES, AND A QUALIFIED SOVIET ENDORSEMENT OF THE POLISH PARTY'S
- 3. THE POLISH LEADERS EVIDENTLY TRIED TO REASSURE THE RUSSIANS ABOUT THEIR CONGRESS AND TO PERSUADE THEM THAT THE PZPR WAS WORKING ON THE RIGHT LINES. THERE WAS NO MENTION OF "RENEWAL" OR OF SOLIDARNOST IN THE COMMUNIQUE AND THE POLES WERE SAID TO HAVE EMPHASISED ALL THE RIGHT THINGS FROM THE SOVIET POINT OF VIEW SUCH AS THE NEED OT PRESERVE AND STRENGTHEN MARXIST-LENINIST PRINCIPLES IN THE WORK OF THE PARTY. THE ASSURANCES THE POLES WERE ABLE TO GIVE THE RUSSIANS HOWEVER MUST HAVE HAD A DEPRESSINGLY FAMILIAR RING AND BREZHNEY'S RECORDED REACTION TO THE POLISH EXPOSITION WAS MERELY TO STATE THAT THE SOVIET UNION WAS FOLLOWING THE SITUATION CAREFULLY. THE SOVIET POSITION IN RELATION TO POLAND WAS CONSISTENTLY "INTERNATIONALIST". HE LIMITED HIS APPROVAL TO THOSE CONGRESS RESOLUTIONS WHICH WOULD STRENGHTEN THE PZPR AND SOCIALISM AND TO THOSE POLISH FORCES WHO WERE WORKING FOR THE DEFEAT OF THE ENEMIES OF SOCIALISM, THE RESOLUTION OF THE CRISIS AND THE IMPROVEMENT OF LIVING CONDITIONS. BREZHNEV IS ALSO RECORDED AS HAVING MADE IT CLEAR THAT HE STILL REGARDED THE POLISH SITUATION AS A THREAT TO WARSAW PACT SOLIDARITY AND HENCE TO POLAND'S DEVELOPEMENT AS AN INDVPENDENT STATE.

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ALTERED SINCE THE AMBASSADOR SENT HIS DESPATCH OF 23 JULY AND THAT THE RUSSIANS AGE FOR THE TIME BEING AT LEAST RESIGNED TO HAVING TO WATCH DEVELOPMENTS CLOSELY, ADVISING THE POLISH PARTY TO DEAL FIRMLY WITH OPPOSITION AND GIVING SOME AID ON THE ECONOMIC FRONT. IT IS DIFFICULT TO SAY HOW FAR THE ECONOMIC AGREEMENTS REPORTED IN THE COMMUNIQUE ARE NEW BUT THEY SEEM DISIGNED MORE TO COPE WITH IMMEDIATE DIFFICULTIES THAN TO BE PART OF A LONG-TERM PROGRAMME TO RESOLVE POLAND'S ECONOMIC PROBLEMS. SOVIET AGREEMENT TO POSTPONE REPAYMENT OF POLISH DEBTS WILL GIVE THE POLES SOME TEMPORARY RESPITE, AS WILL SUPPLY OF RAW MATERIALS TO GET LIGHT INDUSTRIES GOING AGAIN.

5. THE POLISH LEADERS CAN CONGRATULATE THEMSELVES ON GETTING QUALIFIED APPROVAL FOR THE OUTCOME OF THEIR CONGRESS AND SOME ECONOMIC HELP, BUT BREZHNEV HAS LEFT NO DOUBT THAT THEY ARE ON PROBATION AMD WILL BE JUDGED BY RESULTS RATHER THAN PROMISES.

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BROOKE TURNER

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TELEGRAM NUMBER 514 OF 17 AUGUST
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SOVIET/POLISH CRIMEAN SUMMIT.

- 1. BREZHNEV MET KANIA AND JARUZELSKI IN THE CRIMEA ON 14 AUGUST.
 GROMYKO CHERNIENKO AND BREZHNEV'S AID, BLATOV, WERE ALSO
 PRESENT. THE MAIN POINTS OF THE JOINT COMMUNIQUE ISSUED ON
 15 AUGUST WERE AS FOLLOWS (COMMENT IN MIFT).
- 2. KANIA AND JARUZELSKI GAVE AN ACCOUNT OF THE PROBLEMS ON WHICH THE PZPR WAS WORKING IN THE LIGHT OF THE RESULTS OF THE NINTH CONGRESS. THEY EMPHASISED THAT THE CONGRESS HAD DECLARED ITSELF IN FAVOUR OF MAINTAINING AND STRENGTHENING THE MARXIST-LENINIST PRINCIPLES OF PARTY ACTIVITY, THE CONSOLIDATION OF ITS LEADING ROLE IN SOCIETY, STRENGTHENING THE SOCIALIST STATE AND THE STABILISATION OF THE ECONOMIC SITUATION. THE PARTY HAD SHOWN ITS INITIATIVE IN WORKING OUT A COMPREHENSIVE PROGRAMME FOR OVERCOMING THE CRISIS WHICH WAS CONFIRMED BY THE SECOND PLENARY MEETING OF THE CENTRAL COMMITTEE ON 11 AUGUST. THE PROGRAMME WAS RECEIVING EVER BROADER SUPPORT FROM MILLIONS OF WORKERS. BUT THE SITUATION IN POLAND REMAINED "VERY COMPLICATED AND DIFFICULTY', AS A RESULT NOT ONLY OF PREVIOUS MISTAKES BUT ALSO OF SUBVERSIVE ACTIVITIES BY FORCES INIMICAL TO SOCIALISM. THE RECENT STRIKES AND DEMONSTRATIONS, AS WELL AS MANY INCIDENTS OF ANTI-STATE AND ANTI-SOVIET PROPAGANDA, WERE CREATING A SERIOUS THREAT TO THE SECURITY OF THE STATE, ITS INDEPENDENCE AND THE VITAL INTERESTS OF THE POLISH PEOPLE. IN THESE CONDITIONS THE PZPR AND THE POLISH GOVERNMENT SAW THEIR PRINCIPAL TASK AS THAT OF UNITING ALL FORCES IN THE NAME OF NATIONAL SALVATION, AVERTING A PROFOUND CRISIS ESTABLISHING NORMAL FUNCTIONING OF THE WHOLE ECONOMY, HALTING MANIFESTATIONS OF ANARCHY IN A DECISIVE STRUGGLE AGAINST THE THREAT OF COUNTER-REVOLUTION. ALL THIS WOULD GUARANTEE POLAND'S SOCIALIST DEVELOPMENT AND STRENGTHEN HER AS A FIRM LINK IN THE SOCIALIST COMMONWEALTH.
- 3. BREZHNEV EMPHASISED THAT SOVIET COMMUNISTS WERE FOLLOWING EVENTS IN POLAND WITH "SERIOUS ATTENTION". THE SOVIET UNION HAD ADOPTED A CONSISTENT INTERNATIONALIST STANCE WITH REGARD TO SOCIALIS POLAND AND HOPED THAT POLISH COMMUNISTS AND THE WHOLE POLISH PEOPLE WOULD SUCCESSFULLY IMPLEMENT "THE DECISION OF THE NINTH PARTY CONGRESS AIMED AT STRENGTHENING

The special of the second of

THE PZPR AS A MARXIST-LENINIST PARTY AND CONSOLIDATING THE POSITION OF SOCIALISM IN THE COUNTRY". IT WAS NOT ACCIDENTAL THAT EXTERNAL AND INTERNAL ENEMIES OF SOCIALISM IN POLAND HAD CHOSEN ANTI-SOVIETISM AS THEIR WEAPON. THEY WERE TRYING TO "DIG A TRENCH" BETWEEN POLAND AND THE SOVIET UNION AND HER OTHER ALLIES, AND THUS UNDERMINE THE BASIS OF PEACEFUL AND SECURE DEVELOPMENT OF THE INDEPENDENT POLISH STATE.

- 4. THE PARTICIPANTS IN THE MEETING WERE AGREED THAT SOVIET/POLISH FRIENDSHIP WHICH HAD BEEN TEMPERED IN THE SECOND WORLD WAR WAS A GREAT ASSET FOR BOTH COUNTRIES. THE EXISTENCE OF A STRONG SOVEREIGN SOCIALIST POLAND WAS IN THE INTERESTS OF THE SOVIET UNION, JUST AS THE MIGHT AND HIGH INTERNATIONAL AUTHORITY OF THE SOVIET UNION ANSWERED THE INTERESTS OF PEOPLE'S POLAND. THIS FRIENDSHIP WAS BEING CONFIRMED AGAIN IN POLAND'S HOUR OF TRIAL. THE CPSE AND ALL SOVIET PEOPLE WERE IN TRUE SOLIDARITY WITH THE PZPR AND 'THOSE FORCES OF THE POLISH PEOPLE WHO WERE TRYING TO FRUSTRATE THE DESIGNS OF THE ENEMIES OF SOCIALISM....'
- 5. PROBLEMS IN DEVELOPING BROAD ALL-ROUND BILATERAL CO-OPERATION WERE DISCUSSED. TAKING INTO ACCOUNT THE ECONOMIC SITUATION IN POLAND, THE SOVIET UNION WOULD GIVE POLAND 'CONSIDERABLE MATERIAL HELP'. A DECISION HAD BEEN TAKEN TO DEFER REPAYMENT OF POLAND'S DEBTS TO THE SOVIET UNION TO THE FOLLOWING FIVE YEAR PERIOD, TO MAKE ADDITIONAL DELIVERIES OF RAW MATERIALS FOR LIGHT INDUSTRY, AND ALSO SOME CONSUMER GOODS. THE SOVIET UNION WOULD FACILITATE A FULLER USE OF POLAND'S INDUSTRIAL POTENTIAL. THE POLISH LEADERSHIP AND GOVERNMENT EXPRESSED 'SINCERE GRATITUDE' FOR THIS FRATERNAL ASSISTANCE.
- OF THE CORNERSTONES OF THE PRESENT BALANCE OF FORCES IN EUROPE. BOTH COUNTRIES WOULD CONTINUE TO DO ALL THAT WAS NECESSARY TO STRENGTHEN THE SOCIALIST COMMONWEALTH THE BULWARK OF SCURITY AND PEACE IN EUROPE AND IN THE WORLD. THE FORCES OF WORLD IMPERIALISM, TRYING TO HALT THE COURSE OF SOCIALIST PROGRESS, WERE PURSUING A DANGEROUS POLICY OF MILITARISATION, AND EXACERBATING THE THREAT TO PEACE THROUGH THEIR ACTIONS. THERE WERE OBVIOUS ATTEMPTS TO INTEFERE IN THE INTERNAL AFFAIRS OF THE SOCIALIST COUNTRIES. THIS WAS THE ONLY WAY TO ASSESS THE U.S. CONGRESS'S RESOLUTION ON THE INTERNAL SITUATION IN POLAND. THE SOVIET UNION FULLY SUPPORTED POLAND'S POSITION ON THIS QUESTION.

SIMILAR ACTS OF INTERFERENCE WOULD BRING NEW COMPLICATIONS INTO THE PRESENT TENSE INTERNATIONAL SITUATION. IMPERIALISM WAS TRYING TO FORCE ON MANKIND A CONTINUOUS INCREAWE OF TENSION, AND AN UNRESTRAINED ARMS RACE WHICH WAS AGAINST THE INTERESTS OF ALL PEOPLE. BOTH PARTICIPANTS EXPRESSED THEIR MUTUAL . READINESS TO DEVELOP FURTHER SOVIET/POLISH CO-OPERATION AND TO IMPLEMENT A JOINT PEACE-LOVING PRINCIPLED POLICY IN INTERNATIONAL AFFAIRS.

7. THE MEETING TOOK PLACE IN AN ATMOSPHERE OF "FRATERNAL FRIENDSHIP AND COMPRADELY MUTUAL UNDERSTANDING".

FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

BROOKE TURNER

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17 August 1981

Poland

The Prime Minister has seen and noted the papers enclosed with your letter of 12 August.

M A PATTISON

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

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FM WARSAW 131253Z AUG

TO PRIORITY F C O

TELNO 578 OF 13TH AUGUST 1981.

INFO ROUTINE MOSCOW.

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

POLISH SITUATION.

- 1. THE MEETING OF THE NATIONAL COORDINATING COMMISSION OF SOLIDARITY FINISHED YESTERDAY AND ISSUED A DECLARATION AND AN APPEAL. THE DECLARATION IS A STRONGLY WORDED REBUTTAL OF SIX DEMANDS MADE OF SOLIDARITY BY THE GOVERNMENT. IT DENIED THAT SOLIDARITY WAS A POLITICAL ORGANISATION BUT SAID IT COULD NOT STOP ITS MEMBERS FROM EXPRESSING THEIR POLITICAL OPINIONS. IT DENIED THAT THE UNION WAS UNDERTAKING ACTIVITY ABROAD CONTRARY TO THE INTERESTS OF THE PRL. IT SAID THAT THE ECONOMIC SITUATION RATHER THAN SOLIDARITY HAD BEEN THE CAUSE OF THE RECENT WAVE OF PROTESTS AND THAT ECONOMIC REFORM WAS THE GOVERNMENT'S RESPONSIBILITY. WHILST PROMISING TO HELP IN THE STRUGGLE AGAINST SPECULATION AND WITH ATTEMPTS TO IMPROVE COAL SUPPLIES, IT ALLEGED THAT THE GOVERNMENT HAD NOT FULFILLED ITS OBLIGATIONS TOWARDS THE MINERS.
- 2. THE MAIN POINTS IN THE APPEAL WERE SOLIDARITY'S CALL TO STOP FURTHER PROTEST ACTION AGAINST SHORTAGES (INCLUDING, PRESUMABLY, STRIKES) AND FOR PEOPLE TO WORK ON EIGHT FREE SATURDAYS DURING. THE REST OF THE YEAR. (THIS WILL MEAN ONE FREE SATURDAY MONTHLY INSTEAD OF THREE.) IT CALLED FOR UNITY IN THE UNION FOR THE NEXT TWO MONTHS (UNTIL THE END OF SOLIDARITY'S CONGRESS) AND A STOP TO ISOLATED PROTESTS. SOLIDARITY TWEAKED THE GOVERNMENT'S TAIL BY CALLING FOR A PRESS STRIKE ON 19/20 AUGUST UNLESS THEY WERE ALLOWED TO PUT THEIR CASE IN THE MASS MEDIA.
- 3. AS FORESHADOWED IN MY TELNO 572, GLEMP AND KANIA MET YESTERDAY.
 THE MEETING MAY HAVE BEEN BROUGHT FORWARD A DAY BECAUSE OF KANIA'S
 IMPENDING VISIT TO THE CRIMEA, ALTHOUGH NO ANNOUNCEMENT OF THE
 VISIT HAS YET BEEN MADE. GLEMP AGREED WITH KANIA THAT POLAND'S
 GREATEST NEED WAS FOR PEACE E AND HARD WORK AN IMPLICIT ENDORSEMENT
 BY THE CHURCH OF RECENT GOVERNMENT STATEMENTS.

/ 4. SOLIDARITY'S

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4. SOLIDARITY'S APPEAL IS INGENIOUSLY WORDED. IT REPRESENTS A COMPROMISE BETWEEN THE VARIOUS ELEMENTS IN SOLIDARITY'S LEADERSHIP. IT MANAGES TO EXTRACT SOLIDARITY FROM THE RATHER IMMODERATE STANCE THAT THEY HAVE RECENTLY ADOPTED AND YET AT THE SAME TIME TO SHOW THAT THE UNION CAN STILL CALL THE TUNE IN POLAND. THERE IS NO SPECIFIC APPEAL TO ABANDON NEXT WEEK'S MARCH FOR POLITICAL PRISONERS. BUT THE APPEAL FOR UNITY AND FOR AN END TO ISOLATED PROTEST ACTIONS SEEMS TO COVER THIS MARCH. THE GOVERNMENT WILL THUS BE IN A BETTER POSITION TO STOP IT IF IT GOES AHEAD DESPITE SOLIDARITY'S APPEAL.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES"

JAMES

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Foreign and Commonwealth Office

London SW1A 2AH

You may like to see 12 August 1981
the assessments at B Cholitical
and C (economic)

POLAND

It was agreed in the margins of the Cancun meeting at the beginning of this month, very largely at Lord Carrington's instigation, that Political and Economic Directors and representatives in the Polish Debt negotiations should meet quickly to produce an overall political and economic assessment of the Polish crisis. The Foreign Ministers set out the terms of reference for this joint assessment in an agreed note issued after their meeting (Annex A).

The meeting took place in Paris on 7/8 August. Discussion was conducted in two groups, one political, the other economic. Fergusson was our representative in the political group, while Peter Mountfield (Treasury) and Richard Evans represented us in the economic discussions.

Both groups produced agreed assessments. The political paper (Annex B) draws attention to the importance of doing all that we can to sustain the Polish renewal, both for strategic and for moral/ humanitarian reasons, and stressed the impact upon Western public opinion if Western governments were perceived to be standing idly by while the Polish situation deteriorated and Soviet control was reasserted. The economic paper (Annex C) makes clear the very serious economic crisis confronting the Poles, the size of their hard currency 'gap' in 1981 and their need for additional short term credit.

/As you

Willie Rickett Esq 10 Downing Street



As you will have seen from the Lord Privy Seal's minute of 10 August to the Chancellor of the Exchequer, we are now considering what action we should take in the light of the papers prepared in Paris. I shall keep you informed.

I am copying this letter and its enclosures to John Wiggins (Treasury) and to David Wright (Cabinet Office).

Von ever Muchaul Altun

M A Arthur

Private Secretary to the Lord Privy Seal

Secret Burning Bush FULLOWING FROM PRIVATE SECRETARY FOLLOWING IS TEXT OF NOTE CIRCULATED AFTER THE MEETING. BEGINSS 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 GAUGUST AND/OR FRIDAY TAUGUST 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:

- 1) 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.
- 11) ECONOMIC DIRECTORS AND NATIONAL REPRESENTATIVES ON THE TASK FORCE ON POLISH DEBTS OR THEIR DEPUTIES WOULD PREPARE A SUMMARY REPORT ON THE PROSPECT'S FOR THE POLISH ECONOMY, WITH PARTICULAR EMPHASIS ON THE NEED FOR FINANCIAL SUPPORT. THEY WOULD ALSO IDENTIFY THE AREAS WHERE WE STILL LACKED 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 ADVANTACE 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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MIRTE POLAND.



(FINAL DRAFT)

POLAND

(Assessment by Quadripartite Political Directors)

I. Why is the Polish Experiment Important to the West?

The United States and Western Europe have a strategic interest in the states of Eastern Europe becoming less subservient to the Soviet Union and in the transformation of their societies into ones more closely resembling our own. The achievement of this aim would transform the post-war strategic and political balance in Europe and have far-reaching effects outside it.

The Polish movement is a genuine, widely based and deeply held expression of the dissatisfaction with the material conditions of life created by the political and economic system which has been imposed on Poland and which is held responsible for the present failures. The aspirations of those concerned are for political accountability of the leadership to the people, a more pluralistic society, and a more flexible decentralised economic system.

This has evoked strong popular sympathy in the West so that, in addition to the strategic considerations described above, Western governments must not only take account of the needs of the Poles but also of popular moral and humanitarian pressures to assist them. Poland is an emotive issue in most

- 2 -

of the major Western countries. Public opinion would not understand it if Western governments appeared reluctant to help the Poles avert starvation and economic collapse at a time when they are apparently successfully defying the Russians.

The positive effects of events in Poland so far have been:

- to weaken significantly Soviet control over its largest

 East European ally and confidence in the reliability of

 its armed forces;
- to present an acutely embarrassing challenge to the Soviet system which has been shown to be economically unsuccessful and politically inadequate.

If the Polish experiment is consolidated, its effects in the longer term could be to provide a powerful stimulus for evolution elsewhere in Eastern Europe, and ultimately to influence political developments in the Soviet Union itself.

Thus, to the degree to which the West can affect events, our objective should be for the Polish crisis to be resolved in a way which avoids both Soviet intervention and a major clampdown by the Polish authorities; which preserves as much as possible of the political and social gains extracted by

- 3 -

Solidarity from the Polish regime in 1980/81; which sets the Polish economy on the road towards recovery, and thus towards repayment of Poland's debts to the West; and which leaves open the opportunity for the further development of Poland on lines which reflect the wishes of its people and may in time have an effect on the other countries of the Soviet empire and perhaps eventually on the Soviet Union itself.

II. Present Situation

The satisfactory way in which the extraordinary Congress of the Polish Workers Party (14 - 20 July) evolved and the social calm which accompanied it gave way immediately afterwards to an outbreak of tension - due to the food shortages - which is the most serious crisis which the Polish authorities have had to face since the events at Bydgoszcz in March 1981.

These 'hunger marches', led in several towns by women who were up to then rarely involved in the demonstrations, which culminated in the encounter of metal and public transportation workers face to face with a deliberately disarmed militia in the central crossroads of Warsaw, high-



- 4 -

light the problems of the party and the government in maintaining the confidence of Polish citizens.

Without having acquired the necessary agreement of its social partners, in spite of a quasi-permanent consultation apparatus, the government, which had not managed to restore the normal arrangements for the distribution of food, decided to reduce meat rations and to compensate for salary increases by a doubling or tripling of prices. For Solidarity such a measure would only be acceptable in the context of overall economic reform.

The situation has not yet broken down. But the renewed power struggle will not easily be resolved by the negotiations which reopened on 6 August and which have yet to reach a conclusion. On the one hand, the government now includes, apart from the Prime Minister, four serving generals in its ranks. Special instructions have been issued to the army, and the establishment of an anti-crisis staff has been announced. There is to be a central committee plenum on 8 August after which far-reaching measures are expected to be announced.

For its part, Solidarity, under the direction of Lech Walesa is maintaining as moderate an attitude as it can.

However, it will be necessary to wait for the conclusion

of the two-stage congress which the union will hold in September/October to assess the chances of agreement with the government on a program of stabilisation, and on the prospects of economic reform, of which the most sensitive aspect is probably the question of worker self management.

The situation in Poland depends on the development of the balance of forces between, on the one side, Solidarity and the church, which represent the aspirations of the Polish people, and, on the other, the Soviet Union and in varying degrees, the other Warsaw Pact Governments. The attitude of fundamental hostility of these governments towards the Polish Renewal, as it has evolved since the autumn of 1980, will not change. The Polish Party and Government are playing an ambiguous and uncertain role, pressed on the one hand by feelings of nationalism, and on the other by fear of the collapse of socialism, and with not choice - at least for the time being - but to be swept along by the dramatic events of the past year in Poland, while remaining under great pressure by the Soviets and the more conservative elements in their midst.to reassert their authority. The latter is easier said than done but Soviet political pressure is not likely to lessen as the Soviets will continue to seek to prevent the institutionalisation in Poland of the profound social

economic, and political changes which are forcefully advocated by Solidarity and the younger, more nationalistic, elements of the Party and army. We are not likely to know the outcome soon.

III. Consequences of Economic Collapse

So far, the unfolding of the Polish movement has been marked by significant restraint. Nationalism and religion have been powerful factors of resistance to the erosion of values and to anarchy. The present signs of tension are, however, worrying. The rationing measures introduced by the government have exasperated the population. They play into the hands of the most extreme elements of Solidarity and of the Party.

If the Polish economy gets out of control, two possible consequences could follow:

- a. The Soviet Union could increase its involvement, with the agreement of the Polish Government, in return for a reversion to strict political and economic orthodoxy, with far-reaching consequences for western interests; and/or.
- b. there would be a political crisis, coinciding with a widespread breakdown of law and order, with Solidarity needing to stay in the vanguard of those protesting to avoid forfeiting its own credibility. Governmental efforts, including the use of force could provoke violent confrontation.

and lead to a situation close to anarchy. If this were prolonged, the Soviet Union could see it as jeopardising fundamental Soviet security interests. Soviet intervention would almost inevitably follow. Despite likely widespread resistance, the Soviet army would eventually re-establish control, reverse Renewal, and reimpose strict orthodoxy.

IV. Soviet Attitude

Soviet actions for the past year betray a clear preference for a political rather than a military solution. There is no evidence, however, to suggest that they are prepared to accept as inevitable and irreversible the popular movement for social and political reform in Poland. Nor, should we be misled into believing that the Soviets have definitively renounced a military solution. As suggested above, they are still likely to intervene militarily if they ever conclude that developments in Poland threaten their basic security interests.

In pursuit of a political solution, the Soviets will continue to maintain strong pressure on the Polish party to reassert its authority and to contain - and ultimately to neutralise - Solidarity as an effective political and

- 8 -

social force. The tactics will vary with events - and will include the judicious use of economic leverage - but the goal will remain constant: preservation of Soviet hegemony in Eastern Europe - including Poland - and containment of the Polish disease within Polish borders.

It is therefore unrealistic in our view to envisage, for the time being at least, Soviet participation in a Western program of economic assistance for Poland. But the Soviets should be told clearly that the Western creditors were proceeding on certain assumptions: that the Soviet Union and other CMEA countries would continue to assist Poland; and that they did not attempt to exacerbate the situation by cutting off supplies of raw materials, etc. If these assumptions were not borne out the West would draw the conclusion that the Soviet Union was not interested in stability in Europe and would formulate its policies accordingly.

7 August 1981

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William cardon der to a plan

At the request of the Ministers of Foreign Affairs of France, the Federal Republic of Germany, the United Kingdom and the United States of America, it was decided that the Economic Directors and members of the Task Force should meet in order to:

francisty & Superpose

- a) review cooperative international economic measures which have been taken to assist Poland;
- b) make an assessment of the principal aspects of the Polish economic situation;
- to Poland.
 - A COOPERACTIVE INTERNATIONAL ECONOMIC MEASURES

 1) Decisions already taken.

Following the meeting on 27 and 28 April which resulted in agreement between Poland and 15 Western creditor countries on Polish debt consolidation for 1981, a second meeting was held at Paris on 1 and 2 June.

Representatives of creditor countries, even if they had not been able to commit themselves to new credits, given particularly apparent differences of view at that time as to the extent of the remaining financing needs of Poland, had nevertheless demonstrated their wish to facilitate the use of existing lines of credit. They had under this heading agreed to meet again if bilateral negotiations would not result in the unblocking of the various obstacles standing in the way of meeting Poland's priority import meeds.

28 40 11) Calendar of future work,

It was agreed on the first and second of June that a next autumn /further plenary meeting of 15 creditor countries would be held to examine the question of Polish debts falling due in 1982 in the light of a report on the economic situation and of the programme for economic recovery prepared by the Polish authorities.

- that in order to prepare for this meeting a group of experts (Task Force) would meet the Polish side at the beginning of September in order to exchange necessary information.

and to allow the economic situation in Poland to be followed, a document has been prepared by the members of the Tesk Force on the basis of a draft prepared by the American Delegation. This document, which contains the preliminary questions and remarks of creditor countries, will be sent on 10 August to representatives of the Rolish Government.

Taking into account, this calendar, it is to be heped that at the September meeting there will be available supplementary data on:

- the current economic situation during the early months of 1981 - the prospect for 1982.

iii) Rescheduling.

Much of Poland's foreign financing needs in 1981 of \$ 11.7 billion has been met by western creditor groups through rescheduling, credits already granted, or freezing of principal repayments on private bank credits.

a) Public Debt.

Western countries in accordance with the draft agreed on 28 April expected a consolidation of debts unpaid as at the first of May 1981 or payable between the first of May 1981 and 31st

December 1981 up to a maximum of 90 % (capital and interest) over a period of 8 years with a 4 years grace period. The implementation of this decision represents Poland a concession of the order of USS 2:25 = 2:5 billion: Bilateral agreemnts putting this into

effect have subsequently been signed with Belgium, France, Finland, Great Britain, Japan, Sweden.

3.

b) Private Debt.

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In accordance with a meeting held in Zurich on 22 and 23 July Western commercial banks are still discussing an arrangment which, if accepted by the Poles, would have the effect of extending over seven years the repayment of principal payments due for settlement in 1981 with a grace period of 4 years. The volume of these debt is put at US\$ 3 billion.

iv) Fresh Credits for 1981.

since the beginning of the year (see Annexe).

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B - THE POLISH ECONOMIC SITUATION.

The Polish economy is on the brink of a major crisis. There are serious shortages of food in Poland's largest cities. These have triggered social unrest and an increasing number of demonstrations. The food problem is one of low inventories (44 % below the previous year) and poor distribution. And as a result of strikes and lack of imports necessary to keep Polish industry functioning, man hours worked are down substantially. Some industrial sectors are working at only 30% of capacity. An unprecedented 15% decline in GNP is forecast for 1981.

Up to now the econcomic situation in Poland has shown only isolated signs of consolidation (a slight increase in earnings from the expert of raw materials such as copper and suiphur, as well as improved conditions for a medium-term recovery in the sphere of

In spite of Western aid, the current supply situation is continuing to deteriorate and is the immediate cause for the confrequation new threatening to develop between the Polish Government and Solidarity.

Further essential problems exist in coping with the system's inherent shortcomings regarding production, distribution and overall planning. The struggle to achieve a more price and market-related orientation of the economy and the drastic price increases in certain areas to which this inevitably leads place a particular burden on the process of economic reform that has now been set into motion by the Polish Government (the recently adopted stabilization programme).

Polish export industry has become extremely vulnerable in the past few years in view of the scarcity of currency resulting from increasing economic ties with the West. Dependence on Western imports, particularly semi-manufactures and spare parts, is almost as detrimental to Poland's export capabilities as it is to the domestic supply situation.

This danger is illustrated clearly by developments during the first half of 1981. While exports to hard currency countries, amounting to 3.2 billion dollars, were within the range projected for 1981 (6.5 billion dollars), imports decreased considerably more than planned, apparently because of financing problems, and totaled only 3.3 billion dollars (as compared with a projection of 7.2 billion dollars for the year), and it must be taken into account that the percentage of food imports increased dramatically during this period. As a result Polish export industry was severely affected by an undersupply of Western goods, a factor that will undoubtedly make itself felt even more strongly, particularly as regards industrial exports, during the last six months of this year:

The deterioration of the economic situation is clearly borne out by the available Polish statistics on economic developments during the first half of 1981. Production in important branches of industry decreased by 12.5 per cent, and coal production by as much as 22 per cent. The domestic food supply is particularly hard hit by the drastic reduction in the production of meat, sugar and other basic foodstuffs, and the point has already been reached where allotted food rations can no longer be met. A few days ago meat rations had to be reduced at short notice.

According to official information in Poland, rising incomes and a further reduction in market supplies will aggravate the economic situation still further in the second half of 1981. At the end of the year a surplus of purchasing power amounting to about 26 per cent of incomes is expected. Currently the gross national product for 1981 is expected to decrease by about 15 per cent.

The situation in regard to agricultural production is still uncertain, but nonatheless somewhat improved. In 1979 Poland had to spend about one fourth of its foreign currency holdings on importing food and agricultural products. This share will probably be considerably greater in 1981. The Polish Government has taken some first steps to ease a reduction in agricultural imports. These include, in particular, permitting the organization of a farmers' union and the promise of better technical equipment and an increased supply of capital for private farms, as well as the increase in food prices that is now being considered.

In April 1981, in connection with negotiations with the Western creditors, the Polish Government submitted a report on the country's economic and financial situation. It contains the following projection for the balance of payments in dealings with the West: Initially, from 1981 - 1985, deficits decreasing from 3 billion to 0.5 billion dollars; thereafter, from 1986 - 1990, surpluses increasing from 0.7 billion to 5.2 billion dollars. This means that Western debts would reach a peak of 33.5 billion dollars in 1985, decreasing to 22.9 billion dollars in 1990.

C - NEED FOR FURTHER FINANCIAL ASSISTANCE TO POLAND.

A financing of dollars 9.5 billion has already been arranged, although all of it has not yet been utilised, especially lines of credit with Western European governments. Further efforts should be made to accelerate the disbursement of all credits. The remaining financing gap is in the range of US dollars 1.6 - 2.2 billion, which includes required payments of over dollars 700 million in interest to private banks. The gap assumes a maximum efforts by the Poles to reduce imports. un amount of \$ 500- 11

considerable deterioration in the Polish current account deficit since the forecasts provided by Poland to the creditors' meeting whigh would be made, we have seen an exception of

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Denmark, Norway and i serland have declared the second of this proposed The Some shower next doors to be at the short int

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It is clear from the above analyses that Poland has two most immediate economic needs:

- additional balance of payments financing to close their financing gap;
- additional food supplies.

The financing need has been made even more urgent because Western banks have withdrawn short-term funds anounting to 500 million dollars. This led the Polish Governments urgent request fo an amount of \$500-700 million short-term interim aid. In order to respond to this request, M. Delors proposed to his colleagues that Poland should be assisted with a short-term credit of \$500 million which would be made available on an exceptionnal basis by the Bank for International Settlement (BIS) to the Polish Central Bank on brehalf of and on the account of various central banks. So far Denmark, Norway and Switzerland have declared themselves in favour of this proposal. The French Government indicated at the meeting that it will also contribute \$400-125 million toward this effort. The representative of the Federal Republic of Germany indicated that his Government attaches great importance to this initiative, and is currently considering its participation in this multilateral effort.

It was noted that the BIS is ready to provide funds to Poland through this effort at short notice, as soon as participating governments, have taken appropriate action.

The British Government is still considering its response.

The representatives of the US Government noted that it had recently decided to provide \$72 million of dairy products and \$60 million worth of corn to Poland on concessionnal terms.

In the context of the above actions, it was agreed that each government would consider what, if any, additional steps it could most appropriately and most expeditiously take to provide further assistance to Poland. Any such action would be taken within the framework of an appropriate sharing of the burden among Western countries.

CONCLUSIONS :

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1981

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The case for the continued provision of assistance to Poland for the western countries is both political and economic. The political case stems from the desire to maintain the process of reneval and the economic case from the desire to obtain repayment of loans already extended to Poland.

8.

Even if Poland joins the IMF in the near future, which now appears to be more likely, it will probably take quite a long time (at least until the middle of next year) for loans from the Fund to be available.

However, the Group is aware that the economic support currently granted by the countries serves primarily to facilitate the provision of adequate basic subsistance supplies for the population and to prevent a further decline in the production of the most important goods. Consequently importance will have to be attached to an increasin proportion of Western credit being used for structural measures, i.e. the implementation of a rehabilitation programme for the more efficient organization of Polish industry and agriculture. Poland's membership in the IMF and the co-ordination of Western ressources within this framework might contribute to achieving these goals.

So far the Soviet Union, and the other Eastern Europea State-trading countries as well, have given no indication that they are interested in the provision of any kind of aid for Poland in conjunctio or co-ordination with the West. Thus far, inofficial contacts in this regard have only met with the utmost reserve or outright rejection.

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We have agreed that the inherent strength of the Polish economy, the economic reforms which should get underway and the availability of further credits could create the conditions for recovery of the Polish economy in the medium term, while of course not providing an absolute guarantee.

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1981

- GUARANTEED COMMERCIAL CREDIT

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3 - BRIDGING ASSISTANCE

- RESCHEDULING

5 - LIQUIDITY AID

F900 million for semi-finished products of which F400 million taken up. Downpayment = 15 % reduced henceforth to 5 %

Outstanding from 1980/81 = 400,000 tonnes of which 100,000 tonnes delivered (downpa ment = 5 %) and 300,000 tonnes being deli vered as emergency aid as announced by th Prime Minister (downpayment = 0%)

Period 1/8/81 - 30/7/82 Undertaking to deliver 1.2 million tonnes at a value of Fl billion.

11,000 tonnes of which 4,000 tonnes alre delivered and 7,000 to be delivered as emergency aid.

15,000 tonnes to be delivered as emergen aid. F 312,4 million

F 1 667,6 million

100 - 125 million "DELORS" proposal

800 million 8 About Total :

GERMANY

end build

UL1. Export Credit Cuarantees 1932

William States Special Control of the States

Agricultural products
Semi-manufactured products

720 mill DM

About half of this amount is actually exported. For the amount not yet exported, the down payment has been reduced to 5 percent.

2. Bridging assistance

120 ido DM

J. Unused quarantees extended before 1981 (mostly investment -

About 1,600 Mio DM

of which amount to be utilized during the remainder of 1981 is about 600 Mio DM

Under con life tion:

Bolish reques for 5000 in the short tarm eved

Original bridging open more in to end a public &

Along 120 million not a fire lu aved la l'encadul l

UK Position

UK new export credits provided in 1931 '-

(am)

left over from 1980 1st quarter 2nd quarter

£5 approx (food) 35% }
£20 mainly food 35% }
£20 mainly food 55% }
5 yrs

2nd half

District Control

£25 half food, half indust. products etc

90%, 8 yrs (inc 4 yrs grace)

about half drawn down

mont

down

drewn

Rescheduling

£70 million approx

agreed. But 10% down - payments not yet made

Original bridging operation up to end-April.

About \$20 million not consolidated in rescheduling (can check later)

y sis congress.

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The second secon

Under consideration:

Polish request for \$100 million short-term credit

U.S.

Type, of product to Terms was

Agricultural commodities

Industrial goods

Dairy Products

Feed corn

Financial Bridge Operation

ALL MAN AND CONTRACT

Targets and Post

Tre te lelance

CHARLETTER

Total medium

3 years at commercial rates - guaranteed by US Covernment

OECD Centlemen's Agreement on Export Credit - US Government guarantee

Sold for Polish currency and exports by US direct credit

> 3 years grace 7 years repay. 7 years repayment 82% interest rate US direct Government credit

Deferment of 1 year of interest on agricultural credits, interest at commercial rates

193 Value to pullundersigned

\$585 million

\$12 m.

\$20 million

\$71 million

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\$55 million

\$86 million

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\$817 million

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Targets and Performance Criteria

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1. Hard Currency Trade Balance

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- Trade Balance with CMEA countries was to the way tracks and their
- Value and volume of imports and exports by major products
- CRELLOGICA THE CONTROL OF CONTROL OF THE PROPERTY OF THE CASE OF T Total medium and long term (a) Total debt outstanding UP FALMINGS OF A SHIP CHE CHIEFE

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Total convertible currency short term borrowing

Foreign Exchange Reserves

Data Required

1981 actuals (part year) 1981-90 forecasts (broken down as in Tables on pages 36 and 37)* A NE DELLE SE AS

Ditto above (pages 38 and 39)*

1980 actuals 1981 actuals to date 1981-1990 forecasts

- THESE COMES IN THE PARTY OF (b) Borrowing approved but not ACCOUNT, AS IN A SALARCE OF TAXABLE taken up.
 - (c) New borrowing assumed.

For each of (a)-(c) state:-

- 4. The Political Annual repayments of A LARGE TO SEVERAL LOCALITY Principal and interest.
 - (11) Breakdown between trade credits, governmentbacked credits, nonguaranteed credit.
 - (111) Breakdown between market and state economy countries.

Amount and terms; breakdown between market and state economy countries.

Breakdown between Western commercial currencies and intra - CMEA currencies

*Polish Report on Economic and Payments

Questions and preliminary remarks from the creditor countries.

I. THE POLISH COMMISSION CREDITORS LOOK WITH FAVOR ON :

THEOLYPHIN

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- A. THE CANDOR WITH WHICH THE POLES HAVE ACKNOWLEDGED AND DISCUSSED THE SEVERITY OF THEIR ECONOMIC PROBLEMS;
- B. THE OVERALL STRATEGY AND MOST OF THE MEASURES THE POLES HAVE PROPOSED TO DEAL WITH THESE PROBLEMS;
- C. THE BALANCE OF PAYMENTS TARGETS PRESENTED IN "REPORT ON ECONOMIC AND PAYMENTS SITUATION OF POLAND" --HEREAFTER REFERRED TO AS THE PROGRAM--DRAFTED IN APRIL.
- II. IN THE ONGOING CONSULTATIONS BETWEEN THE POLES AND THESE CREDITORS THAT ARE STIPULATED IN THE RESCHEDULING AGREEMENT OF 28 APRIL, EXAMINATION OF PROGRESS IN MEETING THE BALANCE OF PAYMENTS GOALS WILL BE THE CENTRAL FOCUS. FULFILLMENT OF THESE GOALS IS WHAT THE CREDITORS CARE MOST ABOUT. THE TRADE ACCOUNT, AS THE KEY TO BALANCE OF PAYMENTS IMPROVEMENT, WILL BE THE OBJECT OF PARTICULARY CLOSE SCRUTINY.
- III. THE CREDITORS WELCOME THE POLISH TARGETS FOR THEIR BALANCE OF PAYMENTS AND TRADE BELIEVE THAT EVERY EFFORT SHOULD BE MADE NOT ONLY TO MEET BUT TO IMPROVE ON THEM.

Y TO DERVOR I IN AUD THAT

A. THE POLISH ECONOMY HAS MANY BASIC STRENGTHS, NOTABLY - TRAINED AND SKILLED LABOR FORCE, AND

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- -- A LARGE QUANTITY OF SEVERAL IMPORTANT NATURAL RESOURCES, NOTABLY COAL, THAT POLAND CAN EXPORT TO THE WEST WITH A MINIMUM OF MARKETING DIFFICULTIES.
- B. THERE IS CURRENTLY MUCH EXCESS CAPACITY IN THE POLISH ECONOMY, AS INDICATED BY THE SHARP DECLINE IN NATIONAL INCOME FORM THE 1978 LEVEL.
- C. WARSAW HAS FORMULATED AN APPROPRIATE STRATEGY FOR USING THESE PLUS FACTORS TO GOOD ADVANTAGE, PARTICULARLY ITS PLAN TO SHARPLY REDUCE THE SHARE OF INVESTMENT IN NATIONAL INCOME AND THUS MAKE ROOM FOR CHANNELING RESOURCES INTO IMPROVING THE BALANCE OF PAYMENTS WITHOUT CAUSING ANY UNDUE INCREASE IN ECONOMIC HARDSHIP FOR POLISH CONSUMERS. THE GOALS FOR GROWTH IN NATIONAL INCOME LISTED IN THE PROGRAM SHOULD BE SUFFICIENT TO ATTAIN THESE TWIN OBJECTIVES.

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4/14-15/14

THE BALANCE OF PAYMENTS TARGETS ARE THE ELEMENT IN THE PROGRAM TO THE CREDITORS. BUT ALL IMPORTAUT PARTS OF THE PROGRAM WILL BE DISCUSSED IN THE SEPTEMBER-OCTOBER MEETINGS. THE CREDITORS WILL WISH TO COMPARE PERFOR-MANCE VS. GOALS FOR ALL OF THE VARIABLES LISTED IN THE PROGRAM, E.G. , AGGREGATES SUCH AS NATIONAL INCOME, INDUS-TRIAL PRODUCTION, INVESTMENT, AGRICULTURAL OUTPUT, FOREIGN IN REAL TERMS, ETC.; THE PRODUCTION AND EXPORT, IN TRADE PHYSICAL QUANTITY TERMS, OF COAL AND SEVERAL OTHER KEY COM-MODITIES; AND THE VOLUME OF OUTPUT AND IMPORTS OF GRAIN. THE CREDITORS WILL ALSO WANT TO EVALUATE THE STATE OF THE POLISH ECONOMY AS IT SHAPES UP THIS FALL.

AT PRESENT, THE OUTLOOK APPEARS MORE DISCOURAGING THAN IT DID IN APRIL. THE PROGRAM FORECAST A DROP IN NATIONAL INCOME OF 9 PERCENT IN 1981. THE OFFICIAL PREDICTION IS CURRENTLY

FOR A DECREASE OF ABOUT 15 PERCENT.

A LIST IS ATTACHED OF THE BASIC FINANCIAL DATE REQUIRED.

E. IT IS OF COURSE UNDERSTOOD THAT ANY ASSESSMENT THIS FALL OF HOW THE ECONOMY IS PERFORMING AND HOW EFFECTIVELY ECONOMIC STABILIZATION AND REFORM ARE BEING CARRIED OUT IN TERMS OF PROGRAM GOALS MUST BE HIGHLY TENTATIVE. GIVEN THE SHORT INTERVAL BETWEEN THE PUBLICATION OF THE PROGRAM AND THE SEPTEMBER-OCTOBER MEETINGS, THE AVAILABLE EVIDENCE IS LIKELY TO BE INCONCLUSIVE.

IV. PERFORMANCE CRITERIA OTHER THAN THE BALANCE OF PAYMENTS *
THAT ARE NOT IN THE PROGRAM ARE ALSO CRITICALLY INPORTANT.
THEY WILL LIKEWISE BE CAREFULLY OBSERVED AND THOROUGHLY
DISCUSSED IN MEETINGS WITH THE POLES.

A. POLAND CANNOT RESCHEDULE 100 PERCENT OF PRINCIPAL AND IN-TEREST FALLING DUE IN 1981.FURTHERMORE ACCORDING TO THE PROGRAM, THE CURRENT ACCOUNT WILL BE IN DEFICIT UNTIL 1985. THUS FOR SEVERAL YEARS POLAND WILL NEED TO SEEK ADDITIONAL RESOURCES AND WILL BE OBLIGED TO REDUCE ITS NEEDS, NOTABLY BY LIMITING ITS PURCHASES TO THOSE ITEMS WHICH, WITHIN THE SHORT TERM, HAVE A POSITIVE IMPACT ON ITS EXPORT CAPACITIES. THE CREDITORS WILL WISH TO SEE HOW THE POLISH AUTHORITIES INTEND TO PROCEED.

-- IT IS ESSENTIAL THAT THIS NEW BORROWING NOT INTENSIFY THE DEBT SERVICING PROBLEMS THAT RESCHEDULING IS SUPPOSED TO RE-MOVE OR EASE.

-- ANY NEW BORROWING SHOULD BE ARRANGED AS NOT TO MAKE IT MORE DIFFICULT FOR POLAND TO MEET EXISTING DEBT COMMITMENTS. AS FAR AS POSSIBLE IT SHOULD BE LIMITED TO BORROWING FOR RAW MATERIALS OR COMPOMENTS WHICH WILL VERY QUICKLY MADE A RETURN IN TERMS OF EXPORTS IE. WHICH WILL BE SELF-LIQUIDATING.

- B. THE SIGNATORIES CREDITOR COUNTRIES OF THE APRIL 28 PARIS AGREEMENT EXPECT :
- OTHER MARKET ECONOMY CREDITOR COUNTRIES, STATE-ECONOMY COUNTRIES, AND PRIVATE FINANCIAL INSTITUTIONS TO SHARE THE BURDEN OF ASSISTANCE TO POLAND;
- COMPARABLE TREATMENT AMOUNG THE DIFFERENT CATEGORIES OF CREDITORS: MARKET ECONOMY COUNTRIES, CENTRALLY PLANNED COUNTRIES, AND PRIVATE FINANCIAL INSITUTIONS;
- EQUAL TREATMENT FOR ALL CREDITORS BELONGING TO ANY OF THE THREE CATEGORIES MENTIONNED ABOVE;
- POLAND TO PROVIDE PRECISE AND COMPLETE INFORMATION ON ITS FINANCIAL POSITION VIS-A-VIS ALL OTHER CREDITORS AND THE ARRANGEMENTS IT HAS WORKED OUT WITH THESE OTHER CREDITORS WITH REGARD TO DEBT RELIEF AND OTHER FORMS OF ASSISTANCE. IN PARTICULAR, MORE DETAILED DATA IS REQUIRED ON STATE ECONOMY COUNTRY AID, INCLUDING AMOUNTS, FORMS, MAKE-UP AND MATURITY AS WELL AS POLAND DEBT TO AND REPAYMENTS SCHEDULE VIS-A-VIS THESE COUNTRIES.
- V. THE CREDITORS CANNOT PRESCRIBE SPECIFIC STEPS FOR MEETING PERFORMANCE CRITERIA. BUT THERE ARE CERTAIN BROAD POLICY ACTIONS THAT ARE NECESSARY OR MAKE GOOD SENSE IN INSURING THE FULFILLMENT OF ULTIMATE TARGETS.
- A. THUS AS REGARDS POLAND'S ECONOMIC DEALINGS WITH THE WEST,
 THE CREDITORS EXPECT WARSAW TO:

BY THE CRESTORE

- -- REDUCE IMPORTS OF MACHINERY AND EQUIPMENT, OTHER THAN

 (a) WHAT IS REQUIRED TO PROMOTE EXPORTS (COMPLETION OF NEAR-LY FINISHED EXPORT-ORIENTED PROJECTS, FOR EXAMPLE) AND

 (b) NECESSARY SPARE PARTS;
- -- INCREASE EXPORTS OF GOODS WHERE POLAND'S COMPARATIVE
 ADVANTAGE IS HICH -- CHIEFLY COAL, BUT COMMODITIES SUCH AS
 COPPER, SULFUR AND SILVER AS WELL; AND
- -- ESTABLISH EFFECTIVE CONTROL OVER HARD CURRENCY BORROWING AND ALLOCATION OF HARD CURRENCY TO POLISH.
 - -- IMPLEMENT POLICIES WHICH WILL REDUCE POLAND'S REQUIREMENT FOR FOOD AND AGRICULTURAL IMPORTS.
- B. IN DEALING WITH POLAND'S ACUTE BALANCE OF PAYMENTS
 DIFFICULTIES IT IS ESSENTIAL TO HAVE RIGOROUS CENTRAL
 MANAGEMENT OF FOREIGN EXCHANGE MATTERS, ESTABLISHEMENT OF
 APPROPIRATE CRITERIA FOR BORROWINGS AND ALLOCATIONS OF FOREIGN
 EXCHANGE, AS WELL AS MANAGING THESE OPERATIONS IN THE MOST
 EFFICIENT WAY.

C. WITH RESPECT TO THE DOMESTIC ECONOMY, THE CREDITORS URGE THAT POLAND FOLLOW THROUGH ON ANNOUNCED PLANS TO:

-- ENCOURAGE AGRICULTURAL PRODUCTION BY AUTHORIZING FOR EXAMPLE ENLARGEMENT OF INDIVIDUAL HOLDINGS, BY STIMULATING INDIVIDUAL INVESTMENT, THROUGH A STEPPED-UP FLOW OF VITALLY NEEDED INPUTS AS FERTILIZERS, AND EASIER AVAILABILITY OF CREDIT. (THE HEALTH OF THE DOMESTIC ECONOMY STAND TO BENEFIT ENORMOUSLY INVIGORATED PRIVATE SECTOR PROMISES TO YIELD).

-- RESTRAIN INVESTMENT AND ALLOCATE IT ALONG MORE RATIONAL LINES. IN PARTICULAR BY GIVING PRIORITY TO LONG-NEGLECTED TRANSPORT, AND ELECTRIC POWER.

VI. THE CREDITORS UNDERSTAND THAT THE PROCESS OF ECONOMIC RENEWAL REQUIRES POPULAR SUPPORT.

A. CONSEQUENTLY THE CREDITORS DO NOT INTEND TO PRESS POLAND TO QU CKLY IMPLEMENT MEASURES IT HAS PROMISED TO TAKE WHEN IT IS QUESTIONABLE THAT THE MEASURES HAVE WON WIDESPREAD DO NOT BEAR DIRECTLY ON THE BALANCE OF PAYMENTS.

B. THE CREDITORS ARE CONFIDENT, HOWEVER, THAT THE POLISH GOVERNMENT WILL INTENSIFY ITS EFFORT TO BRING ABOUT CON-RAPIDLY AS POSSIBLE.

IN ITS STABILIZATION PROGRAM AS

VII. STATISTICS AND INFORMATION NECESSARY FOR FRUITFUL DISCUSSIONS WITH POLISH OFFICIALS ON THE PERFORMANCE CRITERIA AND POLICY MEASURES DISCUSSES ABOVE ARE AVAILABLE. BUT FOR SUPPLEMENTARY MATERIAL WILL BE PROMPTLY AND FULLY MET.

THE SIGNATORY CREDITOR COUNTRIES NOTE THAT THE DELAYS WHICH OCCURED SEVERAL TIMES IN THE PAST, CAUSED UNFORTUNATE POSTPONEMENTS OR DAMAGING UNCERTAINTLY IN THE DECISION-MAKING PROCESS.

VIII. IN ORDER TO ALLOW MEMBERS OF THE TASK FORCE TO EXAMINE THESE REPLIES PROPERLY. THE POLISH GOVERNMENT IS ASKED TO PRODUCE THE REQUIRED INFORMATION DIRECT TO THE FIFTEEN CREDITOR COUNTRIES NO LATER THAN 1 SEPTEMBER.

CART 3 ends:-

HMT to LPS office 12.8.89

PART 4 begins:-

LPS office to WR 12.8.8