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TO IMMEDIATE FCO

TELEGRAM NUMBER 113 OF 14 JANUARY

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YOUR TELNO 54, POLAND: UK POLICY

1. A DECISION BY POLAND'S MAIN WESTERN CREDITORS TO SUSPEND FURTHER CREDITS AND OTHER FORMS OF ECONOMIC ASSISTANCE UNTIL THE REGIME LIVES UP TO ITS PROMISES WOULD BE CERTAIN TO HAVE FAR-REACHING ECONOMIC CONSEQUENCES.

2. THE EFFECT WOULD BE MOST PRONOUNCED ON AGRICULTURAL IMPORTS. POLAND HAD INTENDED TO IMPORT LARGE AMOUNTS OF FOOD FOR HUMAN AND ANIMAL CONSUMPTION IN 1982. WITHOUT CREDITS THIS WILL BE ALMOST IMPOSSIBLE. FOOD IN THE SHOPS WILL BE EVEN SCARCER THAN IT NOW IS AND LIVESTOCK NUMBERS WOULD DROP FURTHER STILL. THE POLISH AUTHORITIES WOULD HAVE TO MAKE FURTHER REDUCTIONS IN RATIONS.

3. SIMILAR CONSIDERATIONS APPLY TO IMPORTS FROM THE WEST OF RAW MATERIALS, SPARE PARTS AND COMPONENTS FOR POLISH INDUSTRY. SHORTAGES OF THESE ITEMS ARE ALREADY CREATING SEVERE PROBLEMS IN POLISH INDUSTRY, MUCH OF WHICH IS IMPORT-DEPENDENT. THE AUTHORITIES WILL BE UNABLE TO RESTORE "NORMAL WORKING" AND MAINTAIN OR INCREASE THE LEVEL OF EMPLOYMENT AND MARKET SUPPLIES WITHOUT INDUSTRIAL IMPORTS FROM THE WEST.

4. ECONOMIC ACTION AGAINST POLAND BY THE WEST IS BOUND TO CAUSE HARDSHIP TO THE POLISH PEOPLE

AND THE AUTHORITIES WILL PIN THE BLAME FIRMLY ON WESTERN GOVERNMENTS. SUCH ACTION WILL ALSO INCREASE POLAND'S ECONOMIC, AND HENCE POLITICAL, DEPENDENCE ON THE SOVIET UNION. THEY REMAIN HOWEVER THE MOST - AND PERHAPS THE ONLY - EFFECTIVE MEANS OF PUTTING PRESSURE ON THE POLISH AUTHORITIES TO LIFT THE REPRESSIVE MEASURES WHICH THEY HAVE IMPOSED UPON THE POLISH NATION AND TO RE-ESTABLISH THE PROCESS OF RENEWAL AND REFORM.

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