

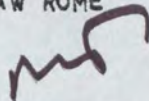
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TO IMMEDIATE F C O

TELEGRAM NUMBER 206 OF 22 JANUARY

INFO IMMEDIATE UKDEL NATO PARIS BONN PRIORITY MOSCOW WARSAW ROME  
ROUTINE OTHER NATO POSTS. POLAND, THE USA AND THE ALLIANCE

1. LET ME TRY TO TAKE STOCK OF WHERE THE US GOVERNMENT ARE HEADING OVER POLAND, THE MOTIVES FOR THEIR ACTIONS AND THE CONSEQUENCES FOR THE ALLIANCE.

2. YOU WILL HAVE NOTICED THE CONVICTION THE AMERICANS HAVE THAT THE SITUATION IN POLAND IS DETERIORATING. THEY DO NOT SEE MUCH PROSPECT, WHATEVER THEY DO, OF MARTIAL LAW BEING QUICKLY ENDED, DETAINEES RELEASED AND A DIALOGUE RESUMED WITH SOLIDARITY. HEREIN LIES THE DIFFERENCE BETWEEN THEIR VIEW AND THAT OF THE EUROPEANS WHO BELIEVE THAT ALL IS NOT COMPLETELY LOST IN POLAND, AND THAT, EVEN IF IT IS PRETTY HOPELESS, IT IS BETTER TO BEHAVE AS THOUGH THERE STILL IS SOME ENTITY IN POLAND THAT IT IS WORTH HAVING DEALINGS WITH.

3. THE US VIEW IS INCREASINGLY THAT THEY MUST SHOW THE SOVIETS UNEQUIVOCALLY THE UNACCEPTABILITY OF WHAT IS HAPPENING IN POLAND AT SOVIET INSTIGATION, THAT THE SOVIETS MUST BE PUNISHED AND THAT THIS PUNISHMENT MUST BE SUCH AS WILL DETER MOSCOW FROM UNDERTAKING ANYTHING COMPARABLE IN THE FORESEEABLE FUTURE.

4. YOU WILL HEAR A LOT ABOUT VARIOUS PRESSURES AT WORK UPON THE ADMINISTRATION: YOU WILL KNOW OF KISSINGER'S CRITICISM: AND THERE IS UNDOUBTEDLY A WIDESPREAD FEELING IN THIS COUNTRY THAT THE GOVERNMENT CANNOT JUST SIT BACK AND LET POLAND BE CRUSHED. I WOULD NOT SAY THAT THE CONGRESSIONAL ELECTIONS AT THE END OF THIS YEAR ARE A DOMINANT FACTOR IN US DECISION MAKING ON THIS ISSUE. WHAT IS UNDOUBTED IS THAT THE AMERICAN PUBLIC IS WORKED UP AND THAT THE REAGAN ADMINISTRATION HAVE TO GIVE PRACTICAL FULFILLMENT TO THEIR COMMITMENT TO STAND UP TO THE RUSSIANS AND NOT TO ACQUIESCE IN THE FURTHER SPREAD OF SOVIET INFLUENCE. THE AMERICANS ARE AWARE OF THE SCEPTICISM OF THEIR ALLIES ABOUT THE EFFICACY OF SANCTIONS. AS I SUGGEST, THEY DO NOT CLAIM THAT EVEN IF FULLY IMPLEMENTED THEY WOULD ARREST THE CRACKDOWN IN POLAND BUT THEY DO BELIEVE THAT THE SOVIET UNION AND THE EASTERN BLOC ARE IN A PARTICULARLY VULNERABLE ECONOMIC SITUATION AND THAT A CONCERTED EXERCISE OF ECONOMIC PRESSURE AT THE PRESENT TIME COULD GIVE THE RUSSIANS A HIDING THAT THEY WOULD NOT FORGET FOR A LONG TIME.

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5. TO THE ARGUMENT THAT THE EUROPEAN ALLIES WILL SUFFER MORE FROM THE IMPOSITION OF SANCTIONS THAN THE USA, THE AMERICANS, FROM A WIDE POLITICAL SPECTRUM, WILL RETORT THAT THAT IS ALL VERY WELL BUT THEY, THE EUROPEANS, WILL TEND TO SUFFER MOST IF THE SOVIETS CAN GET AWAY WITH YET ANOTHER VICTORY IN EUROPE AND THAT IN ANY EVENT THE PATH OF ECONOMIC INVOLVEMENT WITH THE COMMUNIST BLOC IS A HOSTAGE TO FORTUNE. THEY ARE, HENCE, UNSYMPATHETIC TO THE GAS PIPELINE, ASSERTING THAT REGARDLESS OF THE PRESENT POLISH ISSUE, THE EUROPEANS WILL BE LAYING UP TROUBLE FOR THEMSELVES IN THE FUTURE IF THEY BECOME HEAVILY DEPENDENT UPON SOVIET GAS. TO COUNTER BY SAYING THAT THIS ECONOMIC INTER-DEPENDENCE BETWEEN THE SOVIET BLOC AND THE WEST WAS AT THE CORE OF DETENTE POLICY PROMPTED BY THE US GOVERNMENT IS TO INVITE THE COUNTER ARGUMENT THAT THAT WAS KISSINGERISM IN WHICH FEW IN THE UNITED STATES NOW BELIEVE.

6. WHAT THEN IN PRACTICAL TERMS DO THE US HAVE IT IN MIND TO DO AS THEIR NEXT STAGE OF ECONOMIC PRESSURE AGAINST THE SOVIET UNION? THERE IS MUCH TO-ING AND FRO-ING ABOUT THE GRAIN ISSUE AND IT IS DIFFICULT TO BE CATEGORICAL ABOUT US INTENTIONS. BUT ON PRESENT EVIDENCE IT DOES NOT LOOK AS THOUGH THE AMERICANS INTEND GOING IN FOR A COMPLETE GRAIN EMBARGO. THIS IS NOT ONLY BECAUSE OF THE ECONOMIC AND POLITICAL DIFFICULTIES OF DOING SO, BUT ALSO BECAUSE THEY KNOW THAT IT WOULD BE CIRCUMVENTED BY GRAIN EXPORTS FROM CANADA, ARGENTINA, ETC. NOR WILL THEY SEVER ALL DIPLOMATIC CONTACTS WITH THE SOVIET UNION EVEN ASSUMING, AS IS LIKELY, A DUSTY MEETING BETWEEN GROMYKO AND HAIG ON THE 26TH. THEY WILL NOT SET A DATE FOR THE OPENING OF START TALKS BUT ON PRESENT RECKONING THEY WILL CONTINUE WITH THE INF MEETINGS. THEY ALSO HOPE TO HAVE THE CHANCE AT MADRID ON THE 9TH TO LAMBAST THE SOVIETS ACROSS THE TABLE.

7. WHAT THEY ARE CONSIDERING ON THE ECONOMIC SIDE IS TO EXTEND THE EXISTING MEASURES TO COVER A WIDER RANGE OF EXPORTS, IN PARTICULAR ALL THOSE FOR THE OIL AND GAS INDUSTRIES, AND APPLYING THEM TO US SUBSIDIARIES OVERSEAS AND TO MANUFACTURE UNDER LICENCE IT SEEMS UNLIKELY THAT ANY EXCEPTIONS WILL BE TOLERATED FOR ITEMS HITHERTO OBTAINED FROM THE USA AND DESTINED TO GO TO THE SOVIET UNION UNDER EXISTING CONTRACTS.

8. IN ADDITION, THEY ARE CONSIDERING INVOKING THE SO-CALLED TANK CLAUSE WHICH WILL MEAN IN PRACTICE PUSHING POLAND INTO FORMAL DEFAULT ON ITS DEBTS. THEY CALCULATE THAT THE CONSEQUENCE OF THIS WOULD BE TO CAUSE OTHER CREDITORS TO TAKE SIMILAR ACTION. IN TURN THIS WOULD PROVOKE THE BANKS INTO DECLARING POLAND IN DEFAULT ON BANK CREDITS WHICH WOULD BE LIKELY TO RESULT IN DENIAL OF SHORT TERM CREDIT FOR OTHER EASTERN EUROPEAN COUNTRIES, PARTICULARLY ROMANIA, CZECHOSLOVAKIA AND YUGOSLAVIA. THEY ALSO RECOGNISE THAT SUCH ACTION WOULD BE VERY COSTLY FOR THE GERMAN BANKING SYSTEM IN PARTICULAR.

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9. AS YOU KNOW THEY ARE ALSO SEEKING TO TIGHTEN UP COCOM.

10. THE AMERICANS WOULD CERTAINLY LIKE TO COORDINATE THEIR ACTIONS WITH THOSE OF WESTERN EUROPE. THEY HAVE SAID REPEATEDLY THAT THERE WILL BE CONSULTATION BEFORE THEY MOVE. BUT IN THEIR PRESENT MOOD IT WOULD BE FOOLHARDY TO ASSUME THAT IF THE EUROPEANS OBJECT, OR DO NOT WISH TO GO ALONG THE SAME SORT OF PATH, THEY, THE AMERICANS, WILL REFRAIN FROM DOING SO. HAIG HAS ALWAYS SAID THAT WHATEVER THE OUTCOME FOR POLAND OF PRESENT EVENTS IT MUST NOT LEAD TO THE IMPAIRMENT OF THE ALLIANCE. THIS IS CERTAINLY THE AMERICAN DESIRE BUT UNLESS THE EUROPEANS MAKE SOME SORT OF NOISES AND TAKE SOME SORT OF MEASURES THAT CAN BE REGARDED HERE AS IMPINGING UPON THE SOVIETS I DO NOT SEE HOW SIGNIFICANT DAMAGE IS GOING TO BE AVOIDED, AND I AM NOT SURE THAT IT DOES GOOD TO AGONISE OVER WHETHER IT WILL BE THE EUROPEANS OR THE AMERICANS WHO ARE MOST TO BLAME. BUT I THINK THAT THE EUROPEANS SHOULD BE IN NO DOUBT THAT THEIR INTERESTS MAY SUFFER.

11. HITHERTO I HAVE TENDED TO TAKE A CONSERVATIVE VIEW ABOUT THE DEVELOPMENT OF MANSFIELD-LIKE TENDENCIES IN THIS COUNTRY BUT IN CIRCUMSTANCES IN WHICH THE EUROPEANS WERE BEING HIGHLY CRITICISED BY THE AMERICANS FOR INADEQUATE RESPONSE TO THE SOVIET UNION, AND WHEN THERE IS A READINESS IN THE CAPITALS OF EUROPE TO INDULGE IN SUPERIOR CRITICISM OF THE AMERICANS COUPLED WITH DEMONSTRATIONS OF UNILATERALISM, IT WOULD BE UNWISE TO ASSUME THAT ANTI-EUROPEAN TENDENCIES WILL NOT DEVELOP IN THIS COUNTRY.

12. LOOKING A LITTLE FURTHER AHEAD IT IS A FAIR ASSUMPTION THAT WASHINGTON AND MOSCOW, UNLESS THEY GO TO WAR, ARE EVENTUALLY GOING TO ENGAGE IN SOME SORT OF DIALOGUE. WHAT WE MUST AVOID SURELY IS A STATE OF AFFAIRS IN WHICH THEY DO SO OVER THE HEADS OF AND WITHOUT REGARD TO WESTERN EUROPE, A DANGER THAT COULD BE ENHANCED IF EUROPE HAD, IN AMERICAN EYES, ABDICATED ITS RESPONSIBILITIES OVER THE ISSUE OF POLAND. THE TEMPTATION THAT EXISTS IN EUROPE AT THE PRESENT TIME TO MAKE SOME SORT OF PARALLEL BETWEEN EL SALVADOR AND POLAND AND TO SUGGEST THAT WHAT THE RUSSIANS ARE DOING IN POLAND IS NOT ALL THAT DIFFERENT FROM WHAT THE AMERICANS ARE TRYING TO DO IN CENTRAL AMERICA, HAS THE EFFECT OF INFURIATING THE AMERICANS WHO DO NOT HAVE ANY DIVISIONS IN CENTRAL AMERICA.

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13. OF ALL THE DANGEROUS SHIFTS THAT SEEM TO ME TO BE STIRRING IN THE ALLIANCE THE MOST DISTURBING AT THE PRESENT TIME IS THE EVOLUTION OF GERMAN OPINION AND THE REACTION OF THE AMERICANS TOWARDS IT. TO SAY THAT THERE IS COMMON INCOMPREHENSION IS UNHELPFUL, HOWEVER TRUE. BUT JUST AS, FOR A LONG TIME, THE AMERICANS LOOKED UPON THE GERMANS AS THE SHEET-ANCHOR OF THE DEFENCE OF WESTERN EUROPE, SO THE NEW TENDENCIES IN THE FEDERAL REPUBLIC, NOT TO MENTION THE SCATHING CRITICISMS BY THE CHANCELLOR ABOUT THE AMERICANS AND THEIR ARMED FORCES, WILL PLAY INTO THE HANDS OF THOSE HERE WHO TOY WITH THE IDEA OF SOME REDUCTION OF US MILITARY INVOLVEMENT IN EUROPE.

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