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Follow-up

Canadian Delegation
to NATO

Délégation du Canada
auprès de l'OTAN
Brussels

CONFIDENTIAL

January 19, 1982

Dear Joseph,

In connection with the forthcoming meeting of the North Atlantic Council to follow up on discussions of the recent Ministerial meeting on Poland, I am enclosing a note outlining some views of the Canadian authorities. I hope these may be useful in our discussions on possible future Alliance action.

I am sending copies of this letter to my colleagues on the Council and to the Chairman of the Military Committee.

Yours sincerely,

John

J.G.H. Halstead
Ambassador and Permanent
Representative

H.E. Dr. Joseph M.A.H. Luns,
Secretary General,
North Atlantic Treaty Organization,
B-r-u-s-s-e-l-s

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WHAT ARE OUR OBJECTIVES?

- To the extent we can, to contribute to bringing an end to the martial law regime in Poland, to securing the release of prisoners jailed under the regime, to encouraging dialogue between Church, State and people, and to restoring something closer to normal relations between Poland and western countries in step with Poland's return to the path of reform.

- On the other hand, it is not our objective to separate Poland from its alliance with the USSR, nor make Poland's departure from the Eastern European system a condition of restoring normal relations. Such an objective would not be consistent with the understanding reached in the conclusion of the Final Act of Helsinki.

- We should be clear in our own minds what our objectives are and what they are not. We have to bear in mind also that while we will be accused of intervening in Poland's internal affairs whatever we do, we must respect our own self-imposed limitations. Our policies and their public presentation have to take account of these elements.

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- Our objection to the martial law regime is thus twofold: we object in principle, on human rights grounds; and we object on pragmatic grounds, in that Poland's economic recovery is impossible without the restoration of confidence between Polish workers and the State.

WHAT MEANS DO WE HAVE OF REACHING OUR OBJECTIVES?

A. In relation to Poland - We can influence events, both through political action and through exercising economic leverage. Political action consists essentially of making our views plain to the Polish authorities and to other governments, both bilaterally and in international organizations. The economic leverage arises from Poland's position as a near-bankrupt nation with a barely-functioning economy, heavily in debt to both East and West. Of course, Poland has some leverage also to the extent the creditors wish to avoid putting Poland into default.

- The heart of the policy issue is this: to what extent should we make our economic ties with Poland depend upon a return to an internal situation in that country which--although it inevitably will be less than the western ideal--is acceptable.

- Canada speaks to this aspect of the Polish question as a NATO country which, on a per capita basis, is a leading supplier of food exports and official credits.

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- The issue is far from straightforward. For example, take food. Much of what Poland imports from the West is food. Should we cut off food supplies to the Polish people if their government remains as repressive as it is, or becomes even more repressive? No doubt we can if we wish. But there is no easy answer to the dilemma of how to try to generate pressure on the government to condition its future behaviour without making the people suffer. Western opinion is ambivalent on this issue and will likely remain so, short of circumstances of bloody revolt and outright Soviet intervention.

- Even if the situation does not deteriorate, serious policy issues remain. Poland may be finding the bare minimum of foreign exchange necessary to maintain its credit worthiness. This remains to be seen. Assuming it succeeds, this will reduce the financial and commercial arguments for refusing to maintain ties. But on what terms? Given the political and economic uncertainties, western governments and private lenders are unwilling on grounds of common prudence to enter into new commitments. They will be bound to have doubts about Poland's ability to service even existing debts without extensive re-scheduling.

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- There has been talk of carrot and stick. This may not be a bad working thesis. How would it apply? The stick ought by now to be plain enough, given the repeated warnings over the past year to the Soviet Union. The recent USA measures are a sharp reminder of its existence. What about the carrot? Presumably we do not feel responsibility for the failure of the Communist system in Poland, nor consequently, responsibility in any fundamental sense for bailing Poland out and helping reconstruct its economy. Responsibility in this sense lies with the Poles and their Soviet underwriters.

- That said, our objection is not to the fact Poland entangled itself economically with the West, that was done as a deliberate act of policy which we encouraged for a mixture of political and commercial motives, and some progress in the sense of a more decent life for the peoples of Eastern Europe can be achieved by this kind of entanglement: witness Hungary. Our complaint is rather that, for various reasons, this opening was mismanaged, so that the Poles-who might have gone forward like the Hungarians-now seem more likely to go backward like the Czechs.

- A modest carrot can, however, be held out, in the form of a general indication of willingness to discuss rescheduling of Poland's existing obligations and even

to enter eventually into new obligations, on condition of a step-by-step return in Poland to civilized economic and political conditions. If Poland cannot make progress in this sense, western ties with Poland will have to be reduced accordingly.

B. IN RELATION TO THE USSR

- We all agree on the ultimate responsibility of the USSR for the broad course of events in Poland, in the sense that Poland operates within the narrow limits of a framework reflecting the power position of the USSR in relation to its neighbours produced by the war.
- We also accept Soviet responsibility, in the sense conveyed by evidence of co-operation between the Soviet and Polish military and police in putting the martial law regime in place.
- We may not agree, however, on the extent to which the Soviet Union can be said to have stage-managed events in Poland, with Jaruzelski no more than a puppet.
- It is in any event clear that the Soviet Union has managed to avoid acting overtly. Any riposte we make has to take this into account.
- Leverage against Poland and leverage against the USSR are two different things. We may have considerable leverage against Poland, because of its debt. But the direct economic

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leverage the West can muster against the USSR, short of imposing full-blown sanctions, is rather politically symbolic than economically damaging and to impose full-blown sanctions, we would need (a) prospects for effectiveness in terms of both implementation on the part of the allies and influencing the Soviet Union to accept political change in Poland, (b) circumstances in Poland which would justify such a step to public opinion--which is not now the case; and (c) willingness to accept and absorb the considerable measure of economic disruption and political strain that would ensure.

CONCLUSIONS

- Canada will honour existing commitments to Poland, especially for food exports, but will be unlikely to enter into new and heavier obligations. It will attempt to deal as generously as it can, as in the past, with Polish refugees seeking admission to Canada. It will try to the greatest extent possible, to consult its allies and to do its best to harmonize its national policies with policies of other friendly countries.
- It will do its best to ensure that, where national policies differ, Canadian actions are designed to minimize occasions for circumventing, undercutting or counteracting policies of others. From previous experience, we know this will not always be easy and may require careful case-by-case judgements.

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- We should remember that differences in the individual responses of the allies to events in Poland are only to be expected. What we can work toward is agreement on common Alliance objectives that are sufficiently broad to allow for the pursuit of different national interests within them, and for the use of different instruments as needed.
- We will wish to follow events closely, continuing to consult in NATO and elsewhere, as appropriate.
- We will stand ready, as the situation in Poland evolves, to consider adopting either more restrictive or more open policies.

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