SECRET
UK COMM ONLY
FM PEKING
TO DESKBY 201630Z FCO
TELNO 901
OF 201527Z MAY 89
INFO DESKBY 201630Z JS15 HONG KONG MODUK CABINET OFFICE ACTOR
INFO IMMEDIATE WASHINGTON

SIC U2A

RESIDENT CLERK PLEASE PASS TO MCLAREN ASS INT
CABINET OFFICE FOR ASSESSMENTS STAFF

CHINESE INTERNAL SITUATION

1. IN THE COURSE OF A PRIVATE LUNCH ON 20 MAY PROFESSOR STUART
SCHRAM CONFIRED TO ME THAT ONE OF HIS CHINESE CONTACTS HAD TOLD
HIM THAT IN RECENT DAYS DENG XIAPING COMMENTED THAT "TWO
HUNDRED DEAD COULD BRING 20 YEARS OF PEACE TO CHINA". THE
IMPLICATION CLEARLY WAS THAT THE SACRIFICE OF A NUMBER OF
DEMONSTRATORS LIVES NOW WOULD STABILIZE THE PRESENT SITUATION
AND BUY THE TIME NEEDED TO COMPLETE THE REFORM OF CHINA.

2. I WAS INCLINED TO TREAT THIS WITH SOME RESERVE. EXCEPT
THAT TONIGHT THE U.S. DEFENCE SECTION HAVE PASSED US IN
CONFIDENCE THE FOLLOWING INFORMATION (VIA THE INCIDENT ROOM
AT THEIR EMBASSY):

A) THE CHINESE GOVERNMENT HAS DECIDED THAT THERE IS NO WAY
TO AVOID BLOODSHED.

B) THE GOVERNMENT HAS RECALLED GOVERNMENT HOSPITAL WORKERS TO
THEIR WORK UNITS.

C) THE MILITARY HAS BEEN INSTRUCTED TO DO WHAT IS NECESSARY TO
PUT DOWN THE SITUATION.

3. I HAVE HAD THE INFORMATION DOUBLE CHECKED. IT COMES FROM
THE US AIR ATTACHE. WHO REGARDS HIS SOURCE AS "VERY RELIABLE".

4. THE SAME WILLINGNESS TO USE A CONSIDERABLE DEGREE OF FORCE
INDICATED BY THE ABOVE COMMENTS IS REFLECTED IN LI PENG'S SPEECH
ANNOUNCING THE IMPOSITION OF MARTIAL LAW. THERE MAY STILL BE
VOICES WITHIN THE LEADERSHIP COUNSELLING MODERATION. BUT THE
FRUSTRATION AND ANGER AT THE WAY THE STUDENTS HAVE MADE THE
GOVERNMENT AND PARTY LOSE FACE MAY NOW BE BRINGING MATTERS TO
A CRISIS.

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