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C O N F I D E N T I A L

REPORT FROM THE CANADIAN EMBASSY, WARSAW

POLAND: THE FOUNDING OF THE FOURTH REPUBLIC ?

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SYNOPSIS: The Polish round-table, concluded in an impressive ceremony on 5 April, has initiated an open-ended process of political change. If the agreement is implemented as foreseen, the Communist Party itself (PUWP) and its long-time coalition partners will have to reach accommodations and compromises with opposition representatives chosen in the coming elections. There is no fixed economic package to match the ambitious political package, but the opposition, church and Party/State are fully agreed on the need to cure the "Polish disease" through the use of the market, curbs on consumption, and protection for the poorest. All three look to the West, as to the East, for support - but especially to the West for debt-accommodation and new credits. Steps now being taken mark a historic change of direction for the Polish Republic, which could only be reversed by renewed recourse to force. *(Poland)*

REPORT: Under TV lights, in the former Potocki Palace, the Polish round-table adopted 5 April agreed conclusions and thus set Poland on a new political course. The key figures, Lech Walesa and General Kiszczak, spoke in generous and measured terms befitting the hard won agreement. The fifty-odd representatives of the Government, Party, church and opposition at the round-table did not represent all of Poland by any means, but they did provide a reasonable cross-section of the main power centres in the country today.

The main result of this complex process is to give Poland a new constitutional order which, if applied, will take the country in a new direction, away from the Communist monopoly on power and away from Marxist-Leninist ideology, which even now has a fading hold on the country. This process could only be halted now by the renewed use of force. One observer has described the steps taken, with some justice, as the establishment of the fourth Polish Republic.

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There will be a President with wide powers - that will be Jaruzelski, by common consent of the Government and opposition. The new, freely-elected Senate (with suspensory veto) and reorganized Sejm (where Government coalition will yield some power to the opposition) will together oblige the Communist Party and Government to rule with qualified consent of the opposition. The system will impose accommodation and compromise on the Government in the coming period and until further constitutional changes are made (tentatively scheduled for 1991). For the time being, only three parties in the Government coalition will, as in the past, be recognized in the constitution, but the fact of the matter is that "associations" and "trade unions", including a legalized Solidarity, will in practice play the role of political parties.

This political package, or rather process, is what Solidarity has gained in exchange for its support, partly tacit and partly explicit, for the Government's economic reform. The political package has been adopted; there is, however, no economic package. Stipulations regarding economic reform in the round table documents are many, not necessarily consistent, nor agreed.

In political terms, Solidarity has committed itself to work with the Government in defining economic policies, including more market-oriented measures, a squeeze on consumption, and protection for the poor. As the economic package is, however, no more than a statement of good intentions, one may expect that finance, monetary, trade and welfare policies will be the subject of fierce debate, in the new constitutional organs, in the coming months. Nevertheless, the intent on both sides is to take forth-right steps to cure the "Polish disease", and in the process to get an agreement on its debt, and attract new foreign credits.

It goes without saying that the economic and political changes being set in train can only succeed if they win understanding and support in the West, as well as acquiescence in Moscow. At the moment, Polish leaders feel more confident of Gorbachev's backing than Western support. (Adherence to the Warsaw Pact is a safe-guarded element of the current package.)

As he has intimated in the past, General Jaruzelski hopes to go down in history not simply as First Secretary of the Party but as a patriot who re-established civil society and a measure of freedom in Poland. It is expected that Jaruzelski will wish to give up the Party position once he acquires the extensive power of the executive presidency, that Rakowski will stay on as Prime Minister (as a more important job than Party

Secretary), and that Orzechowski (or Czyrek) will take the Party job. (Orzechowski has recently been involved in talks on pluralism and Party ideology with his Hungarian counterparts.)

No one can guarantee that process will continue uninterrupted, or produce tranquility in Poland. It is however, so significant a step towards freedom and national reconciliation that it would be in our own interest to welcome it heartily and to encourage the Poles to continue, prudently, along the path they have sketched out.