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To: Director of Private Office

cc: Director, Economics Directorate
Secretary, IMS
Sovietologist-in-Residence

From: ASG for Political Affairs

Subject: Poland: the Mazowiecki government

Summary

1. Mazowiecki's cabinet is due to be approved by the Sejm today. The arrival of a non-communist-led government in Eastern Europe is an event of major historical importance. But its success cannot be assured and Walesa's misgivings are probably sincere. Much will depend on whether the new government's policy matches the requirements of a near-desperate economic situation.

Detail

2. The major appointments in the first non-communist-led government in Eastern Europe in over 40 years were announced on 8 September and are due to be confirmed by the Sejm today. With a government finally in place three months after the elections, the tempo and often unpredictable nature of political events in Poland may now diminish. Attention will again be focused on the near-disastrous state of the economy.

3. It now seems clear that the bargain struck at the round table in April had more dynamic potential than any of the sides realised at the time, though it was the outcome of the June elections which changed the political and psychological balance. Solidarity's success (99 out of 100 seats in the Senate and all 161 freely-contested seats in the Sejm) and the dismal performance of the PZPR finally condemned the communist leadership to political and moral bankruptcy. Jaruzelski's narrow squeak in the Presidential election further underlined the Party's crumbling base of support. Solidarity had wanted to stay out of a post-election coalition in order to concentrate on building up their political strength at grass-roots level. In the event, following Kiszczak's failure to form a government, they found power and responsibility thrust upon them. Typically, Walesa was the first to catch the change of mood: his proposal of 7 August that Solidarity should form a government with the previous "coalition partners" of the PZPR turned out to be the catalyst for what followed. Equally typically, with Mazowiecki installed as Prime Minister, Walesa described this to be Solidarity's "gravest mistake", though an inevitable one.

4. Mazowiecki's task in forming a government was not an easy one. But his personal credentials (as a moderate and skilled negotiator with good links to the Church) will have had a stabilising influence and helped in the process of bargaining. The dangers ahead are real and success cannot be assured. The immediate threat is that pressures within the coalition (and the disparate interests represented in it) will prevent the adoption of a policy which meets the needs of a situation in which, during the last six months at least, the Polish economy has simply been allowed to deteriorate. In any circumstances, the process of extracting Poland from four decades of Communist mismanagement and exploitation of the State by the Party will be a slow one. The workforce remains apathetic to calls for greater efforts, and volatile where further threats to living standards are concerned.

5. For the time being, the PZPR are likely to remain relatively quiet. Having rethought - and secured - the posts of Minister of Defence (Siwicki, as before) and Minister of the Interior (Kiszczak again), as well as the important transport and foreign trade portfolios, they have actually got the "grand coalition" they originally urged (albeit not one under their leadership). No doubt reformist elements will want to draw positive lessons for the PZPR's future, but the old guard, both at the top and at local level, will want to gather resources for a come-back while waiting for Solidarity to lose credibility.

6. So far the Soviet Union has taken developments in Poland calmly enough. The central press reported the final list of candidates for the new cabinet without comment, but described fully the distribution of jobs among the various parties and even supplied biographies of those Solidarity candidates whose names would be unfamiliar to Soviet readers. The appointment of the non-party Skubiszewski as foreign Minister was however too great an anomaly for Pravda to swallow. It described him as "a member of Solidarity who is however referred to, for some reason or another, as neutral, and is therefore acceptable to all".

7. It may be argued that the prospects for the new coalition will continue to be influenced by events in the Soviet Union under Gorbachev. But in a sense Poland now seems to have reached the point where its future development is no longer dependent on the fate of perestroika in the USSR and is indeed no more in Moscow's gift. Not that the Soviet leadership should worry unduly about Poland: defence and security matters are still in communist hands. Moreover, Jaruzelski now stands firm in the new post of President where he will continue to act as guarantor of the constitutional order and in effect of Poland's position in the Warsaw Pact.


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