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German Delegation

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Mr. Miller

RESTRICTED

Mr. Serlachy

Mr. Srozan

Subject: The internal Situation in Poland.

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File N° 19 - 10 - 81 (Poland)

1. The year 1988 has seen a further weakening of the rule of the communist Polish United Workers' Party (PUWP). The leadership of the country is able to enforce its claim to power in a number of fields (such as ideology, the media, education, economy) only to a limited extent. The vacuum which is caused in this way leads to a high degree of instability, which is borne out by the factual existence of independent workers' representations in numerous factories and the development of social injustices.
2. The internal situation of the PUWP (2 million members, of whom only about one fifth are active or retired workers) is largely desolate. It is characterized by resignation, dissatisfaction at the changes in policy and at the losses of influence, structural problems and an ideological deficit. Attempts to reform the Party meet with the resistance of the machinery which is primarily interested in preserving its power.
3. The two strike waves of 1988 (April/May and August) were caused by the effects of a misguided economic policy. On the other hand, the political demands which soon got the upper hand proved that the system as a whole was being called into question. Even if the strikes may not have found the support of the population as a whole, nobody stood on the side of the ruling class.
4. The most important demand of the strikers concerned the re-admission of "Solidarity". This term is, above all, synonymous for a - frequently very general - idea; it is not in every case connected with specific organizational concepts. For this reason, the question how strong "Solidarity" may still be as an organization is therefore of secondary importance in view of the vitality and possible political strength of the idea and the movement.

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5. The demands made by the opposition are characterized by a high degree of unanimity. The struggle for an independent trade union is the integrating element, and Lech Walesa is the integrating figure. It was with great political skill and against many obstacles that he asserted himself as the leading personality of the opposition which was, after all, once again accepted as such by the leadership.
6. A decisive weakness of the opposition lies in the very limited means at its disposal. It is for this very reason that a moderate policy which refrains from making use of direct confrontations is difficult to pursue. This represents the potential danger to Walesa's position.
7. In view of the weaknesses of the Polish leadership as well as of the opposition, the Roman-Catholic Church once again proved to be the decisive factor of stabilization in the country. By the same token, however, it is also true that the weakness of the political opponents is a prerequisite for the church's strong position. Far more than as a religious-moral institution, it is being regarded as an institution of national identity and continuity. However, the serious criticism of the policy of the present church leadership which is regarded as being over-ready for compromise suggests the assumption that the church's attempts at moderation may in future be less successful than in the past. Moreover, in a political situation which is strongly marked by the force of personalities, it is proving a disadvantage that the present Primate does not have the same personal authority and charisma as his predecessor Wyszynski.
8. Until the early autumn, the leadership reacted almost exclusively in a defensive manner to the menacing developments in the country. In order to avoid a further aggravation, it finally declared its readiness to accept the opposition's demands in substance (negotiations between Walesa and Kiszczak, the idea of the "round table")
9. When Rakovsky took over the office of Prime Minister on 27 September 1988, the leadership's strategy began, for the first time, again to assume offensive characteristics. Increases in efficiency,

accompanied by some degree of flexibility in the exercise of power, are to ensure the leading role of the Party and the socialist nature of the system also in future. The traditional Nomenklatura is to be enlarged by the up-and-coming group of young private entrepreneurs (example: Industry Minister Wilczek). Concessions to the opposition in the sense of participation in the exercise of power are, if anything, the last resort of a policy aimed at calming down and improving the situation by far-reaching economic reforms and atmospheric measures.

10. The new approach is represented, apart from Rakovsky, by a group of young, pragmatic politicians having practical administrative and industrial experience. Opposition to the new approach is likely to exist especially among the party functionaries who believe that their traditional power basis is in danger. The orthodox elements of the Party which have merely been eliminated from the leadership but not from the machinery or from the rank and file are also likely to offer resistance.

Other members of the leadership will be likely at any time to bring about the final downfall of a stumbling Rakovsky. His relations with the economic expert Baka, with Industry Minister Kiszczak and with Ideology Chief Orzechovsky who is interested in his own success are regarded as problematic.

The role of Jaruzelsky, who occasionally looks as if he was tired of his office and who does not appear as the guiding force of the new development, is no longer very impressive. However, it is unlikely that there are any serious efforts to replace him.

11. The chances of success of the new concept must, if anything, be judged sceptically. The remaining obstacles in the economic field alone are enormous. Outside the private sector, an attitude of widespread passivity dominates. In the younger generation, there are mainly two trends: a readiness to radicalize the conflict and a decline of the traditional patriotism (economically-motivated trends to emigrate).

12. There is one phenomenon which is so problematic that it might become the cause of new conflicts in the coming months: the development of a two-class society characterized by all attributes of social contrasts: those who are in possession of foreign exchange on the one hand and those who are condemned to make a living with the Polish currency. The motto which has been issued more or less clearly by the Rakovsky regime "enrichissez-vous (comrades)" is a sign of a form of elbow capitalism in which the dollar is assuming the proportions of a massive flood and where adequate social safeguards are lacking. If this development should accelerate further, the dissatisfaction of a society which is traditionally an egalitarian one will try to find an outlet.