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(Poland)

NADA/ASSESSMENT/AUG 005/JIC/291625Z
THE FOLLOWING IS AN ASSESSMENT BY JIC

POLAND

1. EVENTS ARE MOVING FAST IN POLAND. SWEEPING CHANGES IN THE LEADERSHIP HAVE BEEN ACCOMPANIED BY A NUMBER OF CONCESSIONS TO THE STRIKING WORKERS, INCLUDING THE OFFER OF A POSSIBLE COMPROMISE ON THE CRUCIAL ISSUE OF TRADE UNION REFORM. SPORADIC STOPPAGES CONTINUE TO OCCUR OUTSIDE THE BALTIC AREA, SOME OF THEM IN SYMPATHY WITH THE DEMANDS OF BALTIC WORKERS. THE STRIKE LEADER IS REPORTED TO HAVE AGREED TO APPEAL ON RADIO AND TELEVISION FOR A TEMPORARY HALT TO THE SPREAD OF STRIKES; HE HAS REFERRED TO A PERIOD OF 3-4 DAYS.
2. AS A RESULT OF A SERIES OF CONCESSIONS ON PROCEDURAL MATTERS BY THE POLISH AUTHORITIES, NEGOTIATIONS ARE NOW UNDER WAY WITH THE INTER-FACTORY STRIKE COMMITTEE IN GDANSK, WHICH IS ITSELF IN TOUCH WITH OTHER STRIKE COMMITTEES ON THE BALTIC COAST. NEGOTIATIONS WERE INITIALLY HELD UP UNTIL THE STRIKERS ONLY PRECONDITION, A RESTORATION OF COMMUNICATIONS WITH THE REST OF THE COUNTRY, WAS MET IN FULL.
3. THE PARTY CENTRAL COMMITTEE MET ON 24 AUGUST TO DECIDE ON A NEW POLICY FOR SETTLING THE STRIKE. IN HIS TELEVISED CLOSING SPEECH AT THE MEETING GIEREK PROMISED MANAGEMENT REFORMS, A CUT IN INVESTMENT, AND MEASURES TO INCREASE AGRICULTURAL OUTPUT. HE ALSO SUGGESTED THAT THE CENTRAL TRADE UNION COUNCIL (DUE TO MEET ON 26 AUGUST) SHOULD CONSIDER THE IMMEDIATE ELECTION OF NEW TRADE UNION BODIES IN ENTERPRISES WHICH DESIRED THEM, SUCH ELECTIONS TO TAKE PLACE IN SECRET AND WITH AN UNLIMITED NUMBER OF CANDIDATES. GIEREK RECOGNISED THAT THIS COULD RESULT IN THE ELECTION OF STRIKE LEADERS TO THE COMMITTEES. A NEW TRADE UNION LAW WAS PROMISED WHICH, AS LATER EMERGED, WOULD INCORPORATE THE RIGHT TO STRIKE AS A LAST RESORT. AT THE SAME TIME GIEREK

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REITERATED THAT THE PARTY MUST REPEL ATTACKS ON THE "FUNDAMENTAL PRINCIPLES OF THE POLITICAL SYSTEM". IN DECIDING TO MAKE THESE CONCESSIONS THE PARTY MUST HAVE BEEN PROMPTED BY THE WIDE MEASURE OF SUPPORT ENJOYED BY THE STRIKERS AND THE CLEAR NEED FOR BETTER ECONOMIC POLICIES AND SOME CHANGES IN THE MANIFESTLY INADEQUATE TRADE UNION MOVEMENT. THE PARTY MUST HOPE THAT ITS COMPROMISE, WHICH FALLS FAR SHORT OF THE STRIKERS DEMAND FOR AN INDEPENDENT TRADE UNION STRUCTURE FREE OF PARTY CONTROL BUT WOULD GO WELL BEYOND ANYTHING PERMITTED IN THE REST OF EASTERN EUROPE, WOULD BE SEEN AS ENOUGH OF AN ADVANCE TO FORM THE BASIS FOR A SETTLEMENT. THE INITIAL REACTION OF THE STRIKE COMMITTEE WAS NEGATIVE, BUT A PANEL OF EXPERTS FROM BOTH SIDES HAS BEEN SET UP TO DISCUSS THE WHOLE TRADE UNION ISSUE. BOTH SIDES IN THE DISPUTE PROBABLY SEE MANY OF THE OTHER POLITICAL DEMANDS AS ELEMENTS IN A NEGOTIATING STANCE DESIGNED TO INDUCE CONCESSIONS ON ECONOMIC ISSUES AND TRADE UNION REFORM. STRIKE LEADERS HAVE SAID THAT ONCE THE TRADE UNION ISSUE IS SETTLED THE OTHER QUESTIONS WILL QUICKLY BE RESOLVED.

4. THE CENTRAL COMMITTEE MEETING ALSO AGREED A SERIES OF CHANGES IN THE PARTY AND GOVERNMENT LEADERSHIP. SIX MEMBERS OF THE POLITBURO WERE REMOVED, INCLUDING PRIME MINISTER BABIUCH AND THE TRADE UNION LEADER SZYDLAK. BABIUCH, WHO HAS ONLY BEEN IN HIS POST 6 MONTHS, APPEARS TO HAVE BEEN MADE A SCAPEGOAT FOR THE DISTURBANCES. PINKOWSKI, A TECHNOCRAT WHO HAS HELD A SERIES OF ECONOMIC POSTS, HAS BEEN APPOINTED PRIME MINISTER "UNTIL FURTHER NOTICE". THE MOST POWERFUL OF THE NEWCOMERS IS OLSZOWSKI, WHO RECOVERS THE MEMBERSHIP OF THE POLITBURO AND SECRETARIAT HE LOST IN FEBRUARY, WHEN HE WAS SENT TO EAST BERLIN AS AMBASSADOR. OLSZOWSKI HAS FAIRLY LIBERAL VIEWS IN ECONOMIC THOUGH NOT NECESSARILY IN OTHER MATTERS, IS PRAGMATIC, FLEXIBLE AND VERY CLEVER. HE HELD THE ECONOMIC BRIEF IN THE SECRETARIAT IN 1976-80, AND IS LIKELY TO HAVE AN IMPORTANT SAY IN THE FORMATION OF NEW ECONOMIC POLICIES. OTHER CHANGES IN THE LEADERSHIP SHOW DISSATISFACTION WITH THE PERFORMANCE OF THE MEDIA AND THE PARTY IDEOLOGICAL APPARATUS. GIEREK PRESENTED THE NEW APPOINTEES AS PEOPLE WHO HAD EARLIER WARNED OF MISGUIDED POLICIES BUT HAD BEEN IGNORED, THUS ADMITTING HIS OWN FAILURE TO HEED GOOD ADVICE. ALTHOUGH GIEREK MAY HOPE THAT HIS NEW TEAM WILL BE SEEN AS MORE LIBERAL THAN THE OLD, AND IT MAY IN FACT HAVE A MORE FLEXIBLE APPROACH TO POLAND'S PROBLEMS, THE CURRENT STATE OF THE POLISH ECONOMY WILL GIVE IT VERY LITTLE ROOM FOR MANOEUVRE. THE STRIKE LEADERS HAVE DESCRIBED THE PERSONNEL CHANGES AS LARGELY IRRELEVANT TO THEIR DEMANDS.

5. THE LONGER-TERM ECONOMIC IMPLICATIONS OF THE STRIKES MUST BE CAUSING THE LEADERSHIP INCREASING ANXIETY. POLAND'S BALANCE OF PAYMENTS SITUATION REMAINS SERIOUS. ALTHOUGH AN AGREEMENT ON A DOLLARS 325 MILLION EURO CURRENCY LOAN WAS SIGNED ON 22 AUGUST AND NEGOTIATIONS FOR A WEST GERMAN BANK LOAN ARE NEARING COMPLETION, POLAND WILL STILL NEED TO RAISE ABOUT DOLLARS 1 BILLION TO MEET ITS ORIGINAL 1980 FOREIGN BORROWING REQUIREMENT. THE CONTINUED INDUSTRIAL DISTURBANCES HAVE MADE THIS YEAR'S ORIGINAL BALANCE OF PAYMENTS TARGETS INCREASINGLY UNREALISTIC AND POLAND WILL NEED FURTHER LARGE HARD CURRENCY LOANS THIS YEAR.

6. THE CATHOLIC CHURCH IS RECOGNISED BY BOTH SIDES IN THE LABOUR DISPUTES AS A POTENTIALLY POWERFUL FACTOR IN THE

SITUATION. IN THE EARLIER STAGES THE CHURCH HIERARCHY REMAINED ON THE SIDELINES, THOUGH INDIVIDUAL PRIESTS HAVE THROUGHOUT BEEN ACTIVE IN SUPPORT OF THE STRIKERS. THE CHURCH AUTHORITIES HAVE LATTERLY BEEN MORE ACTIVE, BUT STILL WITHOUT LENDING WHOLEHEARTED SUPPORT TO EITHER SIDE. ON 22 AUGUST THEY ISSUED A STATEMENT EXPRESSING UNDERSTANDING FOR THE STRIKERS BUT POINTING OUT THE HARM DONE BY PROLONGED WORK STOPPAGES. ON 26 AUGUST, IN AN UNUSUAL MOVE, A SERMON BY CARDINAL WYSZYNSKI WHICH MADE SIMILAR POINTS WAS SCREENED IN PART ON WARSAW TELEVISION. ACCORDING TO ONE PRIEST, THE CARDINAL HAD TURNED DOWN A REQUEST FROM GIEREK TO APPEAR ON TELEVISION, PRESUMABLY TO URGE A RETURN TO WORK. A STATEMENT ISSUED BY THE CHURCH ON 28 AUGUST CALLING FOR ORDER, PEACE AND PRUDENCE ALSO CALLED FOR RESPECT FOR NATIONAL RIGHTS INCLUDING FREEDOM OF INFORMATION AND "FREEDOM OF ASSOCIATION OF CITIZENS IN INDEPENDENT WORKER REPRESENTATIONS AND SELF-GOVERNING BODIES". THE POPE HAS SENT A BRIEF GENERAL LETTER OF ENCOURAGEMENT TO THE POLISH PRIMATE.

7. SEVERAL OF THE DETAINED DISSIDENTS HAVE BEEN RELEASED BUT OTHERS HAVE BEEN ARRESTED. IT IS NOW CLEAR THAT DISSIDENTS HAVE PLAYED AN ACTIVE ROLE IN NEGOTIATIONS IN GDANSK AND THAT THE STRIKE THERE WAS PLANNED EVEN BEFORE THE MEAT PRICE INCREASES IN EARLY JULY. THE INTER-FACTORY COMMITTEE HAS NOW ALSO CALLED IN A GROUP OF EXPERT ADVISERS FROM WARSAW TO HELP THEM IN THE NEGOTIATIONS AND MORE THAN 200 INTELLECTUALS HAVE SIGNED A STATEMENT EXPRESSING SYMPATHY WITH THE STRIKERS. THE REGIME IS LIKELY TO BE CONCERNED OVER THE GROWTH OF CO-OPERATION BETWEEN WORKERS AND SOME SECTIONS OF THE INTELLIGENTSIA.

8. THE MEDIA IN THE SOVIET UNION AND EASTERN EUROPE HAVE MENTIONED WORK STOPPAGES IN POLAND BRIEFLY AND MAINLY WITHOUT COMMENT. GIEREK'S SPEECH TO THE CENTRAL COMMITTEE WAS BROADCAST IN FULL IN EAST GERMANY, BUT IN THE OTHER COUNTRIES (EXCEPT BRIEFLY IN HUNGARY) THE POLITICAL DEMANDS OF THE POLISH STRIKERS AND GIEREK'S REMARKS ON THE TRADE UNIONS HAVE NOT BEEN REPORTED. A TASS COMMENTARY ON 25 AUGUST ACCUSED THE WEST OF USING THE POLISH TROUBLES FOR PROPAGANDA PURPOSES AND TRYING TO UNDERMINE SOCIALISM FROM WITHIN. IT ALSO POINTED OUT HOWEVER THAT THE OVERWHELMING MAJORITY OF THE POLES INVOLVED SUPPORTED THE SOCIALIST SYSTEM AND EXPRESSED CONFIDENCE THAT POLAND'S ECONOMIC DIFFICULTIES COULD BE OVERCOME. ALTHOUGH THE POLISH MEDIA CONTINUE TO PLAY UPON THE POSSIBILITY OF SOVIET INTERVENTION THERE ARE STILL NO SIGNS OF PREPARATIONS FOR SOVIET MILITARY ACTION. WE CANNOT CONFIRM PRESS REPORTS THAT GIEREK HAS MET MEMBERS OF THE SOVIET LEADERSHIP, BUT IT IS LIKELY THAT THE SOVIET UNION WAS INFORMED IN ADVANCE OF THE LEADERSHIP AND OTHER CHANGES AGREED AT THE CENTRAL COMMITTEE MEETING.

9. NEGOTIATIONS BETWEEN THE STRIKERS AND THE GOVERNMENT ARE NOW

FOCUSSED ON THE QUESTION OF TRADE UNION REFORM. THE AUTHORITIES ARE CLEARLY TRYING TO CONVINCe THE STRIKERS THAT THEY HAVE GONE AS FAR AS THEY CAN, THAT THE CONCESSIONS THEY HAVE MADE ARE REAL, AND THAT THERE IS A RISK THAT IF THEY PERSIST THE STRIKERS WILL LOSE EVERYTHING AND THAT POLAND WILL SLIDE INTO CATASTROPHE. THE STRIKERS MAY BE PREPARED TO SETTLE FOR SOME FURTHER REFORM OF THE EXISTING TRADE UNION STRUCTURE AS THE BEST THEY ARE LIKELY TO GET. GIEREK HAS NOW PLAYED MOST OF THE CARDS AT HIS DISPOSAL AND HIS POSITION, WHICH HAS BEEN FURTHER ERODED BY THE CHANGES IN THE LEADERSHIP, IS WEAK. IF THE STRIKE IS NOT SETTLED FAIRLY QUICKLY HIS OWN RESIGNATION WILL PROBABLY FOLLOW, BUT THAT IN ITSELF WOULD SOLVE NOTHING. THE POLISH AUTHORITIES ARE AT PRESENT CONTINUING TO RULE OUT THE USE OF FORCE, BUT TOUGHER MEASURES WILL BECOME MORE LIKELY IF THE NEGOTIATIONS BECOME DEADLOCKED AND ECONOMIC DISLOCATION INTENSIFIES.

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