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TALKING POINTS: Used by U.S. Deputy Assistant Secretary of State Mark Palmer at May 19 NAC

-- As you are all aware, the U.S. has been conducting a review of the situation in Poland. We are here today to share with you our views and to continue our consultations on this important subject for the Alliance. We came in person to be able to answer any questions you might have. We realize you are without instructions but would appreciate any initial reactions you wish to give.

-- We are approaching a critical time in our relations with Poland. The Jaruzelski government is coming under increasing pressure from the Soviets and hardline elements within Poland to take a tougher line with reformist elements and perhaps even cancel the Papal visit. A move by the West now, in advance of the Papal visit, could strengthen the hands of those within the Polish government who favor reconciliation.

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-- We all agree on the need to retain a policy toward Poland which links human rights to our economic and other relations with that country. Our policies are continuing to have an important effect and there is a need to sustain our present framework. With the upcoming significant developments in Poland, it is especially an important time to continue to work toward our common objectives. Otherwise, we might convey to the Poles that we have simply abandoned our Allied interests and goals, or risk becoming irrelevant.

(Poland)

-- We have been engaged in an extensive review made difficult by the volatility and ambiguity of the situation in Poland. During this review, we have carefully considered not only developments within Poland, but the views of our Allies and friends. Also, we have sought to develop an approach that addresses not only short-term issues, but our common long-term goals.

-- The proposed strategy maintains continuity with our past policy toward Poland. It is in accord with the January 11, 1982 NATO Declaration and the President's December 10, 1982 statement. That is, if the Polish government ended martial law, released the political prisoners, and began a dialogue with the truly representative forces of the Polish nation -- the Church and the freely formed trade unions -- we would lift the sanctions.

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-- Circumstances have impeded the immediate realization of some of these goals, but it remains a fact that international cooperation in the solution of Poland's economic problems is impossible without a dialogue that will diminish the profound estrangement between Polish society and the Polish government. In particular, Poland's return to economic health will be painfully slow and uncertain without recognition of the internationally recognized right to form trade unions, autonomous of the government, for the protection of workers' interests in labor matters.

-- This proposed strategy seeks to uphold these goals. Its thrust is the same as that of the President's December 10 statement: "If the Polish government introduces meaningful liberalizing measures, then we will take equally significant and concrete actions of our own."

-- The key elements of this strategy include:

A. A step-by-step approach: We will not proceed from one step to the next until the preceding step has been fully implemented.

B. Flexibility: The steps are tailored so that they may be altered to adapt to change. Specifically, parts of steps may be combined to accelerate the process in the event that human rights/political change proceeds at a pace more rapid than we envisaged, or steps may be stretched out to allow more time for economic/human rights conditionality to be fully implemented.

C. Fail-safe points: The process is conceived so as to allow a unilateral or multilateral cessation of the process should events so warrant.

D. Multilateral approach: It is vital that we maintain a unified front vis-a-vis Warsaw if we hope to have a significant impact on developments in Poland. The USG is not prepared to engage in debt rescheduling unless such an approach is secured.

-- Our approach to the Polish government would take into account their unwillingness to accept explicit linkages. We would not seek their agreement to any specific conditions. Nor would we apprise them of our thinking about each step in detail. We would tell them that we are asking that they take the actions they have stated that they will take.

-- Rather we would sketch out overall parameters. We would express our hope that the next few months will witness a concrete shift towards reconciliation in Poland, and also indicate our desire to contribute to this process. We would convey our hope that the Papal visit will be a success. We would urge consideration of the appeal by many for an amnesty or if this is not now possible at least that the Polish government's already functioning case-by-case review lead to the release of the vast majority of political prisoners in the near future.

-- We would state that we assume the Polish government will achieve these objectives (e.g., Papal visit, prisoner release) as it has stated publicly that these are its goals. Moreover, we will indicate that in this improved situation, we will be prepared to do our part. Specifically, we would be willing to meet with the Poles to evaluate compliance with the 1981 rescheduling agreement and reach agreement on a payment schedule for 1981 debt not rescheduled (principal and interest), and interest on the rescheduled debt. We would indicate willingness to discuss 1982 rescheduling provided the Poles have agreed to the above repayment schedules.

-- We also would inform the Poles that in this improved situation we would be prepared to grant Poland a modest fishing allocation in U.S. waters.

-- We would refer to our hoped for ultimate objectives -- e.g., workers' rights to form free labor unions.

-- We would not raise with the Poles at this stage our views on steps between the initial one outlined above (Papal visit and prisoners out/start rescheduling and bilateral step) and the ultimate objective of free trade unions and full economic normalization (e.g., new credits, most favored nation tariff status).

-- However we wish to share with our Allies the following illustrative approaches to intervening steps.

-- A second step could include formal activation of the Polish creditors group and, when they have completed their work, begin 1982 debt rescheduling negotiations, provided principal and interest on 1981 debt not rescheduled is paid in full and a down payment is received on interest pursuant to 1981 debt rescheduling.

-- On the human rights side we would see the following kinds of actions needed for movement on this second economic step: cease harassment of Walesa; cessation of harassment and the reemployment of released political prisoners; progress on mutually agreed package of economic reform (for example establishment of workers' councils -- need genuine workers' participation in economic management, guaranteed support by the GOP for private sector agriculture).

-- A third step could cover discussions on 1983 rescheduling conditional on adherence to 1981 and 1982 agreement. On the human rights side, this would involve further progress along the lines described in step two.

-- We have in mind that Allies also would make approaches to the Polish government, simultaneously with U.S. efforts, to present the overall parameters, but getting into detail only about the first step. Those countries which have taken a bilateral sanction analogous to the U.S. denial of a fishing quota (i.e., not the NATO-wide sanctions) might indicate to the Poles willingness to remove one of them as well as to open rescheduling talks.

-- Some may object to tying rescheduling to human rights. Some argue that we should go ahead with rescheduling as we are giving the Poles a free ride. However, we must be realistic. The Poles don't have enough money to pay both Western governments and banks. Rescheduling inevitably will be a long-term process. The spirit of Solidarity is still very much alive, as recent events have shown, and our approach is designed to support political pluralism and workers' rights in Poland by providing concrete inducements to the government to improve the human rights situation in the country.

-- The political conditions we are suggesting are fully in accord with the policies of both the Church and Solidarity. Both have repeatedly called for the freeing of political prisoners and we are merely reinforcing their demands.

-- As you know, we need to move quickly in order to maintain NATO and Paris Club unity -- which has been the key to our policy toward Poland since martial law was declared. This proposal was approved by the President only after a very exhaustive analysis of the situation within Poland.

-- Given the absence of meaningful progress in the human rights area in Poland to date, we do not think it would be appropriate for us to lift sanctions unless and until

there is tangible progress as described in the above strategy. We do not intend to alter our political opposition to new credits for Poland as expressed in the January 11, 1982 NATO Declaration.

-- At the same time, while the Polish government will continue to reject any linkage and will say we are not offering much at this stage, we believe it will see this approach as a major step by the West. They will see our willingness to meet on rescheduling and to lift a bilateral sanction(s) as important political acts.

-- The U.S. hopes that all Allies can agree at an early subsequent NAC to this overall approach and to the specifics of the first step. Further, we hope that you will be prepared to make approaches, simultaneously with U.S. efforts, to the Polish government to make the same points. At a minimum we hope that you will agree to our proceeding before the Pope's visit to approach the Poles to set forth the first step and overall parameters and to state that our Allies are in agreement with this position.

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