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FOIA

M452

Box Number 1

SHIFRINSON

21

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
153389	MEMO	PAULA DOBRIANSKY TO WILLIAM CLARK RE. MEETING W/ROMANIAN DEPUTY FOREIGN MINISTER MARIA GROZA R 12/7/2016 M452/1	1	3/11/1982	B1
153390	MEMCON	RE. MEETING W/GROZA AND RICHARD PIPES, NORMAN BAILEY, WILLIAM STEARMAN, DOBRIANSKY. R 12/7/2016 M452/1	5	3/8/1982	B1
153393	REPORT	RE. EAST EUROPEAN HIGHLIGHTS: FEB. 1982 R 11/28/2017 M452/1	17	3/12/1982	B1

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~~F. Farlane~~

Norm -

Judge Clark tried Bud's route on my memo on expanding private property ownership as a fundamental human rights initiative.

State's Bureau of Human Rights and HA gagged on it, and it was never seen again.

Our foreign policy should be conceived and initiated by President Reagan and those who share his philosophy. The Departments are there to serve him. If people in the departments - career types - object to ideas "not invented here", thought should be given to rotation of personnel.

JD

2/1/82

make a copy +

THE WHITE HOUSE
WASHINGTON

3/8

1/27/82

SS

Norman

The attached concept seems to me to have great merit. Your proposal--that the Judge place it on an agenda for NSC consideration--could give it the necessary sponsorship to achieve its development and ultimate adoption. Still I believe we must take into account the "not invented here" syndrome. That is, even the best idea will be susceptible to subversion by those not associated with its conception. Consequently I believe that in most cases we best serve the President by trying to infuse the bureaucracy with this sort of promising idea at the working level first, for example, by circulating a paper like this and inviting comment. If that produces recalcitrance, then perhaps the Judge can send it to the Cabinet officers concerned asking for their views and ultimately perhaps go ahead, even in the face of diffidence, to send it to the President.

But I believe we can avoid unnecessary "shouting down" of a good idea, if it does not appear to be force-fed. Informal sessions--perhaps a meeting or a lunch--might develop disciples who, over time, can take it as their idea and push it.

Am I being too optimistic?

Bud McFarlane

Bud

Memo to McFarlane

William F. Buckley Jr.

Make Poland an Offer 1/10/82 ROST

Although it is very difficult to do, it is worth the exercise to attempt to think through the Polish question non-ideologically.

What do we most care about?

The answer sounds obvious on being stated, but only the restatement of it keeps it sufficiently clear in mind. It is that the United States should secure the freedom of its citizens without having to fight an atomic war.

If we ask the same question of the Soviet Union, we are entitled to reason that its leaders desire, above all, to effect their continuing dominion over their subjects, without subjection to a nuclear war.

In this frame, we should examine President Reagan's sanctions visited on the Soviet Union in protest against the great Polish suppression of December 1981.

If the Polish Communists lost control of Poland, would the Soviet government itself be threatened? About this there is much speculation. At one end, we find those observers who believe that there is little in common between the Polish people and the Russians and other ethnic peoples under Soviet control. Indeed, Prof. John Lukacs has gone so far as to say that there is little sympathy among the Russian people for the demands of the Polish people. Whether this is so because the Poles are asking for something the Russians would not themselves begin to ask for, or whether it is so because the Russians look

with historical hostility at any uppityness by the Poles, doesn't really matter.

On the other hand, victory by the Poles, even if it did not bring sympathetic detonations in Russia, might well do so within other countries in the satellite empire. This fear, Lukacs predicts, would likely cause a formal annexation by the Soviet Union of Czechoslovakia: so that whatever else happened in Eastern Europe, the Soviets would have a geographical terrain through which to strike at Western Europe if required.

Now if we reason that, therefore, something less than a Polish "victory" would be acceptable, how best might the United States proceed?

Here we lean, with great respect, on the reasoning of John Hutchinson. He is an Englishman, and a professor of industrial relations at the University of California. He is intimately acquainted with Poland and was made an honorary member of Solidarity at its founding congress in Gdansk, which he addressed. Hutchinson has addressed a letter to the editor of the London Times, suggesting a course of action. He does this in an open letter to Gen. Wojciech Jaruzelski, in which he guards against any temptation to express the moral contempt he clearly feels for any quibbling doing the business of a foreign oppressor. What is the objective?

The objective is to ease the Poles out of the

vice fashioned for them by communism. The Poles need huge economic advances, and these cannot come under doctrinaire communism.

What if Vice President George Bush were assigned by President Reagan the job of communicating an offer to the Poles? The terms of it would be that the West was prepared to make a huge economic transfusion into Poland on the condition only that the money be received, and subsequently deployed, by Lech Walesa and his designates. The money would go to the recapitalization of small industry and of housing—all done through the private sector, with all the indices of the free marketplace coming to bear on individual economic problems. Such an agreement would not entail the resignation of Jaruzelski's iron hold over the political life of Poland. But it would give the Soviet Union an opportunity to ease Poland away from the track of apocalypse—without fear of suicidal damage to its own political hegemony. And the United States could invest its confidence in the subtle workings of private-sector-dominated societies which, however gradually, shake off political shackles. President Reagan's sanctions could be fine-tuned to a reply from Jaruzelski, whom the Soviet leaders serve as ventriloquists. It is the prudent course of action. If Jaruzelski said no, could we find ourselves worse off?

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Handwritten scribbles and initials at the bottom right of the page.

NATIONAL SECURITY COUNCIL

January 22, 1982

~~LIMITED OFFICIAL USE~~

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *MB*

SUBJECT: Poland; the Carrot Part of the Carrot and Stick

The President several times has expressed interest in offering Poland some kind of "Marshall Plan" for Poland if martial law were lifted, the political prisoners released and dialogue reopened with the Church and Solidarity. Interest in such an approach waned quickly when it was realized what the cost would be.

The attached paper (Tab I), developed jointly by John McClaughry of the OPD and myself, suggests a positive approach which would:

- (1) Have great propaganda value;
- (2) Cost the government very little (perhaps \$1-2 million); and
- (3) In the unlikely event of being accepted, would mean the beginning of the end of Marxism in Poland.

RECOMMENDATION:

That you place this plan or something similar on the NSC or NSPG agenda for discussion.

Approve _____ Disapprove _____

cc: Richard Pipes
Paula Dobriansky
William Stearman
Carnes Lord
Henry Nau

~~LIMITED OFFICIAL USE~~

*MB
2/22/83*

NATU

Mr
2/22/17

January 22, 1981

A POSITIVE U.S. INITIATIVE FOR A FREE POLAND

"... a democratic-capitalist revolution in the communist world, perhaps of a gradualist kind, would do more than anything else to eliminate the threat of nuclear war."

- John Lenczowski, "A Foreign Policy for Reaganauts", Policy Review #18, Fall 1981.

I. Present Situation

Since December 13, 1981 Poland has been under martial law, which has precluded continuation of the activities of Solidarity and Rural Solidarity. The Polish economy is rapidly sinking due to non-cooperation of the workers and the general disruption.

The United States, in protest of the stifling of free association and reform in Poland, has announced sanctions against the Jaruzelski regime, including suspension of fishing and aviation rights, food shipments to the government, and further credit. NATO allies have been urged - without conspicuous success - to join in imposing sanctions against the Government of Poland. The President has expressed his strong personal support for the movement toward free association and political freedoms. He has called upon the regime to lift martial law, release the detained leadership of Solidarity, and initiate talks with Solidarity and the Church to develop a politically acceptable future for Poland.

The Polish foreign debt situation remains perilous. The Government of Poland owes some \$26 billion to the West, and it seems unlikely that scheduled - or even rescheduled - payments will be met, at least in the absence of Soviet subventions.

Poland's food situation remains critical. Government policies for many years have operated to depress agricultural energy and productivity, despite the regime's reluctant acquiescence in private ownership of 80% of the nation's farmland. State-controlled agricultural inputs have been lavished upon state collective farms, which habitually fail to produce. The state has fixed farm prices at low levels to win the support of urban consumers. Receipt of farm pensions has been made contingent upon deeding private plots to the State instead of to heirs.

Nonetheless, despite martial law the Government seems willing to recognize the necessity for adopting widespread economic reforms. Wladyslaw Baka, the chief economic reform official, stated in Trybunu Ludu in early January that a reform program built around modest progress toward worker self-management of independent enterprises is being developed. Stefan Olszowski, the PCP propaganda chief, has been promising the same thing, despite maintaining a hard line against political dissent.

While it is obviously necessary to pursue a strong diplomatic course aimed at focusing world opinion on the stifling of incipient liberties in Poland, and in making such acts as difficult and painful as possible for the governments of Poland and the USSR, the present situation also affords the United States and its allies a significant opportunity to take actions which, while overtly non-threatening to the respective governments, nonetheless promise both to improve the lot of the Polish people and undermine the strength of communism throughout the Eastern Bloc.

II. Recommended Policy

It will obviously be difficult to attempt any significant policy initiatives so long as martial law is in effect. However, it is recommended that a well-conceived strategy be developed, which can be implemented once martial law is relaxed or terminated.

The policy recommendation can be stated as follows:

In addition to implementing the present policy of the Administration from political, diplomatic, and national security perspectives, the Administration should develop a sound plan, consistent with the President's philosophical principles, aimed at subtly strengthening free market forces, private ownership of land, worker ownership and self-management of industry, decentralized economic (and ultimately political) decision-making, agricultural productivity, and ultimate integration of Poland into the relatively free market economies of the OECD.

The implementation of such a policy should proceed essentially independent of diplomatic and political pressure on the Jaruzelski regime. It should be made to appear dedicated to improving the well-being and standard of living of the Polish people, reducing their dependency upon both Western and Soviet credit.

It must also be made eloquently clear, through our International Communications Agency and through the many Western networks that reach the Polish people, that cooperation with this Reagan initiative holds promise for increased well-being (particularly in food) and increased opportunity for Polish

unions, associations, parishes and other mediating structures to shape the future of their country.

III. Supporting Arguments

a) The program is intended to be non-threatening to the Polish government, and indeed in large measure is compatible with many of the reform proposals now under discussion within the government itself. Such a program would move Poland closer to the Hungarian "New Economic Mechanism" than to an American model, but that is still a major step in the right direction.

b) The program is also intended to be non-threatening to the USSR, although Politburo theoreticians may well recognize in it the seeds of radical divergence from the Marxist command economy.

c) The program is based on President Reagan's oft-enunciated beliefs favoring the free marketplace, decentralized political and economic power, and strengthened private property ownership as the path to abundance and liberty.

d) The program is strongly rooted in Catholic social thought, notably the principles of personalism, subsidiarity and pluralism set forth in Quadregesimo Anno (1941) and Laborem Exercens (1981). The 1981 Encyclical, for example, states "A way toward that goal (of helping workers to share in ownership) could be found by associating labor with the ownership of capital, as far as possible, and by producing a wide range of intermediate bodies with economic, social and cultural purposes; they would be bodies enjoying real autonomy with regard to the public powers, pursuing their specific aims in honest collaboration with each other and in subordination to the demands of the common good, and they would be living communities both in form and in substance in the sense that the members of each body would be looked upon and treated as persons and encouraged to take an active part in the life of the body." (paragraph 14.)

e) The program is based on the fundamental human right of private property ownership set forth in the Universal Declaration of Human Rights (Article 17).

f) The program can be designed to maximize the use of private sector initiatives from the West, such as Sister Cities, the American Farm Bureau Federation, CARE, AT International, Catholic Relief Services, the Cooperative League of the USA, the AFL-CIO, the land grant colleges, small farm research centers, direct farm marketing networks, the Polish American Congress, etc., all of which could be coordinated as a special project of the President's Commission on Private Sector Initiatives.

g) The program could make effective use of surplus agricultural commodities to generate zloty balances, which can in turn be used (with Government approval) for numerous purposes in support of the program. Such use of zloty balances was strongly

encouraged by Congress in section 709 of the International Security and Development Cooperation Act of 1981.

h) To the extent that it assists the Polish people in increasing their productivity, and hence their capacity to earn hard currency through export sales, the program will cause the Polish debt problem to recede.

IV. Possible Program Items

Possible inclusions in the program are:

a) Technical assistance for the reprivatization of nationalized Polish industries, drawing upon the experience in British Columbia and Chile, and making use of innovative US financing techniques such as Employee Stock Ownership Plans (ESOPs).

b) Technical assistance for moving toward worker self-management, built upon American and British experience extensively studied by Cornell University and other US institutions.

c) Technical assistance in installing profit sharing plans, provided by the Council of Profit Sharing Industries and the Profit Sharing Research Foundation.

d) Technical assistance in teaching Polish bankers how to extend self-financing credit to decentralized independent enterprises, which as a result of a January 1981 decree will now be allowed to exist.

e) Technical assistance in the formation of genuine cooperatives - farmer, consumer, producer, and housing - drawing on the experience of the Cooperative League of the USA and affiliated organizations. (The present extensive system of cooperatives in Poland is now under state domination, but there are possibilities for moving it in the direction of the Basque Mondragon model.)

f) Technical assistance in improving the productivity of small farms, delivered through the USDA extension service, the land grant colleges, and US (and other) small farm centers and organizations (such as VIISA, Rodale Research Center, Graham Center, New Alchemy Institute, Land institute, etc.)

g) Technical assistance in direct farm marketing and community bartering, provided by the National Association of State Departments of Agriculture, the National Center for Citizen Involvement, etc.

h) Technical assistance in creating grassroots urban and rural credit unions, provided by the National Credit Union

Administration, USAID, the Japanese Hotokusha societies, etc.

i) Technical assistance in redesigning Poland's pension system, especially with respect to farm pension plans, provided by the US insurance industry, the Chilean Ministry of Finance, etc.

j) Provision of PL 480 food in a "food for development" program, already tested by AID in South Asia.

k) US support for the channeling of all future hard currency loans from such institutions as the UN Capital Development Fund to farmer- and worker-owned enterprises with responsible business plans, which enable productive workers to earn individual ownership shares and profits of their enterprises.

l) Mobilization and coordination of private sector humanitarian relief for the Polish people, working closely with Catholic Relief Services, the Polish American Congress, Friends of Solidarity, CARE, and other US organizations.

m) Communication of the humanitarian, non-threatening nature of this US program to the people of Poland through aggressive ICA broadcasting and through networks which extend into Poland, such as the Catholic church and organized labor.

V. Organization for Policy Development

It is proposed that the development of this program for presentation to the National Security Council and the President be undertaken by a relatively inconspicuous working group including:

National Security Council (Bailey, Dobriansky)
Office of Policy Development (McClaughry)
Treasury (Leland)
Labor (Stepp)
Agriculture (Perry, Bertrand)
State (Scanlon)
Private Sector Initiatives (Moorhead)
Office of Public Liaison (Burgess)
AID (Greenleaf)
ICA

Polish and Hungarian Membership
in the IMF

~~SECRET~~

S S

Issue: The U.S. Government's position on the Polish and Hungarian applications to become members of the IMF.

U.S. Government Position: The United States determines its position regarding membership applications to these institutions on a case-by-case basis. It has been the United States' policy to support membership in the IMF/IBRD by countries prepared to meet all of the obligations of membership in these institutions. This is consistent with their charters.

The imposition of martial law in Poland has undoubtedly complicated negotiations on its membership in these institutions. The United States and other IMF members will need to consider carefully the results of the negotiations and developments in Poland before reaching a decision on the issue. In making our determination we will, of course, have to reach a conclusion as to the willingness and ability of Poland (and Hungary) to fulfill the responsibilities and obligations of IMF membership.

Current Status

Membership in the IMF is a prerequisite for membership in the IBRD.

IMF staff have circulated a paper outlining the results of their negotiations with Hungary. The paper has been referred to a subcommittee of the Executive Board for review on March 16, 1982. (Dick Erb is a member of the subcommittee.) The subcommittee is expected to send its recommendation to the Board by the end of March. Erb estimates that it will probably take another month before the Board acts, followed by a mail vote by the Board of Governors. Consequently, the Hungarian application probably could not be approved before the end of April.

Regarding the Polish application, a two man delegation -- one from the IMF and one from the IBRD -- left for Warsaw on March 9, 1982, to resume discussions. This is not a full-sized delegation. The Fund had a delegation in Warsaw when martial law was declared.

Drafted by: Harvey Shapiro
3/9/81
Cleared by: SScanner/Treas.
RMeyers/Treas.

MEMORANDUM

NATIONAL SECURITY COUNCIL

March 11, 1982

~~CONFIDENTIAL~~

INFORMATION

EE

MEMORANDUM FOR WILLIAM P. CLARK

FROM: PAULA DOBRIANSKY PD

SUBJECT: Meeting with Romanian Deputy Foreign Minister
Maria Groza

On Monday, March 8, Richard Pipes, William Stearman, Norman Bailey and I met with Romanian Deputy Foreign Minister Maria Groza. Attached (Tab I) for your review is a memorandum of conversation. The Deputy Foreign Minister highlighted the following points in the course of the meeting:

- Indicated that Romanian officials seek more direct contact with the National Security Council and the White House.
- Sought principally a reaffirmation of the policy of differentiation and of Romania's special position vis-a-vis the U.S. Concern was expressed that the Administration has not clarified its policies toward Eastern Europe and hence, it appears as if the Administration has tempered its relations toward Romania.
- Mentioned that the President has a standing invitation to visit Romania.
- Asserted that measures have been taken by the Romanian Government to alleviate domestic economic problems. These measures are designed to balance the consumer priced goods, increase agricultural production, pay off Romania's debts and reduce imports of crude oil. As a result, Romania's rate of growth has increased significantly and there is a positive balance of trade.
- Commented that the Romanian Government is disturbed by the imposition of martial law in Poland but deemed it to be the best solution.
- Indicated that the Romanian Government seeks to acquire MFN multi-year status but will accept an annual MFN review for 1982. (C)

Richard Pipes, Norman Bailey and William Stearman concur.

Attachment
Tab I Memorandum of Conversation

~~CONFIDENTIAL~~
Review March 12, 1988

DECLASSIFIED
NLRR M4521 153389
BY RW NARA DATE 12/1/16

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Deputy Foreign Minister of Romania Maria Groza

PARTICIPANTS: Maria Groza, Deputy Foreign Minister of Romania
 Nicholae Ionescu, Romanian Ambassador to the United States
 Ion Bestiliu, Romanian Ministry of Foreign Affairs
 Boris Ranghet, Counselor, Romanian Embassy
 Todd Becker, Romanian Desk Officer, Department of State

Richard Pipes	(NSC staff member)
Norman Bailey	" " "
William L. Stearman	" " "
Paula Dobriansky, Notetaker	" " "

DATE, TIME AND PLACE: Monday, March 8, 1982, 2:00 p.m., Room 368/OEOB

After welcoming remarks were exchanged, Deputy Foreign Minister Groza mentioned that one reason for her trip to Washington was to establish more direct contact with the National Security Council and the White House. She said relations between the United States and Romania are good, and hence, the Romanian Government seeks to develop this relationship further. She pointed out that the written exchanges between Presidents Reagan and Ceausescu are deemed very important; this is a privileged channel which the Romanians would like to maintain. In her opening remarks, the Deputy Foreign Minister also indicated the President has a standing invitation to visit Romania. (C)

Richard Pipes responded to her comments by reaffirming the Administration's pursuit of a policy of differentiation. He pointed out that we clearly recognize the distinctions (language, culture, domestic/international policies) among the Eastern Bloc countries. (C)

The Deputy Foreign Minister replied that she was pleased there is and will be a continuation of a policy of differentiation. She hoped special consideration would be given to Romania. (C)

Richard Pipes stated that even though we pursue a policy of differentiation, differences exist as to what criteria should be assessed. We extend preferential treatment to those countries that either pursue an independent foreign policy distinct from Moscow or maintain a relatively liberalized domestic system. He went on to assert that the U.S. is concerned about the current state of Romania's domestic situation. (C)

~~CONFIDENTIAL~~
 Review March 8, 1988.

DECLASSIFIED
 NLR #153390
 BY DW NARA DATE 12/7/16

Deputy Foreign Minister Groza asked him to clarify his last comment. (C)

In response, Richard Pipes cited Romania's current economic ills, its rigid system and its human rights violations. (C)

At this point, Norman Bailey added that Romania's financial difficulties are attributable mostly to the inflexibility of the economic system and the inability of the Romanian economy to respond to market forces. He noted that the Romanian Government needs to be more forthcoming with foreign companies and banks. (C)

The Deputy Foreign Minister observed that different social and economic systems can co-exist. She attributed Romania's economic problems not to its domestic policies but rather to the world recession. Since Romania is a developing country it is more affected by current international economic conditions than other European countries. Also, some of Romania's difficulties stem from the high price of crude oil. Romania had to import approximately 40-50 percent of its crude oil and other raw materials. Clearly, these developments affected the economy. Thus, the Romanian Government implemented various measures designed to: balance the consumer priced goods, increase agricultural production, pay off its debts, and reduce imports of crude oil. The Deputy Foreign Minister noted that this year Romania's rate of growth increased significantly and even had a positive effect on the balance of trade. (C)

Paula Dobriansky inquired as to the status of Romania's economic stabilization program, undertaken to rectify the internal economic problems. (C)

The Deputy Foreign Minister stated that these measures were taken to improve Romania's balance of payments and have been effective. (C)

Richard Pipes asked if they intended to follow the Hungarian model. (C)

In response, the Deputy Foreign Minister said no. She stated that Romania has its own solutions which are tailored to Romania's specific political/economic concerns. She asserted that we cannot borrow economic solutions from other countries. (C)

William Stearman inquired as to whether Romania is increasing its oil production. He went on to ask if Romania was buying oil from the Arab countries. (C)

The Deputy Foreign Minister replied yes, but contended that the quantity of oil importation differs from country to country. Romania imported considerable quantities of oil each year. However, with the increased price of crude oil, these imports have been reduced and now, there is greater use of natural gas in Romania. Moreover, the Romanians expect to increase their off-shore oil production.

~~CONFIDENTIAL~~
William Stearman noted that Romania used to export oil as a means of earning foreign exchange.

Amb. Ionescu responded that Romania never exported crude oil but only kept petro-chemical products.

Richard Pipes queried the Deputy Foreign Minister as to why the Romanian Government has taken a benign view of the Polish Government's imposition of martial law. (C)

The Deputy Foreign Minister explained that the Romanian Government was not pleased that martial law was imposed in a socialist country. According to her, this state of affairs is unnatural. However, given the circumstances, martial law was the best solution. That is, the Romanian Government preferred to see the imposition of martial law in Poland rather than foreign intervention or civil war. She added that Poland needs assistance and should be helped. (C)

Richard Pipes asked if the Romanians had any evidence of the Jaruzelski Government facilitating liberalization. (C)

The Deputy Foreign Minister replied that the Polish Government has striven to solve some of its internal problems. She emphasized that restrictive measures and sanctions endorsed by other countries only exacerbated the Polish situation. (C)

Richard Pipes also asked if her assessment was still the same even after Prime Minister Jaruzelski had visited Moscow? (C)

The Deputy Foreign Minister responded yes. She then focused again on U.S.-Romanian relations. She asserted that the Administration needed to clarify its position toward Romania. Presently, there is a sense that the Administration has tempered its relations with Romania. One indication was the President's recent decision to deny \$65 million worth of CCC credits to Romania; another example was the ExImbank's postponed financing of the GE project. (C)

Norman Bailey answered by stating that the ExImbank did not extend a loan because Romania's credit ratings had deteriorated. (C)

Richard Pipes added that these decisions were made not on political but rather on economic grounds. (C)

The Deputy Foreign Minister retorted that the two are linked. (C)

Richard Pipes conceded, but went on to assert that one example of U.S. concern for Romania was the recent visit of the Secretary of State to Bucharest. The visit manifested the United States' constructive attitude toward relations with Romania. (c)

The Deputy Foreign Minister stated that the Romanian Government was extremely pleased that the Secretary had visited Romania.

At this point, Norman Bailey asked if the Deputy Foreign Minister deemed rapid industrialization to be a mistake. (C)

In response, the Deputy Foreign Minister asserted that this project was a necessity. (C)

Richard Pipes asked if there was any danger that the Romanians would come to rely more extensively on Soviet assistance. (C)

The Deputy Foreign Minister said she did not think so. (C)

Norman Bailey then emphasized the importance of distinguishing among the various institutions in the U.S. and their roles and functions. Moreover, he stated that there is a need for the release of timely information to these institutions. In turn, this would engender a climate of greater confidence and more forthcoming assistance. (C)

Paula Dobriansky asked about the state of the ongoing negotiations between the IMF and Romania. (C)

The Deputy Foreign Minister replied that these talks are still ensuing and a resolution has not been reached yet.

At this time, Richard Pipes raised the issue of Jewish emigration from Romania and MFN renewal. He indicated that this is an issue which is of concern not only to the Administration but to many Congressmen and domestic Jewish organizations. (C)

The Deputy Foreign Minister said that after World War II there were 400,000 Jews in Romania, and now there are only 35,000. She contended that a significant number have already left the country. Moreover, she added that the Romanian Government has established good relations with the Jewish organizations in the U.S., has sought to process applications quickly, and has resolved many pending cases. She mentioned that there are no significant pending cases left. Lastly, she contended that Jewish emigration should not be linked to MFN. (C)

Richard Pipes commented that those opponents of MFN status for Romania in the U.S. can use the issue of Jewish emigration and human rights violations as a very powerful argument. (C)

In response, the Deputy Foreign Minister asserted that each case was being handled carefully. (C)

Richard Pipes inquired also about the status of German emigration from Romania. (C)

The Deputy Foreign Minister replied that the German community comprises only 0.8 percent of all Romanians, and each year approximately 10,000 Germans leave Romania. (C)

The Deputy Foreign Minister went on to emphasize that MFN was a serious issue to the Romanian Government. She mentioned that it was raised in President Ceausescu's recent talks with Secretary Haig in Bucharest. Romania seeks a multi-year MFN status -- specifically three years. However, she indicated that the Romanians will accept the annual review for 1982, but hoped the possibility of realizing a multi-year MFN would be considered. Clearly, she said, this would simplify the process. (C)

Lastly, the Deputy Foreign Minister expressed concern about the recent human rights country report on Romania. According to her, this report was cited by the press -- specifically, the persecution of nationalities in Romania and the absence of religious freedom. She hoped the Administration could influence the release and substance of such reports. (C)

The meeting ended at 3:00 p.m.

NOT RELEASABLE TO FOREIGN NATIONALS

BAILEY

EE



BUREAU OF
INTELLIGENCE
AND RESEARCH

(U) EAST EUROPEAN HIGHLIGHTS: FEBRUARY 1982

(C) Expressions of popular dissatisfaction mounted in Poland, giving the lie to regime claims that the situation was returning to normal. Premier Jaruzelski utilized Moscow's early announcement of his forthcoming talks with Brezhnev to frustrate any possible moves to undermine his standing and effectively strengthened his position both at the party plenum and in the country. Among other developments:

- the continuation of martial law in Poland generated heated exchanges at the CSCE review conference in Madrid;
- East European media meanwhile launched a campaign against US and West European sanctions; and
- Hungary continued extensive exchanges with Poland, in effect offering itself as a "model" to be followed.

(C/NF) President Ceausescu rolled out the red carpet for Secretary of State Haig in Bucharest, but this did not forestall a later US turndown of Romania's request for \$65 million in Commodity Credit Corporation (CCC) guaranteed credits.

(C/NF) East Germany loosened restrictions on GDR citizens traveling to the FRG and praised the latter for its "attitude of partnership on the peace issue," hoping thereby to weaken a NATO consensus.

(LOU) New ethnic Albanian student disorders in Yugoslavia's troubled Kosovo province reconfirmed the intractable nature of this controversy.

* * * * *

~~CONFIDENTIAL~~

RDS-1,3 3/12/02 (Stoddard, P.)

DECLASSIFIED

Report 339-CA
March 12, 1982

NLR # M4521 #153293
BY RW NARA DATE: 11/28/17

(C) Poland: Resistance to Martial Law Picks Up

Instances of open defiance to martial law became more numerous in February, but the Jaruzelski regime had little difficulty suppressing them. A proliferation of clandestine leaflets warning that "winter is yours, but spring will be ours" prompted a flurry of regime actions, from which Jaruzelski emerged with his power position within Poland and vis-a-vis Moscow perceptibly consolidated. Despite the gradual relaxation of a number of martial law restrictions, the martial law regime clearly was settling in for a long stay.

The superficial calm that the military crackdown had imposed gradually gave way to mounting tension as the February 13 two-month anniversary approached. Sporadic bombing incidents and other expressions of popular dissatisfaction became increasingly common. The regime was clearly caught in a conflict between its professed intent to relax martial law by the end of the month (as Jaruzelski had pledged to the Sejm [Parliament] on January 25) and the need to demonstrate its strength by dealing with disturbers of the peace.

Despite one strong show of force in Warsaw and heightened security in other cities, the anniversary was marked by:

- a major demonstration in Poznan on February 13 which drew a violent police reaction, with some 200 persons arrested, the "punishment" of 162 on misdemeanor charges, and the imposition of formerly eased restrictions;
- several "silent marches" by thousands of workers, students, and women with children in the southeastern city of Swidnik before and on February 13, which also led to the tightening of martial law measures;
- the throwing of a gasoline bomb at a monument to the founder of Soviet secret police in downtown Warsaw and an explosion near an apartment complex housing government officials in Warsaw; and
- an explosion killing one person in a workers' hostel in the western city of Wroclaw on February 15 and the discovery of a 13-pound time bomb in Lubin (Legnica province) near a gasoline storage tank that police conceded would have "caused a massacre" if it had gone off.

The official Polish media reacted to the disturbances by accusing regime opponents of planning "conspiracy, terror, and revenge." The party daily Trybuna Ludu, while seeking to downplay the "local" incidents, warned that such acts would not be taken lightly lest inaction encourage the instigators. It took particular aim at the spreading leaflet campaign (allegedly being perpetrated by "counterrevolutionaries" among Solidarity activists still at large), denouncing its prediction that there would be a "bloody civil war" in the spring and its call for "death to the reds." In a rare public criticism of the Catholic Church, Trybuna Ludu condemned some clergymen for making "provocative statements and aggravating political gestures."

Evidently not wanting to leave matters to chance, the regime carried out a massive nationwide police sweep around the February 13 anniversary date to check on the degree of compliance with martial law measures. The police detained some 3,500 persons for a variety of infractions.

(C) Jaruzelski Consolidates Position

Several factors apparently prompted Jaruzelski's move to break the political logjam: concern over the prospects for an escalation of popular resistance with the onset of warmer weather, indications that hardline elements might exploit such resistance to challenge Jaruzelski, signs of heightened Soviet apprehension about the Polish party's ineffectiveness, and pressure from an increasingly outspoken church.

Following a Politburo session on February 20 (the fourth since December 13), the pace of political developments quickened with the announcement of:

- a visit to Moscow in early March by a "party-state delegation" led by Jaruzelski (his first official trip anywhere since becoming party chief last October);
- the first party plenum since martial law was imposed, to be held February 24-25, to be followed by a plenary session of the Sejm (the second under martial law) on February 26-27; and
- the long-awaited guidelines, for "public discussions," on the future of trade unions (i.e., Solidarity).

The "proper" sequence of the plenary sessions evidently was meant to convey the message that, despite martial law, the country's political life was returning to "normal" and that the party was ready for greater visibility.

At the plenum, the rumored threat to Jaruzelski posed by party hardliners proved unfounded. Although their voices sounded louder than at any time during the 20-month crisis, they were not numerous, did not seem to have Moscow's backing, and clearly lacked the kind of grassroots support necessary to undercut Jaruzelski. In fact, Jaruzelski seemed not even to take note of them as he continued cultivating the image of a leader above petty factional infighting. Moreover, the Soviets' announcement, well in advance of the plenum, of Jaruzelski's impending trip to Moscow almost certainly put a damper on any hardline designs against him.

The long-delayed plenum unanimously adopted a resolution which, among other things:

- endorsed martial law as necessary and recognized that it gave the military special rights and duties in defending socialism against the "counterrevolutionary threat";
- called for an end to independent party activity by hardline forums and seminars as well as by the liberal-reformist elements; and
- spoke of reconstruction of the trade union movement along the lines contained in the government's draft and without mention of any dialogue with Solidarity's interned leaders.

The plenum also dutifully promoted to alternate Politburo membership two Jaruzelski supporters, including General Kiszczak as Minister of Interior. Kiszczak's elevation raised to four the number of generals now serving on that body. Two pro-Solidarity central committee members were ousted (a third was reported to have resigned his membership earlier). Thus, the central committee, made up mostly of inexperienced party members elected democratically last summer, is likely to remain as subservient as the Sejm under the military regime.

In its two-day session, the Sejm approved two ministerial appointments and filled eight vacant seats. Echoing the plenum, it praised the military and security forces for the "restoration of order" and endorsed Jaruzelski's reiteration of the need to create a front of national salvation. After passing a number of bills dealing with the economy, the Sejm also gave its first reading to draft bills creating a state tribunal to serve as a non-penal court of impeachment of former government and party leaders.

Sandwiched between the party plenum and the Sejm session, the Episcopate on February 25-26 held its first plenary session since the imposition of martial law. The statement issued after what

was reportedly a "stormy" session contained the most forceful church demand yet levied on the regime: to lift martial law as soon as possible and to start a genuine dialogue leading to a "covenant" between the rulers and society, including Solidarity. Warning that there would be a catastrophe if the regime failed to come to terms with society, the statement (which was read from Poland's 18,000 pulpits the following Sunday) urged the release of internees and a granting of amnesty to those imprisoned for violating martial law or in hiding. The statement was more forceful in tone than Primate Glemp had been in his earlier condemnations of martial law, reflecting the growing impatience of the majority of bishops and the militancy of the clergy at large. In any event, the Episcopate's support of Solidarity was becoming the major bone of contention with the regime.

(C/NF) Economic Problems Continue

The Polish economy continued to decline. Utilization of industrial capacity reached new lows due to the lack of vital materials--many imported from the West. To stimulate coal exports, the mining sector was given a first claim on material and transportation resources, to the detriment of other areas of the economy. According to government assertions, coal production in the January-February period increased some 13 percent over the 1981 level, resulting in increased exports as well.

Elimination of 1981 interest arrears would have permitted a formal agreement on rescheduling of 1981 commercial debt, but efforts to make interest payments to Western creditors diverted resources from imports needed to generate trade surpluses. A rush of payments by Warsaw in mid-month gave bankers hope that all the 1981 arrears would be paid so that a formal agreement could be signed by March 10. Banking sources indicated that some \$50 million was still due at the end of February, presaging further delays. In the meantime, arrears on principal and interest payments due in 1982 were mounting, and official creditors continued to reject resumption of talks on 1982 official debt payments.

Seeking to regain control over the floundering economy, the Jaruzelski regime proposed on February 8 a timetable for preparation of a series of programs designed to deal with the country's economic crisis. According to the Council of Ministers' resolution, two programs were to be completed in February for: 1) reorientation of industrial production to meet the resource needs of the agricultural sector; and 2) resolution of the payments crisis with the West. Plans were to be submitted in March for "ad hoc" measures to stabilize the economy, for making Poland self-sufficient in food, and for expanding economic cooperation with Council for Mutual Economic Assistance (CEMA) countries. The regime also called for a comprehensive program, to be submitted in

the third quarter of 1982, of long-range steps to overcome the economic crisis. The February deadline appeared to have been missed: the regime failed to announce completion of the first two planning programs.

(C) CSCE: Harsh East-West Exchanges on Poland

The CSCE review conference resumed in Madrid on February 9 after a three-month recess. Despite Jaruzelski's implied threat of boycott the previous month, Poland and its Warsaw Pact allies participated. Unlike the NATO countries, however, none of them was represented at the ministerial level. Polish Deputy Foreign Minister Wiejacz, who chaired the opening plenary, rejected Western statements on Poland as "interference" in its internal affairs and specifically accused the US of directing a "psychological war" against Poland. But in an apparent attempt to play down earlier threats that Poland might withdraw from the Madrid meeting, Wiejacz stressed that Poland regarded the "continuation of the conference [as] necessary" in the interests of detente.

The USSR and most of Poland's other East European allies also strongly attacked the Western position, but Romania and Hungary appeared to be avoiding any further sharpening of polemics. Romania focused on the importance of CSCE as a forum for political dialogue in Europe and, in a low-key reference to Poland as well as to the USSR, stressed that all countries be allowed to choose their own governments. The Romanian representative argued that intervention in the internal affairs of other states is contrary to the UN Charter and the CSCE Final Act. Hungary's representative echoed Wiejacz in urging the conferees to concentrate on what "unites" them in enhancing European security and in bringing the conference to a successful conclusion. He also pushed for an agreement on a European disarmament conference, for which the present neutral/nonaligned concluding document would serve as a useful negotiating basis.

By month's end, neither the plenary nor the drafting groups had resumed substantive work on the neutrals' draft document. Most delegations seemed resigned to another recess beginning in March and running until October. The Soviets were already seeking to put the onus for a recess on the US, blaming it for blocking the conference's work.

(C) East European Reaction to West European Sanctions

Most East European media reported extensively on the virulent exchanges in Madrid but, with few exceptions, muted their comment on the newly announced diplomatic and economic sanctions by West European countries against Poland. The Polish media on February 17 reported that the FRG had taken "restrictive measures" against

the USSR, such as imposing limits on the movement of Soviet diplomats in the FRG and postponing the opening of a second Soviet general consulate in that country. They were quick, however, to underscore that the FRG would continue all forms of private aid to Poland. Other Polish commentaries generally avoided references to specific West European countries and instead criticized the US for spearheading the NATO and EC drive for sanctions on Poland. Czechoslovakia's Rude Pravo on February 19 provided the most acerbic commentary by accusing Chancellor Schmidt of "bowing" to US instructions.

(C/NF) Hungary: The Not-Too-Reluctant "Model"

Hungary's rather mild approach to the Polish issue coincided with its continuing series of official Polish contacts--unequaled by other East European countries since the imposition of martial law. This month's exchange of visits consisted of included Polish Finance Minister Krzak, February 2-4; Polish Deputy Premier Ozdowski, February 21-22; and Hungarian Foreign Minister Puja, February 11-14. Puja was the first East European foreign minister to visit Warsaw under its martial law regime. His trip followed up visits to Warsaw earlier this year by Hungarian Deputy Premier Aczel, Central Committee foreign affairs chief Berecz, and trade union president Gaspar. Gaspar last year made what appears to have been a pro forma bid for a dialogue with Solidarity, and last September he met privately with Solidarity trade union officials in Brussels.

Puja's recent Warsaw visit appears to have been aimed at reaffirming Hungary's traditional friendship and support for the Polish party "and all other social forces seeking a socialist solution," a phrase characteristic of Kadar's consensus-style approach to conflict resolution. Ozdowski's and Krzak's trips reportedly concerned bilateral economic and financial issues, particularly Hungary's concern that Poland make good on its debts in order not to damage the credit ratings of other East European countries. Amid all these contacts, Hungarian officials have publicly eschewed the notion that their purpose was to provide a "model" for Poland, but privately they appear to be out in front dispensing advice to the Poles.

Meanwhile, in an interview in the party organ Nepszabadsag on February 20, State Office for Church-State Affairs Chairman Miklos affirmed that "events in Poland have not disturbed the church-state relationship" in Hungary. But he warned against an "upsurge and sharpening in incitement by domestic and foreign sources" and their "camouflage of political issues" under the "pretext of propagating ever new doctrines of faith." Miklos' warning may have been in reference to the recent activities by Catholic "fundamentalist" groups and the reported incidents of priests advocating "conscientious objections" among draft-age youth.

A radio commentary on February 27 reiterated Miklos' line, but seemed less threatening; it emphasized the need to study "new phenomena arising in changing circumstances" so that the churches could "help in the even more complete realization of the party's policy of alliance." The commentary did not deny the existence of "new worries and problems," but it took exception to an article in the London Times which had alluded to Cardinal Lekai's disciplining of pacifist priests as symptomatic of a burgeoning church-state conflict in Hungary.

(C/NF) Secretary Haig Meets Ceausescu

Secretary of State Haig visited Romania February 12-13, his first visit to a Warsaw Pact capital. Upon arriving in Bucharest, Haig asserted that US-Romanian relations should take "as a starting point full agreement on one thing: each country's right to national independence and full sovereignty, without foreign interference." Haig and Ceausescu covered a tour d'horizon of international and bilateral issues, including the Polish crisis. Haig subsequently described the talks with Ceausescu as "cordial" with some degree of "frankness." He indicated that while there was general agreement on the need for immediate normalization in Poland, "there were some differences on the Polish question as they pertained to sanctions against the Polish Government."

The Romanians, who had pressed hard for the visit, described it as "cordial" and gave it extensive media coverage. Ceausescu no doubt hoped to capitalize on the Secretary's presence to offset some of Romania's mounting foreign policy difficulties, help reassert Romania's independent image, and boost his own prestige. At the very least, the Romanians hoped that the fact of the visit would impress Romania's Western creditors as they grappled with Bucharest's request for rescheduling \$2.1 billion of its foreign debt.

The US, however, subsequently turned down a Romanian request for \$65 million in CCC credits to finance purchases of US corn and soybean meal. Bucharest had originally sought \$200 million in credits last fall. Romania's growing payments arrears--in late February the Romanians failed to make \$6 million in scheduled payments on existing CCC loans--prompted the US decision. Following US discussions with the Romanians, Bucharest paid up the arrearage.

Romanian financial officials continued to discuss the possibility of rescheduling up to \$2 billion in commercial debt due this year, as well as some official debt. Meanwhile, the International Monetary Fund (IMF) review of the Romanian standby credit facility continued, following the earlier suspension of Romanian credit drawdown for failure to meet standby targets.

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Although several European creditors would like to act quickly, Paris Club discussions on Romania's official debt will likely await progress in Bucharest's consultations with the IMF.

(C/NF) East Germany Strokes Bonn

FRG Chancellor Schmidt made it clear to GDR Chairman Honecker at last December's inner-German summit that humanitarian concessions remained the sine qua non of progress in inner-German relations. The East German Government is beginning to deliver. In February, it:

- eased travel restrictions for East Germans by expanding the number and kind of family events that they may attend in the FRG (e.g., visits for first communions and special birthdays);
- indicated there will be more opportunities for youth group visits to the FRG; and
- doubled the amount of duty-free goods that foreigners may bring into the GDR (mainly to give to friends and relatives).

These East German concessions seem to be another Soviet-inspired effort to influence Bonn's input to any Western consensus on Poland. Moscow apparently hopes that a modicum of GDR accommodation will encourage the Schmidt government to persevere with Ostpolitik in spite of East-West tensions. In a February 12 speech, Honecker strongly intimated that these new gestures flowed from the Schmidt government's willingness to work toward greater "normality" in inner-German relations, as well as the FRG's "attitude of partnership on the peace issue."

The Honecker regime hoped for a payoff in the form of more bilateral cooperation at a time of growing economic stringency for East Germany and within CEMA. It is particularly anxious to renew the interest-free trade credit (the "swing") which will expire in June. Schmidt, however, will probably continue to insist on a lowering of the GDR's daily minimum currency exchange requirement for Western visitors. The FRG has made this the touchstone of progress on inner-German issues, and Honecker will have to make some accommodations here if he is to secure major West German economic cooperation. The recent travel easements suggest he is moving in that direction.

(LOU) New Ethnic Albanian Student Disorder in Kosovo

On February 14, several hundred ethnic Albanians marched through the streets of Pristina, capital of the Yugoslav autonomous province of Kosovo, and gathered in front of the

university's dormitories where they were joined by students. The crowd then began to shout nationalist themes: Kosovo must be accorded republic status; students and others sentenced on charges of "Albanian nationalist and irredentist activities" must be released; there must be "unity" among all Albanians; ethnic Albanians who cooperate with the Yugoslav regime are traitors. Police were called to disperse the crowd.

The disorder at the university, long a locus of Albanian nationalist ferment, followed a basketball game between teams from Pristina and Slovenia. Before and during the game, spectators sang Albanian nationalist songs, shouted nationalist slogans, and prevented the announcer from introducing the teams in Serbo-Croatian, after he had introduced them in Albanian.

An urgent meeting was held the following day in Pristina to assess the disorder: party officials declared it the most serious threat to public safety and order since last spring's Kosovo riots. A Serbian party meeting claimed that it showed the situation in Kosovo to be "very complex and that the enemy is still active on quite a broad front."

Although the student disorder was the most visible manifestation of ethnic Albanian unrest during February, other incidents in Kosovo also attested to the intractable nature of the Albanian minority problem in Yugoslavia. These included the "resignation" of two Albanian officials for failing to discharge their "responsibilities," instances of violence between Albanians and Serbs, and regime acknowledgment that events in Kosovo had left a "deep" and "serious" imprint on the population, "particularly among the young generation."

Developments in Brief:

- (C) Hungary granted "diplomatic" status to the Palestine Liberation Organization (PLO) office in Budapest, according to the communique issued following Yasir Arafat's February 1-3 visit there. Arafat, Hungarian party chief Kadar, and other top Hungarian officials expressed "mutual solidarity" on various international and Middle East issues, castigating the US-Israeli strategic agreement, condemning Israel's annexation of the Golan Heights and Jerusalem, and rejecting the Camp David accords. The communique noted Hungary's "continued support" of the Palestinian cause, but there were no indications as to what form such support would take.

- (U) On February 17, Yugoslavia and Albania concluded discussions on various road, rail, and air transportation arrangements, reflecting the desire of the two regimes to maintain and improve their economic ties in spite of the political

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contention over Kosovo. They agreed to proceed with the construction of the railway line between Skadar (Albania) and Titograd (Montenegro), which would tie in Albania's rail system with Yugoslavia's and, beyond that, with Europe. They also agreed to improve the existing Tirana-Belgrade air route.

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Chronology

February

- 1 (C) The Polish public accepted with subdued grumbling the introduction of massive increases (up to 500 percent) in consumer prices. This was the first price hike since 1967 that did not trigger violent worker protests.
- 1 (U) The Nobel Institute confirmed that Solidarity trade union leader Lech Walesa was among the nominees for this year's Nobel Peace Prize.
- 1 (C) The Polish Government procured only 1.7 million tons of grain from private farmers, instead of the planned 7 million tons.
- 1-3 (U) The communique on PLO leader Arafat's visit to Budapest specified mutual solidarity on the "cause of the Palestine Arab people," rejected the Camp David accords, and announced the elevation of the PLO office in Budapest to the "rank of diplomatic representation."
- 2-4 (U) Polish Finance Minister Krzak visited Hungary.
- 3 (U) Solidarity was reported to have set up an underground coordinating committee in Gdansk to replace its 120-member National Commission, most of whose members were interned. Twelve senior Solidarity leaders still at liberty reportedly agreed to lead a "national commission of resistance to martial law."
- 3 (C) The first copy of an underground weekly magazine to appear in Warsaw since the imposition of martial law on December 13 was put out by the "Nowa" clandestine press organization.
- 3 (U) Poland announced that approximately 760 officials had been ousted since martial law was imposed, including 6 provincial governors, 14 deputy governors, and 160 mayors.
- 8 (U) Poland eased travel restrictions imposed on Western embassies when martial law was introduced.
- 8 (U) The Polish press hinted for the first time that compulsory grain deliveries from private farmers may

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have to be instituted to prevent bread shortages and rationing.

- 8 (U) Polish universities resumed fulltime classes for the first time since martial law was imposed on December 13.
- 9 (U) The Conference on Security and Cooperation in Europe (CSCE) resumed in Madrid following a three-month recess.
- 10 (U) Except for Gdansk, intercity telephone and telegram communications were restored throughout Poland.
- 11 (U) Leaflets were distributed in Warsaw and other cities, calling for silent protests on the occasion of the two-month anniversary of military rule on the 13th. In apparent response to the leaflet campaign, a convoy of more than 100 armored troop carriers, water cannon trucks, and other police and military vehicles staged a show of force in Warsaw during evening rush hours.
- 11 (U) East Germany announced an increase in the number and type of family events (e.g., special birthdays) for which East Germans may apply to visit the FRG.
- 11-14 (U) Hungary's Foreign Minister Puja visited Warsaw, the first East European foreign minister to do so since the imposition of martial law.
- 12 (U) East German party leader Honecker publicly praised efforts by the FRG to improve inner-German relations, as well as its "attitude of partnership on the peace issue."
- 12 (U) Martial law restrictions were tightened in the Polish town of Swidnik (Lublin province) because of an unspecified disturbance. Telephone service was cut, private automobiles banned, and public events suspended.
- 12-13 (U) US Secretary of State Haig visited Romania--his first visit to a Warsaw Pact state--for discussions with President Ceausescu.

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- 13 (U) Polish authorities reimposed martial law restrictions in Poznan after security forces quelled a demonstration by some 6,000 persons in the center of the city. More than 190 were arrested, and 162 were "punished" on misdemeanor charges.
- 13 (U) A ranking official of the Polish Foreign Ministry, Bogdan Walewski, was sentenced to 25 years' imprisonment for spying.
- 14 (U) Western sources in Poland reported that Polish authorities began offering passports for emigration to released internees.
- 14 (U) The Polish press reported that a bomb damaged the statue of Felix Dzierzynski, founder of the Soviet secret police, in downtown Warsaw.
- 14 (U) East German church youth staged an unauthorized "peace" demonstration in Dresden. Authorities did not intervene.
- 14 (U) Police broke up a demonstration by several hundred ethnic Albanians in Pristina, capital of the Yugoslav province of Kosovo. The demonstration was said to be the most serious threat to public order in Yugoslavia since last spring's Kosovo riots.
- 15 (U) Warsaw radio reported that an explosion in a workers' hostel in Wroclaw killed one worker. Other incidents in connection with underground calls to commemorate two months of martial law included: an explosion near a Warsaw apartment complex housing government officials; discovery of a 13-pound bomb in the city of Lubin which police said could have caused a "massacre"; silent marches involving some 8,000 adults with children in Swidnik on the 14th and 15th.
- 15 (U) The Romanian Government instituted retail food price increases averaging 35 percent.
- 17 (U) The Polish Government announced the conclusion of a massive two-day police sweep throughout the country, leading to the arrest of some 3,500 persons charged with violating martial law restrictions.
- 17 (U) Poland announced sharp drops in the January output in industry, agriculture, and trade compared

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with the same period last year. Exports dropped 18.5 percent and imports 17.3 percent. Coal production was the only exception, rising 5.1 percent over January 1981.

- 17 (U) Yugoslavia and Albania reached several agreements on transportation links.
- 18 (U) Hungarian trade union chief and president of the World Federation of Trade Unions (WFTU) Sandor Gaspar returned from the WFTU's world congress in Havana. In a related interview, he criticized the Polish trade movement union for "failing to push effectively the demands of the workers," a fact he said Hungarian trade union officials had "pinpointed to the Poles...within the limits of decency."
- 19 (U) The new Soviet Ambassador to Hungary, Vladimir Bazovski, paid an introductory call on party chief Kadar and Premier Lazar.
- 19-21 (U) Yugoslav party head Dragosavac visited Romania for talks with Ceausescu.
- 19-22 (U) FRG Social Democratic parliamentary floor leader Herbert Wehner visited Poland.
- 21 (U) Czechoslovak media reported that 18.4 metric tons of gold, which had been seized by the Nazis and held in custody by the Tripartite Gold Commission (US, UK, and France) pending resolution of outstanding claims/economic negotiations, was returned to Czechoslovakia. The transfer action was carried out in Switzerland.
- 21-22 (U) Polish Deputy Premier Ozdowski visited Hungary for economic discussions with Premier Lazar and Deputy Premier Marjai.
- 22 (U) The trial of four leaders of the Confederation for an Independent Poland (KPN), charged with plotting to overthrow Poland's government and system by force, was reopened before a military court in Warsaw. A regular court had been hearing the so-called Moczulski trial off and on since June 1981 and, at one point, even released the defendants. A higher court later ordered their rearrest, and a military court took over jurisdiction after December 13.

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- 22 (U) Western news agencies' telex circuits were restored in Poland for the first time since December 13.
- 22 (U) Swedish radio reported picking up transmission from an underground station somewhere in Poland. The station's "First Letter" contained protest songs and information about the harshness of daily life in Poland.
- 22 (U) Some international travel restrictions imposed on Poles on December 13 were lifted. Package tours and individual visits to relatives and friends in other East European countries were reinstated, but visits to the West were limited to pensioners and those too old to work.
- 22 (U) The Czechoslovak Charter 77 human rights movement issued a statement which criticized recent price increases, charging they had lowered living standards and would do nothing to solve the critical economic situation. The statement also called for the release of political prisoners and an end to the persecution of civil rights activists.
- 23-24 (U) The Hungarian media prominently played up the first visit to Hungary by a Spanish foreign minister. Perez-Llorca conferred with his counterpart Puja on various "world issues," including CSCE. No communique was issued; both sides signed a consular agreement.
- 24 (U) An underground Solidarity bulletin circulating in Warsaw claimed that the party now had fewer than 1 million members. (The party, which had some 3.1 million members in February 1980, admitted that its membership was down to about 2.6 million as a result of mass defection and expulsions.)
- 24-25 (U) The Central Committee of the Polish Communist Party held its first plenary session since the imposition of martial law.
- 24-26 (U) Gyula Horn, deputy chief of the Hungarian party's international affairs department, conferred with Italian Communist Party (PCI) leader Berlinguer in Rome on "international questions" and bilateral party affairs.

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- 24-27 (U) Turkish President Evren visited Bulgaria for talks with Chairman Zhivkov.
- 25 (U) Soviet Politburo member Grishin visited Budapest and conferred with Hungarian party chief Kadar; he commended the "firm measures" taken by the Polish leaders.
- 25-26 (U) The Episcopate of the Polish Catholic Church held its first full plenary session since martial law was imposed. A strongly worded statement called for the lifting of martial law "as soon as possible"; the resumption of a genuine dialogue leading to a "covenant" between the regime and society, including Solidarity; and an amnesty for Solidarity leaders in internment or in hiding.
- 26-27 (U) The Polish Sejm (Parliament), at its second plenary session under martial law, approved two ministerial changes and passed a series of draft bills dealing with economic matters.

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Analysis Report

JARUZELSKI AND THE POLISH COMMUNIST PARTY:
EFFORTS TO RESTORE CENTRAL CONTROL

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JARUZELSKI AND THE POLISH COMMUNIST PARTY:
EFFORTS TO RESTORE CENTRAL CONTROL

I N T R O D U C T I O N

When General Jaruzelski imposed martial law in Poland last December, one of his main problems was the communist party itself. Not only was the party demoralized and unpopular, but its command structure had virtually ceased to function. As a result of democratic reforms instituted in the party since August 1980, party leaders up and down the line were dependent upon those below who had elected them and were unresponsive to orders from the central party authorities.

Jaruzelski responded to this situation with a series of steps aimed at making party organs more responsive to orders from the top: He issued secret instructions that suspended at least some of the new democratic procedures, appointed "plenipotentiaries" to oversee the implementation of leadership decisions in provinces and ministries, and created new party units to funnel central directives down to the local party organizations.

Jaruzelski's tactics may be inferred from reporting in the party press. Provincial newspapers, though far more subdued than in the period before the imposition of martial law, still print revealing details that do not appear in the central party organs. This report pieces together evidence of the new measures from scattered newspaper accounts since December 1981.

The measures appear to be temporary expedients. They have not so far radically altered the internal balance of power between conservative and moderate elements. Existing formal party structures have not been replaced, and the relatively few personnel changes that have been made do not seem to serve the goal of returning control over the party to the conservatives. Jaruzelski has insisted that he has no intention of reversing the "renewal" in the party, and some other leaders have said explicitly that the reforms written into the party statutes and election rules remain in effect.

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JARUZELSKI AND THE POLISH COMMUNIST PARTY:
EFFORTS TO RESTORE CENTRAL CONTROL

Polish press references to new leadership decisions and institutions since 13 December indicate that General Jaruzelski has quietly set up a system aimed at enhancing the ability of party organizations to act decisively and to ensure their responsiveness to his orders. New "instructions" authorize party executive committees to act in the name of the committees that elected them, bypassing procedures prescribed in the reformed party election rules adopted in late 1980. The instructions apparently have been used on a few occasions also to allow the leadership to remove province leaders without local debate. A variety of plenipotentiaries--both military and party--have surfaced around the country to supervise provincial execution of leadership decisions; and some provincial committees, citing a new Central Committee Secretariat decision, have organized "regional party work centers" to supervise and guide local party organizations.

NEW POLITBURO INSTRUCTIONS

The new rules for operation of party organs were apparently laid down in unpublished "Politburo instructions" on party activities under martial law. The only two known references to them in the Polish press suggest that they empower executive bodies to remove and elect secretaries and Executive Committee members without holding a province committee plenum:

† At a 9 January Wroclaw plenum, the province Secretariat, "on the basis of the Politburo instructions on the work of the party in the situation of martial law," prepared a plan to mobilize party members and the province Executive Committee. "Taking advantage of the rights issuing from the Politburo instructions," it added three new members to its own membership. (GAZETA ROBOTNICZA, 11 January)

† On 23 January the Katowice Executive Committee, "in accord with the instructions on party operations during the period of martial law," removed three of its members and province secretaries and appointed new province committee secretaries and Executive Committee members--including General Roman Paszkowski, the local viceroy of the martial regime. (TRYBUNA ROBOTNICZA, 25 January)

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Other recent personnel actions suggest that higher bodies now are authorized to remove elected leaders of lower bodies--as they did in practice before party reforms ensuring democratic practices were instituted--but the "instructions" have not been cited in the press in these cases. The clearest evidence of the new procedure is provided by local press reports that the Politburo "accepted the resignations" of Gdansk First Secretary Fiszbach and Katowice First Secretary Zabinski on 8 January and of Legnica First Secretary Jasinski on 5 February, and then simply appointed new first secretaries. The new first secretaries of Gdansk and Katowice were installed at meetings of the province executive committees instead of being elected at province committee plenums. (The relevant reports appear in the Gdansk GLOS WYBRZEZA-DZIENNIK BALTYCKI and the Katowice TRYBUNA ROBOTNICZA of 11 January.) There have also been a number of instances in which executive committees at province and local levels have removed elected officials of their own party committees or of lower committees.

At the same time, some personnel changes have been enacted by plenums according to the published party rules. For example, the new Legnica first secretary was installed by a province committee plenum, and a 28 January Warsaw plenum elected two new secretaries in a secret ballot.

PLENIPOTENTIARIES

To reestablish control over the province and other local party committees--which remain in the hands of those elected in early and mid-1981--"plenipotentiaries" representing the top military or party bodies have been appointed. The creation of these new positions on the military side was announced and explained publicly, but the creation of Politburo plenipotentiaries has not been publicized in the Polish media.

The new plenipotentiaries can clearly override provincial government heads and central ministers, but media commentary has not spelled out their rights vis-a-vis province party first secretaries and other party officials. There is evidence, however, that they play a dominant role locally. A factory official at the February Central Committee plenum, for example, was quoted by the central party organ TRYBUNA LUDU as complaining that even after two months of martial law, many local party organizations do not know what their own role should be. He added, according to the 26 February issue of the paper: "In reality it looks as if the military commissar and [factory] director decide all matters today. The party organizations are nowhere to be seen."

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The role of the military plenipotentiaries was explained by the deputy chief of the National Defense Committee (KOK) Secretariat, Col. Zdzislaw Malina, in the 23 December TRYBUNA LUDU. He stated that the KOK had established the post of "plenipotentiary military commissar" (*pełnomocnik-komisarz wojskowy*) in ministries, provinces, towns, and even some plants to "supervise the tasks of eliminating the internal threat, satisfying essential daily needs of the public" and "normalizing social and economic life." The plenipotentiaries, he explained, are all military officers--in most if not all cases the leaders of the "regional operational groups" that were created in the fall of last year to assist local authorities. They are appointed by and subordinate to General Jaruzelski, who is chairman of the KOK and the WRON (Military Council for National Salvation).

The job of the military plenipotentiaries, according to Malina, is to "ensure the execution of the orders" of the WRON and the KOK "strictly in accord with the rules of martial law." They have the right to remove provincial governors (*wojewodas*), plant directors, and other officials. They also supervise the work of province defense committees, which, according to Malina in a 2-3 January TRYBUNA LUDU interview, had executed the 13 December martial law orders. These committees are chaired by the province governor and include his deputies, the province party committee secretaries, the province police commander, and the chief of the province military staff. They organize the work of leaders of local government and enterprises, whom they can remove if necessary, Malina said.

Accounts in the media, mainly in local papers, have so far identified plenipotentiaries of the WRON in four provinces, plenipotentiaries of the KOK in eight provinces, a plenipotentiary of the "National Salvation Committee"* in one province, and commissars of the KOK in two provinces. One KOK plenipotentiary in the Academy of Sciences and another in the Agriculture Ministry have also been mentioned. Virtually all have been identified as generals or colonels.

The post of "plenipotentiary of the Politburo"--or, in some cases, "of the Central Committee"--began appearing in local papers toward the end of December. As of late January, such plenipotentiaries have been identified for 10 provinces, including Lodz, Krakow,

* A "National Salvation Committee" is not known to have been mentioned elsewhere; the term may be a garble of the names of the two martial law bodies.

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Bydgoszcz, and Wroclaw. These plenipotentiaries appear to be civilians and are not Central Committee members or otherwise well-known figures. Some provinces--Torun, Piotrkow Trybunalski, Lomza, Legnica, Bydgoszcz, Krakow--have both military and party plenipotentiaries.

REGIONAL PARTY WORK CENTERS

To strengthen the province committees' control over subordinate local party organs, a number of provinces have created "regional party work centers" (*rejonowe osrodki pracy partyjnej--ROPP*), which are to coordinate and assist the work of lower party organizations, youth groups, women's organizations, and so forth. Local papers make it clear that this is being done in response to a decision by the Central Committee Secretariat. A 22-24 January article in the Bydgoszcz-Torun paper GAZETA POMORSKA called the "directors" of these units "actually plenipotentiaries" of the province committee Executive Committee and explained that each of Bydgoszcz's nine ROPP's would supervise geographic areas embracing 130 to 300 primary party organizations.

These new organizations, which appear to supersede local elected party committees of cities, towns, parishes, and factories, are probably seen as a threat to party democracy by some party members. The 25 January Rzeszow paper NOWINY reported that the establishment of these units had raised questions among party members "whether this is not an attempt to return to old structures." A 20 January article in the Lublin paper SZTANDAR LUDU about the ROPP's stressed that they would have no executive power and would not "replace elected bodies" and added that the director of an ROPP would have powers similar to those of the head of a province committee department.

LIBERAL-CONSERVATIVE BALANCE

Despite the creation of these new mechanisms, party reforms have not been repealed and few reformers have been ousted. Central Committee Secretary Barcikowski, a moderate, declared in the 31 December TRYBUNA LUDU that none of the party congress's decisions had been suspended, and Central Party Control Commission Deputy Chairman Tadeusz Nowicki declared, according to the 18 January TRYBUNA LUDU, that "martial law has not suspended the PZPR Statute."

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All Politburo members* have been active since the start of martial law, and most province first secretaries are clearly still in place. Although liberal Gdansk First Secretary Fiszbach has resigned, probably involuntarily, reformers or moderates such as Barcikowski, Kubiak, and Labecki remain in the Politburo; Rakowski remains deputy premier (and very active in Jaruzelski's regime); and Dabrowa remains first secretary in Krakow, Skrzypczak in Poznan, Zawodzinski in Bialystok, Miskiewicz in Szczecin, and Prusiecki in Elblag.

The more sensitive key personnel actions have been carefully balanced and have been overseen by both moderates and conservatives:

† The removal of liberal Gdansk First Secretary Fiszbach was supervised by moderate Central Committee Secretary Barcikowski and reformer Jan Labecki, as well as by Cadres Department chief Gen. Tadeusz Dziekan. His replacement, Maritime Minister Stanislaw Bejger, had long ties with Gdansk. (GLOS WYBRZEZA-DZIENNIK BALTYCKI, 11 January)

† The removal of conservative Katowice First Secretary Zabinski was announced by conservative Central Committee Secretary Olszowski, with moderate Central Committee Organizational Department chief Kazimierz Cypryniak and Katowice military viceroy Paszkowski also in attendance. The new first secretary is Zbigniew Messner, long-time rector of the Economics Academy in Katowice and also province people's council chairman. (TRYBUNA ROBOTNICZA, 11 January)

† The removal of Legnica First Secretary Jasinski was supervised by Central Committee Ideology Secretary Orzechowski and General Dziekan. Central Committee Ideology Department deputy chief Jerzy Wilk became first secretary, according to a 5 February Warsaw television broadcast.

* Former First Secretary Kania, who has not appeared in public since late November, is no longer a Politburo member, apparently having lost his membership automatically upon resigning as first secretary--just as his election as first secretary had automatically made him a Politburo member. Lacking any official announcement that he left the Politburo, party members at some local meetings have been quoted in the local press as asking whether he is still a member. A Central Committee member cited in the 20 October Katowice paper TRYBUNA ROBOTNICZA said that he had also resigned from the Politburo; and when the 28-29 November TRYBUNA LUDU identified Kania at the November Central Committee plenum, it called him only a "Central Committee member" and "former first secretary."

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The existing balance was also maintained at the 24-25 February Central Committee plenum--the first plenum since martial law was declared. In his opening report Jaruzelski sharply warned conservatives as well as liberals to stay in line and declared that there is "room in our ranks" for "a variety of views." While some speakers called for purges of those they regarded as too soft on Solidarity, prominent hardliners, such as Central Committee Secretary Olszowski or Politburo member Albin Siwak, did not speak. Several well-established and outspoken moderates did address the plenum: Deputy Premier Rakowski, Central Committee Secretary Kubiak, youth leader Jaskiernia, local Krakow factory secretary Miniur, and Lodz worker Nowakowska. Rakowski defended the line of accord against conservative criticism, Kubiak disputed conservative attacks on the Central Committee Culture Department, which he heads, and Miniur assailed "sectarianism." The plenum ended with no major shakeup. It dropped only two liberals from the Central Committee--one for criticizing martial law and the other for refusing to quit Solidarity.



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