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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** BAILEY, NORMAN: FILES

**Withdrawer**

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**File Folder** EASTERN EUROPEAN POLICY 04/01/1982-04/14/1982

**FOIA**

M452

**Box Number** 1

SHIFRINSON

22

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
153399	REPORT	RE. ALBANIA AFTER SHEHU <i>R 12/7/2016 M452/1</i>	9	4/2/1982	B1
153404	MEMO	PAULA DOBRIANSKY TO WILLIAM CLARK RE. POLICY PLANNING FOR POLAND <i>R 12/7/2016 M452/1</i>	1	4/6/1982	B1
153406	MEMO	FRED IKLE TO DEPUT ASSISTANT FOR PRESIDENT FOR NATIONAL SECURITY AFFAIRS RE. POLICY PLANNING FOR POLAND <i>R 2/18/2015 M452/1</i>	1	3/24/1982	B1
153409	MEMO	H. ALLEN HOLMES TO RAYMOND WALDMANN RE. U.S.-ROMANIAN JOINT ECONOMIC COMMISSION <i>R 12/7/2016 M452/1</i>	1	ND	B1
153413	REPORT	RE. EAST EUROPEAN HIGHLIGHTS: MARCH 1982 [W/CHRONOLOGY] <i>R 12/7/2016 M452/1</i>	14	4/9/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

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NON-LOG

NATIONAL SECURITY COUNCIL

April 2, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NAB*

SUBJECT: Proposed Meeting with Yugoslav Ambassador

Ambassador Loncar has requested an appointment to see me on Monday morning to discuss the Yugoslav debt.

RECOMMENDATION:

That you approve my meeting with the Yugoslav Ambassador.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_



BUREAU OF  
INTELLIGENCE  
AND RESEARCH

ASSESSMENTS  
AND  
RESEARCH

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(U) ALBANIA AFTER SHEHU: THE INTERNAL SCENE

(C) Summary

The December "suicide" of Albanian Premier Mehmet Shehu, heir apparent to 73-year-old party leader Enver Hoxha, may destroy prospects for a smooth regime succession and seriously weaken the country's prospects for maintaining its independence and its unique brand of Marxism-Leninism.

Speculation about a Shehu-Hoxha power struggle cannot be confirmed, but persisting suspicion exists among some Yugoslavs and Western diplomats that an internal party dispute had taken place. If Shehu's death was connected with policy differences with Hoxha, then the latter's control of the regime probably has been strengthened, as has been his ability to dictate a successor. Given Albania's strategic location in the Balkans and on the Adriatic, signs of political factionalism and internal instability might tempt Moscow and Belgrade to intervene, particularly during a post-Hoxha period.

\* \* \* \* \*

(U) Albanian Regime Announces Shehu "Suicide"

On December 18, Radio Tirana announced that Premier Mehmet Shehu, 68, had committed suicide early that morning in a "moment of nervous crisis." On the following day, the Albanian party daily, Zeri I Popullit, published the announcement--signed by the Party Central Committee, the Presidium of the People's Assembly, and the Council of Ministers--on its front page. The brief obituary made no mention of Shehu's close collaboration with party leader Hoxha for almost 40 years, or his importance and stature within the Albanian hierarchy--second only to that of Hoxha himself. While

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RDS-1,3 4/2/02 (Bellocchi, N.)

BY AW NARA DATE 12/5/10

Report 351-AR  
April 2, 1982

terse acknowledgment was made of Shehu's participation in the Spanish Civil War, his role in the Albanian wartime resistance, and his impressive party and government positions (Party Politburo member, Army General, Chief of the General Staff, Minister of Internal Affairs, Minister of Defense, and Premier), no period of mourning or state funeral was decreed.<sup>1/</sup>

(U) Shehu became a "non-person": his portraits were removed from public places and his books from libraries and bookshops. During the January parliamentary session which approved his successor as Premier, Shehu was not honored with a moment of silence, even though he had served in that body for some 35 years. Neither Hoxha nor the new Premier mentioned his name during their speeches.

(C/NF) Rumors of Shehu-Hoxha Policy Differences

Shehu's sudden death and his relegation to official oblivion provoked rumors and speculation abroad, above all in Belgrade, that he had lost a power struggle with Hoxha. The Yugoslav media and some high-level officials expounded on this view, but offered no evidence to support it. One of Yugoslavia's most prestigious journals even advanced a version that had the two Albanian leaders locked in a "shoot-out" at a December 17 meeting of party leaders in Tirana.

Yugoslav speculation, rumor, and commentary were generally seen as part of a "disinformation" campaign against Albania related to the polemics over ethnic Albanian unrest in Yugoslavia. But some Western diplomats tended to give credence to suggestions that Shehu's death was associated with an internal party dispute over the choice of a successor to the 73-year-old, reportedly-ailing Hoxha, or over the easing of Albania's foreign isolation and its harsh domestic repression.

Albanian diplomats sought to explain the regime's treatment of Shehu and to refute speculation about an internal power struggle. Failure to honor Shehu, they claimed, accorded with the traditional Albanian position that suicide was a crime against society and a "disgraceful act aimed against the Party." The

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<sup>1/</sup> (U) The regime's treatment of Shehu contrasted starkly with that accorded Hysni Kapo, third-ranking member of the hierarchy, who died in September 1979. Zeri I Popullit on that occasion announced a four-day mourning period and featured photographs of Hoxha and Shehu as the leading pallbearers. Shehu delivered the main eulogy.

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diplomats pointed out that the party had treated the few other suicides of its officials in a similar manner and that Shehu's obituary noted the "important duties" he had been given in "appreciation of his merits." Yugoslav commentary on the suicide was dismissed as sheer propaganda, and it was asserted that no party meeting had taken place in Tirana on December 17.

Fate of Shehu's Relatives and Allies Unknown

(C/NF) No reliable information exists to challenge the official Albanian version of Shehu's death. He apparently had not fallen into sudden political disgrace; he had been reelected to the party hierarchy at the November 1981 Party Congress, where he had delivered a lengthy report on the economy and other foreign and domestic policy issues, all essentially following the line established in Hoxha's keynote address to the Congress. Shehu did sit while delivering his report--presumably because of illness.<sup>2/</sup> Whatever the actual state of his health, he carried out his duties as Premier and met with visiting Greek and Romanian officials only days before his death. Subsequent reporting by these officials gave no indication of any physical or mental distress.

(C) Since his death, unconfirmed reports and rumors allege that Shehu's relatives and supporters occupying leading positions are being systematically replaced as a first step in Hoxha's effort to eliminate this source of actual or potential opposition and to enhance his own power. Among those allegedly affected in the purges are:

--Shehu's wife, a longtime member of the Party Central Committee and Director of the Higher Party School in Tirana. She reportedly has been dismissed from all her functions and arrested.

--Fecor Shehu, who was dismissed as Minister of Internal Affairs in the cabinet reshuffle of January 15. The exact relationship between Mehmet Shehu and Fecor Shehu cannot be determined: Yugoslav and Soviet media said that Fecor was Shehu's nephew, while some confidential reporting alleges he was a son or brother. Albanian diplomats abroad deny any

2/ (C) Shehu was said to have a kidney disorder which resulted in extreme nervousness. He traveled to France in 1972 and 1973 for unspecified medical treatment.

family relationship between the two.<sup>3/</sup> If such a relationship did exist, the subsequent changes could suggest Hoxha-Shehu differences. Fecor Shehu's dismissal from the Cabinet constituted the only major change in the reshuffle. No information is available about his present status--i.e., whether he was assigned other functions or lost his membership in the Central Committee.

(U) On the other hand, Defense Minister Kadri Hasbiu, Shehu's brother-in-law, retained his portfolio. He also appeared publicly with Hoxha and other members of the "old guard" at an art exhibition in Tirana, as if to refute speculation that Shehu's relatives and supporters were being purged and to underline the continuity and closeness of the hierarchy.

(U) New Premier Pledges To Continue Hoxha Policies

On January 14, Hoxha addressed the Albanian Parliament and proposed Adil Carcani as the new Premier. He praised Carcani--60 years old, a member of the Party Politburo since 1956, Deputy Premier since 1965, and First Deputy Premier since 1974--for his "ceaseless and relentless" struggle against Albania's enemies.

In his maiden address as Premier, after having received unanimous endorsement from the Parliament, Carcani:

--indicated that no changes in either foreign or domestic policies were being contemplated. He closely followed the line enunciated by Hoxha at the November Party Congress, and promised to "implement fully the correct Marxist-Leninist line" as it has been established and interpreted by Hoxha;

--denied that Albania was "isolated"; rather, he said, it was prepared to establish relations with selected countries, in addition to those with which it currently maintains diplomatic, trade, and cultural relations, on the basis of mutual

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<sup>3/</sup> (C) Fecor Shehu became Minister of Internal Affairs in early 1980; he succeeded Hasbiu, who had become Minister of Defense, replacing Mehmet Shehu. The latter had assumed the defense portfolio--while remaining Premier--from Defense Minister Balluku, who was purged (and allegedly executed) in 1974. Hasbiu had been Minister of Internal Affairs from 1954 to 1980; he had assumed that portfolio when Mehmet Shehu became Premier. The exchanges and replacements involving the Shehus and Hasbiu illustrate the character of the postwar Albanian leadership, which has been a clique of a few families, relatives, and clan members.



interest, non-interference, equality, and respect for sovereignty and territorial integrity;

- excluded diplomatic or any other kind of relations with the US and the USSR. Moscow and its Warsaw Pact allies were described as being among "our most ferocious enemies";
- reaffirmed Albania's rejection and withdrawal from the Warsaw Pact in 1968;<sup>4/</sup>
- reiterated Hoxha's pledges to fight alongside the Yugoslavs if they were attacked by either of the superpowers;
- criticized Yugoslavia (as did Hoxha at length at the Congress) for its "savagely, revanchist, chauvinistic, and terrorist" policies against the Albanian minority in Yugoslavia and for waging a "cold war" against Albania;
- denied Albania had interfered or would interfere in Yugoslavia's internal affairs or had made any territorial claims against Yugoslavia, but vowed to continue to defend "all the rights pertaining to our Albanian brethren" in Yugoslavia; and
- asserted that Albania's policy toward Yugoslavia had not changed since the Congress and that Albania wanted to continue "normal diplomatic, trade, and cultural relations" with Yugoslavia, but only on the basis of the "well-known principles of non-interference in each other's internal affairs, equality, and respect for sovereignty and for each country's territorial integrity."

Leadership Changes Underscore Hoxha's Control; No Evidence of Factionalism

(C) Except for the possible dismissal of Fecor Shehu, the January 15 cabinet reshuffle--as well as changes in the party leadership at the November Congress--apparently were carried out under Hoxha's direction and not motivated by political factionalism or any "settling of personal accounts."

(U) Party Politburo member and Party Secretary Hekuran Isai replaced Fecor Shehu as Minister of Internal Affairs; two other replacements in the Cabinet also came from the Politburo,

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<sup>4/</sup> (C) Carcani's comments were clearly in response to Yugoslav insinuations that Moscow and other Warsaw Pact members had not accepted Tirana's September 1968 denunciation and withdrawal from the Warsaw Pact. Albania had been a founding member of the Pact in 1955, with Shehu as the Albanian signatory.



underscoring the new incumbents' credentials as party/Hoxha stalwarts and strengthening party control over the government apparatus. Haki Toska was dropped as Minister of Finance, but his demotion seems to have resulted from incompetence rather than any political differences with Hoxha. Toska had not been reelected to the Politburo in November, but he retained his membership in the Central Committee, indicating he was still in good grace with the party leadership. All three Deputy Premiers and 12 other cabinet members remained in place.

(C) The leadership changes that took place at the Party Congress made it clear that the privileged members of the partisan-dominated "old guard" would continue to wield decisive power.<sup>5/</sup> However, Hoxha stated that "new blood" had to be brought into the Central Committee and that "no political problem" (read purge) was involved in the cases of those not reelected to the Politburo or Central Committee. (All Central Committee members were "unanimously" elected by the congress delegates.) Some officials, Hoxha said, were no longer able to carry out leadership responsibilities because of ill health, old age, or incompetence. He also intimated that no political disgrace should be inferred from the demotions of three Politburo members (whose tenure in that top policymaking body extended back to 1948, 1952, and 1961); they would remain on the Central Committee. He said that those who would not be reelected understood the situation "correctly" and would remain honored and trusted "comrades."<sup>6/</sup> The main criteria for the "regeneration" process under way were political and ideological loyalty, capability, and a proper balance between younger and older members and between the sexes.

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<sup>5/</sup> (U) The "old guard" now includes Hoxha, Ramiz Alia (ideology), Carcani (government and economy), Hasbiu (military), Manush Myftiu (culture), and Rita Marko (trade unions). All are full members of the Politburo who served in the communist resistance movement during World War II. Their average age is 63.

<sup>6/</sup> (C) At the 1976 Congress, Hoxha revealed the purges and executions of former Defense Minister Balluku and other "traitors," consigning them to the "rubbish heap of history." It is not clear why they were purged: whether they opposed various domestic political and economic policies or the foreign policy of Hoxha and Shehu, whether they were pro-Soviet, pro-Yugoslav, pro-Chinese, or anti-Chinese (at that time Albanian-Chinese relations were being affected by Chinese efforts to mend relations with the US and Yugoslavia), or whether they favored expanding ties with various Western countries.

(U) Four new members were added to the Politburo, increasing its membership to 18 (13 full and 5 alternate members): the Central Committee had 81 full and 39 candidate members, a slight increase from the 1976 Congress. The average age in the Central Committee was now 49, compared with 50.7 in 1976. Hoxha also claimed that the distribution between age groups and the sexes had improved, along with educational qualifications. The intelligentsia was represented in such new areas as science, literature, art, journalism, and culture--evidently the first real effort to include members of the intelligentsia since the purges of cultural-literary officials and personalities in 1973.

(C) Impact of Shehu's Death on Albania

Shehu's death appears to have had little effect on the internal situation. There are no signs of political factionalism, instability, or any weakening of Hoxha's control. Some Western diplomats profess to see a hardening of Albania's isolationism since Shehu's death, particularly where Tirana's relations with the West are concerned. But there are also opposite indications--e.g., Albanian diplomats in Vienna now claim that Tirana is prepared to normalize its relations with Spain and other Mediterranean countries.

Despite continuing rumor and speculation about Shehu's relatives and supporters being purged, no evidence is available to substantiate, or refute, them. The fate of Shehu's wife may throw some light on the situation, as well as on the circumstances of his "suicide"; whether his "treachery" will one day be exposed at a party congress or whether he will eventually be rehabilitated to Albania's pantheon of nationalist and communist heroes remains to be seen. Albania is an extremely closed society, with any kind of information pertaining to the leadership difficult to come by--unless it has first been carefully screened through official sources.<sup>7/</sup>

Little was known about the actual relationship between Hoxha and Shehu, but it was widely conceded that Shehu was the second most powerful leader in Albania. He had supported Hoxha during

<sup>7/</sup> (C/NF) Western diplomats resident in Tirana generally admit they had no knowledge of any Hoxha-Shehu differences or party factionalism. These diplomats also admit they have almost no contact with Albanian officials and none with the ordinary citizen. Rumors that circulated in the diplomatic community in Tirana on January 13 about an assassination attempt against Hoxha were suspected of having originated with the Yugoslav Embassy there, as part of Belgrade's "disinformation" effort against Hoxha and the regime.

the numerous factional struggles and purges and during Albania's bitter conflicts with Yugoslavia, the USSR, and China. He was said to be as committed to the regime's isolationist, repressive policies as Hoxha. In effect, the two leaders functioned as a political duumvirate, with Shehu expected to succeed Hoxha as party leader and thereby ensure a smooth succession and continuity of policy. Although Shehu presumably used relatives and friends to build his own base of power, there is no evidence suggesting he had ever done so in opposition to Hoxha.

(C) Possible Shehu-Hoxha Differences?

Nevertheless, despite their long collaboration and possible close personal friendship, policy differences between Hoxha and Shehu cannot be discounted, particularly because their special areas of activity and responsibility could have contributed to conflicting perspectives regarding present and future policies. As Premier, Shehu was responsible for the daily conduct of the government bureaucracy (economic matters, foreign affairs, internal security)--in short, he dealt with problems and developments which affected the daily lives of the population and the regime's official contacts with the outside world.

Hoxha was said to have devoted himself to long-term political and ideological issues; he was more remote and removed from the practical impact of his policies. His constant exhortations for ideological purity and for increased self-reliance and sacrifice may have been increasingly seen by Shehu as counterproductive, even inimical, to economic and social progress. Shehu conceivably may have proposed easing Albania's foreign isolation to obtain Western technology, and its harsh political/ideological controls to stimulate economic production.

The two leaders also may have differed over the choice of a successor to Hoxha, with the latter favoring someone more sympathetic to his thinking, as, for example, the ideologist Ramiz Alia, who is now being touted as the most likely successor to Hoxha as party leader, with Carcani remaining as Premier. Such a scenario, however, would hardly be revealed to the outside world.

But if such a scenario did occur and Shehu was murdered or forced into suicide, internal instability and party factionalism would probably increase unless Hoxha managed to move quickly and decisively against Shehu's allies. Hoxha would, by doing so, seek further to consolidate his control over the government bureaucracy, presumably Shehu's stronghold, and so be much more able to dictate his successor without challenge.

On the other hand, if Shehu had committed suicide because of his health, in a "moment of nervous crisis," then his absence would be all the more sorely felt. It might well result in

greater uncertainty and confusion about the leadership succession and the direction the post-Hoxha regime will take. It could also provoke factionalism, especially among rivals within the leadership, and, as a consequence of this ensuing uncertainty and factionalism, tempt Soviet or Yugoslav intervention in Albania. A strong successor would be in a much more advantageous position to cope with potential popular unrest, pressing economic difficulties, and party divisions--as well as foreign influences.

### Outlook

(C/NF) There is little likelihood that Hoxha will significantly alter his unique brand of Marxism-Leninism. His successor or successors, presumably coming from the "old guard," can be expected to make little change in his policies, at least in the short term. However, the demise of the "old guard" and the emergence of a younger, more educated, and pragmatic element might eventually force marked departures from Hoxha's domestic and foreign policies. Some Yugoslavs and Western diplomats believe there is a pro-Soviet element in the Albanian party that is merely waiting for Hoxha's death or political departure before making its own bid for power. Such a possibility disturbs the Yugoslavs, who feel that Soviet influence or, more ominously, a Soviet military/naval presence in Albania could destroy Yugoslavia's unity and territorial integrity and undermine Balkan/Adriatic stability. Moscow has made several overtures to reestablish relations with Tirana, but has been spurned--thus far. Hoxha's successors, however, may perforce change this aspect of Hoxha's foreign policy, particularly if the Soviets were to provide substantial economic/military assistance and "protection" against a threatening Yugoslavia.

(C) One cannot identify future Albanian leaders, especially among the younger elements. Even such relatively known and prominent officials as Alia and Carcani are enigmas to Westerners. In a sense, Hoxha and Shehu were at least predictable; they were known for their ruthlessness, their unswerving devotion to Stalinism, and their hostility to "revisionists" and US "imperialism."

(C) Yet, because so little is known about Albania, and because its traditions and behavior can hardly be judged in a Western/democratic context, even those younger and more educated leaders who come to power could just as well prove as adamant as Hoxha and Shehu in perpetuating isolationism and repression. In the end, foreign pressure and influence may be more important in determining the future Albanian leadership and its internal policies than strictly internal developments.

Prepared by P. Costolanski  
x22876

Approved by M. Mautner  
x29536

## MEMORANDUM

## NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

April 6, 1982

INFORMATION

S S

MEMORANDUM FOR WILLIAM P. CLARK

FROM: PAULA DOBRIANSKY PD

SUBJECT: Policy Planning for Poland

Last week I convened an interagency working group (State, Treasury, Commerce, Labor, CIA, OPD, AID) to develop a short-term/long-term U.S. strategy aimed at bolstering free market forces, decentralized economic decision-making, agricultural productivity and worker/private ownership in Poland. The results of the meeting were: all participants agreed to the general desirability of strengthening private sector forces within Polish society; USDA and Commerce were tasked to draft papers examining Polish agriculture and industry, respectively, and the kind of U.S. technical assistance/exchanges that can be rendered; the working group will meet again on April 14. (C)

At Tab I is a memorandum from Under Secretary of Defense for Policy Fred Ikle which comments on the NSC/OPD paper. He contends that it is premature to devise any policy recommendations on the "private sector initiative" given the present uncertainty in Polish internal developments. However, the initiative is being structured in a way which takes into consideration changes in Polish events. Already, we have devised a two-tiered framework which corresponds either to the lifting of martial law and resumption of dialogue with Solidarity or to the continuation of present policies. (C)

At Tab II is a memorandum from State (Executive Secretary Bremer) indicating that the NSC/OPD paper contains a number of interesting ideas which should be discussed further. (C)

cc: Norman Bailey

## Attachments:

- Tab I Memorandum from Under Secretary of Defense Ikle of March 24, 1982
- Tab II Memorandum from Executive Secretary Bremer of March 15, 1982.

~~CONFIDENTIAL~~

Review April 6, 1988.

DECLASSIFIED

 NLRR M4521 #153404  
 BY AW NARA DATE 12/7/16

~~CONFIDENTIAL~~

30 MAR 1982

THE UNDER SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301



POLICY

1739  
addition  
153406

In reply refer to:  
I-08069/82

24 MAR 1982

MEMORANDUM FOR DEPUTY ASSISTANT TO THE PRESIDENT FOR NATIONAL  
SECURITY AFFAIRS

SUBJECT: Policy Planning for Poland (U)

(U) I appreciate the opportunity to comment on the paper transmitted under your memorandum of March 5, discussing a long-term initiative toward Poland.

(e) I agree with Judge Clark that several of the ideas have potential if the post-martial law situation presents an opportunity to implement them. We currently have so little to go on, however, about the conditions that would accompany a return to civilian rule, and what the complexion of a civilian regime would be. Planning for our response now must be rather conjectural.

(e) Having a menu of ideas ready to draw upon at an appropriate time is useful. But developing a definite program based on it seems premature.

(e) I suggest that we should pause before formally presenting to the NSC a proposal involving use of the private sector and voluntary agencies in support of our policy ends in Poland. There is a risk we could stir up expectations about economic help to Poland in exchange for but minimal concessions by Jaruzelski.

  
Fred C. Ikle

Classified by PDir, EUR&NATO Policy, ISP  
Declassify on March 12, 1988

DECLASSIFIED

NLRR M4521 #153406  
BY RW NARA DATE 2/18/15

~~CONFIDENTIAL~~



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DEPARTMENT OF STATE

Washington, D.C. 20520

~~LIMITED OFFICIAL USE~~

March 15, 1982

MEMORANDUM FOR MR. WILLIAM P. CLARK  
THE WHITE HOUSE

Subject: NSC Paper on Policy Planning for Poland

The Department has reviewed the NSC paper entitled "A Positive U.S. Initiative for a Free Poland" which you sent to Under Secretary Eagleburger on March 5. The paper contains a number of interesting ideas, some of which have considerable potential and which can contribute to the work of the Polish IG on future contingencies.

The Department will convoke a meeting of the Polish IG on March 23 to consider contingencies for possible future developments at which the NSC paper will be discussed. We believe that the existing Polish IG is the proper forum for considering new policy initiatives on Poland and see no need for the new working group on policy development proposed in the subject NSC paper.

L. Paul Bremer, III  
Executive Secretary

Attachment:

March 5 NSC Memorandum

~~LIMITED OFFICIAL USE~~

RW  
2/6/13



THE WHITE HOUSE  
WASHINGTON

March 5, 1982

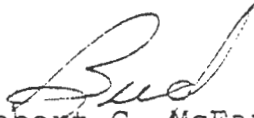
MEMORANDUM FOR

The Honorable Lawrence S. Eagleburger  
Under Secretary of State for Political Affairs  
The Honorable Fred Ikle  
Under Secretary of Defense for Policy

SUBJECT: Policy Planning for Poland

Attached is a paper prepared by members of the National Security Council staff and the Office of Policy Development. It expresses a concept and notional program elements of a long-term initiative toward Poland.

Judge Clark has reviewed the paper and believes that several of the ideas it contains have considerable potential. He offers it for your consideration and would welcome your comments at your convenience.

  
Robert C. McFarlane  
Deputy Assistant to the President  
for National Security Affairs

Attachment

*Received in S/S-I  
3/8/82 1537  
[Signature]*

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



DEPARTMENT OF STATE

ACTION MEMORANDUM

'82 MAR 12 P5:46S/S MAR 12 1982

TO: The Acting Secretary

THROUGH: P - Mr. Eagleburger *[Signature]*

FROM: EUR - H. Allen Holmes, Acting *[Signature]*

SUBJECT: NSC Paper on Policy Planning for Poland

We have reviewed the paper that the NSC has sent to Larry Eagleburger containing some ideas on policy initiatives for Poland. While some of these ideas have merit and deserve further study, we believe this should be done by the existing Polish IG rather than by a new NSC working group, as proposed by the memorandum. Attached is a memorandum from Executive Secretary Bremer to Judge Clark thanking him for the memorandum and stating that the Department believes that the NSC paper should be considered by the Polish IG at a meeting we plan to hold soon on future contingencies for Poland.

RECOMMENDATION

That you authorize sending the attached memo to Judge Clark.

Approve *[Signature]* Disapprove \_\_\_\_\_

*3/15*

Attachments:

- Tab 1 - Suggested memo to Judge Clark.
- Tab 2 - Incoming correspondence.

Drafted: EUR: JDS *[Signature]* canlan: dm  
 3/12/82 ext- 210/10





DEPARTMENT OF STATE

Washington, D.C. 20520

*Cancel the meeting Monday on this date 4/9*  
153409

~~CONFIDENTIAL~~

TO: Raymond J. Waldmann, Assistant Secretary  
Department of Commerce

FROM: EUR - H. Allen Holmes, Acting *for*

SUBJECT: U.S.-Romanian Joint Economic Commission

We believe it essential for our foreign policy interests in Eastern Europe to convene at least an Executive Session of the U.S.-Romanian Joint Economic Commission (JECC), as has been proposed, in late May.

To postpone a JECC meeting would give a negative signal to the Romanians at a time when more rather than less consultation with Romania seems called for. An Executive Session of the JECC would not commit the United States to a thing, but would provide a forum for an exchange of views and permit us to emphasize again to the Romanians our concern that they put their financial and economic house in order.

We are aware of Treasury's negative views on this matter, with which we strongly disagree. We have sent Treasury a memorandum challenging their assertion that there is a "general freeze" on U.S. relations with Eastern Europe and the possibility of sanctions against those countries because of the Polish crisis. There is, of course, no such thing as a "general freeze" on our relations with the Eastern Europeans, nor would we extend our current sanctions against Poland and the Soviet Union to the other Eastern European countries unless they were to participate actively in a Warsaw Pact invasion of neighboring countries -- an action that Romania refused to do in 1968 during the Czech crisis and which they have said they would not do today in the case of Poland.

During Secretary Haig's recent visit to Bucharest, the Romanians raised with him the question of an Economic Commission meeting this spring. The Secretary said that he favored such a meeting in principle and that the Department of State would look into it. We have done so, and our position remains in favor of the meeting. We have also discussed this with Under Secretary Eagleburger, and he concurs.

~~CONFIDENTIAL~~  
RDS-3 3/31/02

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NLRR M4521 #153409  
BY *AW* NARA DATE 12/7/16

3 PM  
4/12/82



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

April 7, 1982

*Alan - call a meeting of Waldmann and Holmes in my office to discuss issue - any time next week*

MEMORANDUM FOR THE HONORABLE  
NORMAN C. BAILEY  
SENIOR DIRECTOR FOR  
NATIONAL SECURITY PLANNING  
NATIONAL SECURITY COUNCIL

SUBJECT: U.S. Romanian Joint Economic Commission

The Commerce staff has recommended to Secretary Baldrige that an executive session of the U.S.-Romanian Joint Economic Commission be held in late May. The Treasury Department feels it should at least be put off until the fall. It does not appear to be a good idea for the U.S. Government to be maintaining contacts in the region on a business-as-usual basis at a time when we are trying to get our allies to take a look at the Eastern debt situation.

You might want to call a meeting to discuss the advisability of holding the meeting at this time.

*[Handwritten signature]*  
Marc E. Leland  
Assistant Secretary  
International Affairs

cc: Ray Waldmann, Commerce 377-3022  
Allen Holmes, State 632-1566

Classified by MELeland.  
Review for declassification  
on April 7, 1988.

DECLASSIFIED

Authority *Straw to Leonard (tr. 8/72/06)*  
BY *RW* NARA DATE *2/6/13*



BUREAU OF  
INTELLIGENCE  
AND RESEARCH

CURRENT  
ANALYSES

~~CONFIDENTIAL~~

NOT RELEASABLE TO FOREIGN NATIONALS

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BAILEY

SE

(U) EAST EUROPEAN HIGHLIGHTS: MARCH 1982

(C) Relative quiet in Poland enabled party chief and Premier Jaruzelski to travel abroad and seek further assistance from the USSR and East Germany. The question of how to handle the thousands of interned Polish Solidarity activists preoccupied the regime, which sought to induce them to emigrate.

(C) The CSCE review conference in Madrid recessed until November 9, following a major East-West confrontation over Poland. In East Germany the regime braced itself for possible confrontation with a youth "peace movement" backed by the Lutheran Church.

(C/NF) Albanian-Yugoslav relations deteriorated further as a result of new disorders among the Albanian minority as it commemorated last year's ethnic riots in Yugoslavia.

\* \* \* \* \*

(C) Poland: Mending Fences With Allies

Despite the continuing bleak economic outlook and a virtual standstill in political life, the Jaruzelski regime felt secure enough to devote attention to repairing Poland's tattered relations with its allies. Jaruzelski's visits to Moscow and East Berlin (talks with Czechoslovak and Hungarian leaders were to follow) were intended also to solicit economic assistance and, in the process, to bolster his domestic standing.

Moscow rolled out the red carpet on March 1-2 to signal its satisfaction with Poland's martial law policies and return to the communist fold. Brezhnev's personal endorsement, although not

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Report 360-CA  
April 9, 1982

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BY LD NARR DATE 12/7/11  
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unqualified, was even stronger than earlier statements by such members of the Soviet Politburo as Tikhonov and Grishin. The Soviets muted whatever concerns they may still have harbored about a military rule in Poland as they praised Jaruzelski for suppressing Solidarity and restoring law and order after 18 months of political upheaval. Jaruzelski thus returned home with general promises of more Soviet economic assistance and, apparently, the kind of political backing that will strengthen his position vis-a-vis party hardliners.

The March 2 joint communique emphasized the "legitimacy" of martial law in Poland in the face of US "interference." It repeated the Soviet charge of Western violation of the UN Charter, the CSCE Final Act, and "recognized norms of international law." It also stressed that events in Poland should not be allowed to hinder the achievement of an arms control agreement between the US and the USSR.

The USSR apparently pledged economic assistance beyond the 1.2 billion rubles (almost US\$1.7 billion) announced in January, but details were yet to be worked out. Increases in oil and gas deliveries appear to have been excluded, and there was no evidence that new hard-currency assistance was in the offing. Thus, the new economic aid was believed to consist largely of raw materials which Poland badly needed to prevent an even greater decline in industrial output. But whatever assistance the USSR did provide was almost certain to be doled out in ways that maximized Soviet leverage over developments in Poland. And neither the Soviet nor other Council for Mutual Economic Assistance (CEMA) economic aid could fill the gap left by the West; a considerable portion of Polish industry still depended heavily on imports and credits from the West.

Following Moscow's endorsement, Jaruzelski received a virtual hero's welcome in East Berlin on March 29. The effusive reception was staged to mark the end of a strained chapter in a never particularly warm relationship. East Berlin had been one of Warsaw's severest critics since the crisis began: the East German regime (together with Czechoslovakia) had gone furthest in reducing official party and government contacts, curbing cultural and other exchanges, and virtually halting tourist traffic.

Nevertheless, relations between the two countries were not likely to return to their pre-crisis level for some time. East Germany remained suspicious of Jaruzelski's intentions with respect to rebuilding the demoralized Polish party, the future of Solidarity, and relations with the Catholic Church. There were also indications that East Berlin would have preferred to see Polish hardliners playing a much greater role. Furthermore, East Berlin probably cautioned Jaruzelski against putting former party

and government leaders on trial. Such sensitive topics presumably figured in the second round of talks, which were given conspicuously scant publicity.

The joint communique issued after the visit gave little indication of how much, if any, new assistance East Germany was willing to give Poland beyond that promised in late February. Whatever the extent, it doubtless fell short of Jaruzelski's needs and would not ease appreciably Poland's immediate economic problems.

(C) The Dilemma Over the Internees

An increasingly troublesome aspect of Jaruzelski's dilemma over Solidarity is what to do with the thousands of union leaders and activists interned since last December. Just before martial law was imposed, one of Jaruzelski's main concerns was to immobilize Solidarity's leadership with as little violence as possible. Although a few officers and scores of activists managed to elude the police roundup, the operation was more successful than the authorities had anticipated. By March 10, about 3,200 out of a total of some 6,800 detainees had been released; approximately 3,600 still in some 25 internment centers, however, pose a growing problem for the regime.

Hardliners in the military and the party argue that Solidarity should be outlawed and the so-called extremists put on trial. Those more pragmatic, on the other hand, advocate resumption of some sort of a dialogue. Jaruzelski's position, which appears to fall somewhere in the middle, is twofold: he evidently hopes to induce as many of the internees and their families as possible to go into voluntary exile abroad, and to coax the moderates, especially Walesa, to purge the union of its "extremist elements." Jaruzelski first raised the idea of voluntary exile during his meeting with European Community (EC) ambassadors in January; he reiterated it formally in his Sejm (Parliament) speech on January 25. The Soviets apparently endorsed the idea on March 3, the day after Jaruzelski returned from Moscow. Polish authorities subsequently announced that internees and their families who wanted to leave Poland could apply between March 15 and June 15 for passports to emigrate.

The response thus far by detainees and other Poles has been minimal. As of mid-March, NATO and other Western missions in Warsaw had received some 500 inquiries on behalf of 351 individuals--235 were former detainees, 67 were still under detention, and the remainder had no record of detention. Most did not possess a valid passport when making the inquiry. The US Embassy received the most number of inquiries (114), followed by Australia (96), and the Federal Republic of Germany (70). Underground

Solidarity leaders reportedly have agreed that no one prominent in the movement should accept the regime's offer. The UK Embassy received the only application from a well-known detainee: Jan Lipski, founder of the Workers' Defense Committee (KOR), for a temporary visit for medical purposes (not asylum).

(C) CSCE Talks Recessed

Moscow, and Warsaw as well, may have hoped the West's opposition to martial law in Poland and its refusal to agree on a Conference on Disarmament in Europe (CDE) would erode during the Madrid session that resumed on February 9. In agreeing (on March 12) to recess the CSCE until November 9, Moscow in effect conceded that current prospects for agreement on a CDE were nil. It also probably reasoned that by fall, West European NATO countries would be less critical about Poland and out in front of the US on the CDE issue. In any case, the recess will provide Moscow with some relief from the West's attacks on martial law and Soviet complicity in it.

During the recess Moscow is likely to step up its effort to isolate the US by exploiting changing perceptions within NATO in the wake of further relaxations (however small or cosmetic) in martial law. This was suggested by Brezhnev's remark during Jaruzelski's visit that, while US-Soviet relations were important, West European voices also could be decisive.

Such divisive intents were also reflected in the communique on the March 4-5 talks between Bulgarian Foreign Affairs Minister Mladenov and Gromyko in Moscow. The communique made an obvious pitch to the West Europeans by claiming that US actions on Poland "signified an open disregard for the interests of all European states."

Following the announcement of the CSCE recess, Moscow and most of its Warsaw Pact allies blamed the US for the lack of progress on a CDE, a theme they had emphasized throughout the five-week session. Interestingly, however, Romania and, to a lesser extent, Hungary appeared to disassociate themselves from the sharpening Pact polemics on Poland.

(C/NF) East Germany: Getting Tougher With Its "Peace Movement"

The Honecker regime's toleration of the East German "peace movement" seemed to be running out. The Evangelical (Lutheran) Church recently was informed that thenceforth the state would consider the wearing of peace badges (many with the slogan, "Swords into Ploughshares") as a sign of political opposition and of membership in an illegal political movement. Individuals who persisted in displaying the badges risked expulsion from school or

loss of apprenticeship status, according to information received by the church.

The East German communist party (SED) has been perplexed about how to handle its "peaceniks," many of whom are alienated and disenchanting youths. While non-regime peace activities--such as the unprecedented peace demonstration in Dresden in February--enhanced the GDR's image in the FRG, much of the movement's ideological bent is antithetical to the SED. Many participants espouse anti-bloc and pacifist views that are wedded to disarmament themes with anti-regime overtones.

East Germany's Evangelical Church, while not endorsing all of the movement's ideas and activities, has given it institutional shelter. By and large, however, the church leadership does not want the movement to lead to open confrontation with the authorities--an eventuality that could undermine the church's hard-won gains in recent years and its growing role as a societal mediator. Thus, it seeks both to support and to moderate the "peace movement." For this reason, it expressed public regret over the new restrictions but indicated it could not protect individuals who violate the prohibition.

The regime's new, tougher stance does not bode well for the unauthorized peace demonstrations that some activists hope to stage around Easter. In the last analysis, the East German leadership will not tolerate an organized, pacifist-oriented "peace movement" which might serve to rally the discontented in the GDR.

(C) Yugoslavia: Disorders Mark First Anniversary of Ethnic Albanian Riots

On March 11, the first anniversary of the ethnic Albanian demonstrations in Kosovo, university and high school students joined by workers staged demonstrations in Pristina, the provincial capital, and at least four other cities. The demonstrators chanted slogans demanding republic status for Kosovo, the release of students imprisoned for participating in last year's riots, and unification of Kosovo with Albania. A number of arrests were made, but without bloodshed--unlike last year's demonstrations when at least nine persons were left dead.

Other student disturbances have occurred since then, underscoring the challenge that Albanian nationalism poses to the regime. Yugoslav officials have publicly opposed republic status for Kosovo (which is an autonomous province within the Republic of Serbia), claiming this would lead to secession and eventual reunification in a "Greater Albania." Thus far, this official



stance has prevented the Kosovo issue from intensifying republic/nationality differences or threatening internal stability. Nevertheless, the intractable nature of the Albanian "problem" could threaten Yugoslavia's unity and territorial integrity if the republics or nationalities became seriously divided over how to deal with the problem or sought to exploit it for their own ends.

(C/NF) Yugoslav-Albanian Relations Affected by Kosovo

The ethnic Albanian-Slav deadlock over the issue of republic status for Kosovo has also led to marked deterioration in Yugoslav-Albanian relations, because Tirana stoutly defends the Albanian minority's right to republic status. Some Yugoslavs believe that the "irredentist" Hoxha regime will never abandon its efforts to unite with the Albanians in Yugoslavia and will even collude with Moscow to achieve this end. Some also fear that the death last December of Premier Mehmet Shehu--Hoxha's heir apparent and an anti-Soviet hardliner--will increase political instability and factionalism in Albania; they believe that pro-Soviet elements may be awaiting the death of the 73-year-old Hoxha to seize power and to align Tirana with Moscow.

Developments in Brief

--(C/NF) Soviet, East German, and Polish Army units participated March 13-20 in a combined exercise code-named "Friendship-82." The exercise, which presumably involved less than 25,000 troops, was held in the Pomeranian Military District in northwestern Poland and featured some air activity and drop of Soviet airborne troops from helicopters. The Polish announcement of the exercise on March 12 made no reference to the notification provisions of the CSCE Final Act, nor did it provide information on the number of troops involved or the purpose of the exercise.

"Friendship-82," which ironically coincided with the third-month anniversary of the declaration of martial law in Poland, was the first such exercise in Poland since then. Probably it served to underscore the Warsaw Pact's political-military unity, a theme stressed by viewers Jaruzelski, East German Defense Minister Hoffmann, and Pact Commander in Chief Marshal Kulikov. Gen. Molczyk, who is the Polish Deputy Defense Minister and the Deputy Commander of the Warsaw Pact's Joint Armed Forces, commanded the exercise.

--(C) Hungary's Cardinal Lekai twice during the month took an uncompromising stance vis-a-vis Catholic dissidents who constitute the so-called basic community movement ("fundamentalists") and who have criticized Lekai and the episcopate

for "collaborationist policies." In the wake of last month's stern warning by State-Church Affairs Chairman Miklos to guard against "foreign and domestic" incitement in the form of a new kind of faith, the Primate of Hungary publicly berated the supporters of the movement for attempting to establish a "counter church." Lekai further accused them of being responsible for the "growing unrest" in the church and the "growing burden" in the church hierarchy. He called on Piarist priest Gyorgy Bulanyi, the movement's leader, to recant within a "short time." (Last year, Bulanyi's followers had criticized Lekai's suspension of two priests who had opposed compulsory military service.) The controversy over the movement was reputed to be on the agenda for Papal Nuncio Poggi's discussions with Lekai and Miklos during his March 24-31 visit to Hungary.

Prepared by I. Matusek, x22877;  
F. Foldvary, J. Bodnar, R. Farlow, P. Costolanski

Approved by M. Mautner, x29536



Chronology

March

- 1-2 (U) Polish party chief and Premier Jaruzelski met with Soviet leaders in Moscow. This was Jaruzelski's first official trip abroad since becoming party chief last October.
- 2 (U) Former Polish Mining Minister (under Gierek) Kulpinski was sentenced to a six-month suspended jail term for abuse of his official position.
- 2 (U) Romanian Foreign Minister Andrei met with Italian Communist Party chief Berlinguer in another show of Bucharest's support for the Italian party in the wake of its polemics with Moscow.
- 3 (U) Polish television announced that internees, including their families, interested in leaving Poland permanently could apply for passports; a government spokesman subsequently said those willing to go into exile could return whenever they wished.
- 3 (U) An unknown gunman fired into a group of Yugoslav "guest-workers" at the Yugoslav Club in Brussels, killing two persons and wounding two others. A Belgian Foreign Ministry communique deplored the "vile crime" and called on Belgian agencies to take stricter security and control measures.
- 4-5 (U) Bulgarian Foreign Minister Mladenov visited Moscow for talks with his Soviet counterpart Gromyko.
- 5 (LOU) A Polish Catholic priest was sentenced to a 3 1/2-year jail term for "slandering Poland's system and authorities" in a sermon. This was the first known instance that a clergyman was imprisoned for political reasons since martial law was declared last December 13.
- 8 (U) Polish Justice Minister Zawadski said 3,953 persons were still interned in some 25 detention centers. He confirmed reports that Lech Walesa's uncertain status was changed to that of an internee.
- 8 (LOU) Polish radio reported that Czechoslovak border guards shot a Pole attempting to cross from

5/2

March

southern Poland. It suggested that the number of border-crossing attempts, mostly by Polish teenagers trying to reach Austria, was rising.

9 (U) A Yugoslav Government note vehemently protested the "renewed escalation of anti-Yugoslav terrorism" in Belgium and demanded that the perpetrators of the March 3 slayings in Brussels be punished. It requested that Belgian authorities take vigorous measures to prevent further anti-Yugoslav activities in Belgium.

9-10 (U) Palestine Liberation Organization leader Arafat was warmly received in East Berlin, where his organization was accorded embassy status.

10 (LOU) The Polish police arrested four members of an alleged "juvenile terrorist group" in connection with the shooting of a policeman on a crowded Warsaw trolley on February 18. This brought to nine the total number of persons, including a priest, arrested in the case.

10 (C) Poland protested to Denmark and France the launching (by French activists) of 10,000 balloons carrying pro-Solidarity leaflets from the Baltic island of Bornholm. The balloons, which contained instructions for passive resistance to martial law, landed along the Polish coast.

10 (U) The Export-Import Bank announced it was suspending a \$120 million loan to Romania which was granted for the purchase of equipment for the Romanian nuclear power project.

10-13 (U) A Bulgarian parliamentary delegation, headed by Stanko Todorov, chairman of the Bulgarian National Assembly, made an official visit to Yugoslavia.

11 (LOU) For the first time since the imposition of martial law, Polish TV announcers appeared on the screen in civilian clothes instead of military uniforms.

11 (U) Ethnic Albanian students led anti-regime demonstrations in several cities in the autonomous province of Kosovo, marking the first anniversary

March

of a series of protests against the perceived discrimination of Albanians in Yugoslavia.

- 11-12 (U) French Minister of State for Economic Planning and Development and leader of the Socialist Party Michel Rocard visited Hungary and conferred with top party and government officials, including party chief Kadar.
- 12 (U) The CSCE review conference in Madrid recessed until November 9.
- 12 (U) The Polish News Agency (PAP) announced that a combined Soviet, Polish, and East German field training exercise, code-named "Druzhiba-82" (Friendship-82), would be held in northwestern Poland between March 13 and 20. The exercise was not announced in the context of CSCE, nor was there any indication by PAP of the number of troops involved.
- 12 (U) The Polish press admitted that protest actions were continuing in some internment camps, including hunger strikes and the production and dissemination of leaflets, posters, and poems "insulting Poland's system."
- 12 (C/NF) European Community (EC) governments agreed to cut Soviet imports to protest martial law in Poland, but the cuts affected only a little over 1 percent of Soviet annual exports to EC countries (worth perhaps \$120 million).
- 13 (C) Some 100 Solidarity supporters disrupted an opera performance in Warsaw to harass lead-singer Mroz for his alleged collaboration with martial law authorities.
- 13 (LOU) Polish industrial production fell sharply in February over the same month last year, but the decline was slightly less than the 13.7 percent drop recorded in January. Increased coal output was the only exception to the downward trend.
- 14 (C) Some 20,000 Poles gathered near the Ursus tractor factory on the outskirts of Warsaw to hear Polish Primate Glemp's appeal for the release of Walesa and other internees.

March

- 15 (U) For the first time since the imposition of martial law, Poles could make individual trips to other East European countries, but travel to the West remained limited to officially organized groups.
- 15-17 (U) Bulgarian President Zhivkov visited Kuwait.
- 16 (U) PAP announced that Jaruzelski visited hospitalized former Polish party chief Gomulka.
- 17 (C) Zbigniew Bujak, one of the few Solidarity national leaders still at large in Poland, appealed in the Warsaw underground weekly Tygodnik Mazowsze to members of the suspended union to speak out in the ongoing debate on the future of Polish trade unionism. Meanwhile, interned Bydgoszcz Solidarity leader Jan Rulewski was brought before a court to face manslaughter charges stemming from a road accident last spring. The court postponed the hearing to April 21, at Rulewski's request.
- 18-20 (U) Czechoslovak Foreign Minister Chnoupek visited Moscow for discussions with Soviet Foreign Minister Gromyko on bilateral relations and "the most vital international problems."
- 19-20 (LOU) The mayor of Warsaw on March 19 dissolved the Polish Journalists' Association, a pro-Solidarity organization. The next day the Polish regime launched the Association of Journalists of the Polish People's Republic, made up of members supporting martial law.
- 20-30 (U) Hungarian Deputy Premier Faluvegi visited Venezuela, Peru, and Brazil where he conferred with various officials on the improving of trade and economic cooperation.
- 21 (U) The baptism of Walesa's seventh child (born in January) attracted more than 10,000 well-wishers in Gdansk. Walesa himself was not allowed to be present. The crowd chanted pro-Solidarity slogans and demanded Walesa's release. Two days later Walesa's wife revealed that the authorities had offered to allow him to emigrate with his family but "of course, we refused."



45

March

- 21 (U) Glemp told a congregation in Torun that the Pope's planned visit to Poland in August might be postponed.
- 21 (U) Poland's agricultural minister stated that if grain procurement did not increase beyond its current level (which was less than half of the required amount), there might be problems in the pre-harvest period. Earlier, Trybuna Ludu warned there would be one-third less meat and poultry and one-half less fish available in the second quarter of 1982 than in the same period in 1981.
- 22 (U) Hungarian Foreign Minister Puja departed for official visits to Malaysia, Sri Lanka, Laos, Vietnam, and Kampuchea.
- 23 (U) The Czechoslovak Government released four of the seven political/human rights dissidents arrested in May 1981 and charged with "subversion." No official explanation was given by the authorities for the release; however, the charges against them apparently have not been dropped.
- 24 (U) Western press reported that brief, unannounced "rotating" strikes were staged on March 20 by sections of the Ursus tractor factory near Warsaw.
- 24 (U) Poland's Military Prosecutor's Office announced that of all civilian offenders who had been arrested, 44 percent were suspected of anti-state crimes, 17 percent of illegal possession of firearms, 9 percent of violation of military discipline in enterprises, and 7 percent of illegal attempts at border crossing. The total number of offenders was not given.
- 24-25 (U) Heads of the Propaganda and Information Departments of 11 "socialist countries" met in Prague. The need for increased unity and vigilance was stressed at the conference.
- 24-31 (U) Papal Nuncio Archbishop Poggi visited Hungary and conferred with Cardinal Lekai as well as with various top government officials on bilateral relations and topical international issues. He evaluated his talks as "useful."

March

- 25-26 (LOU) The Polish Sejm (Parliament) held its third plenary session under martial law; it also was the second session without the customary party plenum preceding it.
- 26 (U) In addressing the spring conference of the Hungarian Bench of Bishops Cardinal Laszlo Lekai bluntly criticized members of a "basic congregation movement" as a "serious subversive movement" within the Catholic Church in Hungary.
- 28 (U) Hungarian Deputy Premier Marjai conferred with FRG Chancellor Schmidt in Hamburg, following earlier talks in Bonn with other West German officials on economic issues.
- 29 (U) Hungary was awarded an Oscar for the "Best Foreign Film," Mephisto.
- 29 (U) Jaruzelski led a joint party-government delegation to East Germany, his second trip abroad since becoming party chief last October.
- 29 (LOU) Former Polish Deputy Premier Kaim was jailed for one year and fined the equivalent of US\$3,700 on corruption charges. Kaim was the highest-ranking government official of the Gierek era to be imprisoned.
- 30 (U) Poland's deputy planning commission chief admitted that Poland's economic recovery to pre-August 1980 levels might take up to six years, provided the government could implement its economic program.
- 30 (C) Poland's hardline Politburo member Olszowski, in charge of media, told party activists in Poznan that the relatively free-wheeling media climate that existed between August 1980 and December 1981 "was an unaffordable luxury."
- 30-31 (U) Central Committee party secretaries responsible for political and organizational work from 11 "socialist countries" met in Prague.
- 31 (U) The Soviet literary weekly Literaturnaya Gazeta charged that anti-government forces in Poland were stepping up their activity and had

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murdered 43 people, including police officers, since December 13.

- 31 (U) The Warsaw daily Express Wieczorny said several Poles were beaten up while distributing Western aid parcels to recipients in Krakow and Elblag. It said Poland had received 46,000 tons of goods from abroad in January-February, compared with 50,000 tons in all of 1981.
  
- 31 (U) Yugoslav media reported that a group of ethnic Albanian students at the university center in Pristina created a public disturbance and shouted "hostile" nationalist slogans. Police intervened to break up the disturbance, but no arrests or injuries were reported.