

NATO SECRET

sists of three pages.

MEMBERS DO NOT APPEAR TO HAVE BEEN GIVEN CLEAR INSTRUCTIONS ON TRADE UNION MEMBERSHIP. A GROUP SET UP TO DRAFT A NEW TRADE UNION LAW INCLUDES REPRESENTATIVES OF BOTH OLD AND NEW TRADE UNIONS AS WELL AS LEGAL EXPERTS.

4. THE POLISH PARTY IS IN A STATE OF FERMENT FOLLOWING THE LEADERSHIP RESHUFFLE AND CONSEQUENT CHANGES. THE NEW LEADERS ARE GIVING THEIR MAIN ATTENTION TO REBUILDING PARTY CONFIDENCE AND HAVE PUT IN A SERIES OF APPEARANCES AT REGIONAL PARTY MEETINGS TO OUTLINE PAST MISTAKES AND FUTURE PLANS. PARTY MEMBERS ARE DEMANDS FOR GREATER OPENNESS IN THE MEDIA, VOICING FOR A DRIVE AGAINST CORRUPTION AND PRIVILEGE, AND FOR A PURGE OF THOSE WHO HAVE ABUSED THEIR POSITIONS FOR PERSONAL GAIN. THE PARTY WILL PROBABLY TRY TO MEET THIS LAST FEELING WITH A FEW WELL-PUBLICISED ARRESTS OR SACKINGS. THE RECENT CHANGES IN THE PARTY LEADERSHIP IN KATOWICE AND POZNAN PROVINCES HOWEVER SEEM MORE LIKELY TO BE MOVES TO REPLACE ELDERLY PARTY DIEHARDS WITH MORE FLIXIBLE MANAGERS IN THESE KEY INDUSTRIAL REGIONS. IF THE PARTY IS REALLY TO REFORM ITS ATTITUDES AND METHODS OF ADMINISTRATION. FURTHER SUCH CHANGES WILL HAVE TO BE MADE AT ALL LÉVELS. KANIA HAS SUPPORTED CALLS FOR AN EXTRAORDINARY PARTY CONGRESS: IT HAS BEEN SUGGESTED THAT THIS SHOULD BE HELD BEFORE THE END OF THE YEAR AND SHOULD ADOPT A NEW PARTY PROGRAMME.

5. THE ECONOMIC SITUATION REMAINS DIRE. INDUSTRIAL PRODUCTIVITY IS GENRALLY LOW BECAUSE OF DISLOCATION OF SUPPLIES CAUSED BY THE STRIKES AND BECAUSE WORKERS ARE SPENDING WORKTIME IN DISCUSSIONS AND MEETINGS. VIGOROUS ATTEMPTS ARE BEING MADE TO PERSUADE THE PEOPLE THAT RISING LIVING STANDARDS DEPEND ON RISING PRODUCTIVITY. THE GOVERNMENT HAS ANNOUNCED FURTHER CUTS IN PUBLIC EXPENDITURE RANGING FROM CEREMONIALS TO NON-PRODUCTIVE RESEARCH, AND HAS PROMISED A REDUCTION IN MANAGERIAL STAFFS. A COMMISSION CHAIRED BY THE PREMIER HAS BEEN SET UP TO WORK OUT A PROGRAMME OF ECONOMIC REFORM: ACCORDING TO LEADING OFFICIALS THIS WILL INVOLVE DECENTRALISATION. WORKER PARTICIPATION, AND BETTER CENTRAL PLANNING COVERING FEWER AREAS. THE SCOPE FOR REFORM WILL HOWEVER BE LIMITED BY THE RECENT UNDERTAKINGS ON SUCH MATTERS AS PRICES. THE NEED FOR EXTERNAL ASSISTANCE REMAINS ACUTE. PRESIDENT CARTER HAS ANNOUNCED THAT OFFICIALLY-BACKED CREDITS FOR THE PURCHASE OF UNITED STATES AGRICULTURAL GOODS TO A VALUE OF DOLLARS 670 MILLION WILL BE MADE AVAILABLE IN 1980-81: THIS IS A RECORD AMOUNT AND COMPARES WITH DOLLARS 550 MILLION IN 1979-80. SINCE JAGIELSKIRS VISIT TO MOSCOW IN SEPTEMBER THE RUSSIANS HAVE PROMISED TO PROVIDE THE EQUIVALENT OF DOLLARS 155 MILLION IN ADDITIONAL SUPPLIES OF FOODSTUFFS, INCLUDING 500,000 TONNES OF WHEAT AND CONSUMER-RELATED RAW MATERIALS. THE POLES ALSO CLAIM THEY HAVE BEEN GRANTED ADDITIONAL SOVIET LONG-TERM LOW-INTEREST CREDITS WORTH DOLLARS 260 MILLION: THIS WILL PROBABLY BE IN SOFT CURRENCY. THE GDR IS PROVIDING DOLLARS 150 MILLION WORTH OF CONSUMER SUPPLIES, AND CZECHOSLOVAKIA AND BULGARIA ARE ALSO REPORTED TO HAVE OFFERED ASSISTANCE, FOSSIBLY UNDER SOVIET PRESSURE. ALTHOUGH THE MUCH-PUBLICISED SOVIET CREDITS WILL HELP EASE THE

POLAND WILL STILL MARKET SITUATION INTERNALLY, HAVE TO FIND ADDITIONAL HARD CURRENCY CREDITS. THE SOVIET ATTITUDE DOES NOT SEEM TO HAVE CHANGED 6. RECENTLY: THEY ARE STILL LEAVING THE POLES TO DEAL WITH THE SITUATION AND WATCHING TO SEE HOW THE AGREEMENTS ARE IMPLEMENTED. THEY HAVE BEEN TAKING CONTINGENCY MEASURES TO IMPROVE THEIR READINESS IN THE AREA BUT WE HAVE NO EVIDENCE OF PREPARATIONS FOR MILITARY INTERVENTION. SOVIET PRESS COMMENT HAS MOSTLY BEEN RESTRAINED, WITH EMPHASIS ON THE RETURN TO NORMAL LIFE IN POLAND AND THE EFFORTS OF THE POLISH PARTY TO REMEDY EARLIER DEFECTS. HOWEVER ON 20 SEPTEMBER AN AUTHORITATIVE ARTICLE IN PRAVDA REITERATED EARLIER CLAIMS OF WESTERN SUBVERSION IN POLAND. THIS THEME HAS THE MERIT OF EXPLAINING AWAY EVENTS IN POLAND, EXERTING PSYCHOLOGICAL PRESSURE ON THE POLES, SERVING AS A WARNING TO THE WEST AND PROVIDING A JUSTIFICATION FOR MILITARY INTERVENTION SHOULD THAT BECOME NECESSARY. THE THEME WAS SUBSEQUENTLY ELABORATED IN THE CZECHOSLOVAK PARTY DAILY. WITH PARTICULAR REFERENCE TO RIGHT-WING PARTIES IN THE FRG AND IN TERMS REMINISCENT OF THE BREZHNEV DOCTRINE. THERE HAS BEEN LITTLE DIRECT COMMENT IN THE MEDIA OF THE OTHER EAST EUROPEAN COUNTRIES. MEMBERS OF THE POLISH LEADERSHIP HAVE VISITED ALL THE EAST EUROPEAN CAPITALS TO EXPLAIN RECENT POLISH DEVELOPMENT AND PROBABLY TO SOLICIT AID. THE EAST EUROPEAN REGIMES ARE NATURALLY UNEASY ABOUT DEVELOPMENTS IN POLAND AND NERVOUS OF ANY SIGNS OF INFECTION. ROMANIA HAS ANNOUNCED PROBABLY COSMETIC CUTS IN DEFENCE AND ADMINISTRATIVE SPENDING IN ORDER. IT CLAIMS, TO DEVOTE MORE FUNDS TO CONSUMER WELFARE: THIS CAN BE SEEN AS AN ATTEMPT TO FORESTALL POPULAR DISCONTENT. DESPITE THE REDUCTION IN THE LEVEL OF STRIKE ACTION THE SITUATION IN POLAND REMAINS PRECARIOUS. THE WORKERS ARE DISTRUSTFUL OF THE REGIME, WHICH HAS FAILED SO FAR TO ADOPT A CLEAR POLICY, ESPECIALLY WITH REGARD TO THE TRADE UNIONS. WE JUDGE THAT FOR

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- 3-

SECRET

WITH REGARD TO THE TRADE UNIONS. WE JUDGE THAT FOR THE MOMENT THERE IS LITTLE CHOICE FOR THE REGIME, IF IT IS TO AVOID AN EARLY RENEWAL OF LABOUR TROUBLE ON A WIDE SCALE, BUT TO FULFIL THE LETTER OF THE STRIKE SETTLEMENT AS FAR AS ECONOMIC CONSTRAINTS ALLOW. THE CRUCIAL ISSUE HOWEVER IS THE ROLE WHICH THE NEW TRADE UNIONS WILL HAVE IN THE SHAPING OF POLICY. WHATEVER FORMAL ARRANGEMENTS MAY BE MADE IN THE COMING WEEKS FOR THE ESTABLISHMENT OF THE NEW UNIONS, THAT ROLE WILL REMAIN TO BE HAMMERED OUT BETWEEN THE WORKERS AND THE REGIME IN THE LONGER TERM. THERE WILL BE AMPLE SCOPE FOR CONFLICT IN THIS PROCESS; AND THE CONTINUING ECONOMIC PROBLEMS CAN ONLY MAKE COMPROMISE HARDER TO FIND. THE OUTLOOK THUS REMAINS GLOOMY AND THE RISK OF SOVIET INTERVENTION SOONER OR LATER IS UNDIMINISHED.

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