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POLADS(71)9/1

MEMORANDUM

To: The Political Committee

From: The Chairman

Reference: POLADS(71)9 ✓

DEVELOPMENTS IN POLAND

Attached is a follow-up report prepared by the International Secretariat using materials obtained from discussions held in the Political Committee and from other sources available to the Secretariat.

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SUMMARY

The situation in Poland is quiet but unclear. The new leadership made an unprecedented retreat in mid-February when it rescinded the December food price increases, a concession which may be the last it can make without risk to itself. Personnel shifts within the higher levels of the Party and Government seem completed. Changes have occurred in the provincial party apparatus and more are expected. These shifts indicate that Gierek is not having his own way, so presumably his own position is not yet solidified, and this must probably await the results of the party congress scheduled for late 1971. New economic policies have not been completed and indications are that these will favour long-term approaches to a rational allocation of resources to achieve a better balanced economy. Church-state relations suggest improvement and there is a possibility of improvements in Poland's relations with the Vatican. As regards Pact allies' reactions to the Polish developments, there are many signs that the effects were significant in that several Eastern countries reduced prices on consumer goods and took other steps to improve the regimes' images with their public, indicating the great concern they share over those developments.

SITUATION

1. Popular unrest in Poland continued in February with work stoppages in Poland's second largest city and main textile centre, Lodz, and with other possible stoppages at the Ursus tractor factory outside Warsaw, the Plock petrochemical complex and in a railroad rolling stock plant in Wroclaw. The Government's 15th February announcement of the cancellation of the December food price increases, effective 1st March, despite the earlier statement that the increases would remain frozen for two years, indicated the strength of the Polish public whose determined action forced the regime to back down in a retreat unprecedented in any socialist country. The concession on prices, plus the addition to social benefits, higher wages to the lowly paid workers and other concessions made at the turn of the year, all costing the economy 24 milliard zloties, may represent the limits to which the Gierek team may feel itself able to go without endangering the whole economic reform programme. However, it raises the question of whether those concessions were sufficient to prevent further escalation of demands which the regime may not be able to keep under effective control and thus run the risk of outside intervention.

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2. The cancellation notice was coupled with the statement that it was made possible through fraternal aid from the USSR and by favourable prospects for increasing domestic production of meat. The reference to Soviet credits might have been a psychologically significant ploy by the regime to link the price reduction measure to credit which would have to be paid, reminding the public thereby that creditors like to be paid and often have ways of exacting payment. The public might in that way have been warned not to push its demands and luck too far.

3. As regards the amount and type of Soviet credits, nothing specific is known. One view speculates that the aid may not have been in money but rather in the form of Soviet assumption of Polish food deliveries to North Vietnam, with Poland repaying the USSR later in goods, a requirement which may in turn have an adverse effect on Polish trade with the West.

PERSONNEL CHANGES

4. Personnel shifts within the higher levels of the party and government appear completed and attention since the 8th Party Plenum of early February has shifted to the provinces, where a number of provincial first secretaries have been changed. In three, Katowice, Rzeszow and Poznan, the former incumbents were promoted to higher rank (Gierek, Barcikowski and Kruczeck, respectively) and in six others (Szczecin, Warsaw, Lodz City, Krakow, Opole and Wroclaw) were ousted. More regional changes are expected. Within the military, the second highest ranking officer, General Korczynski, was relieved of his post on 11th March, in response to public demands that he be punished, since he had been responsible for the use of internal security troops in the December riots.

5. These personnel changes are important for there is as yet no real homogeneity in the Politburo and Gierek has not yet succeeded in solidifying his position. Reports still suggest that Moczar continues as a rival and that the Warsaw City party chairman, Jozef Kępa, a candidate Politburo member, may also be working in opposition to Gierek, although Kępa is not considered a serious rival since it is said he has no power base and represents only some dissatisfied local mid-level party officials who fear for their own political futures. Still, because of the many and varied problems facing him, Gierek is not yet assured of survival as party leader and the final settlement will probably await the Sixth Party Congress later this year.

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6. The new provincial leaders are generally men of unknown quality with little in their past records to recommend them for their present positions. Two exceptions to this are said to be Kazimierz Rokoszewski in Warsaw Province and Jozef Kardys in Opole, both with extensive experience in regional party affairs. In the instances involving two of Poland's most important provinces, the new party secretaries came from outside. In Krakow, the new secretary Jozef Klasa, had formerly been a long time functionary of the Foreign Ministry and Ambassador to Cuba in 1969. In Lodz City, Boleslaw Koperski had prior experience in security affairs and the Foreign Ministry, for whom he served as Head, Polish Military Mission in West Berlin since 1965.

7. No clear pattern has yet developed from the regional changes, which may substantiate the view that the selection of the new provincial chiefs - and the failure to fill the two "vacant" seats in the Politburo, which now has 10 members instead of the former 12 - remains a compromise agreement in which Gierek must take into account the interests of other groups in the new regime. As for the changes themselves, it may be safe to say that they are just that rather than the "renovation" which Gierek has said he desires to introduce into Polish politics.

AGRICULTURE

8. It is not possible to appraise the changes which have been made public in the agriculture policies enunciated to date since these have doubtless been overstated and the programme and policy review has not yet been completed. The new leadership has made frank acknowledgement of the problems involved and given firm commitments to attempt to solve them, including increasing the 1971 investment by two percent over the previous year's figure, for a new total of 43 milliard zloties. There are no indications that, with respect to land ownership, the regime intends to change reliance on an essentially private agriculture system.

9. In Poland today approximately 83% of the arable land is in private hands, 14% in state farms and only 2% in cooperatives. The rate of growth of the latter two systems during the past ten years has been slow. While laws exist providing for expropriation of land, this authority has not been widely exercised. Instead, most private individuals who retire from farming either lease or sell their land to other private persons at a rate of around 100,000 hectares annually.

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10. While the need to increase farm production may well bring about changes in ownership policies, there are no signs to indicate that significant changes may be expected, perhaps because the regime realizes that required results, particularly in livestock and meat production, can best be attained by private farmers.

THE ECONOMY

11. In the field of economics, the new Polish leaders are considering longer term policies which might lead to a more rational allocation of resources and a better balance in the economy. In the short term they have been obliged however to make considerable concessions to the consumer in the form of extra social benefits and higher wages for lower paid workers while retaining an illogical price structure which they had hoped to modify.

12. The position as regards foreign trade is particularly delicate. There will presumably be fewer agricultural products available for export, which means a loss of foreign exchange urgently required to pay for Western equipment. To finance the necessary imports the Poles may increasingly have to seek credits both from the West and from their COMECON partners.

CHURCH-STATE AFFAIRS

13. The situation of church-state relations continued unresolved, although there were signs suggesting improvement. The Primate, Stefan Cardinal Wyszynski, and Prime Minister Jaroszewicz met for three hours on 3rd March, the first such top level meeting since 1960, when Wyszynski had a four hour session with Gomulka. Speculation was that the two leaders discussed the Government's 25th January offer to give the Church title to properties in the former German territories. A communiqué on that meeting issued by the hierarchy on 5th March indicated in its tone that the two leaders had made some progress toward ending the feud between the two bodies, forecasting a possible gradual return to a modus vivendi between Church and State.

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14. As regards the Vatican, improvements in relations with it probably depend on the latter's official recognition of Polish administration of church affairs in the Western Territories, which recognition is expected to follow ratification of the Polish-German Treaty. In the meanwhile, neither of the Polish authorities, Wyzynski or Jaroszewicz, is raising this matter in order to avoid a risk of impeding the treaty ratification.

15. The upcoming visit of Foreign Minister Jedrychowski to Rome is expected to see him calling at the Vatican, which some experts view as a sign of the measure of rapprochement between it and Poland. Additionally, the possible visit of Pope Paul VI to Poland in 1971, perhaps in early May or mid-August, to participate in Polish church celebrations, would indicate if it takes place, a great step toward such rapprochement.

EAST EUROPEAN REACTIONS

16. Poland's Pact allies were probably as shocked by the Events and subsequent developments as was the Polish leadership. While none have acknowledged it publicly, all must share a common concern: to avoid a repetition of those events elsewhere in Eastern Europe. Signs also indicate that all the regimes share in the wish that Gierek succeed in regaining control over the situation. Media reporting of the Polish Events in the other Eastern countries was, in general, slow in starting and when begun adhered to Poland's own interpretations.

17. Soviet concern in this matter can be seen in the assistance they are said to have offered the Poles and possibly also in the fact that the new Five-Year Plan shows some solicitude for the consumer, designed perhaps to forestall similar discontent within the USSR. However, since the Plan must have been well-developed before mid-December, this latter view might be considered speculative at best. There was also speculation that Soviet leader Brezhnev met Gierek secretly in mid-February, but this meeting was not confirmed.

18. In the GDR, price decreases occurred on non-food items and expected increases in food products have probably been shelved indefinitely.

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19. Czechoslovak's party leader Gustav Husak in a televised speech on 16th February stressed the necessity for closer party ties with the masses but indicated that his regime was not constrained to adopt palliative measures in the economic sphere because, as it is reported, the public recognizes that improvements in the consumer goods sector were made previously during the course of 1970. However, Husak and Premier Lubomir Strougal held a series of publicized discussions with workers reminiscent of Gierek's visit to the Baltic areas. The Czechoslovak party leader is reportedly in sympathy with Gierek, whom he may see as a potential ally.

20. There was little impact in Hungary on the body politic and, other than emphasizing the role of trade unions in that country as opposed to what had been the case in Poland, the authorities have not increased wages, reduced prices or promised more consumer goods. Nor have they scurried about the country meeting with workers.

21. In Rumania, President Nicolae Ceausescu reflected his party's concern by proposing in his 11th February speech a reform of the trade unions to permit greater worker participation. Analysts have also credited the Polish events with responsibility for the new emphasis in Rumania on concern for raising living standards, increasing food supplies and promising more consumer goods.

22. The impact of Polish events in Bulgaria were minimal. Several minor indications suggested that regime policies were somewhat influenced by unrest in Poland (speculation that some planned consumer price increases have been deferred and a show of greater sensitivity to the demands and desires of the public), but the general policy pursued has been one of "politics as usual". Bulgarian media coverage for the most part had been factual and relied heavily on Polish sources.

23. Yugoslav concern was not at all so evident as in the Pact countries. A mid-February article in a Zagreb weekly made the pessimistic prognostication that there will be no real economic and political reform in Poland because Gierek is afraid that Moscow might become even more suspicious if further developments occur in Poland.