

POLAND
1 January, 1981

POLAND: ANNUAL REVIEW FOR 1980

*Her Majesty's Ambassador at Warsaw to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

A cataclysmic year for Poland. During the first half Gierek appeared to have strengthened his position. But food was growing scarcer and dissenting publications reaching an ever wider public. The spark that ignited strike action in July was an economically justified rise in the price of meat. Spontaneous sporadic strikes were being settled when shipyard and port workers in the north came out in much more tightly organised and motivated action under the leadership of Lech Wałęsa. Adopting the tactic of the sit-in, they forced a Government nervous of using force to accept on 30 August the principle of free trade unions, the right to strike, less censorship and higher wages (paragraphs 1-5).

2. The next three months saw continuing turmoil in the Party, chaos in industry and dangerous near confrontation between the régime and the new unions. Gierek fell to be succeeded by Kania and those recognising the need for reform. Solidarity built itself up into a national trade-union organisation. The workers everywhere used the newly-discovered strike weapon to press for redress of every conceivable grievance. Production fell; exports were curtailed; supplies dwindled. The strikes were punctuated by two major confrontations between the régime and Solidarity which ended in apparent victory for the latter and thus to further loss of Government prestige (paragraphs 6-8).

3. The final phase of the year was dominated by the Soviet Union's convening of a Warsaw Pact Summit on 5 December and by their concentration of forces around Poland. This brought home to the population the reality of the Soviet threat (paragraph 9).

4. Poland is a freer country than in July. There are now three overlapping centres of power, the Party, the unions and the Church. The Party is trying to revivify itself, the unions are concerned to hold on to their gains, the Church takes the long view. Within all three institutions there are cross-currents and mixed motives. There is continuing instability but the Soviet threat and the grim economic situation have sobered the population (paragraphs 10-14).

5. The prospects for political are rather better than for economic salvage. The still-divided Party has until March to work out a programme. The economic system cries out for reform but there are formidable obstacles. Three broad possibilities for the

medium term. If gradual progress towards a freer Poland is to be maintained the moderates in the Party, the unions and the Church must control the extremists and obstructionists in their ranks (paragraphs 15-17).

6. Anglo-Polish relations are improved following your successful visit in October. Our exports have continued buoyant, though partly for special reasons, and the Minister of Trade's visit gave British businessmen a fillip. Our bilateral relations are now mainly concerned with keeping the Polish economy going and preserving Polish independence (paragraphs 18 and 19).

(Confidential)
My Lord,

Warsaw,
1 January, 1981.

The events of 1980 have been cataclysmic for Poland. Some kind of outbreak of discontent has long been expected. But no one, not even Mr. Lech Wałęsa, foresaw what the year would bring. His Baltic Free Trade Unions had planned some action for December 1980: but he told a member of my staff in February that while he thought Poland would one day have free trade unions it would not be in his life time (he is 37).

2. The year falls neatly into two halves, the first strikes which started the chain of events taking place on 2 July. During the first half of the year it seemed that Gierek had consolidated and strengthened his position. At the Party Congress in February he ousted powerful critics such as Stefan Olszowski and threw to the wolves his unpopular and ailing Prime Minister for the past 10 years, Jaroszewicz. The balances of trade and payments showed improvements over 1979. Overt opposition activity was little greater than in the previous year.

3. I have analysed in my despatch of 6 November, 1980^(*) the underlying reasons for Gierek's fall. Here I would only stress that underneath his apparent success in the first half of 1980 two important things were also happening. Food, especially meat, was growing scarcer and queues longer than ever before. And underground dissident, or at any rate, dissenting, publications were reaching an ever wider readership virtually unhampered by the authorities. The first factor ensured that people felt strongly that something should be done. The second that an increasing number began to feel that something could be done. Among the older generation which had put up with the hardships of the post-war era the continuing shortages aroused near despair. But half the population were under 28, with higher expectations and with no memory of the Stalinist-type of oppression or of the Soviet military occupation. Moreover, the Pope's triumphal visit in 1979 had revealed the thinness of the Party's authority.

4. Into this dry tinder box the new Prime Minister threw on 1 July the economically justified match of steeply increased meat prices—with little or no meat available even at the new prices. All the evidence is that the resulting strikes and demonstrations throughout July and the first half of August were spontaneous and not organised by dissidents. Grass roots factory committees sprang up all over the country and, encouraged and emboldened at their success in getting the price rises rescinded, began to make other demands. The sporadic strikes were being sporadically settled when in mid-August the shipyard and port workers at Gdańsk and Gdynia, who had hitherto held aloof, came out to be joined by other workers in the northern ports area.

(*) Not printed.

5. It soon became clear that this was a strike of a different order. The northern workers were organised by the Baltic Free Trade Union movement under Lech Wałęsa; they had a tradition of militancy; they adopted the tactic of the sit-in, in effect challenging the Government to throw them out by force; and the television cameras of the Western world recorded their struggle. With all ports at a standstill, the Government had the choice of trying Polish or Soviet force (the latter probably unprepared) or giving in to demands which, by old fashioned Communist standards, were unacceptable. They chose the latter and on 30 August agreed, among other things, to the establishment of independent trade unions, subject to recognition of the leading rôle of the Party, to universal wage rises and to revision of the laws on censorship and the right to strike.

6. This was the end of the first phase of the drama. The next phase was one of turmoil in the Party and chaos in industry, accompanied by dangerous near confrontation between the régime and the new unions. The stunned Party embarked on the exercise of taking itself up by the roots and examining itself. Scapegoats were looked for and quickly found. Gierek and his closest associates were dismissed. Kania and the group, recognising the need for genuine reform and renewal, took power and consolidated their position throughout September, October and November, in which month the slightly sinister figure of Mieczysław Moczar—a nationalist partly responsible for the purges of 1968—joined the Politburo.

7. The workers for their part began forming themselves into the new trade unions which they had won the right to organise. Against the advice of Wałęsa, a national umbrella organisation "Solidarity" was set up with regional and local subsidiaries. The old trade unions dissolved and reformed themselves probably on Government instructions; but according to régime sources they were almost as troublesome to deal with as Solidarity. There was now near industrial anarchy as the workers, using the strike weapon, pressed not only for immediate fulfilment of the Gdańsk agreements but for redress of every grievance, major or minor, of the past few years. Shift systems were changed; new holidays granted; wages increased. Old disciplines broke down before new ones had time to develop. The result was a dramatic fall in production. Exports of coal, sulphur and foodstuffs were drastically reduced but at the end of the year (with the additional blow of a disastrous root crop) food was shorter than ever before and coal supplies dangerously low.

8. The almost continuous local strikes were punctuated by two major confrontations between the Government and Solidarity. First in October the Government tried to insert unilaterally into the union statutes a reference to the leading rôle of the Party. After threat of general strike action the régime settled for relegation of the crucial words to an annex—a solution offered by Solidarity three weeks before. When all the facts are known they may explain the Government's attitude, but the result was a severe loss of prestige for them. Again in November, in the face of major strike threats, two Solidarity members who had been arrested were released, with the same effect on public opinion.

9. The final phase of the year was dominated by the Soviet Union. Alarmed by the two near confrontations and fearing that in the event of a general strike the Party might lose control of Poland, the Russians did two things. They summoned the Polish leadership to a Warsaw Pact Summit in Moscow at which probably certain limits were laid down; and they brought their 20 or more divisions surrounding Poland up to a state of 24 hour readiness. These two actions on the one hand stiffened the resolution of the régime to deal more sternly

with "anti-socialist" or "counter-revolutionary" activity and on the other, with the assistance of the Western media, brought home to the bulk of the Polish population the sobering realisation that there was a genuine threat of Soviet intervention.

10. Poland is a much freer country than it was in July. The "renewal", which is the word for the changes and the new spirit, has ensured that there are now three main centres of partially overlapping power: the Party, the unions and the Church. The Party has been shaken to the foundations by the realisation not only that the people have forsaken it but that the rank and file of its own membership preferred to support Solidarity. A high proportion of Solidarity activists are also Party members and when Kania faced his Party constituency leaders recently they told him "most of us belong to Solidarity too". The Party's great objective must be to win back these generally youthful lost sheep into the fold. Decentralisation and power-sharing will be the methods.

11. The unions (that is mainly Solidarity, although the reformed old unions are not the docile work-horses they once were) are principally concerned to preserve the gains they have made and expect to make, and to prevent the régime from clawing them back under the pretext of shoring up the economy or defeating counter-revolution. The Church as ever takes the long view. It is pleased with the new freedoms won and particularly with those relating to religion. But it is sure that instability, violence and economic chaos cannot be for the good of Poland. It therefore throws its weight against them, even if it at times seems to be supporting the régime against the people.

12. Within these broad objectives there are cross-currents and mixed motives. Whatever the Party's long-term objectives the current ruling group believe in the "renewal" as they understand it and will carry out the Gdańsk agreements. Solidarity is split between moderates represented by Wałęsa and people who would like to see the strike weapon used more boldly, some of whom have political objectives going well beyond those of Wałęsa. There is a particularly marked cleavage between generations, the younger tending to reproach the older with its past passivity in the face of repression. Even in the Church there appears to be a division between those who favour more and less support for the régime.

13. There is thus a continuing instability in the country as the various centres of power struggle with each other and with dissenters in their own ranks. The menace of the encircling Soviet divisions became, however, in December a sobering factor, though there are some who think it a paper tiger. So also did the appalling economic situation, the reality of which was slowly sinking in to the population at the end of the year. It was these two factors above all which led to the official adoption by Solidarity of a policy of no strikes save as a last resort, and which ensured the peaceful unveiling in the northern ports of the monument to those killed in the 1970 riots.

14. But if the economic situation has had a useful political side-effect, in itself, it is little short of disastrous. A hard currency debt of \$23-24 billion; production down; major exports severely curtailed; consumer imports greatly increased but shortages everywhere; inflation; an absurd subsidy and price structure. This is the legacy of Gierekism and four months of industrial rampage.

15. The prospects are rather better for political than they are for economic salvage. The Party is still divided but it has until March to work out a programme for the special Party Congress due to meet at the end of that month. Though there are plenty of obstructionists in the middle ranks, there is little chance of

the top Gierk men coming back short of major violent clashes in the country and another revolution. Economically the system cries out for at the very least that measure of reform which the Communist system should be able to contain: decentralisation, a more rational price system, more incentives, better use of the private sector and agriculture that works. All this is of course much harder than it sounds given Poland's special circumstances (which are quite different from Hungary's). A plan for economic reform is expected soon and a new Five Year Plan is promised for mid 1981. But one of the Government's major difficulties is that so many of the things which ought to be done run counter to the Gdańsk agreements which they are pledged to carry out. On the most optimistic basis it is impossible to look for recovery before 1983-84. When one thinks what Poland might have been under a sensible political and economic system it is tragic.

16. Looking to the medium term future there are perhaps three broad possibilities. A gradual progress towards a freer and more pluralistic society but with the Party unmistakably playing its leading rôle and the country still firmly allied to the USSR. A major clash between the régime and Solidarity leading to disorder and either civil strife and a hard line government or Soviet intervention. A prolonged period of uneasiness and uncertainty without distinct progress or major disaster. For the first possibility a prerequisite is for the Government to gain a respectable measure of the people's confidence. Another is for the moderate men in the Party, in Solidarity and in the Church to control the extremists and obstructionists in their ranks and to continue the measure of co-operation they now exercise. It is not unreasonable to hope that they will.

17. As regards the longer term Stalin is alleged to have said that Communism does not suit the Poles. He was right and this is perhaps the heart of the matter.

Anglo-Polish Relations

18. A coolness at the beginning of the year gave way to increasing warmth which reached its climax with your very successful visit at the end of October. In spite of Poland's economic crisis, British exports this year will total about £300 million (£260 million in 1979), but most of the increase is due to the controversial ships deal and to sales of barley. Although big project deals are out, there is still plenty of room for British trade and I am glad to note no great falling off in the interest of British firms trading with Poland, to whose activities the visit of the Minister of Trade in November gave a welcome boost.

19. Our bilateral relations are now principally concerned with helping, in concert with our allies, to keep the Polish economy going and with so conducting matters in other fields as to foster the preservation of Polish independence. This means that in the current fluid situation we are likely to have to decide as we go along on particular projects or ideas for improving relations. In particular it is too early to make firm recommendations about a possible visit to Poland by the Prime Minister, desirable though this is in principle for 1981.

20. I am sending copies of this despatch to Her Majesty's Ambassadors at Moscow, East Berlin, Budapest, Bucharest, Sofia, Prague, Belgrade, Washington, Paris, Bonn, Helsinki and Stockholm, to the United Kingdom Permanent Representatives to the North Atlantic Council and the European Communities, and to the Secretaries of State for Defence and Trade.

I am Sir

Yours faithfully

K. R. C. PRIDHAM.