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FM WARSAW 271015Z AUG 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 263 OF 27 AUGUST 1980
AND TO PRIORITY MOSCOW PRAGUE SOFIA BUDAPEST BUCHAREST EAST BERLIN
BELGRADE UKDEL NATO WASHINGTON PARIS BONN MODUK

POLISH CRISIS:

1. ANY ATTEMPT TO ASSESS THE MOOD OF THE COUNTRY AT THIS POINT MUST BE HIGHLY SPECULATIVE.
2. AT ONE END OF THE SPECTRUM THERE ARE THOSE WHO REGARD THE HUMILIATION OF THE AUTHORITIES AS A GREAT JOKE, RATHER LIKE SMALL BOYS AT SCHOOL WHO SEE THE PREFECTS BROUGHT DOWN A PEG. AMONG THE MORE THOUGHTFUL THERE IS SATISFACTION THAT AT LAST CHANGES ARE TO TAKE PLACE, WITH SOME REGRET AT THE WAY THEY HAVE HAD TO BE EXTRACTED, AND AT THE DAMAGE DONE TO THE ECONOMY, TOGETHER WITH CYNICISM ABOUT THE GOVERNMENT'S REAL INTENTIONS. SUPPORT AT THIS LEVEL FOR THE STRIKERS' AIMS IS PROBABLY TINGED WITH A CERTAIN APPREHENSION. IT IS NOT THOUGHT LIKELY THAT THE RUSSIANS WILL INTERVENE BUT ACCEPTED THAT THE POSSIBILITY IS THERE IF THINGS WERE TO GET OUT OF HAND. WHAT STILL MODIFIES APPREHENSION IS THE LACK OF VISIBLE SIGNS OF CRISIS. NO RIOTS IN THE STREETS, SHORTAGES NO WORSE THAN USUAL.
3. AS THE STRIKE-LEADERS APPEAR TO GO FROM SUCCESS TO SUCCESS THERE MUST BE SOME, AMONG WHOM THE CHURCH HIERARCHY ARE INCLUDED, WHO WONDER WHETHER IT WILL GO TO THEIR HEADS AND WHETHER THEY WILL HAVE THE RESTRAINT TO STOP AT THE RIGHT MOMENT. THERE MAY BE AN IMPORTANT DIVERGENCE BETWEEN GENERATIONS. THE YOUNGER SEEM LESS APPREHENSIVE OF CONSEQUENCES THAN THE OLDER: INDIVIDUAL PRIESTS MUCH MORE BEHIND THE STRIKERS THAN THE BISHOPS. PROBABLY MOST POLES HOPE FOR AN EARLY END TO THE STRIKE, ACCOMPANIED BY SUBSTANTIAL CONCESSIONS IN THE TRADE UNION FIELD, LEADING TO EASEMENTS IN OTHER SPHERES OF DAILY LIFE, BUT NOT A BASIC CHANGE OF REGIME.

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4. THERE MUST STILL BE IN THE PARTY A SUBSTANTIAL ELEMENT OF THOSE WHO WOULD HAVE PREFERRED A FIRMER LINE. THE DECISIONS OF THE PLENUM OF 24 AUGUST WERE, IN MINISTER CZYREK'S WORDS, "CONTENTIOUS". WE HAVE NO RELIABLE INFORMATION ABOUT THE ATTITUDES OF INDUSTRIAL WORKERS IN THE SOUTH. BUT THERE IS A REPORT OF SIGNS OF CRITICISM OF THE GDANSK STRIKERS FROM THE MINING COMMUNITY, WHICH IS GIEREK'S BASE. IF THE NEW SOFTER LINE FAILS, EG IF THE STRIKE IS NOT SETTLED IN A WEEK AND SHORTAGES REALLY BEGIN TO BITE, THE HARD-LINERS COULD RE-EMERGE.

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FM WARSAW 270940Z AUG 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 262 OF 27 AUGUST 1980

AND TO PRIORITY MOSCOW SOFIA BELGRADE BUDAPEST BUCHAREST PRAGUE
EAST BERLIN WASHINGTON BONN PARIS MODUK UKDEL NATO.

MIPT: POLISH CRISIS.

1. WYSZYNSKI'S SPEECH SEEMS TO BE CAREFULLY WORDED IN SUPPORT OF THE CHURCH'S TRADITIONAL VALUES OF HARD WORK AND RESPONSIBILITY ON THE PART OF BOTH SIDES IN THE PRESENT DISPUTE. HE DELIBERATELY FALLS SHORT OF AN APPEAL TO RETURN TO WORK BUT MAKES IT CLEAR THAT HE DOES NOT REGARD STRIKING AS A GOOD METHOD OF ACHIEVING ONE'S ENDS. THE SERMON CONTINUES THE SOMEWHAT AMBIVALENT ATTITUDE OF THE CHURCH IN THE PRESENT CRISIS, BUT IS CLEARLY REGARDED BY THE GOVERNMENT AS VALUABLE.
2. PREDICTABLY, THE TRADES UNION COUNCIL YESTERDAY ACCEPTED SZYDLAK'S RESIGNATION. THEY REPLACED HIM WITH ROMAULD JANKOWSKI, HITHERTO PRESIDENT OF THE METALWORKERS UNION AND ALTERNATE-MEMBER OF THE CENTRAL COMMITTEE. UNLIKE SZYDLAK, HE IS NOT A MEMBER OF THE POLITBURO, ALTHOUGH HE MAY SOON EXPECT TO BECOME ONE. HE IS 59 AND CANNOT BE DESCRIBED AS REPRESENTING YOUNG BLOOD. BUT NOR IS HE A MEMBER OF THE "ESTABLISHMENT" SO THE AUTHORITIES MAY HOPE THAT HE WILL BE ABLE TO BRING ABOUT THE PROPOSED REFORMS OF THE TRADES UNIONS.
3. IN TOURS TO THE SOUTH-WEST AND NORTH, DEFENCE ATTACHE AND HIS STAFF FOUND NO UNUSUAL ACTIVITY BY ANY POLISH OR SOVIET TROOPS. TWO MEMBERS VISITED THE GDANSK AREA YESTERDAY AND FOUND THE CITY (OUTSIDE THE PORT AREA, WHICH THEY DID NOT VISIT) "DECEPTIVELY NORMAL".
4. IN WHAT APPEARS TO BE ANOTHER IMPORTANT GOVERNMENT CONCESSION, JAGIELSKI YESTERDAY SAID THAT HE THOUGHT THAT THE NEW TRADES UNION LAWS OUGHT TO INCLUDE THE RIGHT TO STRIKE WHEN ALL OTHER MEANS HAD BEEN EXHAUSTED.
5. STRIKES ARE REPORTED IN LODZ AND WROCLAW "IN SUPPORT OF THE CAUSE". IN WROCLAW THERE WAS A RALLY BY 500 TAXI-DRIVERS.

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FM WARSAW 270930Z AUG 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 261 OF 27 AUGUST 1980
AND TO PRIORITY MOSCOW SOFIA BUDAPEST BUCHAREST EAST BERLIN BELGRADE
WASHINGTON PARIS BONN MODUK UKDEL NATO

Prime Minister

*3 cels from Warsaw: You
may like to read through
all. NAF 28/8*

POLISH CRISIS:

*The third attempts a
general assessment.*

1. IN AN UNPRECEDENTED MOVE CARDINAL WYSZYASKI'S SERMON AT CZESTOCHOWA WAS TELEVISED AT PEAK VIEWING HOUR LAST NIGHT AND HAS BEEN REPORTED IN DETAIL IN THE PARTY PRESS.

THE FOLLOWING ARE THE MAIN POINTS:

- I) POLAND NEEDS PEACE AND THE WORK ETHIC. EVERYBODY SHOULD FULFILL THEIR DAILY RESPONSIBILITIES AT HOME AND WORK. THERE MUST BE A SENSE OF RESPONSIBILITY FOR THE NATION.
- II) THE CHURCH WAS NOT INTERESTED IN BLAMING ANYBODY FOR THE PRESENT SITUATION BUT ONLY IN SEEING WHAT COULD BE DONE TO RETURN PEACE AND ORDER TO THE NATION.
- III) FREEDOM AND AN ORDERED FAMILY LIFE WERE ESSENTIAL ELEMENTS IN THE LIFE OF THE NATION.
- IV) WHILST EVERYBODY HAS THE RIGHT TO STRIKE AS A LAST RESORT, THIS IS A VERY EXPENSIVE WAY OF CARRYING ON ARGUMENTS BECAUSE WORK IS NOT ONLY ESSENTIAL TO THE ECONOMIC WELL-BEING OF THE COUNTRY BUT TO THE WELL-BEING OF SOCIETY AND THE GOOD OF PEOPLE'S SOULS.
- V) THE ANSWER TO POLAND'S PROBLEMS IS FOR PEOPLE TO WORK MORE EFFECTIVELY, TO AVOID DESTROYING THINGS, FOR POLAND TO BORROW AND EXPORT LESS AND LOOK AFTER ITS PEOPLE'S DAILY NEEDS BETTER.
- VI) POLAND HAS ACHIEVED A GREAT DEAL IN RE-BUILDING ITS GREAT CITIES SINCE THE WAR. BUT THIS ALL TOOK TIME.
- VII) IF WE ALL WORK HARDER WE WILL HAVE MORE RIGHT TO MAKE DEMANDS ABOUT OUR RIGHTS.

2. FOR FURTHER DEATILS AND COMMENTS SEE MIFT.

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Prime Minister

FM WARSAW 270710Z AUG 80

TO PRIORITY DOT

TELEGRAM NUMBER CRED4 37 OF 27 AUGUST 1980

FOR DICK CRE4.

MP 28/8

POLAND'S HARD CURRENCY LIABILITIES:

1. THE NEW POLISH FINANCE MINISTER MADE AN UNPRECEDENTED APPEARANCE ON POLISH TV NEWS ON 25 AUGUST TO DESCRIBE POLAND'S CURRENT DEBT PROBLEMS AND THE LEADERSHIP'S APPROACH TO THEM. THE MAIN POINTS TO EMERGE WERE:

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- I) AN ADMISSION THAT MEDIUM AND LONG-TERM DEBTS OVERSEAS AMOUNTED TO DOLLARS 20 BILLION, EQUIVALENT TO TWO YEARS EXPORTS OF GOODS AND SERVICES, AND THAT THIS AMOUNT SHOULD NOT BE EXCEEDED.
- II) CREDIT TAKEN ON IN THE EARLY 1970'S WAS USED MAINLY FOR INVESTMENT BUT MORE RECENTLY INCREASING AMOUNTS HAVE BEEN USED FOR CONSUMER ITEMS TO REDRESS FALLING AGRICULTURAL PRODUCTION. IN 1979 DOLLARS 1.5 BILLION OF CREDIT WAS USED FOR THIS PURPOSE.
- III) TIGHTER CONTROL BY THE BANKS HAD BEEN INSTITUTED TO PREVENT EARLIER "NEGATIVE OCCURENCES" WHEREBY PROJECTS HAD BEEN DELAYED AND MACHINES PURCHASED FROM OVERSEAS HAD NOT BEEN PUT INTO SPEEDY OPERATION.
- IV) AS CREDITS WERE REPAYED, NEW ONES WERE BEING TAKEN UP TO MAINTAIN LIVING STANDARDS. IT WAS NOT PROPOSED TO REDUCE IMPORTS, BUT EXPORTS HAD TO BE INCREASED TO KEEP PACE WITH THEM. BANK CREDIT WOULD BE NEEDED TO FINANCE A PART OF IMPORTS "FOR A LONG TIME YET."
- V) POLAND WAS "ON THE WHOLE" ABLE TO OBTAIN CREDIT WITHOUT TROUBLE BUT REPAYMENT OF DEBTS ON TIME WAS OF VITAL SIGNIFICANCE TO MAINTAIN RELIABILITY.
- VI) THE BANKS GUARANTEED THE INTERESTS OF ALL CITIZENS HAVING HARD CURRENCY ACCOUNTS.

2. ALL THIS SEEMS A FAR CRY FROM PLANS EARLIER THIS YEAR TO CUT BACK IMPORTS BY ZLOTYS 2.7 BILLION WHILE BOOSTING EXPORTS. IT SEEMS TO IMPLY NO EARLY REDUCTION IN POLAND'S INDEBTEDNESS, WHICH CONTINUATION OF THE STRIKES MAY INTENSIFY IN ANY CASE. BUT THIS MAY BE A PRICE THE LEADERSHIP INTEND TO PAY TO PREVENT FURTHER SOCIAL UNREST.
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