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FM WARSAW 051415Z AUG 82

TO PRIORITY FCO

TELNO 750 OF 5TH AUGUST.

INFO ROUTINE WASHINGTON, MOSCOW, UKDEL NATO AND UKMIS GENEVA.
INFO SAVING EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST,
BUDAPEST, HELSINKI, STOCKHOLM, UKMIS NEW YORK, PARIS, BONN,
MODUK AND UKREP BRUSSELS.

THE POLITICAL SITUATION IN POLAND

1. I THOUGHT YOU MIGHT LIKE TO HAVE MY ASSESSMENT OF THE POLITICAL AND ECONOMIC SITUATION IN POLAND BEFORE I GO ON LEAVE NEXT WEEK.
2. THE COUNTRY IS QUIET (TO SAY THIS IS TO TEMPT PROVIDENCE IN POLAND). IT IS QUIET PARTLY BECAUSE PEOPLE ARE ON HOLIDAY, BECAUSE IT HAS BEEN AN UNUSUALLY GOOD SUMMER AND BECAUSE PEOPLE ARE TIRED AFTER THE EVENTS AND EXCITEMENTS OF LAST YEAR AND THE EARLY SHOCKS OF MARTIAL LAW. THE ACTIVISTS IN SOLIDARITY HAVE PLANS TO BREAK THE CALM AT THE END OF THIS MONTH BUT THEY MAY NOT BE IN GOOD SHAPE TO DO VERY MUCH.
3. JARUZELSKI'S POSITION IS UNCHALLENGED. HE IS AWARE THAT HIS GOVERNMENT IS UNPOPULAR. HE SAID RECENTLY TO A GROUP OF POLISH JOURNALISTS "THE GOVERNMENT'S FIRST PROBLEM IS TO CREATE A MINIMUM OF CONFIDENCE AMONG THE PEOPLE". BUT THE POWER TO SUPPRESS OPPOSITION IS STRONG. THE ARMY IS IN PLACE AND THERE ARE NO SIGNS OF DIVISIONS (AS DISTINCT FROM THE PARTY WHICH IS RIVEN WITH FACTION). MANY OF THE OUTWARD SIGNS OF MARTIAL LAW (ROAD BLOCKS, HEAVY POLICE PRESENCE, TRAVEL RESTRICTIONS, CHECKS OF IDENTITY CARDS) HAVE DISAPPEARED. THE REGIME WANTS TO CREATE THE IMPRESSION OF A NORMAL LIFE. IT WANTS TO AVOID APPEARING REPRESSIVE, CLOSED TO CRITICISM AND HARSH. BUT THIS PICTURE COULD BE UPSET IF THERE WERE VIOLENT DEMONSTRATIONS AND BLOODSHED.
4. JARUZELSKI'S MAIN PROBLEMS AMONG THE PEOPLE ARE THE WORK FORCE AND THE INTELLIGENTSIA. THE FARMERS MAY BE A PROBLEM BUT THEY ARE HAVING A GOOD HARVEST AND IN ANY CASE ARE MORE INDIVIDUALISTIC. (THEY HAVE ALSO BEEN GIVEN REFORMS WHICH SHOULD INCREASE THE SIZE OF PRIVATE HOLDINGS AND IMPROVE INHERITANCE LAWS.) I FIND IT DIFFICULT TO ASSESS WHAT THE WORKERS REALLY FEEL. IT VARIES FROM PLACE TO PLACE AND FACTORY TO FACTORY. WE BELIEVE THAT SOME MAY BE DISAPPOINTED WITH SOLIDARITY. MANY HAVE DECIDED TO KEEP THEIR HEADS DOWN FOR A WHILE TO SEE HOW THINGS DEVELOP. OTHERS ARE PROBABLY WAITING PATIENTLY FOR THE RETURN OF ORGANISED MILITANCY. THE POLISH WORKERS ARE NOT EASILY COWED. WHEN JARUZELSKI WENT TO SEE A STEEL WORKS ON A SATURDAY RECENTLY THEY MADE NO BONES ABOUT EXPRESSING THEIR DISSATISFACTION, BOTH ABOUT THE MANAGEMENT AND ABOUT THE GOVERNMENT IN VERY BLUNT

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TERMS. JARUZELSKI REPLIED, ACCEPTING SOME OF THEIR CRITICISMS AND REJECTING OTHERS. THE WHOLE THING WAS GIVEN WIDE PUBLICITY IN THE PAPERS. THIS SUGGESTS THAT THE REGIME ARE STILL PREPARED TO PUT UP WITH A DEGREE OF FREE AND CRITICAL SPEECH UNUSUAL IN EASTERN EUROPE. IT IS DIFFICULT TO SAY WHETHER MILITANT WORKERS ARE WELL-ORGANISED. WE KNOW THAT THERE ARE CASES OF TOKEN RESISTANCE IN SOME FACTORIES AND OTHER ACTS INIMICAL TO THE GOVERNMENT. BUT I DO NOT GET THE IMPRESSION THAT THERE IS YET MUCH STOMACH FOR A FIGHT AGAINST THE REGIME AMONG THE MASS OF WORKERS. THERE IS AN AIR OF APATHY.

5. THE INTELLIGENTSIA ARE AN IMPORTANT CLASS IN POLAND. WE HAVE NUMEROUS CONTACTS WITH THEM. MANY OF THEM ARE NOW TUNED OFF. THEIR WORD FOR IT IS INNER EMMIGRATION (I.E. THE CULTIVATION OF PRIVATE E.M. FORSTER-LIKE VIRTUES AND NO THOUGHT FOR POLITICS OR THE GOVERNMENT). THERE IS GREAT DISILLUSION. HOPES WERE PROFOUNDLY DASHED BY MARTIAL LAW. MANY HATE JARUZELSKI AND DESPISE THE PARTY. SOME ARE CRITICAL OF THE CHURCH WHICH THEY BELIEVE IS PLAYING THE GAME OF THE GOVERNMENT.

6. SOLIDARITY IS STILL ACTIVE AND IS TRYING TO PUT AN ACT TOGETHER AGAIN BUT IT HAS TAKEN A HARD KNOCK. I EXPECT THEY WILL HOLD DEMONSTRATIONS AT THE END OF AUGUST. I CAN SEE THIS CAUSING INCONVENIENCE BUT I DOUBT WHETHER IT WILL CAUSE REAL TROUBLE FOR THE GOVERNMENT. THE CHURCH LEADERSHIP IS PLAYING A CAUTIOUS GAME AND DOES NOT WANT VIOLENT RESISTANCE. IT IS HELPING SOLIDARITY AND THE DETAINEES IN PRACTICAL WAYS. BUT IT SEEMS INTENT ON KEEPING OPEN ITS LINES TO THE GOVERNMENT WHILE IDENTIFYING ITSELF WITH THE PLIGHT OF THE PEOPLE. IT IS TALKING OF THE NEED FOR REALISM AND TIME TO HEAL THE WOUNDS IN SOCIETY. IT IS NOT GOING OUT OF ITS WAY TO CAUSE JARUZELSKI TROUBLE.

7. THE REAL MESS IS THE ECONOMY. HOW CAN THE GOVERNMENT GET IT MOVING AND GIVE SOME INCENTIVES BACK TO THE POLISH WORKERS? THE COMING WINTER MAY BE VERY HARD. THE STANDARD OF LIVING WILL GO DOWN, CONDITIONS IN THE FACTORIES WILL BECOME MORE DIFFICULT AND THERE WILL BE LITTLE HOPE OF IMPROVEMENT OR MATERIAL REWARD. JARUZELSKI SEEMS WELL AWARE OF THIS AND THERE ARE NUMEROUS PLANS PUT FORWARD TO DEAL WITH IT. HE CAN HARDLY HOPE TO STAY ON A LIBERALISING PATH UNLESS HE CAN DO SOMETHING TO IMPROVE THE ECONOMIC SITUATION. BUT IT IS HARD TO SEE HOW HE CAN DO MUCH ABOUT THIS WITHOUT MORE HELP THAN HE LOOKS LIKE GETTING BOTH FROM THE EAST AND THE WEST.

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8. A PRETTY BLEAK PROSPECT, THEREFORE, FOR MOST OF THE POLISH PEOPLE. A LEADER WHO MAY TURN OUT TO BE AS GOOD AS ANY REALISTIC ALTERNATIVE (GIVEN THE LIMITATIONS IMPOSED ON ANY LEADER IN POLAND AT PRESENT) BUT WHO HAS FEW LEVERS AT HIS DISPOSAL. HE WILL NEED LUCK AND MAY BE IN FOR SOME NASTY SURPRISES. HIS HOPE MUST BE TO HOLD ON TO THE LINE OF MODEST REFORM AND TO AVOID SOME OF THE EXCESSES OF HIS PREDECESSORS. HE MAY BELIEVE THAT THIS WILL GRADUALLY GATHER SOME POPULAR SUPPORT AND THAT THE PRESENCE OF THE ARMY AND THE OTHER FORCES OF SUPPRESSION, AND HIS KNOWN DETERMINATION TO USE THEM IF NECESSARY, WILL GIVE HIM TIME. WHEN THIS IS SAID, I CONFESS TO GREAT UNCERTAINTY AS TO HOW THE NEXT YEAR WILL UNFOLD.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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[REPEATED AS REQUESTED]

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