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TELNO 2628
OF 312330Z OCTOBER 88
INFO DESKBY 010900Z WARSAW
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YOUR TELNO 1779 (NOT TO WARSAW): US/POLAND
SUMMARY

1. STATE DEPARTMENT RELAY SIGNALS OF CONCERN FROM SOLIDARITY THAT THE POLISH GOVERNMENT'S STRATEGY UNDER RAKOWSKI MAY HAVE CHANGED IN THE DIRECTION OF A DRIVE FOR ECONOMIC GROWTH WITHOUT POLITICAL REFORM, AND A CAMPAIGN TO SECURE BILATERAL CREDITS FROM THE EUROPEANS. FOR THE US, POLITICAL REFORM REMAINS AN ESSENTIAL INGREDIENT FOR ECONOMIC PROGRESS AND HENCE FOR WESTERN ASSISTANCE.

DETAIL

2. SIMONS (DEPUTY ASSISTANT SECRETARY IN THE EUROPEAN BUREAU AT STATE) ASKED THE MINISTER TO CALL ON 31 OCTOBER. IT WAS CLEAR THAT THE DRAFTING OF THE PASSAGE OF THE NATO REPORT ON POLAND WAS NO LONGER A PROBLEM: SIMONS WAS CONTENT WITH THE REVISED WORDING IN UKDEL NATO TELNO 403. SIMONS' MAIN CONCERN WAS TO GIVE US THE AMERICAN ASSESSMENT OF THE POLITICAL SITUATION IN WARSAW ON THE EVE OF THE PRIME MINISTER'S VISIT, AND AN ACCOUNT OF THE MESSAGES WHICH THE US WERE RECEIVING FROM THE GOVERNMENT AND FROM SOLIDARITY.

3. SIMONS SAID THAT BOTH SIDES WERE MANOEUVERING TO PUT THEMSELVES IN A POSITION TO BLAME THE OTHER SHOULD THE ROUND TABLE PROCESS BREAK DOWN. THE US HAD BEEN STRICTLY EVEN-HANDED IN URGING BOTH SIDES TO START THE TALKS SOON.

4. SIMONS CONTINUED THAT SOLIDARITY HAD RECENTLY BEGUN TO EXPRESS CONCERN TO THE US ABOUT SIGNS OF A CHANGE OF STRATEGY ON THE PART OF THE GOVERNMENT. THEY BELIEVED THAT RAKOWSKI MIGHT HAVE PERSUADED JARUZELSKI TO CONCENTRATE ON A DRIVE FOR ECONOMIC GROWTH WITHOUT POLITICAL CONCESSIONS TO SOLIDARITY, AND TO DO WHAT WAS NECESSARY TO SUPPRESS ANY RESULTING UNREST. SOLIDARITY WERE NOT CLEAR WHETHER RAKOWSKI HAD PERSUADED JARUZELSKI ON THE MERITS OR HAD ENLISTED SOVIET HELP ON HIS RECENT VISIT TO MOSCOW. SOLIDARITY WERE CONCERNED THAT AS PART OF THIS STRATEGY RAKOWSKI MIGHT TRY TO STRIKE BILATERAL DEALS OVER CREDITS WITH INDIVIDUAL EUROPEAN COUNTRIES. ANY POLITICAL REFORM PROPOSALS WOULD BE LIMITED TO MEASURES INTENDED TO CO-OPT SOLIDARITY. IF THE LATTER

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REJECTED THESE, RAKOWSKI WOULD AIM TO PIN THE BLAME ON THEM FOR OBSTRUCTING THE REFORM PROCESS.

5. SIMONS MADE CLEAR THAT THE US REMAINED CONVINCED THAT ECONOMIC REFORM, IF IT WAS TO BE SUCCESSFUL, HAD TO REST ON A FIRM BASE OF POLITICAL AGREEMENT WITHIN POLAND. THAT ISSUE LAY AT THE ROOT OF THEIR DIFFICULTIES WITH AN IMF AGREEMENT. THE IMF CONFINED ITSELF TO LAYING DOWN ECONOMIC TARGETS: AND THE US WERE CONCERNED FOR WIDER REASONS THAT IT SHOULD CONTINUE TO DO SO. BUT IN THE CASE OF POLAND, THAT LEFT OUT THE VITAL COMPONENT OF POLITICAL REFORM. IN FURTHER DISCUSSION OF OUR RESPECTIVE APPROACHES TO AN IMF AGREEMENT, SIMONS ADDED THAT THE US WERE NOT OPPOSED TO POLAND BEGINNING DISCUSSIONS WITH THE IMF. BUT THEY SHOULD NOT GET OUT AHEAD OF POLITICAL DEVELOPMENTS IN POLAND. THE STATE DEPARTMENT WOULD NEED CLEAR EVIDENCE THAT POLITICAL REFORM WAS BEING IMPLEMENTED BEFORE THEY COULD CONVINCE A SCEPTICAL CONGRESS (AND US TREASURY) THAN AN IMF AGREEMENT WAS APPROPRIATE.

6. ON US DIPLOMATIC ACTIVITY, SIMON SAID THAT DEPUTY SECRETARY WHITEHEAD HAD CALLED IN THE POLISH AMBASSADOR LAST WEEK TO UNDERLINE HIS DISAPPOINTMENT THAT THE EARLIER MOOD OF OPTIMISM ABOUT THE PROSPECTS FOR THE ROUND-TABLE TALKS HAD DISSIPATED AND TO MAKE CLEAR THAT IT WAS VITAL THAT THESE TALKS SHOULD MOVE FORWARD. SHULTZ WOULD BE SENDING A MESSAGE TO THE POLISH FOREIGN MINISTER SHORTLY MAKING THE SAME POINTS.

COMMENT

7. IT WAS EVIDENT THAT SIMONS SHARED SOME OF SOLIDARITY'S CONCERN THAT RAKOWSKI MAY BE INTENDING TO BACK AWAY FROM THE ROUND-TABLE PROCESS AND TO DEVELOP AN ECONOMIC PLAN THAT MIGHT BE ATTRACTIVE TO SOME OF THE EUROPEANS. THE US, WHILE MAINTAINING A PUBLIC STANCE OF EVEN-HANDEDNESS, WILL BE DOING ALL THEY CAN IN THE IMMEDIATE FUTURE TO HOLD RAKOWSKI'S FEET TO THE FIRE ON THE ROUND-TABLE PROPOSAL, AS THE BEST AVAILABLE WAY OF MEETING THE US REQUIREMENT FOR POLITICAL PROGRESS BEFORE ECONOMIC ASSISTANCE CAN BE CONSIDERED.

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