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cc Sir K

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 November 1988

Dear Mrs,

PRIME MINISTER'S MEETING WITH POLISH INDEPENDENTS  
WEDNESDAY 2 NOVEMBER

The Prime Minister met a number of members of independent organisations on the first evening of her visit to Poland, at the Ambassador's Residence in Warsaw. Those present were Professor Dzielski, Mr. Paszynski, Professor Trzeciakowski, Professor Bender, Mr. Janowski and Professor Findeisen.

The Prime Minister said how interested she was to have the opportunity to meet her guests and wanted to hear from them about development in Poland and the prospects. Mr. Gorbachev had realised that a centralised economy did not work. But it was very difficult to move from a centrally planned system to a freer one.

Professor Trzeciakowski said the Party would never accept this change. Reform meant de-politicisation of the economy in which 900,000 jobs for Party members would be lost. It would be very difficult to convince people to give up this privilege. It might be easier to convince the Army and police who did not share these vested interests. The decision on the Lenin Shipyard revealed the essence of the problem. The hardliners were not prepared to leave the field to economists who wished to de-politicise the economy. It was essential to find a compromise with the military.

Professor Dzielski said he represented a group of conservative anti-Communists, who had been inspired by the Prime Minister and President Reagan. They were not in the main body of the Polish opposition but were trying to develop a constructive anti-Communism. For them, it was not important who governed, but that changes occurred. Their approach was "soft confrontation", forcing change but leaving the authorities a way to escape. Economic freedoms came before political freedoms. The military and police were interested in economic freedoms which might save them from the consequences of economic collapse. The opposition should understand the right of the authorities to survive. The Prime Minister commented that an opposition could only become the government if it was united. She agreed that government should withdraw from many areas of decision-taking. In a sophisticated society this required a majority of people to believe the time was right for this change.

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Professor Findeisen described the situation of young people who saw no prospects. Mr. Gorbachev could involve Soviet youth, but it was much harder in Poland. Many of their brightest young people were emigrating. Political freedoms were essential to give young people the chance to take part in public life. At present they were blocked by the nomenklatura which required political approval for appointments from the lowest level upwards. If nothing changed, Poland would lose its young people twice over: both those who emigrated and those who wished to do so. The Prime Minister commented that it was important to change the system altogether not simply to create conditions in which young people could replace older ones within the existing system.

Professor Bender said Poland did not have a real political or economic life. Within the establishment, there was no real political opposition, as he well knew from his role as an independent Catholic Deputy in the Sejm.

Mr. Janowski stressed the importance of agriculture as the foundation on which a free enterprise economy could be built. For the first time since the War, the Polish Government had acknowledged agriculture as posing the most important tasks for the economy. But there was a chance that the authorities were merely using agriculture, not addressing the real problems which were causing food shortages. Eighty per cent of expenditure on agriculture went to the State sector which occupied twenty per cent of the land, and of three million private farmers half had neither horse nor tractor. Many of those who had tractors, could not get the equipment or spare parts for them. The fact that agriculture functioned at all was due to the resolve of the farming community, the toughest class in Poland. The authorities had to give political and economic guarantees if agriculture were really to develop. The Prime Minister said she could not see why guarantees were necessary to those who owned their land. Mr. Janowski said that might apply in Britain, but not in Poland, where farmers were uncertain that tomorrow the land would still be theirs. The authorities controlled so much, from the price of produce to the distribution of tractors. In practice there were limits on ownership.

Mr. Paszynski described the position of the private sector which had survived the latest economic crisis in a better condition than the State sector. It could be seen everywhere outside of the heavy industries, for example in light industry and food processing. Professor Bender said that the best examples of private enterprise were the production of flowers and vegetables. Professor Trzeciakowski said that even these sectors were subject to influence by the State which controlled the supply of fertilisers.

The Prime Minister asked how the process of change could be set in hand. She could not accept that change was impossible. After years of being told that socialism was inevitable, it was now clear that it was the death of socialism that was inevitable. Professor Trzeciakowski said the number one problem was the political one. He himself had refused the post of Vice-Premier in Mr. Rakowski's new government. The younger generation was fed up with the non-violent approach of Solidarity. People were deeply disillusioned about the round table talks after the purely

political decision to liquidate the Lenin Shipyard. It had killed the round table. He and his colleagues had been preparing proposals for reform of the economy including privatisation, de-monopolisation and changes of priorities. But the Party hardliners had won. The Prime Minister said that she understood exactly why Professor Trzeciakowski had refused the post of Vice Premier. She believed firmly in peaceful change and the importance of winning the intellectual arguments.

Professor Trzeciakowski said there were one or two bright spots, such as the Church Agricultural Foundation. Professor Findeisen said that institutions such as this gave young people hope. But it was difficult to have hopes in a society where, for example, boy scouts could not go to church in their uniforms. The Prime Minister said this was absurd. She exhorted her Polish guests to keep hope alive.

I am copying this letter to Alex Allan (H.M. Treasury), Brian Hawtin (Ministry of Defence), Neil Thornton (Department of Trade and Industry), Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and Trevor Woolley (Cabinet Office).

*you directly.*  
*Charles Powell*

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