

Subject as Master

CONFIDENTIAL



File KB  
at PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 November 1988

Dear Lynn,

PRIME MINISTER'S MEETING WITH GENERAL JARUZELSKI

The Prime Minister had a meeting with General Jaruzelski this afternoon lasting some three hours. General Jaruzelski was accompanied by the Polish Foreign Minister, the Polish Ambassador in London and two other officials. H.M. Ambassador, Warsaw was also present.

The Prime Minister opened by saying that she was very grateful to General Jaruzelski for letting her see and hear such a wide variety of people. She had long wanted to come to Poland. Her visit was taking place at a very difficult juncture for the country. But it also came at a very exciting moment in East/West relations. She admired what Mr. Gorbachev was doing in the Soviet Union. The Prime Minister continued that she had held two meetings with Mr. Rakowski in which they had talked very freely. The Polish Government clearly faced considerable problems with the economy, but that was always true when you embarked on major change. People had high expectations and wanted immediate results.

General Jaruzelski then spoke for the next one and three quarter hours. He was very pleased the Prime Minister had come to Poland. It could prove to be an historic visit, matching those of General de Gaulle and Chancellor Brandt in their time, given the current state of East/West relations and the prominent role played by the Prime Minister. But the outcome of the visit should serve the interests of both countries. Poland had strong links with the Soviet Union. The reasons for these was not so much ideological or political as reasons of state. For centuries, Poland had been sandwiched between more powerful countries to the East and to the West. She had at last found a home within secure borders, which were guaranteed by Soviet power. He personally enjoyed very close relations with the Soviet leaders, especially Mr. Gorbachev, who, incidentally, always spoke of the Prime Minister with the greatest respect and sympathy.

General Jaruzelski continued that Poland had embarked on a process of reform and renewal well ahead of most other Socialist countries, but was now part of a broader current of reform sweeping Eastern Europe and the Soviet Union. In

File

this context, Poland also wished to expand her relations with Western countries. She now enjoyed good relations with Italy and Austria. Relations with the United States were also improving, though not yet enough. Polish/German relations were of particular importance, but still well below the level Poland desired. It would soon be the 50th Anniversary of the beginning of the Second World War. He hoped it could be an occasion to close that particular chapter. Germany was a particularly important trading partner for Poland, with two-way trade at least three times as great as with the United Kingdom.

Turning to international issues, General Jaruzelski said that Poland had a particular interest in arms control. The Polish Government hoped the Vienna talks could be brought to a conclusion in November. That would require agreement to hold follow-up meetings on human rights in Paris, Copenhagen and eventually Moscow. He was in no doubt that human rights could usefully be discussed in Moscow without any inhibitions. He regretted that some of the proposals put forward by the United Kingdom in Vienna had not been taken up, for instance those on school exchanges. In the field of conventional arms control, the key was to find ways to make both the Warsaw Pact and NATO countries feel more secure. Parity alone was not the answer. More emphasis should be put on removing the capacity for surprise attack and on giving the forces of both Alliances a purely defensive posture. This should be reflected in the deployment of forces and in their training. The plan which he had put forward for greater stability in Central Europe had many of these elements. He would readily admit that the Eastern countries had been unforthcoming on some of these issues over the years. For instance, they had not been ready to accept reductions in conventional forces, had rejected extension of the area to be covered by such reductions to the Urals and had been unco-operative about verification. All these obstacles were now being removed. But the most important task of all was to create confidence. On this, he supported Mr. Gorbachev's proposal for a European Reykjavik. He would also favour more extensive bilateral meetings to discuss security issues. For instance, there might be a meeting of British and Polish defence experts. Such talks could help create greater clarity about differing doctrines of defence and a better understanding of the respective strengths of opposing military forces. Some countries put the emphasis on ground forces, others gave more weight to air forces. Some had conscript armies, others had professional forces. All these factors needed to be balanced out.

General Jaruzelski continued that bilateral relations also needed new stimulus. Contacts had been rebuilt after the painful collapse of the early 1980s. He was grateful to the Prime Minister for having seen the former Polish Foreign Minister when he visited the United Kingdom. The Polish Minister of Education had just paid a successful visit to Britain and had returned keen to promote exchanges of teachers and students. He was sorry that we had responded negatively to Polish ideas for training managers (sic).

CONFIDENTIAL

- 3 -

Economic co-operation was also important. The Prime Minister might look a bit suspicious at the mention of this and think that Poland was sticking out a hand. He could understand that she would wish to take both political and economic considerations into account in responding to a request for help in this area. But he hoped she would also take a long-term view.

General Jaruzelski said that he would like to explain the present situation in Poland against the background of the country's history. One had to understand how much tragedy Poland had gone through to appreciate how much she now valued her independence. For instance, forty per cent of Poland's industrial assets had been lost in World War Two and over six million people killed. Since the War, they had embarked on the huge task of rebuilding the country. There was no doubt that administrative rigours had been imposed to achieve this, which had reached the point of terror. Moreover, Poland had been slow to accept modern ideas. By making the state responsible for distributing and allocating everything, the system had discouraged people from making any effort or showing any initiative. He recalled some words the Prime Minister had spoken in 1979 to the effect that she could not promise anything to anyone except that everyone would be rewarded for more effort. That was the direction Poland now wanted to go. The imposition of martial law had been a step backwards but necessary in the circumstances. Subsequently Poland had not reached all its targets. To some extent this was the fault of Western sanctions. But the Poles had also been responsible for their own errors and inconsistencies. They had been too sluggish in trying to reform the economy. This was not to say that the period 1982/7 had been wasted. National income had increased by 5 per cent a year and large sums had been paid in interest on Poland's foreign debts. All this was despite a reduction of working time of some 18 per cent. At the same time some absurd social provisions had been introduced under pressure from the trade unions, such as three-year maternity leave and early retirement for miners. There were problems with inflation and with housing. There had also been a miscalculation over the pace of price reform. It was now clear that this had to be spread over a longer timescale. Despite these difficulties Poland was now entering a more radical stage of reform and would be bold in its search for ways to increase efficiency and initiative. He very much hoped Mr. Rakowski would stick to his commitment to introduce greater economic efficiency.

General Jaruzelski said that economic reform must be matched by political progress. The Government had embarked on a process of renewal and democratisation. In many respects Poland was advanced in its democracy. There was a constitutional tribunal which could overrule government decisions. There was a Parliamentary ombudsman. There was extensive democracy in the workplace. There was also the issue of the round table. He would prefer to discuss that in greater detail the following day, after the Prime Minister's visit to Gdansk, so that she would have an overall picture. He hoped that she would then share her

thoughts with him. For the time being, he would say only that the round table was not a tactical move. It went back to a proposal which he himself had originally made in 1981 but Solidarity had turned down at the time. The Polish Government was prepared to sit and discuss any topic. For instance they would talk about political and constitutional matters and how to find a place for opposition in the political system. They would discuss ways to get politics out of the trade unions and the trade unions out of politics. In this context, he had been much impressed by the trade union reforms carried through in the United Kingdom. The Government would also discuss economic reform. But the round table would lead nowhere if Solidarity always stuck to its maximalist demands. He had often urged Walesa to free himself from adventurism. But the truth was the extremists in Solidarity now had more influence than Walesa himself. Despite all this, he believed that a solution would eventually be reached. Indeed, it was vital for Poland that it should be. But it must not be an artificial agreement which simply created new problems.

General Jaruzelski continued that he did not want to impose any particular view of the Polish situation on the Prime Minister. He knew that she was listening to the views of others too. Solidarity tended to be idealistic about its own role and gave the impression that all good was on its side. But he also had to think of the interests of the Polish State. Poland's history meant that the interests of the State had to take priority. He knew that the Prime Minister had firm views on all these matters including human rights. Indeed, he had read the speech which she intended to make at dinner and had redrafted his own in consequence. But equally he was confident that she would arrive at an objective view of the situation in Poland. He hoped that she would be able to use her immense prestige to help Poland secure assistance in overcoming its economic problems and in establishing better bilateral economic co-operation. There had been some unhappy experiences in this latter field over the URSUS tractor factory and a PVC plant, on both of which Poland has suffered heavy losses.

General Jaruzelski apologised for speaking at such length. But he had wanted to explain the situation to the Prime Minister as fully as possible. She enjoyed great prestige and great affection in Poland and he believed her visit could have very great importance for the country. He wanted to emphasise once more that his commitment to democracy was not a tactical matter. Poland had found to its cost that failure to implement democratic rules ended in disaster. But democracy like the universal values represented in the Helsinki Accords, had to be adapted to the specific conditions of Poland.

The Prime Minister thanked General Jaruzelski for his very full account of developments in Poland and on the world scene. She would start by commenting on the international aspects. We shared the wish for an early end to the Vienna talks, but were sceptical whether a human rights conference in Moscow would be appropriate. While there had been

progress in the Soviet Union in implementing the Helsinki Accords, it was not yet sufficient to warrant agreement to a conference in Moscow. Conventional stability talks were important, but would only succeed if there was much greater frankness on the part of the Warsaw Pact about the strength and deployment of their forces than had been the case in the MBFR talks. Geographical differences also had to be taken into account, in particular the vast hinterland for reinforcement enjoyed by the Warsaw Pact, while NATO's reinforcements had to come across the Atlantic and the Channel. We attached very great importance to negotiations on chemical weapons which had proliferated alarmingly. The Warsaw Pact enjoyed a heavy preponderance in these weapons. The main guarantee of Europe's security would remain the nuclear deterrent: she saw no scope for further reductions in nuclear weapons in Europe at this stage.

The Prime Minister continued that she would like next to address some of the broader political and economic issues raised by General Jaruzelski. It was quite evident that the centrally-planned economies had failed, most of all because of their inability to respond to change. Marx had assumed that people would conform to economic laws. But human beings simply were not like that. If you denied them the right to take their own decisions, they would not act responsibly. It simply was not possible for any Government to arrogate to itself the power to plan an economic system from the centre. Socialism with its system of controls just did not work. Mr. Gorbachev had come to realise this in the Soviet Union. Of course there were people who were comfortable with socialism because it relieved them of the need to take decisions for themselves and gave great power to corporate bodies such as trade unions. She had set out to change all that in Britain in 1979, by abolishing controls, privatising state-owned companies, spreading ownership among people, giving incentives to greater effort by reducing the tax burden, and leaving managers to take their own decisions. The result had been a tremendous shake out and the difficulties had been much quicker to emerge than the positive results. It took time for people to get used once more to taking responsibility. But greater freedom had worked and enterprise had come back. That was why the British economy was now successful. The key was to give responsibility back to individual people.

The Prime Minister continued that the same thinking had inspired the Government's trade union reforms. The purpose of these had been to give individual trade unionists more power at the expense of union bosses. They were able to decide for themselves whether their interests would really be served by going on strike. This greater freedom for individual trade union members had been an essential part of Britain's economic recovery. She noted in parentheses that General Jaruzelski had said in his interview with The Guardian that Britain's trade unions were not truly independent because they were controlled by the Labour Party. Actually it was the other way round. But there was another aspect, which was a crucial difference between Britain and Poland: people in Britain did not have to rely

on trade unions to express their political views. They were able to decide whether or not to support the Government's policies in free elections. If they did not like those policies, they could change the Government. In Poland, trade unions, including Solidarity, seemed to be the only means of political expression for people who opposed the Government. While that lasted, she did not see how economic reform could succeed because people would use strikes as a political weapon in default of any other means of pursuing their political objectives.

The Prime Minister continued that she was very grateful to General Jaruzelski for enabling her to meet representatives of every shade of opinion in Poland. She had not come to create problems or to interfere in Poland's business. She could only say what had worked for Britain. But she welcomed the Polish Government's decision to offer round table talks with other groups. It was always best to talk and discuss and she hoped that Solidarity would accept the invitation. When she had visited Father Popieluszko's church earlier in the day, she had felt the power of the Solidarity movement. As a politician, her instinct told her that power could not be denied. As an organisation, Solidarity was outside her experience but it obviously had a cohesion and a strength which meant it must be given a role. She would let General Jaruzelski have further reflections after she had met the Solidarity leadership the following day. She could assure him she would be as supportive of dialogue in talking to them as she was in talking to the Polish Government. She held to the maxim that an empty chair does not talk. There was another point. She had heard Mr. Rakowski say that he was willing to discuss power sharing. With respect, that would not deal with the real problem. It was not a question of sharing power but of taking powers away from government and giving them back to ordinary people to exercise for themselves. General Jaruzelski wanted to go in the same direction as Mr. Gorbachev but had the advantage in Poland of people who could remember what a free enterprise economy was like and who had experience of owning their own land. That was a great blessing. She had seen for herself the tremendous achievements of the Polish people in re-constructing Warsaw after the terrible damage done during the Second World War. A nation which had the spirit to do that must be able to overcome present problems. We wanted to see Poland succeed.

The Prime Minister said that she would also comment on bilateral relations. Poland had a special place for Britain. For us it was different to other East European countries. It was partly history, in particular the experiences of the Second World War. It was partly the fact that we had a large number of Polish people who were excellent members of the community and also very good Conservatives (General Jaruzelski permitted himself a wintery smile). She was sorry to learn that our relations were now less substantial than those of Germany. There was a certain irony in that in the light of history. As to economic help, once Poland was able to reach agreement with the IMF, that

would unlock the door to further financial assistance, including re-scheduling of debts. We would be ready in principle to use our influence helpfully with the IMF provided we could be sure that economic reform would be durable, and for that further political reform was essential. There seemed to have been some misunderstanding about help with management training: we were very ready to offer such help and the details could be discussed. There were also other practical steps which could be taken in our relations. She had described these to Mr. Rakowski.

General Jaruzelski thanked the Prime Minister for her remarks. He had been fascinated by what she said. He would make a few brief comments. First, it was important to remember that the East needed a sense of security no less than the West. The Soviet Union and Eastern Europe had suffered terribly in World War Two and this had made a deep psychological impact. While the West tended to talk in terms of the map which showed Western Europe as a relatively small appendage to the great land mass of the Soviet Union, the Soviet Union itself tended to look at the globe and feel itself surrounded. Secondly, he disliked the emphasis which the Prime Minister put on deterrence because it pre-supposed that the other side was a potential aggressor. It was time to give up the philosophy of enmity. We were doomed to live alongside each other and should concentrate more on common problems such as ecology rather than the military threat. Thirdly, it could not be said that Communism was a social system which had failed. There was its role in achieving victory in the war against Hitler. There was the Soviet presence in space. There was its outstanding record in basic science. In retrospect, it was a great pity that Lennin's new Economic Policy had not been continued: if it had been, the Soviet Union would have been much more advanced now. Lastly, one should never forget that societies and economies moved in cycles. Capitalism was certainly resurgent at the moment but had not always been so. The role of individual leaders had great importance. If it had not been for the Prime Minister's strength of character and determination, Britain might well still be languishing.

Summing up their discussion, he would like to say that he had found it refreshing and helpful. He thought Poland could learn a lot from the United Kingdom's experience. He wished the Prime Minister well for her visit to Gdansk. There might be attempts to exploit it. He recalled her undertaking in her letter to him not to add further complications to Poland's existing difficulties.

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

*your diary,*  
*Charles Powell*  
CHARLES POWELL

Lyn Parker, Esq.,  
Foreign and Commonwealth Office.