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PRIME MINISTER

cc Sir P. Cradock
Mr Ingham

VISIT TO POLAND

Your visit to Poland next week is an important one. It will command a lot of attention: here, in Poland and more widely. The aspects which will arouse most interest are:

- what you say about human rights. There will be attempts to portray you as out of line with other Western leaders in taking an unreasonably hard line on this.
- how hard you press the Polish government on economic and more importantly political reform.
- how you cope with what some commentators see as the contradiction between your bashing the trade unions at home and your support for Solidarity with its record of strikes and resistance to job losses and rationalisation in Poland's industry.
- how far you succeed in breaking through the official crust with a programme which gives you full access to Solidarity, and what the response of ordinary Polish people to you is. Our aim is that, as was the case with your visit to the Soviet Union, Poland should never be quite the same place again after you have been there.

I think you will find some contrasts to your earlier visits to Hungary and the Soviet Union. There is more freedom of expression and more overt opposition to the Government and the Party, much more than in the Soviet Union. The Church is a very powerful force. Farming is relatively prosperous. People can travel pretty freely. And being Poles, they consider themselves a cut above everyone else in Eastern

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Europe and most other places, let alone the Soviet Union.

All that said, you will find a seedy, run-down sort of atmosphere, with appalling conditions in factories, housing and hospitals (none of which you will see). You will also find a cynical and intellectually bankrupt regime which knows it has no popular support, cannot overcome the country's problems without undermining its own grip on power and relies for its authority ultimately on the threat that too much opposition pressure for freedom and democracy will lead the Soviet Union to intervene.

Your visit comes at a very difficult juncture in Poland's affairs:

- real economic reform is blocked because people were not prepared to take the medicine of higher prices and lower living standards when put to them in a referendum in November 1987, mostly because they were offered no political hope to go with it.
- because the system offers no political outlet and no means of giving Opposition groups a role, strikes are the only means of political expression. But they damage the economy even further, leading to a downward spiral.
- the spiral will only be ended by genuine political reform, including legalisation of Solidarity, freedom of association, freedom of expression and so on. Optimists profess to see Poland on the brink of a constitutional convention which will bring far-reaching political reform. But the bulk of the evidence suggests that the authorities are insincere in their approach to the round-table discussions with Solidarity, believing they can drag them out, divide the opposition, and end up carrying on much as before with their own power intact.
- meanwhile Solidarity itself is losing ground to younger and more radical groups. The outlook is for further strikes

and confrontation. The authorities will have to chose between smashing them - which to be fair they will be reluctant to do: Jaruzelski is said to have opposed firing on the strikers in 1970 and 1980 - and buying them off.

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- what it all comes down to is paralysis and inability to take decisions. This may in the long term hold the greatest dangers of all.

Against this background, we want your visit to get over some clear messages.

First your general stance. The Polish Government will want to get your support for what they are trying to do. They will aspire to use your prestige to spread the impression that they are on the right course, facing up to difficult decisions etc. - rather in the way you spoke up for Gorbachev after your visit to the Soviet Union. You will want to avoid this. It is far from clear that the Polish authorities have taken the necessary decisions on political and economic reform. We must not get ourselves hooked on support for a sham effort, because that would undermine the position of Solidarity and the Opposition forces.

The essential points to get across to them will be:

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- across the world, the tide is flowing very strongly in favour of systems based on more private enterprise, more openness to market forces and less state control. That is the direction in which they will need to move.
 - but they will never succeed while trying simultaneously to preserve a political system based on a one-party state without the basic democratic freedoms.
 - sooner or later there is going to have to be political reform, which allows free trade unions, full democratic rights and structures and so on. It is better to grasp that nettle than try to postpone decisions.
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- legalisation of Solidarity is the step which would have the biggest impact of all both in Poland and in the West.
- if the Polish authorities counter by saying that you are supporting those who organise strikes and provoke instability, the answer is perfectly clear: it is precisely the absence of democratic institutions which makes strikes the only channel for people to express their frustration.
- moreover you will be the first to point out to Solidarity that freedom - once you have it - incurs responsibility to accept closures of inefficient firms, redundancies and so on.
- western help will only be forthcoming when governments are convinced not only that the Polish authorities are committed to reform but that they have the broad political support to enable them to sustain it. Until then extra credits, rescheduling of debts and other help will be regarded as simply feeding the drug addict's addiction.
- we will be ready to help, and you personally will be prepared to take a lead in encouraging Western help, once there is a clear programme of political reform and it is being implemented.
- saying this is not interference in their affairs. It is simply a shrewd and hard-headed assessment of what it will take to unblock Western help and an IMF programme.
- in the meantime we are ready to give practical assistance in areas such as management training and assistance to small business development.

That should be the message to the Polish authorities, which you should also put over publicly (as I hope your speech already does). The attached letter from the FCO sets out the background in greater detail and suggests the main additional

topics which you should try to cover in your talks: East/West relations, CSCE, Arms Control, the Middle East and bilateral issues including the perennial issue of General Sikorski's remains. There is also the question whether you should invite Jaruzelski to visit Britain: the feeling is that you should not do so yet, because it would imply endorsement of what the Polish Government is doing. They must earn a visit. But the same would not necessarily apply to an invitation to Rakowski.

There are also some very good and thorough background briefs, which I commend if you have the time.

C.D.P.

Charles Powell
28 October 1988