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SPECIAL ANALYSIS

POLAND: Party Congress

*First Secretary Gierek's regime will stress continuity of policy when the eighth congress of the Polish Communist Party opens today. The regime's apparent decision not to change course--even though it has failed to make much headway in alleviating the country's many economic and sociopolitical problems--typifies the virtual immobility that has characterized Polish decisionmaking in recent years.*

The congress takes place against a backdrop of a badly faltering economy. Last year Poland's real gross national product fell for the first time since World War II. Industrial production increased only about 1 percent over 1978, the grain harvest was the poorest in the decade, and transportation breakdowns hindered deliveries of vital raw materials.

In addition, the trade deficit ran an estimated \$1.7 billion last year--much higher than the \$660 million planned. By the end of 1979, Poland's net hard currency debt to the West reached nearly \$20 billion, up about \$3 billion from 1978; the debt service ratio equaled 97 percent of exports to non-Communist countries, compared to 79 percent the previous year. This year, borrowing requirements are likely to exceed \$8 billion, compared to \$7 billion in 1979.

Poland's scramble to meet its debt service obligations has had little success. Some of the Poles' recent moves ~~\_\_\_\_\_~~ come close to debt re-scheduling. ~~\_\_\_\_\_~~

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Some bankers are becoming much less willing to lend to Poland on a long-term basis, thus frustrating Poland's attempts to lengthen the maturity structure of its debt. If Western bankers become more reluctant to lend to Warsaw, Poland's financial plight could worsen.

The regime's most pressing economic problem is to relieve shortages of consumer goods while bringing foreign debt under control. Polish leaders, however, have been reluctant to take drastic and politically risky remedial measures.

Gierek and his team have pursued a policy of austerity only half-heartedly because they do not want to admit that many earlier decisions were ill-considered. The regime's abrupt attempt to raise consumer prices in 1976--which caused countrywide strikes--reinforced its caution.

The current leadership is still inclined to use stopgap measures. Gierek may well endorse further discussions of economic reform, but primarily to keep the allegiance of the party's moderate wing and perhaps to placate Western lenders.

#### Church-State Relations

The selection of Pope John Paul II in October 1978 and his emotional homecoming last June gave a tremendous boost to the already vigorous Catholic Church. Church leaders, however, apparently cautious about wielding their considerable influence for Church gains, are at present more concerned about riots and a consequent resurgence of party conservatives, and appear willing to support Gierek as the least objectionable party leader.

The party realizes that it faces real competition as it seeks to win the ideological allegiance of the populace and particularly of young people. Nonetheless, the Gierek regime is unlikely to change its pragmatic and

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occasionally conciliatory policy toward the Church-- despite an occasional show of stubbornness--so long as it needs the Church's help in preserving domestic tranquility.

#### Dissidence

The tremendous growth of organized dissent has been a major development since the last party congress. The regime's failure to stunt the growth of dissident activity has periodically brought pressure from conservative groups within Poland--and probably from the USSR--for a tougher policy. Such pressure has probably increased considerably since Moscow signaled a tougher attitude toward dissent in late January. Although the Gierek regime may be forced into taking some more punitive measures, it will resist changing the main thrust of existing policy. Its advocates can still argue that the dissidents are mainly intellectuals, that the dissidents are divided among themselves, and that the international embarrassment of show trials has been avoided.

#### Gierek's Position

Gierek remains the most important political figure in Poland, and it appears that his position as party leader is firm. An adroit politician, he continues to enjoy the Church's support. The Soviets also back him, even if they are somewhat uncomfortable with his liberal domestic policies and his failure to bring economic problems under control.

Gierek may make some changes in his leadership team during the congress that will, if anything, strengthen his political hold. He may remove several Politburo members to promote some of his loyal supporters; he apparently is considering taking on added duties as head of state, probably some time after the congress; and he may be prepared, later in the spring, to shake up the government leadership.

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The recent cooling of East-West relations could increase pressure on Gierak to make more sweeping changes. The possible decline of detente--and a consequent decrease in Western financial assistance--creates an urgent need for effective domestic economic solutions both to bolster the confidence of Western lenders during a downturn in East-West relations and to reduce eventually Poland's dependence on those lenders.

Over the long term Gierak's position is not unsailable. His standing with the public and even within the lower ranks of the party has eroded considerably, and he appears to be getting more of the blame that previously had fallen almost exclusively on his advisers or "the bureaucrats." His standing, however, could continue to deteriorate for a considerable time without causing his fall. His predecessor, Wladyslaw Gomulka, was able to hang onto power during more than five years of political decay. Gierak's tenure probably depends in large part on Poland's continuing political paralysis, which prevents any potential rival from establishing himself as an alternative party leader.

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