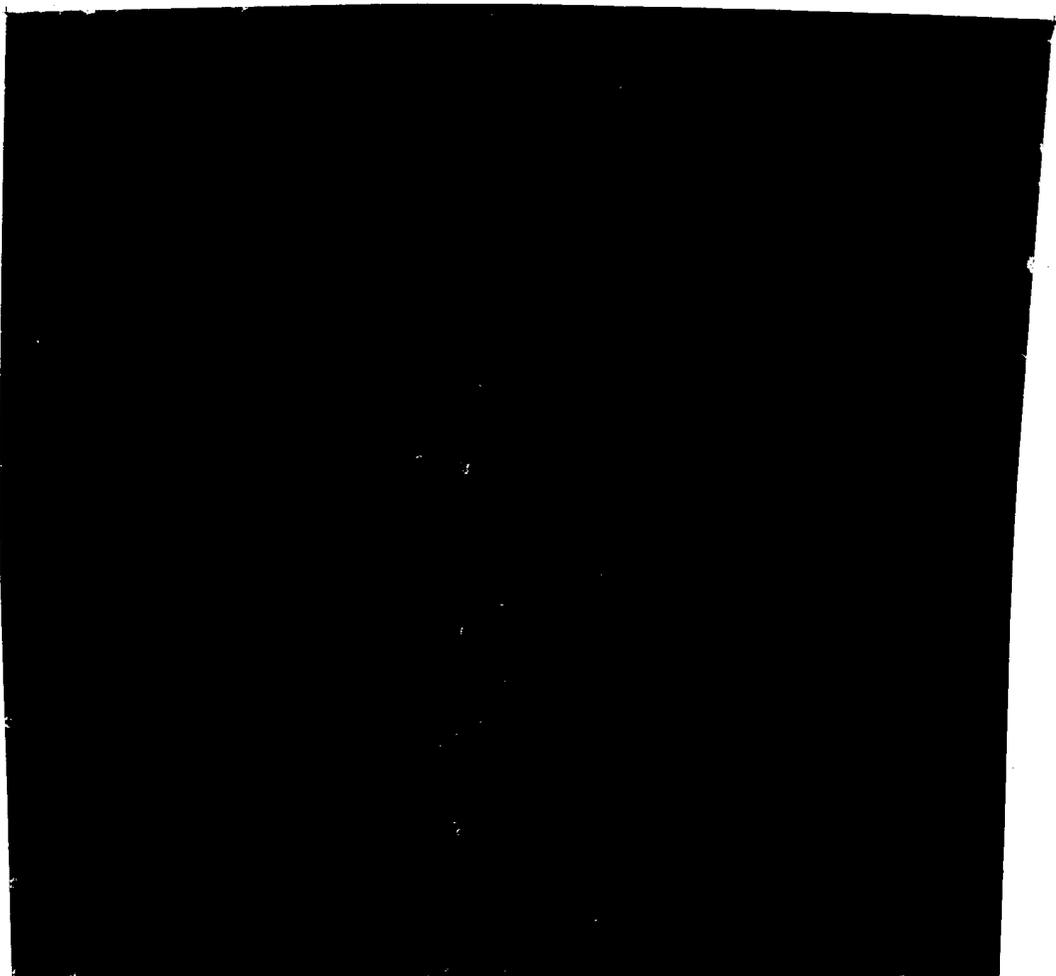


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SITUATION REPORTS

POLAND



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Date ~~AUG 1999~~

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[REDACTED]
[REDACTED]

[REDACTED]

It is difficult to determine if some of this activity may be related to the normal end of the summer training cycle, which culminates in the release of one group of Soviet conscripts and the induction of another. As we approach next month's semiannual troop rotation, we would expect [REDACTED] increasing amounts of field training by Soviet forces. [REDACTED]

Political Activity

Trade union leaders in Gdansk reportedly have threatened to call for a nationwide general strike on 15 October if the regime does not fulfill the agreements it signed with the striking workers last month. [REDACTED]

[REDACTED]

the "founding committee" of the new autonomous trade unions in Gdansk--presumably the group led by Lech Walensa--plans to launch a full-scale effort next month to create autonomous unions. If the regime permits the new unions to be registered, the union leaders will issue a call to workers to make up the production losses suffered during the strikes. [REDACTED]

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[REDACTED]

Should the regime not completely fulfill the agreements, the committee will call "warning"--presumably local--strikes; if the regime does not fulfill the agreement at all, the committee will call for the general strike.
[REDACTED]

[REDACTED] the committee is in contact with people in 32 of Poland's 49 provinces. Would-be union leaders from various parts of the country are scheduled to meet with the trade union committee in Gdansk today, and Walesa and the other leaders presumably will attempt to coordinate their strategy. [REDACTED]

[REDACTED] the regime over the weekend announced the procedures the new free trade unions must follow in order to be registered. Yesterday a union from Katowice became the first to apply for registration. [REDACTED]

Kania meanwhile is continuing his efforts to gain support from and to boost the morale of local party officials. He met yesterday in Warsaw with provincial party leaders, many of whom are apparently hearing demands from local party members for further changes. [REDACTED]

[REDACTED] party members [REDACTED] last week demanded that the central committee be purged of any member who has been involved in illegal or corrupt activity. Chairman of the State Council Jablonski's speech on Monday night calling for "surgical cuts" apparently was in response to such demands. [REDACTED]

Financial Pressures

Warsaw has recalled its Ambassador to the US and probably envoys to other Western capitals for an urgent top-level meeting today to discuss Poland's deteriorating external financial position. Reportedly the conference will consider three possible ways to relieve the situation--debt relief in the form of bilateral rescheduling,

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[REDACTED]

additional Western credits, and concessional financing for Polish imports of raw materials. The convening of the meeting points up Poland's anxiety over its hard currency debt and provides further evidence that Poland may be seriously considering debt rescheduling. [REDACTED]

Reports [REDACTED] suggest that the aid agreement signed in Moscow last Thursday may include Soviet financial credits for Poland. [REDACTED]

Earlier reports indicated that the Soviets had promised only special shipments of food and industrial goods--valued at about \$150 million in Western market prices--during the remainder of 1980. [REDACTED]

The various reports differ on the size of the financial credits, estimates ranging from several hundred million dollars to \$1 billion. None of the reports gives any information on the form and terms of the purported financial assistance. [REDACTED]

Reports [REDACTED] must be viewed with skepticism, both because of their discrepancies and their self-serving nature. They may be intended to put pressure on the West to match Soviet generosity or to indicate that the USSR is not being outdone by the West. The Polish press, for example, claims Warsaw has been granted \$690 million in Soviet financial aid, compared to the \$670 million in Commodity Credit Corporation credits the US has just authorized. [REDACTED]

We continue to believe that, in fact, how much aid Poland receives from Moscow is conditional in large measure on how effectively the Polish regime dilutes the concessions it has granted to Polish workers. [REDACTED]