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March 27, 1981

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POLAND: Increased Threat of Confrontation

Solidarity went ahead with its plans for short "warning" strikes today after the government postponed yesterday's expected meeting between union and government negotiators. [REDACTED]

The strikes--which began early this morning and were to last two to four hours--were held in all economic sectors except those providing vital services and rail transportation. Solidarity's decision to keep the transportation system functioning is a recognition of Soviet sensitivities and an effort to show that it is using the strike weapon "responsibly." The union also has taken elaborate precautions to ensure that the strikes are calm and disciplined. [REDACTED]

The government is attempting to put Solidarity on the political defensive by calling the strikes "suicidal" in light of Poland's economic problems. This argument has had little impact on the attitudes of the populace who see the strike as a protest against police brutality. For the same reason, Kania's call for party members not to join the strike probably went unheeded. [REDACTED]

The government's postponement of talks with the union--which were slated to resume today--and its other recent behavior reinforce signs of deep divisions within the party leadership. Western reporters in Warsaw have heard rumors of a confrontation in the Politburo last weekend over the possible declaration of martial law. One or both factions in the leadership may have decided to take the case to the Central Committee session this Sunday. [REDACTED]

The session now appears to be shaping up as a major confrontation between hardliners who support the imposition of martial law and moderates who are demanding punishment of those responsible for the Bydgoszcz incident and for a purge of conservatives opposed to reforms. The moderates, according to one report, hope to unseat, among others, Stefan Olszowski and two other full Politburo members. [REDACTED]

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As in previous periods of increased tension, the government has moved to limit Western press coverage of events in Poland. Government actions this time appear more extensive and include barring entry to any additional Western journalists and refusing Western television correspondents access to Polish facilities for transmitting their reports. [REDACTED]

Church's Role

Prime Minister Jaruzelski yesterday discussed the tense situation with Polish Primate Wyszynski and presumably asked for the Church's intervention to help mediate with Solidarity. The two men agreed that conflicts can be resolved by peaceful means and called for a "full and objective" appraisal of the incident in Bydgoszcz. The latter statement may be a sign that the regime is willing to admit wrongdoing by the police. Jaruzelski's meeting with Wyszynski--his first ever--will help reinforce the favorable image he has within Solidarity and many other segments of the society. [REDACTED]

Moscow Blasts Solidarity

The Soviets yesterday continued to lay the propaganda groundwork for a regime crackdown on Solidarity by issuing their most sweeping public condemnation of the union to date. [REDACTED]

The TASS report, which described the situation in Poland as "extremely tense," made a number of charges against Solidarity, each of which on its own would be grounds for repressive measures in Moscow's eyes. It stated that Solidarity is preparing for a general strike and is flooding the country with leaflets containing "direct threats against Communists." According to Polish Deputy Premier Rakowski, Solidarity also is delivering ultimatums to the government, attacking the militia and security services, declaring a "war on peoples' power," and weakening Poland's international standing. [REDACTED]

TASS fully backed the Polish party's tough stance on the Bydgoszcz incident. It did not shut the door

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on continued talks between the regime and Solidarity but made it clear that they can only be conducted on the regime's terms. [REDACTED]

Quoting the Polish news agency, TASS stated that "measures are being taken to restore order" in light of Solidarity's "provocative" actions. This represents both a Soviet approval of such a course and, at the same time, a form of pressure on the Polish Government to carry it out fully. [REDACTED]

Economic Problems

A Polish financial official said yesterday that Poland will default on its debts to Western creditors on Tuesday unless it immediately receives substantial financial assistance. [REDACTED]

[REDACTED] The Poles will pass the same message to private banks in New York today and in London on Monday. [REDACTED]

The Poles are asking for \$1.3 billion through some combination of loans and deferrals of payments due in the March-June period. Polish data indicate that Poland's debt service obligations will come to about \$2.2 billion in that period. [REDACTED]

The Polish official [REDACTED] said Poland was on the verge of default because western banks had withdrawn deposits from Polish banks and had failed to provide promised export credits, exports had fallen below expectations, and bridge financing had been only partially implemented. Warsaw's impending bankruptcy also points to the limits of Soviet assistance. [REDACTED]

The heightened political tension in recent weeks has increased food hoarding and created the worst food supply situation in years. The additional--but unsatisfied--demand for food from an already strained market

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network has increased consumer impatience and resulted in some violent confrontations with store workers. While rationing has been formally imposed only in Gdansk, local informal rationing of most staples and household goods is widespread and will probably continue for the foreseeable future. [REDACTED]

