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CIACO NID 81 [REDACTED]

April 11, 1981

POLAND: Bold New Proposals

Prime Minister Jaruzelski yesterday made a number of bold proposals that will complicate government-union relations. His austerity program will probably generate substantial popular opposition and will be difficult for Solidarity to accept in its entirety. His two-month ban on strikes is a gamble that will not prevent strikes and may increase the chances of a more serious government-union clash when a strike occurs. Military field activity in and around Poland is winding down. [REDACTED]

To attempt to restore economic stability, Jaruzelski called for strict limits on wage increases and stressed the need to raise consumer prices. He also proposed a temporary cutback in increases for residential construction--contrary to promises by the government last fall. [REDACTED]

The government probably will consult with Solidarity before taking any specific actions. Some leaders of Solidarity have indicated they are willing to agree to some economic stringencies, but in return will insist that the government meet some of the union's political demands, such as greater access to the media. Even if Solidarity is willing to endorse some belt tightening, however, it may have trouble selling it to its membership. [REDACTED]

Jaruzelski's proposed austerity measures also may be intended merely to influence Poland's Western creditors, and specific actions will not necessarily follow quickly. [REDACTED]

Strike Ban

The Prime Minister cited Poland's desperate economic condition to justify the two-month ban on strikes and implied that, in the event of a strike, the military might be used to ensure the "unhampered" functioning of key economic sectors. His threat to resign if his request was refused probably helped prompt parliament to approve his proposal almost unanimously. [REDACTED]

Jaruzelski indicated that the strike ban does not signal a change in government policy toward Solidarity. He stressed that he is prepared to maintain an active

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dialogue with the union and to compromise on issues. Although he criticized extremists in Solidarity and the union's "overreaction" to the events in Bydgoszcz, Jaruzelski warmly praised union moderates. [REDACTED]

Deputy Prime Minister Rakowski claimed that Solidarity had been consulted beforehand, but union leaders in Gdansk issued a statement expressing "deep concern" over Jaruzelski's proposed strike ban, calling it "unfounded and incomprehensible." They suggested that the ban might increase social tension and, in any event, would not prevent a strike if the union's security were threatened. [REDACTED]

Jaruzelski's strike ban puts the Polish Government in a difficult position. The ban is intended, in part, to isolate the militants in Solidarity by denying them their favorite weapon--the strike--but, depending on the government's behavior, it could have the opposite effect of driving the entire union leadership to a more militant stance. Despite signs that Jaruzelski will make major changes in government ranks, he will still have trouble controlling the actions of local officials and preventing local conflicts from mushrooming into national ones. [REDACTED]

Jaruzelski may also have difficulty convincing the union that the government is being as forthcoming as possible. The government, in turn, may feel it has little choice but to impose martial law if the union forces a confrontation over its unfilled demands. [REDACTED]

The government's attitude toward local strikes--which are probably unavoidable--will be another key to whether the ban will lead to a major union-government confrontation. The government is probably willing to tolerate some local strikes. It will be under pressure, however, to remove strikers from factories and to punish them, if only by docking wages. The harsher the government actions, of course, the greater the chances of a major confrontation. [REDACTED]

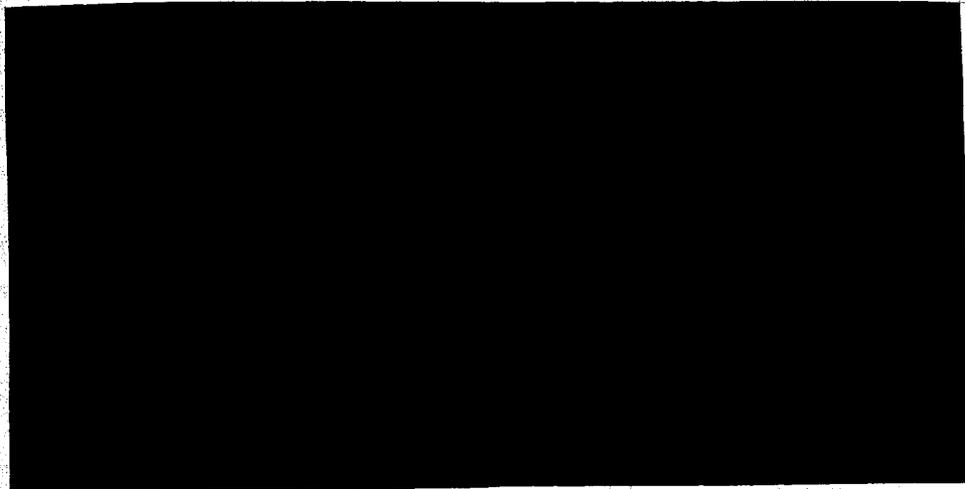
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Military Situation

Warsaw Pact military activity in and around Poland is returning to a normal seasonal level, and we are beginning to see signs of routine preparations for the Soviet troop rotation that begins late next week:



Nonetheless, continued Soviet military concern over events in Poland is reflected by:



--The prolonged stay of Marshal Kulikov in Poland.



Moreover, the Soviets remain capable of intervening in Polish affairs on short notice with at least limited forces.

