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APR 15 1980

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Political Consequences of US Economic Assistance to Poland

1. Acceptance by Poland of a US offer of economic assistance on the order of \$80-90 million would probably have important political consequences within Poland, with respect to Soviet policy toward Poland, and potentially within the other European satellites.

POLAND

2. The Polish population, which is overwhelmingly anti-Communist, would be encouraged to persist in the political attitudes which emerged openly last summer and fall. US assistance would be taken as a tangible evidence of American support for Polish efforts gradually to reduce Soviet influence in Polish affairs. Assistance of \$80-90 million* would disappoint original

* The Polish press would almost certainly report and discuss the volume of assistance in terms of its value at world market prices. Any US attempt to evaluate it in higher prices would therefore produce negative effects in Poland.

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expectations of a much higher amount, but this effect would be partially offset if the US government indicated that the chances were good for further assistance in subsequent years. Popular reaction would in any event be favorable to the US and to the West in general, although this would be limited to some extent if, as present plans envisage, about one third of the total were channeled through the West Germans. The adverse effects of West German involvement would be reduced if additional West European states participated as well.

3. An assistance agreement would considerably strengthen Gomulka's position within Poland. To the population, it would indicate his ability to deal effectively with the West as well as the East and hold out some promise of the reestablishment of fruitful relationships with the West. It would also be taken as an indication that, contrary to the impression created by some recent measures, Gomulka desires to preserve and expand the area of independent action which he entered from the USSR in October, and that he has a good chance of success.

4. Within the Polish Communist Party, Gomulka would probably attract new support from both dissident wings. While

some Soviet-oriented Communists would regard economic assistance from the US as confirmation of their fears concerning Gomułka's innovations, many orthodox party members who have heretofore remained aloof would probably regard it as a gain for Poland and would therefore view Gomułka's leadership more approvingly. In the opposite wing of the party, which seeks more rapid liberalization, extremists would remain dissatisfied, but many others would applaud the agreement and increase their support for Gomułka. Most important, Gomułka might gain the allegiance of a large number of party rank and file who are apparently thus far uncommitted to any group.

5. The size and composition of proposed US assistance would not produce dramatic results in the Polish economy, but it would assist Gomułka in his attempts to raise living standards and to liberalize Poland's economic structure, particularly its agricultural system. The US proposal includes fertilizer to increase agricultural yields, lots and silo to enrich the feeding program for animal production, and cotton and textile machinery which would directly contribute to the improvement of consumer goods production. Grain shipments, offered by the US, taken

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by themselves, would not permit a reduction of compulsory deliveries levied on the Polish peasants. The proposed US shipments are not substitutes for deliveries which the USSR is now making to Poland, nor is the USSR likely to increase its shipments as a result of the denial of US aid. The US program would make no direct contribution to the Soviet Bloc's military capabilities.

6. In any case, acceptance of US assistance would not change Gomułka's basic Communist orientation. He is at present concerned chiefly with the implementation of his original program rather than its extension through further measures of liberalization. US assistance would, however, improve his chances of consolidating his recent gains.

THE USSR

7. The Soviet press has let it be known that the USSR regards the prospect of US economic assistance to Poland with deep misgivings. Nevertheless, it is quite unlikely that Polish acceptance of the US proposal would precipitate a drastic Soviet counter-action. The deterrents to such action have restrained the USSR in several instances more provocative than the present one, and would almost

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certainly continue to do so in this case. The Polish request for US assistance indicates that Gomulka has similarly estimated the Soviet reaction, and he may even have secured the USSR's permission in advance.

8. In addition to its capabilities for drastic action, the USSR can exert great influence on Polish policy on a graduated basis, not only by political means but also in the sphere of economic and military relations. If an assistance agreement is signed with the US, the USSR might stiffen its attitude toward Poland in these areas, although it would be concerned that, with a basis for US-Polish cooperation already laid, such a policy might rapidly strengthen this cooperation. The more that US statements hint American assistance with increasing Polish independence from the USSR, the more likely are the Soviet leaders to increase their pressure upon Gomulka. Statements of Polish leaders subsequent to signing an assistance agreement would probably lay great stress on friendship for the USSR in an attempt to reassure Moscow that Poland had not been "bought" by the West and to forestall any increased Soviet pressure.

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THE EUROPEAN SATELLITES

9. Assistance to Poland in the proposed amount would probably encourage many in the Satellite countries to hope for a day of greater independence. Overtly, however, the popular manifestations of this would be slight, and any immediate political consequences would be unlikely. The results would be more substantial among the Satellite Communist parties. Here the image of Western enmity, an important factor in maintaining internal party unity and the sense of dependence upon the USSR, would be blurred. Nationalist elements within these parties would be encouraged to argue for a similar course in their own countries. While their chances for influence are quite small in the present phase of Soviet policy, over the long run their activities would probably weaken party unity and thereby increase Soviet difficulties.

CONSEQUENCES OF FAILURE TO CONCLUDE AN AGREEMENT

10. Because the issue of American assistance to Poland has been raised and negotiations have begun, failure to consummate an agreement would probably have serious political consequences. Within Poland, popular hopes for higher living standards and

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greater political independence would suffer a setback, although they would probably not be destroyed. Gomulka's prestige among the population would diminish, and Soviet-oriented elements within the Polish Communist party would probably gain a substantially greater voice than they now have.

11. The Soviet leaders would probably calculate that Poland was rendered less able to resist Soviet pressure. With his bases of domestic support weakened, Gomulka would probably be forced into greater reliance upon the USSR and would be less able to resist its demands than he is at present. While Poland would not immediately resume the status of her satellite neighbors, pressures to move in this direction would increase significantly. Under these circumstances, and with economic improvement held back by the absence of Western assistance, the chances for popular disorders would be increased.

12. Elsewhere in Eastern Europe, satellite populations would tend to link the failure of assistance negotiations with

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Western conduct in the Hungarian crisis and to conclude that it was hopeless to expect concrete Western help against their regimes. Nationalists in the Satellite Communist parties would be discouraged about the prospects for eventual greater independence from the USSR and would play a lesser role in party affairs.

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Director

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