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File Folder

EASTERN EUROPE POLICY SEPTEMBER 1982

FOIA

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Box Number

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ID. Doe Tune	Document Description		No of Doc Date Restrictions		
ID Doc Type			Doc Date	Restrictions	
153581 REPORT	RE. EST EUROPEAN HIGHLIGHTS: AUGUST 1982	11	9/10/1982	B1	
·	R 9/25/2018 M452/2				
153582 MEMO	DALE HERSPRING TO [DISTRIBUTION LIST] RE. I.G. MEETING ON PRIVATE SECTOR ASSISTANCE TO POLAND	1	9/16/1982	B1	
153583 PAPER	RE. CONSULTATIONS WITH ALLIES R 6/2/2015 M452/2	3	ND	B1	
153584 PAPER	RE. PRESIDENTIAL COMMISSION ON PRIVATE SECTOR ASSISTANCE TO POLAND R 6/2/2015 M452/2	5	ND	B1	
53585 MEMO	RICHARD PIPES TO WILLIAM CLARK RE. POSSIBLE OUTLAWING OF SOLIDARITY [COPY OF DOC. 153586] R 6/2/2015 M452/2	1	9/23/1982	B1	
153586 MEMO	RICHARD PIPES TO WILLIAM CLARK RE. POSSIBLE OUTLAWING OF SOLIDARITY R 6/2/2015 M452/2	1	9/23/1982	B1	
153587 MEMO	PAULA DOBRIANSKY TO CLARK RE. NSC MEETING R 11/27/2017 M452/2	2	9/29/1982	Bl	

Freedom of Information Act - [5 U.S.C. 552(b)]

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B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

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B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

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EASTERN EUROPE POLICY SEPTEMBER 1982

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ID Doc Type	Document Description		No of Doc Date Pages		Restrictions	
153588 MEMO	CLARK TO RR RE. NSC MEETING		3	ND	B1	
	R	11/27/2017	M452/2			
153590 PAPER	RE. U.S. PRIVATE SECTOR INITIATIVE - POLAND [ATTACHED TO DOC. 153588]		3	ND	B1	
	R	11/27/2017	M452/2			
153591 TALKING PTS.	RE. N	NSC MEETING		2	ND	B1
	R	11/27/2017	M452/2			

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(U) EAST EUROPEAN HIGHLIGHTS: AUGUST 1982

Summary

- (C) The second anniversary of the founding of Solidarity, August 31, passed without a clear victory for the regime or Solidarity in the confrontation that took place during the last days of the month. The regime's security forces managed to disperse the demonstrators but failed to prevent the demonstrations. Solidarity got people to the streets, but not in numbers that would indicate its control of the workers.
- (C) Brezhnev returned to Moscow from the Crimea at the end of August, having met only with leaders of Czechoslovakia, East Germany, and Poland--in effect, those particularly concerned with Polish events.
- (C/NF) Romania's Ceausescu resumed his purge of party officials and was compromised when his counterintelligence operation in France was uncovered.
- (C) The financial problems dogging the East in its dealings with Western financial circles eased somewhat as Hungary secured a new hard-currency loan and Poland reached a tentative rescheduling agreement with its Western commercial creditors.

* * * * *

(C) Poland: Regime-Solidarity Confrontation Produces a Draw

Responding to a Solidarity call, more than 70,000 Poles took to the streets on August 31 to mark the second anniversary of Solidarity's founding. The crowds were composed mostly of young men, with more workers among them than had been the case

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Report 466-CA September 10, 1982



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in the early May clashes. Skirmishes lasted into the night, leaving at least three protesters dead and hundreds of militia and protesters injured. As many as 7,000 demonstrators were arrested. They had armed themselves with rocks, discarded tear gas canisters, and, in a few cities, Molotov cocktails. But the underground arsenal of spikes, rifles, and other arms reported in the Polish media never surfaced. The authorities organized a massive show of force in terms of militia, police reserves, and army personnel as well as tear gas, water cannon, percussion grenades, truncheons, and, at least in Lubin (Legnica voivodship), firearms.

Both the regime and underground Solidarity had zeroed in on this anniversary as the occasion for a show of strength. But the clashes, while widespread and violent, did little to change the balance of forces. The regime can claim victory in controlling the situation and eventually reestablishing order, albeit with heavy use of force. Solidarity can claim success—even though not of the hoped—for magnitude—because tens of thousands of Poles did defy extensive warnings and threats against participation and went into the street in defiance of martial law. The Jaruzelski regime has made no progress in winning the hearts and minds of the Polish people, but neither has Solidarity shaken the grip of martial law or forced the regime into negotiations.

Earlier in the month (August 13, eight months into martial law), peaceful demonstrations in Warsaw and Gdansk were broken up by ZOMO (riot police), water cannon, and tear gas. Violence also broke out in a detention camp in Szczecin. Reports of disturbances in other cities continued throughout the month. There was even a "battle" over the floral cross in Victory Square in Warsaw. On August 20 authorities built a high fence around the square, allegedly in preparation for repaving it, but clearly to eliminate one pro-Solidarity gathering place. In response, the people simply moved their crosses and their convictions to two nearby churches.

(C) The Regime Stands Firm ...

The authorities earlier had cracked down on dissemination of information in support of Solidarity and its activities, rounding up persons suspected of clandestine production and distribution of Solidarity materials, particularly posters and leaflets publicizing the August 31 demonstrations. The government also protested to four Western countries that sponsor radio stations broadcasting into Poland, temporarily lifted the credentials of an American correspondent, and once again warned Western journalists to be impartial and accurate in their stories.

The regime conducted its own propaganda campaign against joining in demonstrations and promised to meet any such violations

of martial law with "nerves of steel" and in a "firm" and "decisive" manner. It further warned that Solidarity was preparing to turn the street protests into violent confrontations. The militia and army meanwhile were beefed up and placed at higher states of readiness, a joint Soviet-Polish military exercise was staged and publicized, and the party sought to organize its forces to meet any challenge to order.

In the end, none of these preemptive measures helped, nor did the calls for moderation and calm by Polish church leaders. (Primate Glemp appealed at the August 26 celebration of the 600th anniversary of the Black Madonna of Czestohowa for restraint by both regime and the people. Large demonstrations took place; and the authorities, at high popular cost, demonstrated their capacity to maintain law and order by force and intimidation.

(C) ... But Disorder and Disarray Persist

As the economic and political health of the country continues to decline, Jaruzelski is relying more and more heavily on the military, not the party, to be the leading force in society. The military has assumed many of the party's responsibilities, even to the extent of sending out military-led inspection teams to assess the functioning of local party and government bodies. Party membership continues to drop through both resignations and purging. Jaruzelski seems content to emphasize the restoration of public order before trying to revive the party.

While this military dominance, unique in Eastern Europe, no doubt disturbs Moscow, the Soviets seem to accept that Jaruzelski, martial law, and the Polish military are essential to maintain order. But military penetration into economic, government, and party organizations may well continue after martial law is lifted.

(C) Bloc Reactions

Soviet reaction to the end-of-the-month disturbances has been relatively lighthanded. TASS repeated themes from Polish propaganda, but played down their seriousness. It too alleged that workers did not heed the appeals of counterrevolutionary elements to take part in the demonstrations. It also charged that the organizers had cooperated with "foreign subversion centers" and that the events of August 31 proved that the "forces of the counterrevolution had not yet been definitively crushed."

Signs of sympathy for Solidarity from the peoples of Eastern Europe have been few, but some Hungarian dissidents did stage a brief, low-key show of support on the evening of August 30. Fewer than 100 assembled at a statue of a Polish general in Budapest, but it was more a gathering than a demonstration. There were no banners or slogans. The police monitoring the group briefly

detained four of the organizers. Similarly, a small group of Solidarity sympathizers demonstrated peacefully in Belgrade on August 31; police made no effort to halt them.

(C) Truncated Crimean Consultations

Brezhnev returned to Moscow on August 31 from his annual Crimean vacation. Instead of meeting with each of the East European leaders for the now-traditional summer consultations in the Crimea, he hosted only Czechoslovakia's Husak (July 30), East Germany's Honecker (August 11), and Poland's Jaruzelski (August 16), along with Mongolia's Tsedenbal (August 20). Apparently unable to handle the physical rigors of a full round of meetings, Brezhnev concentrated on the northern-tier Warsaw Pact states. This suggests that he and his guests reviewed Polish difficulties and attendant East-West issues, but Poland was acknowledged as a topic of discussion at only the Brezhnev-Jaruzelski meeting.

According to that communique, Jaruzelski told Brezhnev that the Polish crisis was continuing because of a "counterrevolutionary underground" backed first of all by the US. The Soviet leader asserted that the USSR would provide Poland with "whatever assistance it can" to surmount its economic problems. But he did not commend the Polish leader's performance—suggesting considerable Soviet concern over the prospects for Poland in the months ahead.

Brezhnev's meeting with Honecker gave the two leaders an opportunity to characterize Europe, both East and West, as the "cradle of detente," seemingly implying a growing convergence of Soviet and European interests. At the same time, they appealed to West Germany to "play a more tangible role in solving problems of European security"--i.e., to disassociate itself from NATO's intermediate-range nuclear force (INF) decision. In the intercommunist realm, China was blasted for still acting "against the common interests of the socialist community."

Some of the Warsaw Pact leaders--particularly Romania's Ceausescu--presumably hope that this truncated series of Crimean consultations will pave the way for their ultimate demise. In any event, Brezhnev's precarious health has put a crimp into one of Moscow's favorite forums for Soviet-East European "coordination."

(C/NF) Romania: Dog Days

Ceausescu's purging and reshuffling of officials continued into late summer. Not content with having demoted Permanent Bureau member, Deputy Prime Minister, and foreign trade chief Cornel Burtica to a provincial party slot last May, Ceausescu fired him again and reportedly sent him to work as an engineer at



a mine. Virgil Cazacu, who had handled foreign affairs in the party's secretariat, was given Burtica's provincial position; Miu Dobrescu apparently replaced Cazacu in the secretariat.

Ceausescu's demeaning treatment of Burtica is a repeat of some of his other recent purges of notables and possible successors (such as Virgil Trofin). It suggests that he is no longer just looking for scapegoats for Romania's internal malaise, but may perceive mounting opposition from within the party hierarchy. Radio Free Europe recently received a letter, purportedly from a member of the Romanian party's Central Committee, that described increasing disillusionment with Ceausescu's cult and economic policies. While the letter cannot be verified, its detailed content argues for its authenticity.

Ceausescu's foreign policy stature also suffered a setback. While the US Congress, after considerable debate, agreed to continue Romania's most-favored-nation status for another year, Romanian-French relations appeared to have reached an unprecedented low. On August 31 the Paris daily Le Matin broke the story of the defection of a Romanian agent who had been sent to Paris to assassinate two Romanian dissident writers critical of Ceausescu-Virgil Tanase and Paul Goma. The agent had turned himself in to French counterintelligence and, in return for asylum, had collaborated with them and the Romanian authors to make it appear that he was carrying out his government's instructions against Tanase.

Tanase's staged abduction and subsequent disappearance created a furor among French intellectuals. President Mitterrand apparently had full knowledge of what was under way and even played a role in the scenario: he stated at a press conference that he was concerned about Tanase's fate and warned that Romanian-French relations could suffer. He subsequently postponed a planned fall visit to Romania. Tanase remained out of sight for three months, which gave the Romanian agent time to return to Romania and arrange for his family's "vacation" in the West. On August 31 he and Tanase appeared at a press conference in Paris and revealed all. Although the Romanian Embassy vehemently denied any Romanian responsibility for the episode, French Government sources were reported to have privately verified the story. Ceausescu's bruised ego probably will vent itself in new purges.

(C/NF) Financial Problems Ease Somewhat

Hungary's hard-currency liquidity problems eased somewhat after its signing of a \$260 million loan agreement with a group of major Western banks on August 9. The three-year loan represents the first major financial borrowing by an East European country in more than a year. Still, Budapest's difficulties are not over. Discussions with the International Monetary Fund on possible

standby credits are continuing. Further borrowing from European central banks through the Bank for International Settlements (BIS) awaits BIS consideration in September.

Poland and its Western commercial creditors reached tentative agreement on principles for rescheduling Warsaw's 1982 commercial debt payment. According to the agreement's terms, Poland must pay all interest due (some US\$1.1 billion) while the banks reschedule 95 percent of principal payments (about US\$2.4 billion). The banks are considering new short-term trade credits (to be tied to specific goods destined for Poland's export industries) equal to half of Polish interest payments paid in 1982. The target date for signing the formal agreement is October 20, with Warsaw to eliminate all interest arrears from the January-April 1982 period by that date. Subsequently, the Poles are to pay May-August interest obligations by December 20 and to make September-December interest payments by March 1983.

Romania's rescheduling effort continues to limp along, with Bucharest's obligations to its individual commercial suppliers a lingering obstacle. Meanwhile, a Yugoslav bid for a \$200-250 million loan from US, Japanese, and possibly UK banks remains bogged down owing to the refusal of the National Bank of Yugoslavia to give its guarantee to the Western banks. As they have done in the past, Yugoslav regional banks are negotiating directly with their Western counterparts, a strategy the banks now find unacceptable. Belgrade's payment difficulties are mounting as its ambitious targets for 1982 earnings slip further out of reach. New cuts in imports are likely and will have negative consequences for industrial output.

Developments in Brief

-- (S/NF) Preparations reportedly were under way during August for a major Warsaw Pact exercise to be held in Bulgaria in According to various reports, all Pact counlate September. tries would participate in the exercise code-named Shield-82, Romania presumably at the staff level only. The exercise-the fourth in the Shield series -- would set two significant precedents: the first participation of the Pact's northern tier and central forces in a joint exercise in Bulgaria, and the probable use of the Ilichevsk (Odessa)-Varna ferry to transport troops and equipment to the exercise site. month's end, however, there still were no definite indications whether the total number of forces would exceed the 25,000-troop threshold requirement for reporting under CSCE. Interestingly, Pravda lambasted the size of NATO's "Autumn Forge-82" exercises, while a Soviet Foreign Ministry official commented on the "large size" of one of the exercises in that series.

- --(U) Hungary's commemoration of "Constitution Day" (formerly the feast day of St. Stephen, the first Catholic king of Hungary) was relatively low-key, but reflected a tinge of nationalism not previously common to the official celebrations. Various party and government leaders proudly took stock of the country's achievements and reaffirmed its economic reform policies. Party Secretary Aczel spoke at the unveiling of a statue of Istvan Szechenyi, Hungary's famous 19th-century political philosopher, who was depicted with his hands protectively over a bronzed map of pre-Trianon Hungary. Deputy Prime Minister Sarlos spoke at Mohacs, the site of the crucial 16th-century battle against the Turks. Both apparently sought to emphasize that the progress and national consensus under Kadar was part of the country's historical continuum and tradition.
- The Bulgarian "Banner of Peace" assembly, August 15-25 in Sofia, served both to promote the image of Bulgaria in the international arena and to burnish the image of Lyudmila Zhivkova as a leading figure on the world cultural scene. The gathering of approximately 300 gifted youngsters from 50 countries was an apparently successful soft-sell propaganda effort. Not only did these participants and their adult supervisors get a chance to see Bulgaria at its best (including a parade complete with such Disney characters as Donald Duck), but they also helped draw world attention to Bulgaria and the moving force behind the Banner of Peace meeting, the late Lyudmila Zhivkova. Vladimir Zhivkov, Lyudmila's brother, was the chairman of this year's event and presided over the renaming of the National Palace of Culture in Lyudmila's honor. The Bulgarians are trying to place the Banner of Peace movement within the context of the 1985 UN International Year of the Child and are planning the next assembly for then. This continued praise for Lyudmila indicates that at least some of her ideas, such as Bulgarian nationalism and independence in cultural areas, have outlived

Prepared by I. Matusek, x22877; J. Miller, R. Farlow, M. Mozur, J. Bodnar

Approved by M. Mautner, x29536

Chronology

August	
3-6	(U) Sudanese President Nimeiri visited Romania and held talks with President Ceausescu.
5	(U) Polish authorities conducted a roundup of persons suspected of producing and disseminating clandestine publications.
6	(U) Poland and Romania signed a protocol calling for economic cooperation, exchange of Polish coal for Romanian shoes, and use of idle Polish plant capacity.
9	(U) Hungary signed a \$260 million loan agreement with a group of major Western banks.
10	(U) Ceausescu removed Virgil Cazacu from the Romanian party secretariat, where he had handled foreign affairs, and appointed him to the provincial party position given in May to ousted Foreign Trade Minister Cornel Burticathus apparently cementing the latter's fall from power.
10-13	(C/NF) Polish officials and representatives of Poland's private Western creditors reached an agreement in London "in principle" for the rescheduling of Poland's debt repayment obligations for this year. They agreed to resume discussions before September 10.
11	(U) The Polish press reported the reinternment for alleged "activities incompatible with state security" of an unspecified number of Poles who had been released in July.
11	(U) East Germany's Honecker met Brezhnev in the Crimea for a talk marked by an "identity of views."
11	(U) The US Senate Finance Committee, in passing a "sense of the Senate" resolution calling on the Reagan administration to gain assurances from Romania that it will improve its emigration process, in effect paved the way for renewal of Romania's most-favored-nation trade status for another year. Hungary and China were also accorded MFN renewal.
11-19	(U) Prince Sihanouk, President of the Democratic Kampuchea coalition, visited Yugoslavia (11-14) and Romania (14-19) for talks with the respective leaderships.

August 13 Demonstrations marking eight months of martial law took place in Warsaw, Gdansk, Wroclaw, Krakow, and other smaller Polish cities. Riot police broke them up with tear gas and water cannon. 14 Bulgarian President Zhivkov received vacationing Soviet Admiral Gorshkov, deputy minister of defense and commander in chief of Soviet naval forces. 15-25 (U) A Bulgarian "Banner of Peace" assembly involving 300 youngsters from 50 countries was held to promote Bulgaria's image on the international scene. 16 (U) Polish Premier Jaruzelski, accompanied by Politburo member Czyrek, met with Brezhnev and Gromyko in the Crimea. The talks, which focused mainly on the internal Polish situation and bilateral relations, were said to have been held in a "cordial atmosphere" and confirmed a "complete identity of views" on the subjects discussed. 19 (U) The Polish regime acknowledged that "serious clashes" had occurred at a detention center in Kwidzyn and that 13 detainees were clubbed. Solidarity and church sources put the number of injured detainees at 60. 20 (U) Hungary celebrated "Constitution Day" (formerly *St. Stephen's Day, honoring the first Catholic king of Hungary). In a letter addressed to the Czechoslovak 20 Government and Federal Assembly (Parliament) on the 14th anniversary of the Soviet-led invasion of Czechoslovakia, spokesmen for the Charter 77 human rights movement called for withdrawal of Soviet troops and release of political prisoners. 20-21 (U) Yugoslav party secretary Stojanovic had discussions with Spanish party leader Carrillo and Italian party leader Berlinguer, who were vacationing in Dubrovnik. (U) Carrillo visited Romania for talks with 21 Ceausescu. 25-26 (U) Deputy foreign ministers of the socialist countries met in Warsaw to discuss the upcoming 37th UN

- III -

August

General Assembly session and matters relating to the Conference on Security and Cooperation in Europe.

- 26
- (U) At a gathering of some 300,000 Polish pilgrims celebrating the 600th anniversary of the Black Madonna of Jasna Gora, Archbishop-Primate Glemp called on the Jaruzelski regime to release Solidarity leader Walesa or at least let him speak freely. Glemp also urged the regime to resume genuine dialogue with Polish society.
- 26
- (U) Czechoslovak police detained the US and UK military attachés and held them for 13 hours. The US and UK Embassies in Prague protested to the Czechoslovak Foreign Ministry.
- 28-30
- (U) A pastoral letter from Poland's bishops, read from pulpits throughout the country, called on both the authorities and the public to refrain from violence on August 31, Solidarity's second anniversary. The letter stressed the need for compromise between rulers and subjects and reminded martial law authorities of their pledge last December that Solidarity would be able to resume its trade union function.
- 29
- (U) Jaruzelski, in a televised speech to graduating cadets, urged Poles to mark the anniversary of the Gdansk accords of 1980 with work and warned that violations of martial law would not be tolerated.
- 29
- (U) The clandestine Solidarity radio twice interrupted the evening newscast of the official Warsaw radio to appeal to the militia to defy orders on August 31. The clandestine broadcast was the first since early July.
- 30
- (U) Approximately 50 people participated in a brief, low-key demonstration in Budapest on behalf of Polish Solidarity. They met at the statue of Polish General Bern where Hungarians had rallied in 1956, also in support of events in Poland. Some participants were detained by the police and later released.
- 31
- (U) Polish authorities acknowledged that widespread disturbances had erupted in most major Polish cities and numerous smaller towns on Solidarity's second anniversary. The clashes resulted in at least three

CONFIDENTIAL

- IV -

August

fatalities, numerous injuries to police and protesters, the arrest of more than 4,000 demonstrators, and some material damage. The majority of protestors appeared to be less than 30 years old. A significant number of workers also participated in running battles with reinforced and heavily equipped riot police.

- (U) Paris Le Matin reported that the disappearance from Paris of dissident Romanian writer Virgil Tanase had been contrived by French counterintelligence and a Romanian agent sent to assassinate him. The agent asked for asylum and subsequently worked with French authorities to convince his Romanian superiors that the plot had been successful.
- 31 (C) A small group of Solidarity sympathizers demonstrated peacefully in Belgrade. Police made no effort to halt them.

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153582 MEMO

1 9/16/1982

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DALE HERSPRING TO [DISTRIBUTION LIST] RE. I.G. MEETING ON PRIVATE SECTOR ASSISTANCE TO POLAND

Freedom of Information Act - [5 U.S.C. 552(b)]

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EXECUTIVE ORDER



PRESIDENTIAL COMMISSION ON PRIVATE SECTOR ASSISTANCE TO POLAND

By the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to assist and improve the well-being of the Polish people who have endured many hardships, it is hereby ordered as follows:

Section 1. <u>Establishment</u>. (a) There is established the Presidential Commission on Private Sector Assistance to Poland, which shall be composed of not more than twelve members from the private sector appointed by the President.

(b) The President shall designate a Chairman and Vice Chairman from among the members of the Commission.

Section 2. <u>Functions</u>. (a) The Commission shall assess the current condition and needs of the Polish private agricultural sector; and, devise and implement an economic and technical private sector assistance program to bolster the Polish private agricultural sector.

- (b) This private sector assistance program shall include plans for:
- (1) generating public support for this private sector assistance program;
- (2) coordinating the United States private sector program with similar programs undertaken by our European allies; and
- (3) submitting a quarterly progress report to the President.

Section 3. Administrative Provisions. (a) The Secretary of Agriculture shall, to the extend permitted by law and subject to the availability of funds, provide the Commission with such administrative services, funds, facilities, staff and other support as may be necessary for the effective performance of its functions.

(b) Members of the Commission shall serve without compensation. While engaged in the work of the Commission, members may receive travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5701-5707).

Section 4. General Provisions. (a) The Commission is authorized to conduct meetings and útilize such other procedures as it may deem necessary, and under such conditions it deems appropriate, for the effective performance of its functions.

(b) The Commission shall terminate one year from the date of this Order.

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USE OF CERTAIN POLISH CURRENCIES

Section . Delegations of Authority. (a) The functions vested in the President by section 709 of the International Security and-Development Act of 1981 (Public Law 97-113) with regard to programs in agriculture, including activities to assist the private agricultural sector in Poland, are delegated to the Secretary of Agriculture.

(b) In carrying out these functions the Secretary of Agriculture shall coordinate his activities with those of the Presidential Commission on Private Sector Assistance to Poland, make available Polish currencies received by the United States from the April 1981 and October 1981 sale of United States Government-held dairy products to Poland in such amounts as designated by the President in advance to United States private sector groups in support of activities of common benefit to the people of the United States and Poland which assist in meeting the objectives of the private sector assistance program.

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CONSULTATIONS WITH ALLIES: BACKGROUND AND REFERENCE POINTS

53583

- I. Background: The United States Government has proposed an initiative whereby the U.S. private sector would render assistance to the Polish private sector with primary emphasis on agriculture. The initiative was conceived prior to the Polish Church's recommendation for a five-year, \$2.02 billion "Poland Recovery Plan" to aid the private sector, but coincides with the Church's proposals. This initiative is perceived as a humanitarian "people-to-people" effort, consistent with the Administration's policy toward Poland. Its purposes include: a) strengthening the Polish private sector which has suffered from years of inconsistent and arbitrary government interference and lack of suitable investment, (b) sending a signal of moderation to the Polish government without compromising the integrity of our sanctions, (c) promoting in the long term a more moderate domestic Polish policy as a result of strengthened free market forces.
- -- As this is a private sector initiative, the official involvement of the U.S. Government will be kept to a minimum.
- -- This initiative will not nullify but rather support the Allied declaration of January 11, 1982, and the three criteria it endorsed.
- -- No detailed blueprint of the initiative can or should be prepared at this time for the private sector organizations will be responsible for its preparation and implementation.
- -- The funding sources are subject to possible change per relevant discussions with Polish authorities. The U.S. is prepared to manifest some flexibility; however, the Polish government must be prepared to accept the general framework of the initiative.
- II. Establishment of Commission: The United States Government is establishing a Presidential Commission to spearhead the private sector assistance program for Poland. The Commission shall be composed of no more than 12 members to be appointed by the President. The 12 members will be drawn from the Polish-American community, labor, academia, the Church, farm associations, agricultural industries. One Commission member will serve as a liaison to the European Community. Functions of the Commission shall include a) assessing the current condition and needs of the Polish private agricultural sector, b) devising and implementing an economic and technical assistance program to bolster the Polish private sector -- with emphasis on agriculture, c) generating public support for the private sector assistance initiative, d) coordinating the U.S. program with similar initiatives undertaken by our allies and/or developing a program jointly with them, and e) providing a quarterly progress report to the President. The Commission will conduct regular meetings and utilize such other procedures as it may deem necessary for the effective performance of its functions. DECLASSIFIED

Declassify on: OADR

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NLRR M452/0# 153583 BY LW NARA DATE 6/2/15 SECRET

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DRAFT

III. Funding: Funding for the initiative will be derived from two sources:

<u>Private</u>: The American private sector is expected to make donations in support of this effort. The Commission will designate an organization to conduct a fund raising drive and to receive donations.

Public: The United States Department of Agriculture will provide zloty funds (up to \$70 million in CCC-owned zlotys) for in-country use. After the Commission has devised a private sector assistance program, and has determined how much assistance is needed, if any, the U.S. Government will evaluate the program and will consider rendering additional government funds (perhaps part of the Economic Support Fund or a supplemental) commensurate with the needs of the program and as may be necessary for its successful and effective implementation.

IV. Presidential Statement: The President will announce the establishment of the Commission on October 13.

secret

Wang 1584 A

EUR/EEY: drherspring

09/17/82 ext. 20575

EUR/EEY: JRDavis

IMMEDIATE BONN, WARSAW IMMEDIATE

decl: oadr ,

jrd

drh

Presidential commission on Private Sector
Assistance to Poland

1. s - entire text.

2. background: the president is planning to announce the formation of a Presidential commission on private sector assistance to Poland to stimulate assistance to the Polish private sector -- with primary emphasis on agriculture. The initiative was conceived before the Polish Church's proposal for a five-year, 2.02 billion dollar "poland recovery plan" to aid the private sector, but does not conflict with the church's proposals. This White House initiative is perceived as a humanitarian "people-to-people" effort, consistent with the administration's policy toward poland. foresees minimal Polish government involvement. purposes include: a] strengthening the Polish private sector which has suffered from years of inconsistent and arbitrary government interference and lack of suitable investment, b] sending a signal of moderation to the polish government without compromising the integrity of our sanctions, c] promoting a more moderate domestic Polish policy as a result of strengthened free market forces.

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NLRR M452/2 # 153584

BY LW NARA DATE 6/2/15

- 3. Official USG involvement will be kept to a minimum.
- -- this initiative will not nullify but rather support the allied declaration of january 11, 1982 and the three criteria it endorsed.
- -- no detailed blueprint of the initiative can or should be prepared at this time, since private sector organizations will be responsible for its preparation and implementation.
- -- Since some of the funding will be drawn from zloties owned by the commodity credit corporation whose expendture is subject to Polish government approval, the amount of money available from this source cannot now be determined. The us is prepared to manifest some flexibility; however, the polish government will have to be prepared to accept the general framework of the initiative.
- 4. establishment of commission: The commission shall be composed of no more than 12 members to be appointed by the President. the 12 members will be drawn from the polish-american community, labor, academia, the church, farm associations, agricultural industries.

 one commission member will serve as a liaison to the

european community. functions of the commission shall include a] assessing the current condition and needs of the Polish private agricultural sector, b] devising and implementing an economic and technical assistance program to bolster the Polish private sector—with emphasis on agriculture, c] generating public support for the private sector assistance initiative, d] coordinating the u.s. program with similar initiatives undertaken by our allies and/or developing a program jointly with them, and e] providing a quarterly progress report to the president. the commission will conduct regular meetings and utilize such other procedures as it may deem necessary for the effective performance of its functions.

- 5. funding: funding for the initiative will be derived from two sources:
- -- private: the american private sector is expected to make donations in support of this effort. The commission will designate an organization to conduct a fund raising drive and to receive donations.
- -- public: the united states department of agriculture will provide zloty funds [up to dlrs 70 million in ccc-owned zlotys] for in-country use. after the

commission has devised a private sector assistance program, and has determined how much assistance is needed, if any, the us government will evaluate the program and will consider rendering additional government funds [perhaps a supplemental] commensurate with the needs of the program and as may be necessary for its successful and effective implementation.

- 6. presidential statement: the president will announce the establishment of the commission on october
 13.
- 7. for bonn. embassy should seek appointment with appropriate frg officials making points outlined above. you should also attempt to draw out your interlocutors on plans frg has for increased humanitarian aid, including their evaluation of polish episcopate proposals. You should emphasize that while the U.S. is not prepared to support a program on the scale of that put forth by the Polish bishops, we think the President's initiative is compatible in concept. In any case, the Commission will be consulting with the FRG on ways we might best coordinate our efforts.we would hope frg would be in a position to endorse president's proposal when it is made public.

8. for warsaw: ambassador may draw on above in his meeting with archbishop glemp. Ambassador should also attempt to draw Glemp out on extent of Polish church's involvement in Polish Bishops' proposal as well as Polish government's attitude toward it. Emphasizing that Presidential initiative on private sector assistance to Poland is still in preliminary stage, Ambassador should also explore Church's willingness to become involved in administering it as well as Glemp's reading of likely Polish government attitude toward it.

MEMORANDUM

NATIONAL SECURITY COUNCIL

SECRET

September 23, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM:

RICHARD PIPES H

SUBJECT:

Possible Outlawing of Solidarity

At Tab I is an article in today's Washington Post by their well-informed Warsaw correspondent, Michael Dobbs, that the Polish government is floating rumors in the official press that Solidarity may be outlawed. If Solidarity were outlawed the government would deprive Walesa of all legal standing and secure a free hand to arrest workers who in any way identify themselves with the suspended but still legal labor organization. A likely result of such action would be to undermine the moderates in Solidarity and bring about a general strike which would have incalculable consequences.

As Dobbs correctly surmises the purpose of floating such rumors is to test Western reactions: if these are not forthcoming, the Jaruzelski junta may feel free to proceed. Hence, in my opinion, it is very important that we let the Polish government know as soon as possible that (1) we are sharply opposed to the government reneging on its promises and outlawing Solidarity, and (2) that should it nevertheless proceed, we would respond with further economic countermeasures (such as depriving Poland of Most Favored Nation status, which would hurt it economically as well as politically).

If you authorize me, I would communicate with State to draft a memorandum on this subject as soon as possible.

Norman Bailey and Paula Dobriansky concur.

RECOMMENDATION

That I be authorized to contact State about a set of U.S. warnings and potential sanctions in connection with the possible outlawing of Solidarity.

Approve	٠.	Disapprove	
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Attachment:

Tab I Article from the Washington Post, September 23, 1982.

DECLASSIFIED

NI RR M452/2# 153585

BY RW MARA DATE 4/2/15

SECRET Declassify on: OADR

Polish Press Floats Idea Of Final Solidarity B

By Michael Dobbs Washington Post Foreign Service

WARSAW, Sept. 22-Poland's officially controlled press today hinted that the martial-law authorities are planning the final legal dismantling of the suspended Solidarity trade union.

The government newspaper Rzeczpospolita (Republic) argued that the word Solidarity has become inextricably associated with resistance to the Communist state. It proposed that entirely new "independent and self-government" unions beset up on the basis of the same agreements that gave birth to Solidarity in August 1980.

The Rzeczpospolita article was signed "an observer," a formula that has been used in the past to reflect authoritative government views. It. said that a draft trade union bill would be submitted to the National Assembly in the near future.

Until now, the official line has been that Solidarity has rnerely been suspended for the duration of martial law.

Political analysts here suggested that one of the purposes of the Rzeczpospolita article might be to test. Western and Polish reaction to moves against Solidarity. Underground Solidarity leaders have insisted that they will call for a general 's strike if their union is outlawed.

The restoration of Solidarity is one of the conditions set by the U.S. administration for the lifting of eco nomic sanctions against the Soviet

Polish officials eviciently hope to divide the work force, gambling that, while some workers will undoubtedly

protest Solidarity's demise, a significant proportion will be swayed by the argument that they now have a chance to start all over again.

Some observers believe that the government is planning to dissolve not only Solidarity but the official Communist-dominated trade unions as well. These unions, however, had only a fraction of Solidarity's 9.5 million membership.

Rzeczpospolita said that in establishing a "reborn" trade union movement, the authorities would abide by the principles of the Gdansk agreement of August 1980. The agreement committed the government to recognizing "independent, self-governed unions," and committed the unions to respecting the leading role of the Communist Party.

From the authornies point of view one attraction of dissolving Solidarity is that it would deprive the union's leaders-Lech Walesa included-of any legal standing. Government spokesmen already have described the Solidarity leadership, which was chosen a year ago in free elections by union members, as an "unfit" partner for talks.

The Polish leadership clearly wants to resolve the issue of Solidarity's future before the end of the year—the target date for the lifting of martial law.

Rzeczpospolita acknowledged that: many Solidarity members had strong emotional ties to the union's name and said these feelings should be treated "with respect." But it listed what it described as a string of "merciles political facts" that it suggested had condemned the union.

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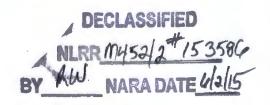
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Polish officials evidently hope to divide the work force, gambling that, while some workers will undoubtedly protest Solidarity's demise, a significant proportion will be swayed by the argument that they now have a chance to start all over again.

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BUREAU OF Intelligence and research

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CHRONOLOGY OF THE POLISH CRISIS, JANUARY 1-AUGUST 31, 1982

The attached chronology of the Polish crisis, covering January 1 through August 31, 1982, is issued as a research aid. It continues the chronology contained in INR Reports 34-CA of December 5, 1980 (covering July 1-November 30, 1980), 194-CA of August 12, 1981 (December 1, 1980-July 31, 1981), and 336-CA of March 3, 1982 (August 1-December 31, 1981).

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Chronology of the Polish Crisis, January 1-August 31, 1982

January

- Previously announced price reforms went into effect.
 The zloty was devalued from 35 to a dollar to 80 to a dollar. Prices on key raw materials were substantially increased—coal, for example, by 260 percent.
- An unidentified senior Polish party official told Western correspondents that an informal "mixed group" of military and civilian officials from the party and government was making the regime's key decisions under martial law. He predicted that an underground Solidarity union movement would emerge to direct resistance to martial law.
- 2-5 Hungarian Deputy Prime Minister Aczel and other "senior" Hungarian party officials visited Warsaw, reportedly for discussions with the Polish leadership on rebuilding the Polish party.
- A Polish-Soviet trade agreement signed in Moscow allowed a \$1.7 billion Polish trade deficit for 1982 and continuation of Soviet oil and gas deliveries at 1981 levels. Under separate agreement, Warsaw obtained about \$3.6 billion worth of long-term credits to cover the cumulative 1981-82 Polish trade deficit with the USSR.
- Western journalists in Prague were notified that three new spokesmen had been named to the Czechoslovak Charter 77 human rights group. The spokesmen's first public act was to denounce events in Poland, despite warnings from Czechoslovak authorities.
- Polish Primate Glemp and Premier Jaruzelski met briefly for the first time since the imposition of martial law. The same day, Warsaw announced some easing of martial law, including an end to censorship of foreign correspondents and the restoration of telephone communications within--but not between--cities.

January

- 10-12 Foreign Minister Czyek visited Moscow. The joint communique denounced the latest US sanctions as directly violating the Final Act of the Conference on Security and Cooperation in Europe (CSCE) and opposed discussion of Poland at the CSCE Madrid meeting scheduled for February 9.
 - The special NATO ministerial session issued a declaration that "condemned the imposition of martial law in Poland and denounced the massive violation of human rights and the suppression of fundamental civil liberties in contravention of the United Nations Charter, the Universal Declaration on Human Rights, Final Act of Helsinki." Poland's NATO creditors also suspended talks on the rescheduling of Poland's 1982 principal repayment (announced in the Polish press on January 14).
 - Following TASS' lead, all East European regimes, including Yugoslavia, criticized January 11 NATO declaration. Although tone, level, and focus varied, most alleged that the declaration constituted "crude interference" in Poland's internal affairs and violated the UN Charter, the Helsinki Final Act, and "the basic norms of international relations."
 - Three underground Solidarity leaders told Western journalists that union activists were preparing to sabotage the economy and resume other forms of resistance with the onset of spring if their elected leaders were not released from internment. They claimed that 20,000 members were active in the underground movement.
 - Deputy Prime Minister Madej, president of the Polish State Planning Committee, concluded two days of talks in Budapest with his Hungarian counterpart (Marjai) on bilateral commercial and economic cooperation.
 - In an emotional address in Warsaw, Glemp criticized the military regime for continuing arrests and insisting on loyalty oaths and renunciation of Solidarity membership. He demanded that the regime establish a genuine dialogue with its citizens instead of threatening them. Meanwhile, the Catholic Church indicated willingness to take custody of Solidarity leader Walesa, who had been kept near Warsaw in unofficial internment since December 13.

January 18 The Polish Army daily Zolnierz Wolnosci demanded a continuing purge of the communist party so that a "strong, united and ideologically hardened party" would emerge after martial law. 18 Deputy Premier Rakowski, prominent spokesman of the Jaruzelski regime, told a Warsaw press conference that no one could predict when martial law would end. He added that the release of the internees, demanded by the West, would mean the return within a month of the situation that existed before December 13. 19 Following its first meeting under martial law, the Main Council of the Polish Episcopate sent a letter to Jaruzelski and prepared a tough pastoral letter to be read in Polish churches on the 24th and 31st. letter demanded lifting of martial law and warned of the danger of protest, rebellion, and even civil war. 19-21 Following its regular session in Moscow, the Executive Committee of the Council for Mutual Economic Assistance (CEMA) issued a statement charging that interference by the US and other NATO countries in Poland's internal affairs was a "crude violation" of the UN Charter and the CSCE Final Act. 20 The Polish press admitted that state-contracted grain purchases were 800,000 metric tons below planned levels and that the government needed to buy at least 1,500,000 metric tons before the next harvest to maintain current consumption levels of bread and flour products. 24 Pravda finally reacted to Italian Communist Party (PCI) criticism of the Soviet role in Eastern Europe in which the PCI blamed Soviet "ideological bankruptcy* for events in Poland. Pravda countercharged that the PCI leadership had abandoned Marxism-Leninism. 25-26 Jaruzelski delivered a major speech to the first full session of the Polish Parliament (Sejm) convened since martial law, but failed to offer a blueprint for Poland's future as had been widely anticipated.

against, five abstained.

His promise to lift most martial law restrictions by the end of February was conditioned on continued

quiet in the country. The <u>Sejm</u> legalized the martial law decrees with minor modification; one deputy voted

January

- "Druzhba-82" (Friendship-82), a ground and air force exercise involving Czechoslovak, Hungarian, and Soviet forces, took place in Czechoslovakia. The exercise, consisting of some 25,000 troops, had been announced by Prague on January 4 in accordance with CSCE guidelines.
 - Some 30 Polish intellectuals addressed a petition to the regime protesting "beatings" and other forms of mistreatment of internees. They also charged that workers were being treated worse than were intellectuals in the internment centers.
 - The Polish press reported that some 60 persons were arrested and 45 sentenced in summary courts during the week of January 17-23.
 - Some 3,000 young demonstrators clashed with riot police in Gdansk in what appeared to be the first major violence since the suppression of strikes by Silesian miners last December. Eight police and six civilians were injured, and more than 200 people were arrested; most martial law restrictions that had been lifted were reimposed in the city.
 - Warsaw announced a series of measures designed to cushion the steep price hikes to take effect on February 1. The measures included subsidies on heating bills for poor families, annual bonus payments to all workers in state administration and state-owned enterprises, and 20-percent reevaluation of monies held in savings accounts.
 - Polish and Soviet media denounced the US-sponsored "Let Poland Be Poland" radio and television program as "interference into Poland's internal affairs."

February

The Polish public accepted with subdued grumbling the introduction of massive increases (up to 400 percent) in consumer prices. This was the first price hike since 1967 that did not trigger violent worker protests. The government announced that only 1.7 million tons of grain had been procured from private farmers, instead of the planned 7 million tons.

February 3 Solidarity was reported to have set up an underground coordinating committee in Gdansk to replace its 120-member National Commission, most of whose members were interned. Twelve senior Solidarity leaders still at liberty reportedly agreed to lead a "national commission of resistance to martial law." The first copy of an underground weekly magazine to 3 appear in Warsaw since the imposition of martial law was put out by the "Nowa" clandestine press organization. 3 Poland announced that approximately 760 officials had been ousted since martial law, including 6 provincial governors, 14 deputy governors, and 160 mayors. 8 Poland eased travel restrictions imposed on Western embassies when martial law was introduced. The Polish press reported a Council of Ministers' 8 resolution which hinted for the first time that compulsory grain deliveries from private farmers might have to be instituted to prevent bread shortages and rationing. Polish universities resumed fulltime classes for the 8 first time since December 13. CSCE resumed in Madrid following a three-month recess. Despite threats of a bloc boycott, Poland and its Warsaw Pact allies participated, although not at the ministerial level. Except for Gdansk, intercity telephone and telegram 10 communications were restored throughout Poland. Leaflets were distributed in Warsaw and other cities 11 calling for silent protests on the 13th, the twomonth anniversary of military rule. In apparent response to the leaflet campaign, a convoy of more than 100 armored troop carriers, water cannon trucks, and other police and military vehicles staged a show of force in Warsaw during evening rush hours. Hungary's Foreign Minister Puja visited Warsaw, the 11-14

the imposition of martial law.

first East European foreign minister to do so since

M

February

- Martial law restrictions were tightened in the Polish town of Swidnik (Lublin province). Telephone service was cut, private automobiles banned, and public events suspended in the face of several "silent marches" by thousands of workers, students, and women with children.
- Polish authorities reimposed martial law restrictions in Poznan after security forces quelled a demonstration by some 6,000 persons in the center of the city. More than 190 were arrested, and 162 were "punished" on misdemeanor charges.
- A ranking official of the Polish Foreign Ministry, Bogdan Walewski, was sentenced to 25 years' imprisonment for spying.
- Western sources in Poland reported that Polish authorities began offering passports for emigration to released internees.
- The Polish press reported that a bomb exploded in downtown Warsaw, damaging the statue of Felix Dzerzhinski, founder of the Soviet secret police.
- Warsaw radio reported that an explosion in a workers' hostel in Wroclaw killed one worker. Other incidents included: an explosion near a Warsaw apartment complex housing government officials; discovery of a 13-pound bomb in the city of Lubin which police said could have caused a "massacre"; and silent marches involving some 8,000 in Swidnik.
- The Polish Government announced conclusion of a massive two-day sweep throughout the country, resulting in the arrest of some 3,500 persons charged with violating martial law restrictions.
- Poland announced sharp drops in the January output in industry, agriculture, and trade compared with the same period last year. Exports dropped 18.5 percent, imports 17.3 percent. Coal production was the only exception, rising 5.1 percent over January 1981.
- Hungarian trade union chief and president of the World Federation of Trade Unions (WFTU) Sandor Gaspar, on returning from the WFTU's world congress in Havana, criticized the Polish trade union movement

February 18 for "failing to push effectively the demands of the workers. He said Hungarian trade union officials had "pinpointed [this fact] to the Poles ... within the limits of decency." 19-22 FRG Social Democratic parliamentary floor leader Herbert Wehner visited Poland. 20 The fourth Polish Politburo session held under martial law announced Jaruzelski's impending visit to Moscow, a party plenum for February 24-25, and a Sejm plenary for February 26-27. 21-22 Deputy Premier Ozdowski visited Hungary for economic discussions with Premier Lazar and Deputy Premier Marjai. 22 The trial of four leaders of the Confederation for an Independent Poland (KPN), charged with plotting to overthrow Poland's government and system, was reopened before a military court in Warsaw. A regular court had been hearing the so-called Moczulski trial off and on since June 1981 and at one point even released the defendants. A higher court later ordered their rearrest, and a military court took over jurisdiction after December 13. Western news agencies' telex circuits were restored 22 in Poland for the first time since December 13. 22 Swedish radio reported picking up transmission from an underground station somewhere in Poland. station's "First Letter" contained protest songs and information about the harshness of daily life. 22 Some international travel restrictions imposed on Poles on December 13 were lifted. Package tours and individual visits to relatives and friends in other East European countries were reinstated, but visits to the West were limited to pensioners and those too old to work. (Travel to Eastern Europe resumed on March 15.) 24 An underground Solidarity bulletin circulating in Warsaw claimed that the party now had fewer than 1 million members. (The party, which had some 3.1 million members in February 1980, admitted that

result of mass defections and expulsions.)

its membership was down to about 2.6 million as a

February

- 24-25 The Central Committee of the Polish Communist Party held its first plenary session since the imposition of martial law. The meeting strengthened Jaruzelski's position and endorsed martial law.
- The Episcopate of the Polish Catholic Church held its first plenary session under martial law. A strongly worded statement called for the lifting of martial law "as soon as possible"; resumption of a genuine dialogue leading to a "covenant" between the regime and society, including Solidarity; and an amnesty for Solidarity leaders in internment or hiding.
- The <u>Sejm</u>, at its second plenary session under martial law, approved two ministerial changes, passed a series of draft bills dealing with economic matters, and praised the "restoration of order."

March

- Jaruzelski met with Soviet leaders in Moscow, his first official trip abroad since becoming party chief last October. Moscow greeted him warmly and sent him home with promises of economic aid and some endorsements of Jaruzelski's positions vis-a-vis Polish hardliners.
 - 2 Former Mining Minister (under Gierek) Kulpinski was sentenced to a six-month suspended jail term for abuse of his official position.
 - Polish television announced that internees, including their families, interested in leaving Poland permanently could apply for passports; a government spokesman subsequently said those willing to go into exile could return whenever they wished.
 - A Polish Catholic priest was sentenced to a 3 1/2-year jail term for "slandering Poland's system and authorities" in a sermon. This was the first known instance of a clergyman being imprisoned for political reasons under martial law.
 - Justice Minister Zawadski stated that 3,953 persons were still interned in some 25 detention centers. He confirmed reports that Walesa's uncertain status had been changed to that of an internee.

March 8 Polish radio reported that Czechoslovak border quards shot a Pole attempting to cross from southern Poland. It suggested that the number of bordercrossing attempts, mostly by Polish teenagers trying to reach Austria, was rising. 10 Police arrested four members of an alleged "juvenile" terrorist group" in connection with the shooting of a policeman on a Warsaw trolley on February 18. This brought to nine the total number of persons, including a priest, arrested in the case. 10 French activists launched 10,000 balloons carrying pro-Solidarity leaflets from the Baltic island of Bornholm. The balloons, which contained instructions for passive resistance to martial law, landed along the Polish coast. 11 For the first time since the imposition of martial law, Polish TV announcers appeared on the screen in civilian clothes instead of military uniforms. The CSCE review conference in Madrid recessed until 12 November 9 following a month of harsh polemics over the Polish situation. 12 The Polish News Agency (PAP) announced that a combined Soviet, Polish, and East German field training exercise, code-named "Druzhba-82," would be held in northwestern Poland between March 13 and 20. exercise was not announced in the context of CSCE, nor was the number of troops involved indicated. 12 The Polish press admitted that protest actions were continuing in some internment camps, including hunger strikes and the production and dissemination of leaflets, posters, and poems "insulting Poland's system." European Community (EC) governments agreed to cut 12 Soviet imports to protest martial law in Poland. The cuts affect only a little more than 1 percent of Soviet annual exports to EC countries (perhaps \$120 million). 13 Some 100 Solidarity supporters disrupted an opera performance in Warsaw to harass lead singer Mroz for

his alleged collaboration with martial law

authorities.

March

- Industrial production fell sharply in February compared with the same month last year, but the decline was slightly less than the 13.7 percent drop recorded in January. Increased coal output was again the only exception to the downward trend.
- Some 20,000 Poles gathered near the Ursus tractor factory on the outskirts of Warsaw to hear Glemp's appeal for the release of Walesa and other internees.
- Zbigniew Bujak, one of the few Solidarity national leaders still at large, appealed in the Warsaw underground weekly Tygodnik Mazowsze to members of the suspended union to speak out in the ongoing debate on the future of Polish trade unionism. Meanwhile, interned Bydgoszcz Solidarity leader Jan Rulewski was brought before a court to face manslaughter charges stemming from a road accident last spring. The court postponed the hearing to April 21, at Rulewski's request.
- 19-20 The mayor of Warsaw dissolved the pro-Solidarity Polish Journalists' Association. The next day the Polish regime launched the Association of Journalists of the Polish People's Republic, made up of members supporting martial law.
 - The baptism of Walesa's seventh child (born in January) attracted more than 10,000 well-wishers in Gdansk. Walesa himself was not present. The crowd chanted pro-Solidarity slogans and demanded Walesa's release. Two days later Walesa's wife revealed that the authorities had offered to allow him to emigrate with his family but "of course, we refused."
 - 21 Glemp told a congregation in Torun that the Pope's planned visit to Poland in August might be postponed.
 - Poland's agricultural minister stated that if grain procurement did not increase beyond its current level (which was less than half the required amount), there might be problems in the pre-harvest period. Earlier, Trybuna Ludu warned there would be one-third less meat and poultry and one-half less fish available in the second quarter of 1982 than in the same period in 1981.
 - The Western press reported that brief, unannounced "rotating" strikes were staged on March 20 by sections of the Ursus tractor factory near Warsaw.

March 24 Poland's Military Prosecutor's Office announced that of all civilian offenders who had been arrested, 44 percent were suspected of anti-state crimes, 17 percent of illegal possession of firearms, 9 percent of violation of military discipline in enterprises, and 7 percent of illegal attempts at border crossing. The total number of offenders was not given. 25-26 The Sejm held its third plenary session under martial law; this was the second session to be held without being preceded by the customary party plenum. Jaruzelski led a party-government delegation to East 29 Germany, his second trip abroad since becoming party chief last October. Although East Berlin offered an effusive welcome, new economic assistance for the troubled Polish economy was not forthcoming. 29 Former Deputy Premier Kaim was jailed for one year and fined the equivalent of US\$3,700 on corruption charges. Kaim was the highestranking government official of the Gierek era to be imprisoned. 30 Poland's deputy planning commission chief admitted that Poland's economic recovery to pre-August 1980 levels might take as long as six years, provided the government could implement its economic program. 31 The Soviet literary weekly Literaturnaya Gazeta charged that anti-government forces in Poland were stepping up their activity and had murdered 43 people, including police officers, since December 13. 31 The Warsaw daily Express Wieczorny said several Poles were beaten up while distributing Western aid parcels to recipients in Krakow and Elblag. It said Poland had received 46,000 tons of goods from abroad in January-February, compared with 50,000 tons for all of 1981. April 5 Jaruzelski headed a party-government delegation to Czechoslovakia as part of his efforts to restore contacts with allies. Poland's creditor Western banks and Polish officials 6 signed an agreement for the rescheduling of \$2.4 billion in debts Poland was to have repaid in 1981.

Poland still lacked the necessary repayment funds.

April The Hungarian party plenum formally endorsed Poland's "sovereign decision" to invoke martial law. (No 7 other East European party had done so.) 7 Warsaw University rector Samsonowicz, democratically elected in August 1980, was dismissed. The previous day, he lost his party membership. 11 Walesa was reunited with his wife and seven children for Easter, the first family reunion since his internment. 11 The Polish Episcopate released an 11-page document calling for resumption of national dialogue between the regime and the various social groups, including Solidarity. The document reiterated church demands for the lifting of martial law, release of the internees, and amnesty for those imprisoned under martial For the first time, however, the church also stated that Solidarity bore some responsibility for the imposition of martial law and the current impasse. 12 A clandestine station calling itself Radio Solidarity broadcast for about nine minutes without interference. Reception reportedly was good in most parts of Warsaw. 13 About 200 people marched around Krakow's main square, chanting anti-regime slogans and jeering at the riot police on the four-month anniversary of martial law. 16 Gdansk's two principal shipyards and about half of its municipal transportation system went on strike. 19 Bulgarian Foreign Minister Mladenov visited Warsaw and extended an invitation to Jaruzelski to visit Bulgaria. 21 Jaruzelski led a party-state delegation to Hungary. 22-23 The Central Committee of the Polish United Workers (Communist) Party held its eighth plenum, the second under martial law, to discuss the country's difficult economic situation. Jaruzelski warned Poles not to expect significant improvement in their standard of living until 1990. 25 Jaruzelski and Glemp met for two hours in Warsaw,

their second meeting since December. They discussed the possibility of a papal visit later this year.

April 26-30 Glemp visited the Vatican. While in Rome, Glemp announced that the Pope had postponed indefinitely his planned second homecoming trip in August. The ruling Military Council of National Salvation 28 announced lifting of the 2300-0500 curfew and release of 1,000 internees, to be effective May 2. 29 The Western press reported that key underground Solidarity leaders accepted church proposals of April 11 as the basis for discussion with martial law authori-(The group, which included Warsaw Solidarity leader Bujak, reportedly issued a communique to that effect after a meeting on April 22.) Eight armed Poles overpowered security guards and 29 forced the crew of a Wroclaw-Warsaw domestic flight to land at West Berlin's Templehof Airport. Thirtyfour other passengers joined the eight in asking for political asylum. This was the seventh hijacking by Poles to West Berlin and the second since martial law was imposed. Radio Solidarity fell silent after five minutes on 30 the air, just as Bujak was about to issue an appeal to boycott the regime-organized May Day parade and hold a counterdemonstration instead. May 1 Solidarity staged demonstrations in several Polish cities to commemorate international labor day. demonstrations passed without incident. 2 Polish authorities released nearly 1,000 internees-some 200 on condition of good behavior--and eased other restrictions in accordance with the Military Council's decision of April 28. Street demonstrations in Warsaw, Gdansk, Lublin, 3-6 Szczecin, and Krakow resulted in injuries and numerous arrests. The Military Council, meeting in an emergency session on May 3, reimposed the curfew and other restrictions in the affected areas. 9 More civil disturbances took place in Wroclaw and Warsaw involving confrontations between youth and

riot police.



May

- Warsaw declared two US Embassy officials personae non gratae after they were detained while visiting a Polish scientific contact. The US retaliated on May 13 by expelling two Polish Embassy officials and suspending projects under the US-Polish Scientific and Technological Agreement.
- 11-13 Deputy Premier Rakowski visited Austria for talks with Chancellor Kreisky and other senior officials.
 - Some 3,000 Polish farmers commemorated the first anniversary of the now-suspended Rural Solidarity at a mass celebrated in Warsaw.
 - An undetermined number of Polish workers in dozens of cities participated in a 15-minute symbolic strike to protest five months of martial law. At Warsaw's St. John's Cathedral, about 8,000 persons marked the 47th anniversary of Pilsudski's death.
 - Riot police in Krakow attacked a peaceful demonstration by some 10,000 persons. In Warsaw's Old Town, police used tear gas and truncheons to disperse about 1,000 youthful demonstrators.
- 17-19 CPSU Central Committee Secretary Rusakov and Warsaw Pact Commander in Chief Kulikov paid "friendly working visits" to Poland.
- International Labor Organization Special Envoy
 Nicolas Valticos completed a five-day fact-finding
 visit to Poland. He talked with senior officials of
 the Jaruzelski government and met with Walesa.
- Interned Bydgoszcz Solidarity leader Jan Rulewski told a Warsaw court (where his twice-postponed trial for a pre-martial law traffic accident was adjourned indefinitely because of ill health) that he and some 15 other interned Solidarity leaders and advisers had begun a hunger strike on May 11 to protest martial law.
- Jaruzelski continued his round of visits to Warsaw Pact capitals with a trip to Bulgaria.
- Deputy Premier Madej told the <u>Sejm</u> that Poland was faced with either failing to meet the country's food needs or going without essential raw materials and other items usually imported from the West. Madej

May 26 said imports from the West had fallen by 43 percent in the first quarter of 1982 over the corresponding period of 1981. Warsaw's evening daily said half of Poland's construction firms faced bankruptcy. 26 The Polish press announced that the Sejm had elected (with 17 votes against and 42 abstentions) former party chief Kania to the Council of State. 27 A Polish Government spokesman confirmed that Walesa was moved to a new location which had "much better conditions, apparently in a southeastern province near the Soviet border. 27 Rural Solidarity leader Jan Kulaj, who was released from internment on April 28 along with nearly 1,000 other internees pledging good behavior, told a French TV interviewer that he was tricked by the regime into announcing support for the military rule. Polish police shot and wounded a former Solidarity 28 printer sought since December 13, when he tried to flee a document check. 28 President Reagan approved a food and medical aid package worth US\$68.7 million for FY 1983 to be channeled to Poland through private voluntary agencies. Katowice Bishop Bednorz told an open-air mass, which 30 attracted some 200,000 persons, that the Pope was still considering visiting Poland later this year and would like to visit internment camps housing Solidarity leaders. The official Polish youth daily Sztandar Mlodych 31 called on martial law authorities to make drastic election law reforms to win the support of Poland's It said that Sejm candidates should be more numerous and voters should have the right to choose the best qualified person. June Jaruzelski visited Romania for talks with President 4 Ceausescu--rounding out his tour of Warsaw Pact capitals.

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June

- Warsaw provincial party secretary Kociolek, a reputed hardliner and critic of Jaruzelski's policy, was replaced by alternate Politburo member Marian Wozniak, an economic expert regarded as a political moderate. Kociolek was named Ambassador to Moscow.
- Senior Polish bishops met in Warsaw and renewed their invitation to Pope John Paul II to visit Poland in August for the 600th anniversary of the Black Madonna of Czestochowa.
- Glemp told approximately 100,000 worshippers at an outdoor mass in Warsaw that Poles would greet the Pope in "peace and order" if he decided to visit Poland in late August.
- Despite a decision of Solidarity's underground leadership to suspend all protest action until further notice, security police and pro-Solidarity demonstrators clashed in Gdansk, Wroclaw, and Nowa Huta (near Krakow) on the six-month anniversary of martial law.
 - East European delegates walked out of the annual conference of the International Labor Organization when a Polish journalist, waving an authorization signed by Walesa, was allowed to address the session.
 - Polish riot police dispersed several hundred demonstrators after an evening mass held in Wroclaw to mark the six-month anniversary of the eight miners killed during a clash with police.
 - Some 15,000 Polish workers chanting "free Lech Walesa" marched from the Lenin steel complex to the center of Nowa Huta near Krakow. Police did not intervene.
 - A TASS article datelined Paris warned the Vatican that Moscow opposed a projected papal visit to Poland this summer. TASS accused the Polish church of trying to assume the role of a political opposition in place of the suspended Solidarity trade union.
 - A mixed commission representing the Polish Government and Episcopate met to discuss the projected visit of Pope John Paul II.

June	
26	A three-member delegation of the International Red Cross visited Walesa at his internment location near the Soviet border. This was the third visit by Red Cross officials.
26	Tygodnik Mazowsze published a Solidarity call for a moratorium on all protests until July 31.
28	Some 10,000 Poles appeared at the monument in Poznan commemorating the 1956 worker riots. The turnout for the 26th anniversary was substantially larger than at the official commemoration held the day before.
29	Ending weeks of silence on the subject, the Polish party daily <u>Trybuna Ludu</u> and weekly <u>Now and Then</u> carried articles advocating that Solidarity not be revived in any form lest it become a legal cover for the "anti-socialist underground union."
30	The Western press reported that more than 200 persons were arrested in Wroclaw after police clashed with pro-Solidarity demonstrators who had gathered on June 28 to mark the Poznan riots anniversary.
July	
5	Poland raised the prices of coffee, tea, and many alcoholic beverages by an average of 60 percent.
5-6	The <u>Sejm</u> convened to deal with a variety of economic issues, many aggravated by months of martial law.
11	Polish television announced the arrest of seven Poles in connection with the discovery by police of a number of mobile Radio Solidarity transmitters. Two days later Radio Solidarity went on the air to announce that it would suspend transmission for two months.
15-16	A plenary session of the Polish party's Central Committee addressed the problem of gaining the confidence of disaffected youth. It also approved major changes in the party's top hierarchy, most notably the removal of Olszowski from his post as secretary for media and propaganda. (He remained on the Politburo.)
19-23	Foreign Minister Czyrek held talks with Pope John Paul II and other Vatican officials in Rome on the timing of a papal visit to Poland.

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July

- In a new bid for national accord, Jaruzelski launched the Patriotic Movement for National Rebirth (PRON), a new communist-led umbrella organization to replace the discredited Front of National Unity.
- Jaruzelski at a special session of the <u>Sejm</u> announced measures to relax martial law; the session also endorsed changes in the government.
- Glemp, at the Vatican since July 5, confirmed on his return to Warsaw that the Pope had decided to postpone his trip to Poland.
- Solidarity's underground leaders issued a call for a series of peaceful protests against martial law throughout August, to culminate in a nationwide peaceful demonstration on the second anniversary of the Gdansk strike settlement accord on August 31. The appeal in effect ended the union's moratorium on protests announced on June 26.

August

- Polish authorities conducted a roundup of persons suspected of producing and disseminating clandestine publications.
- A joint Polish-Romanian protocol was signed, calling for economic cooperation, exchange of Polish coal for Romanian shoes, and Romanian use of idle Polish plant capacity.
- 10-13 The Polish officials and representatives of Poland's private Western creditors met in London to discuss rescheduling of Poland's debt repayment obligations for this year.
- The Polish press reported the reinternment for alleged "activities incompatible with state security" of an unspecified number of Poles who had been released in July.
- Demonstrations marking eight months of martial law took place in Warsaw, Gdansk, Wroclaw, Krakow, and other smaller Polish cities. They were broken up by riot police using tear gas and water cannon.

August

- Jaruzelski, accompanied by Foreign Minister Czyrek, met with Brezhnev and Gromyko in the Crimea. The talks, which focused mainly on the internal Polish situation, were said to have been held in a "cordial atmosphere" and with "complete identity of views."
- The Polish regime acknowledged that "serious clashes" had occurred at a detention center in Kwidzyn and that 13 detainees were clubbed. Solidarity and church sources put the number of injured detainees at 60.
- At a gathering of some 300,000 Polish pilgrims celebrating the 600th anniversary of the Black Madonna of Jasna Gora, Glemp called on the Jaruzelski regime to release Walesa, or at least let him speak freely. Glemp also urged the regime to resume genuine dialogue with Polish society.
- A pastoral letter from Poland's bishops called on both the authorities and the public to refrain from violence on August 31. The letter also stressed the need for compromise between rulers and subjects and reminded martial law authorities of their pledge last December that Solidarity would be able to resume its trade union function.
 - Jaruzelski, in a televised speech to graduating cadets, urged Poles to mark the anniversary of the Gdansk accords with work and warned that violations of martial law would not be tolerated.
 - The clandestine Radio Solidarity twice interrupted the evening newscast of the official Warsaw radio to appeal to the militia to defy orders on August 31. The clandestine broadcast was the first since early July.
 - Approximately 50 people participated in a brief, low-key demonstration in Budapest on behalf of Polish Solidarity. They met at the statue of Polish General Bern where Hungarians had rallied in 1956, also in support of events in Poland. Some participants were detained by the police and later released.

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August

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Widespread disturbances erupted in most major Polish cities and resulted in at least five fatalities, numerous injuries to police and protesters, the arrest of more than 4,000 demonstrators, and some material damage. The majority of protesters appeared to be less than 30 years of age.

Prepared by Jane Miller x29198

Approved by Martha Mautner x29536

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NATIONAL SECURITY COUNCIL

September 29, 1982

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ACTION

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MEMORANDUM FOR WILLIAM P. CLARK

FROM:

PAULA DOBRIANSKY

SUBJECT:

NSC Meeting, September 30, 1982, 11:00 a.m.,

Cabinet Room

There are two agenda items for this meeting:

- 1. Polish Debt
- 2. Private Sector Initiative for Poland

Polish Debt

Sec. Regan will report on the results of the SIG-IEP discussion Tuesday on this issue. The U.S. and other government creditors are negotiating the settlement of the 1981 debt, but have not engaged in discussions with the Poles over rescheduling the 1982 debt because our Polish sanctions prohibit this. The SIG-IEP recommends that we do not change U.S. policy at this time.

Private Sector Initiative

On Tuesday, the SIG-IEP recommended that the private sector initiative be remanded for further staffing. This decision seems to be predicated upon a narrow perspective of the initiative. That is, some of the principals were not properly briefed (i.e. they were unaware of the broad domestic support the initiative has received) and thus, recommended further staffing of an initiative they apparently did not understand. There also appeared to be some sentiment to kill the initiative as now defined and replace it with the usual food aid programs to Poland a la CARE and CRS. Therefore, it is necessary to enunciate clearly at the NSC what the initiative is, what are its objectives, and how it fits in with our policies toward Poland. It is also necessary to bring to the fore the pros and cons of the initiative so that they can be fairly weighed and evaluated. Lastly, it must be made clear that even though this is a private sector assistance program, it fits within the context of our humanitarian aid as all goods will be purchased by the private sector and will be distributed by the Church.

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Our recommendation is that the initiative be pursued through the establishment of a Presidential Commission and preferably with participation by our allies, but unilaterally, if necessary. Embassy Warsaw has expressed our sentiment succinctly, "We welcome the initiative because it conveys the possibility of movement in Polish-American relations -- and because it could strongly reinforce the only large private agricultural sector in Eastern Europe, demonstrate the efficiencies of private agriculture and assure a more abundant food supply to the Polish people." Specifically, the initiative will enable the Administration to project an image of U.S. willingness to explore new ways of tackling the Polish problem but without compromising the integrity of our sanctions policy. As Bud stated in an earlier note to me, the initiative will refocus public attention on what we do support -the Polish people -- and what we do not support -- the Polish government. We have strong indications that the initiative, as structured, would be supported by our allies.

Your talking points for the meeting are at Tab II.

RECOMMENDATION:

That y	you	sign	the	memorandum	to	the	President	at	Tab	I.
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Approve ____ Disapprove ____

Norman Bailey, Henry Nau and Dennis Blair concur.

Attachments

Tab I Memo to President

Tab A Agenda

Tab B Issue/Options Paper

Tab II Talking Points



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MEMORANDUM FOR THE PRESIDENT

FROM:

WILLIAM P. CLARK

SUBJECT:

NSC Meeting, 11:00 a.m., September 30, Cabinet

Room

There are two items on the agenda (Tab I):

- 1. Polish Debt
- 2. Private Sector Initiative for Poland

Polish Debt

Don Regan will report on the results of the SIG-IEP discussion last Tuesday on this issue. The U.S. and other governments are negotiating a settlement of the 1981 debt, but have not entered into negotiations over 1982 rescheduling. In the meantime, private banks have been partially successful in rescheduling the 1982 debt. Our Polish sanctions prohibit the USG from entering into negotiations for the 1982 debt and the SIG-IEP has concluded that this policy should be continued.

Private Sector Initiative for Poland

Issue: Whether the Administration should endorse a U.S. private sector initiative which would attempt to bolster the Polish private sector -- with primary emphasis on agriculture. Whether a Presidential Commission should be established to develop and spearhead the private sector aid program.

Facts: The proposed private sector initiative would entail the U.S. private sector developing and implementing a humanitarian aid program through the Polish Church to bolster the Polish private sector — with emphasis on agriculture. Although it features commodities other than food, the initiative fits within the context of humanitarian aid, as all goods will be purchased by the private sector and distributed by the Polish Church. The initiative was conceived prior to the Polish Church's recommendation for a five-year \$2.02 billion "Poland Recovery Plan" to aid the private sector, but coincides and responds to the Church's proposals. In the short-term, the initiative will engender a positive image of American flexibility which would put the Polish government in a "no win" situation and will respond to the Polish Church's

Prepared by: Paula Dobriansky

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proposals; in the long-term, it will strengthen the largest private agricultural sector in Eastern Europe and demonstrate the efficiencies of private agriculture.

It is suggested that a Presidential Commission, which could provide a necessary vehicle for mobilizing private sector aid efforts, be established to spearhead this effort. It would devise an aid program commensurate with donations received from the U.S. private sector and the use of some \$28 million worth of our reserve zlotys.

The Polish-American community and various private sector organizations support the program. The Polish people would perceive it as a manifestation of continued American interest in their well being; we also have strong indications that the initiative, as structured, would be supported by our allies. According to the Church, the Polish government would not hinder such assistance.

Discussion: Some of the pros of pursuing this initiative include: it upholds the Administration's policy toward Poland; it is strongly endorsed by the Polish-American community; it will refocus public attention on what we do support -- the Polish people -- and what we do not support -- the Polish government. Some of the cons include: Poland's immediate humanitarian needs cannot be satisfied by a broad long-term plan designed to restructure its private agricultural sector; since donations must come from the private sector, there is no certainty that amounts will be sufficient; the use of zlotys does not provide sufficient resources of the right kind; the allies might misconstrue the intent of the initiative.

Your guidance is needed on whether the proposal should be rejected completely, pursued through the establishment of a Commission and with participation by our allies but unilaterally if necessary, or should be staffed further. The recommendation of the SIG-IEP was to remand the proposal for further staffing; NSC's recommendation is to pursue the initiative through the Commission.

An issues/options paper is at Tab B for your information.

Recommendation:

OK	No		·
		1.	Reject the proposal entirely
		2.	Pursue the initiative through the establishment of a Presidential Commission, preferably with participation by our allies but unilaterally if necessary
		3.	Remand the proposal for further staffing
			 a. the idea of a Presidential Commission be developed further and/or

b. a different structure to implement the program be designed



Attachments Tab A Tab B

Agenda Issues/Options Paper

National Security Council Meeting September 30, 1982

AGENDA

1. Polish Debt Situation

Secretary Regan

Polish Private Sector Initiative (discussion of options) Secretary Regan

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Sec.3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA

DATE 2713

U.S. Private Sector Initiative -- Poland

Issue/Options Paper

Issue: Whether the Administration should endorse a U.S. private sector initiative which would assist and attempt to bolster the Polish private sector -- with primary emphasis on agriculture. Whether a Presidential Commission should be established to develop and spearhead the private sector aid program.

Background: The proposed private sector initiative would entail the U.S. private sector developing and implementing a humanitarian assistance program through the Polish Church to bolster the Polish private sector -- with emphasis on agriculture. It is meant to be a humanitarian, people-to-people effort, consistent with the Administration's policy toward Poland (government to government aid is suspended, but humanitarian aid is rendered to the Polish people through voluntary organizations with reliable distribution infrastructures). That is, the initiative, which features commodities other than food, fits within the context of humanitarian aid, as all goods will be purchased (by the private sector) and distributed (by the Church) through non-governmental channels. Moreover, the initiative is meant to uphold your belief in the desirability of promoting free market forces in those countries with non-market economies and strengthening private property ownership. Embassy Warsaw has reported, "We welcome the initiative because it conveys the possibility of movement in Polish-American relations -- and because it could strongly reinforce the only large private agricultural sector in Eastern Europe, demonstrate the efficiencies of private agriculture, and assure a more abundant food supply to the Polish people." Lastly, the initiative was conceived prior to the Polish Church's plea for a five-year \$2.02 billion "Poland Recovery Plan" to aid the private sector, but coincides and responds to the Church's proposals.

Objectives: It will in the short-term (a) engender a positive image of American flexibility which would put the Polish government in a "no win" situation, (b) respond to the Polish Church's proposals, (c) make use of U.S.-owned zlotys worth \$28 million, and in the long-term will (a) strengthen the Polish private sector and (b) promote a more moderate domestic Polish policy as a result of strengthened free market forces.

Implementation: It has been suggested that a Presidential Commission be established to spearhead the initiative. It could draw upon the vast expertise in the private sector and could provide a necessary vehicle for mobilizing private sector aid efforts. In fact, this idea has received support from our private sector. The Commission would be comprised of 12 members drawn from the Polish-American community, labor, academia, the Church, farm associations and agricultural industries, with one member serving as a liaison to the European Community. Its functions would include: assessing the current condition and needs of the Polish private sector, devising DECLASSIFIED

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and implementing an aid program commensurate with donations received from the U.S. private sector and the use of up to \$28 million of our reserve zlotys in Poland, and coordinating the program with similar initiatives undertaken by our Allies.

Reactions to Initiative:

- 1. <u>U.S. Reaction</u>: Positive. Already, the Polish-American community and various organizations support the program (i.e. Polish-American Congress, American Farm Bureau Federation, Catholic Relief Service, Rockefeller Foundation).
- 2. Polish People: Enthusiastic. Would view this as a manifestation of continued American interest for their well being.
- 3. Polish Government: Uncertain. However, most speculate that the government would be forced into a "no win" position and would accept the program. Already, according to the Church's reports, the government has indicated it would not hinder such a Church-initiated and -supported program. However, in the event that the Polish authorities prohibit the usage of our zloty reserves or thwart the initiative, propaganda mileage can be reaped. The USG could suspend the initiative and publicly assert that the Polish government is unwilling to assist its own people.
 - 4. Soviet Government: Negative.
- 5. Allied Reactions: Positive with some countries; others -- contingent upon how the initiative is presented.

Pros/Cons of the Initiative:

(Pros) 1. Upholds Administration's policy toward Poland.

2. Responds to the Polish Church's proposals.

- Provides an opportunity to cooperate with our allies.
 Is strongly endorsed by the Polish-American community,
- 4. Is strongly endorsed by the Polish-American community, the Church and various U.S. private sector organizations.
- 5. Projects the image of U.S. willingness to explore new ways of tackling the Polish problem without compromising the integrity of our sanctions policy.
- 6. Will refocus public attention on what we do support -the Polish people -- and what we do not support -- the
 Polish government.
- 7. Will reinforce the only large private agricultural sector in Eastern Europe and will demonstrate the efficiencies of private agriculture.
- 8. Will be widely visible in Poland and thus, will manifest our support for Solidarity and the Church.
- (Cons) 1. Poland's immediate humanitarian needs cannot be satisfied by a broad long-term economic plan designed to restructure its private agricultural sector.

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- 2. Resources (donations) must come from the private sector. There is no certainty that amounts will be sufficient.
- 3. Polish authorities would perceive this as Western propaganda and would not allow the scheme to succeed.
- 4. The use of zlotys does not provide sufficient resources of the right kind.
- 5. If some resources did reach Polish farmers, some benefits might also be accrued to the State agricultural sector.
- 6. The allies might misinterpret the initiative.

Options:

- 1. Reject the proposal entirely.
- 2. Pursue the initiative through the establishment of a Presidential Commission, preferably with participation by our allies but unilaterally if necessary.
 - 3. Remand the proposal for further staffing:
 - a. the idea of a Presidential Commission be developed further and/or
 - b. a different structure to implement the program be designed.

TALKING POINTS

For the September 30, 1982 NSC Meeting

Issue One: Polish Debt Situation

-- Secretary Regan, would you like to introduce this issue?

Issue Two: Polish Private Sector Initiative

Introduction

- The next agenda item is the private sector initiative for Poland. In an attempt to follow up on your guidance for continued humanitarian aid to Poland, a private sector initiative has been developed. It would entail the U.S. private sector assessing the Polish private sector's needs, and developing and implementing a humanitarian aid program through the Polish Church so as to reinforce the only large private agricultural sector in Eastern Europe -that of Poland. The initiative, which features commodities other than food, fits within the context of humanitarian aid, as all goods will be purchased by the private sector and distributed through the Polish Church. The initiative conforms with the current Administration's policy toward Poland (the suspension of government-to-government aid but the continuation of humanitarian assistance to the Polish people) and thus, should stand and be evaluated on its own merits.
- -- Today's meeting will focus on the SIG-IEP's assessment of the initiative. Secretary Regan, would you like to provide the SIG's evaluation?

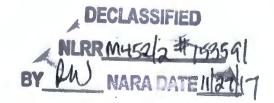
Interim Points

-- Objectives of Initiative: (Short-term) Engender a positive image of American flexibility which would put the Polish government in a "no win" situation, respond to the Polish Church's proposals, make use of U.S.-owned zlotys, (long-term) strengthen the Polish private sector and promote a moderate domestic Polish policy as a result of strengthened free market forces.

-- Pros of the Initiative:

- 1. Upholds the Administration's policy toward Poland
- 2. Responds to the Polish Church's proposals
- 3. Provides an opportunity to cooperate with our allies
- 4. Is strongly endorsed by the Polish-American community

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5. Projects the image of U.S. willingness to explore new ways of tackling the Polish problem without compromising the integrity of our sanctions policy

6. Will refocus public attention on what we do support -- the Polish people -- and what we do not support -- the

Polish government

7. Will reinforce the only large private agricultural sector in Eastern Europe and will demonstrate the efficiencies of private agriculture

8. Will be widely visible in Poland and thus will manifest our support for Solidarity and the Church

Conclusions:

- -- Contingent upon the discussion, mention that there are three options for decision:
 - a. Reject the proposal entirely
 - b. Pursue the initiative through the establishment of a Presidential Commission, preferably with participation by our allies but unilaterally if necessary
 - c. Remand the proposal for further staffing:
 - (1) the idea of a Presidential Commission be developed further and/or
 - (2) a different structure to implement the program be designed
- -- If Option C is endorsed, recommend a 3 week time-frame.