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FOIA

M452

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SHIFRINSON

36

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
153827	MEMO	PAULA DOBRIANSKY TO WILLIAM CLARK RE. POLAND: NEXT STEPS <i>R 11/27/2017 M452/2</i>	2	4/1/1983	B1
153828	MEMO	CLARK TO RR RE. POLAND: NEXT STEPS <i>R 11/27/2017 M452/2</i>	3	ND	B1
153829	MEMO	GEORGE SHULTZ TO RR RE. POLAND: NEXT STEPS <i>R 6/2/2015 M452/2</i>	2	3/28/1983	B1
153830	MEMO	CLARK TO SHULTZ RE. POLAND: NEXT STEPS <i>R 6/2/2015 M452/2</i>	2	ND	B1
153831	REPORT	RE. EAST EUROPEAN HIGHLIGHTS: MARCH 1983 <i>R 9/25/2018 M452/2</i>	15	4/13/1983	B1
153832	REPORT	RE. EAST EUROPEAN HIGHLIGHTS: APRIL-MAY 1983 <i>R 6/2/2015 M452/2</i>	22	5/13/1983	B1
153833	PAPER	RE. OBSERVATIONS OF AMBASSADOR DAVID FUNDERBURK <i>R 11/14/2016 M452/2</i>	2	5/18/1983	B1

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

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Bailey 1
153827

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~SENSITIVE

April 1, 1983

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: PAULA DOBRIANSKY 

SUBJECT: Poland: Next Steps

Secretary Shultz forwarded the President a memorandum on Poland (Tab A) which recommends the following course of action:

- Work out a package with the Allies which would tie rescheduling to a successful Papal visit, amnesty for the majority of political prisoners and an end to harassment of former Solidarity activists.
- Approach the Polish Government and stress the need for improved human rights performance. State our willingness to allow U.S. and LOT charters to carry Polish-Americans to Poland for the Pope's visit, if they are willing to take a parallel step of value to us.
- Raise the issue of Poland with Dobrynin so as to solicit Soviet assistance and permission for the Poles to reform their economy and move toward greater reconciliation.

State's proposed course of action addresses only short-term concerns via a "carrot/stick" approach. It is not a well-developed strategy which would advance our long-term interests in Poland -- overall liberalization (restoration of free labor unions, economic reform) and a more autonomous foreign policy. For these reasons, your memorandum to the President (Tab I) sets forth a strategy that both incorporates and modifies some of the elements recommended by State. The "NSC strategy" attempts to seize the initiative and fill the present policy vacuum by offering tangible quid pro quos to the Polish Government in exchange for serious concessions on their part.

At Tab II is a memorandum from you to Secretary Shultz indicating that State's proposals have been amended by the President. If you deem that an NSC meeting or a meeting among you, Shultz and the President is warranted, I will provide the appropriate talking points. However, a decision is needed soon if discussions are to begin with the Allies before April 11.

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BY RW NARA DATE 11/27/17

^{MB} Norm Bailey, ^{JV} John Lenczowski, and ^{WR} Walt Raymond concur.
Note that in State's memorandum, Ed Derwinski is cited as concurring with their recommendations -- this is not accurate. In fact, he disagrees with the proposal that we raise the issue of Poland with the Soviets and seek their assistance. Derwinski also cautions against heightened expectations as to what Polish concessions we may reap after a successful Papal visit.

RECOMMENDATION

That you sign the two memoranda at Tabs I and II -- to the President and Secretary of State Shultz.

Approve _____ Disapprove _____

Attachments:

Tab I Memorandum to the President
Tab A Shultz's memorandum to the President, March 28
Tab II Memorandum to Secretary of State Shultz

153828

THE WHITE HOUSE

WASHINGTON

~~SECRET~~SENSITIVEACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Poland: Next Steps

Issue: U.S. policy toward Poland

Facts: George Shultz forwarded you a memorandum (Tab A) which recommends several policy options vis-a-vis Poland. The memorandum identifies the most immediate problem which has to be addressed - Polish debt rescheduling. The Paris Club of Allied and neutral creditors of Poland will convene a meeting on April 11 to discuss this issue. At this time, the Europeans might break the ranks and opt for separate rescheduling talks with the Poles. As George notes, already the EC has publicly called for rescheduling without any human rights preconditions. In view of these circumstances, State's memorandum recommends the following course of action:

- Work out a package with the Allies which would tie rescheduling to a successful Papal visit, amnesty for the majority of political prisoners and an end to harassment of former Solidarity activists.
- Approach the Polish Government and stress the need for improved human rights performance. State our willingness to allow U.S. and LOT charters to carry Polish-Americans to Poland for the Pope's visit, if they are willing to take a parallel step of value to us.
- Raise the issue of Poland with Dobrynin so as to solicit Soviet assistance and permission for the Poles to reform their economy and move toward greater reconciliation.

Discussion: State's proposed course of action addresses only short-term concerns via a "carrot/stick" approach. It is not a well-developed strategy which would advance our long-term interests in Poland -- overall liberalization (restoration of free labor unions, economic reform) and a more autonomous foreign policy. While I agree with State's first proposal that rescheduling be tied to a successful Papal visit (whereby the Polish regime does not pose any obstacles either before or during the visit) and an end to the harassment of Solidarity activists, general amnesty should be sought not just for the majority of

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BY RW NARA DATE 11/27/17

political prisoners, but for all. I also agree with the second proposal that we should approach the Poles -- but with a different package (see below, Alternative Strategy). That is, the Administration should not relax any restrictions on LOT flights to the U.S. at this time. Although resumption of flights would be a small step, it would be quite symbolic. Ergo, no U.S. sanctions should be relaxed until the Polish Government makes enough progress on human rights and the restoration of free labor unions. Finally, I see no reason as to why we should solicit Soviet assistance in improving U.S.-Polish relations. Given the current state of U.S.-Soviet relations, it is unlikely that the Soviets will render any assistance and permit the Poles to take the necessary steps to reform their economy and move toward reconciliation. Furthermore, they will misinterpret such a U.S. overture as indicative of an excessive eagerness on our part to improve overall U.S.-Soviet relations. Poland should be raised as an issue with the Soviets, but not in the context of seeking assistance - for it will only be counterproductive.

Alternative Strategy: Although it is difficult to envision full restoration of the pre-martial law situation in Poland, the U.S. should nevertheless strive to promote Polish economic reform and the eventual restoration of workers' rights to form free labor unions. The current Polish Government is unlikely to embark on such a course in the near future, for it is still unsure of how firm is its control. However, the government realizes that long-term stability is impossible without economic recovery which is unlikely without serious economic reform.

In order to promote these developments and heighten the Polish Government's interest in eventual reform, I suggest that we approach the Poles with a private demarche -- presented not as a unilateral but as a multilateral Western gesture. (Before we approach the Poles, we should seek to secure West European compliance and commitment to this strategy. An emissary should be sent to discuss this plan with the Allies and present it to the Polish authorities.) If the Poles reject our private demarche, we will have secured in advance the Allies' agreement to maintain a unified policy toward Poland. We would present the Poles with the following package -- rescheduling of the Polish debt and Western support for Poland's IMF membership. The rescheduling (not specified by State) would not entail any new medium-term credits; rather it would involve "recycling" 50 percent of the interest payment into short-term credits to finance vital commodity imports. The promotion of Poland's IMF membership would enable the Polish regime to acquire necessary financial management and assistance from an international organization rather than relying on individual efforts. The IMF involvement could also speed liberalizing reforms with a positive human rights spillover and maintain a neutral character.

As a quid pro quo the Polish Government would be required to: hold a successful Papal visit, release all political prisoners (including detainees and those arrested under martial law provisions), and ensure a worker's right to work (cease harassment, frequent lay-offs and reinstate those fired). Also, as part of our opening bargaining package, we should reiterate that eventually a worker's right to form free labor unions be restored and a meaningful economic reform program be implemented. We would not require immediate implementation of either economic reform or free labor union restoration, as long as the Polish regime is prepared to make a private commitment to follow this course of action eventually. If the Polish Government is prepared to accept these conditions, it can obtain IMF membership and have its debt rescheduled.

The key to this strategy is to seize the initiative and fill the present policy vacuum by offering tangible quid pro quos to the Polish Government in exchange for serious concessions on their part. This proposal will be fully consistent with our stated conditions for improving U.S.-Polish relations. Also, even though the Europeans are determined to reschedule unilaterally if necessary, it appears that they want to avoid intra-alliance frictions and would like U.S. participation. Therefore, in exchange for U.S. acquiescence to Polish debt rescheduling, we should seek to obtain European support of our strategy vis-a-vis Poland. If the demarche is accepted, it would temper present Polish repressive policies and provide hope for further liberalization. If rejected by the Polish Government, this initiative would forestall separate deals by our West European allies and enable us to sustain the present tough unified policy toward Poland. The Administration could then claim credit for demonstrating flexibility on an East-West issue and working together with the Allies.

RECOMMENDATIONS

OK NO

That the Administration pursue a "new" policy approach toward Poland.

- — a. As outlined in the NSC strategy , or
- — b. As outlined by State.

Prepared by:
Paula Dobriansky

SC/S PROFILE

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UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 29 MAR 83 16

TO PRESIDENT

FROM SHULTZ, G

DOCDATE 28 MAR 83

KEYWORDS: POLAND

SUBJECT: NEXT STEPS IN POLAND

ACTION: PREPARE MEMO FOR PRES

DUE:

STATUS S

FILES SII

FOR ACTION

FOR CONCURRENCE

FOR INFO

~~FOR~~
LENCZOWSKI

MYER

DoBinski

COMMENTS

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THE SECRETARY OF STATE
WASHINGTON

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March 28, 1983

MEMORANDUM FOR: THE PRESIDENT

From: WHITE HOUSE
SITUATION ROOM

George P. Shultz *WPS*
Subject: Poland: Next Steps

As we discussed, there is a need to become more active on Poland. We are in danger of losing control over our Allies and our contact with the Polish people.

On the Allied front, the EC on March 1 publicly called for rescheduling the Polish debt without human rights preconditions. The Danish Parliament this week voted to break ranks on Polish sanctions. The Paris Club (Allied and neutral creditors of Poland) will hold a key meeting on April 11 which will focus on the rescheduling issue. We must have a position ready for that meeting if we hope to hold off further erosion.

On the Polish front, the major upcoming development is the Pope's visit June 16-22. Like the Pope's visit in June, 1979 (which played a key role in the rise of Solidarity), this could become something of a turning point -- with a resurgence of nationalism and political awareness on the part of the average Pole. It could lead to gradual reconciliation and reform, or it could result in continued repression. I think we have an opportunity to help push things toward reconciliation in Poland by taking actions in three areas.

o First, I propose going to the Allies now, prior to the April 11 meeting. We would attempt to work out a package which would tie rescheduling to a successful Papal visit, plus amnesty for the majority of political prisoners and an end to harassment of former Solidarity activists. These are the conditions the Solidarity in exile leadership told us were most important to them. We need to preserve Allied unity in order to maximize our leverage.

o Second, we would approach the Polish government. We would stress the need for improved human rights performance in order for us to move ahead in bilateral relations. Noting the Polish government's stated commitment to enhanced freedom of travel, we would state our willingness to allow US and LOT (Polish airline) charters to carry Polish-Americans to Poland for the Pope's visit this summer. Before proceeding with even this small step, we would ask what the Polish government is prepared to do in return. We have received a number of signs recently that they want to work with us.

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BY *RW* NARA DATE *6/2/15*

o Third, I think it is time to bring the Soviets directly into the picture. They are behind most of the repression in Poland and can move things toward reconciliation if they want to. In particular, I would propose adding Poland to the agenda in my talks with Dobrynin. I would point out to him: that we know Poland is a major problem for the USSR; and that we are prepared to improve our relations with Warsaw if the Soviet Union will permit the Poles to take the necessary steps to reform their economy and permit a greater measure of reconciliation.

We must expect some domestic criticism in implementing any program. However, this strategy clearly links human rights progress to Allied and US actions. Furthermore, if we begin to move ahead with the Soviets, while permitting our relations with the Poles to deteriorate further, we will come in for even stronger domestic criticism. And we need to stop the erosion in the U.S. presence and programs in Poland or we will lose the contacts with the Polish people it has taken us decades to build. Ed Derwinski is with us on the steps I have outlined above, and believes the Polish-American community can be brought on board. He is willing to work actively to generate support for this strategy on the Hill, among the Polish-American leadership and with the press.

Recommendations

A. That we immediately begin discussion with the Allies on tying rescheduling to the outcome of the Papal visit plus amnesty for the majority of political prisoners and an end to harassment of former Solidarity activists.

Approve _____ Disapprove _____

B. That we call in the Poles, informing them that a significant improvement in our bilateral relations depends on improved human rights performance, and noting that we are prepared to take a small step to facilitate freedom of travel and the Pope's visit if the Poles are prepared to take a parallel step of value to us.

Approve _____ Disapprove _____

C. That I begin to include Poland in my private discussions with Dobrynin.

Approve _____ Disapprove _____

THE WHITE HOUSE
WASHINGTON

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MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

SUBJECT: Poland: Next Steps

The President has asked me to respond to your analytical and suggestive memorandum of March 28 on next steps toward Poland. I completely agree with the basic thrust of your memorandum -- that we need to seize the initiative vis-a-vis Poland and fill the present policy vacuum. Your suggestion that rescheduling be tied to a successful Papal visit, and an end to the harassment of Solidarity activists, and that general amnesty should be sought for political prisoners, is good. I also agree with the suggestion that we approach the Polish Government. However, I would expand both of these ideas. (S)

Although it is difficult to envision full restoration of the pre-martial law situation in Poland, the U.S. should nevertheless strive to promote economic reform and eventual restoration of workers' rights to form free labor unions. The current Polish Government is unlikely to embark on such a course in the near future, for it is still unsure of how firm is its control. However, the government realizes that long-term stability is impossible without economic recovery which is unlikely without serious economic reform.

In order to promote these developments and heighten the Polish Government's interest in eventual reform, I suggest that we approach the Poles with a private demarche -- presented not as a unilateral but as a multilateral Western gesture. (Before we approach the Poles, we should seek to secure West European compliance and commitment to this strategy. An emissary should be sent to discuss this plan with the Allies and present it to the Polish authorities.) If the Poles reject our private demarche, we will have secured in advance the Allies' agreement to maintain a unified policy toward Poland. We would present the Poles with the following package -- rescheduling of the Polish debt and Western support for Poland's IMF membership. The rescheduling would not entail any new medium-term credits; rather it would involve "recycling" 50 percent of the interest payment into short-term credits to finance vital commodity imports. The promotion of Poland's IMF membership would enable the Polish regime to acquire necessary financial management and assistance from an international organization rather than relying on individual efforts. The IMF involvement could also speed liberalizing reforms with a positive human rights spillover and maintain a neutral character. (S)

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BY RW NARA DATE 6/2/15

As a quid pro quo the Polish Government would be required to: hold a successful Papal visit, release all political prisoners (including detainees and those arrested under martial law provisions), and ensure a worker's right to work (cease harassment, frequent lay-offs and reinstate those fired). Also, as part of our opening bargaining package, we should reiterate that eventually a worker's right to form free labor unions be restored and a meaningful economic reform program be implemented. We would not require immediate implementation of either economic reform or free labor union restoration, as long as the Polish regime is prepared to make a private commitment to follow this course of action eventually. If the Polish Government is prepared to accept these conditions, it can obtain IMF membership and have its debt rescheduled. (S)

This "expanded" proposal is fully consistent with our stated conditions for improving U.S.-Polish relations. Also, even though the Europeans are determined to reschedule unilaterally if necessary, it appears that they want to avoid intra-alliance frictions and would like U.S. participation. Therefore, in exchange for U.S. acquiescence to Polish debt rescheduling, we should seek to obtain European support of our strategy toward Poland. If the demarche is accepted, it would temper present Polish repressive policies and provide hope for further liberalization. If rejected by the Polish Government, this initiative would forestall separate deals by our West European allies and enable us to sustain the present tough unified policy toward Poland. The Administration could then claim credit for demonstrating flexibility on an East-West issue and working together with the Allies. (S)

Finally, with regard to your third proposal, I see no reason as to why we should solicit Soviet assistance in improving U.S.-Polish relations. Given the current state of U.S.-Soviet relations, it is unlikely that the Soviets will render any assistance and permit the Poles to take the necessary steps to reform their economy. Furthermore, they will misinterpret such a U.S. overture as indicative of an excessive eagerness on our part to improve overall U.S.-Soviet relations. Poland should be raised as an issue with the Soviets, but not in the context of seeking assistance -- for it will only be counterproductive. (S)

William P. Clark



BUREAU OF
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AND RESEARCH

CURRENT
ANALYSES

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BY RW NARA DATE 9/25/18

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(U) EAST EUROPEAN HIGHLIGHTS: MARCH 1983

Summary

(S) Poland's increasing worker discontent did not inhibit the regime from issuing an official invitation for a papal visit in June.

(C) Rumors of forthcoming leadership changes proliferated in Czechoslovakia.

(C) The East German unofficial peace movement grew more assertive, holding a Lutheran Church-sheltered nationwide coordinating meeting.

(U) President Reagan announced that Romania would lose most-favored-nation (MFN) status unless it ceased applying its emigration tax before June 30.

(C) Soviet Premier Tikhonov tried to defuse several contentious issues during his visit to Yugoslavia. Both Yugoslavia and Hungary were successful in obtaining new financing in the West.

* * * * *

(S) Poland

Worker Discontent Grows. As underground-inspired protest picked up steam in March, the regime, for the first time since 1982, had to contend with worker unrest. Ironically, popular grumbling over rumored price increases was stimulated less by Solidarity activists than by the regime's attempt to reverse its own policy of worker appeasement. During 1982, the regime had permitted enterprises to boost wages in an effort to buy a measure of social peace. By early 1983, this policy had produced a large "inflationary overhang" (some \$60 million of purchasing power unmatched by supplies on the market) and a sizable

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budget deficit (about \$18 million). When news reached the factories that prices would be raised by an average of 25-30 percent to siphon off at least part of the overhang, worker opposition forced the government to scale back the planned hikes to 15 percent.

In several enterprises, "consultations" over the price-hike issue produced heated clashes, with workers staging protests and passing resolutions condemning the government for ineptitude. The official argument that last year's wage increases were unjustified (i.e., were not backed by increased production) met with angry reactions in a number of provinces; workers argued that the proposed hikes would further depress living standards. The episodes fueled talk of anti-regime demonstrations, in part because the government's pledge to hold further "consultations" seemed increasingly a sham. Even party members appeared dissatisfied with the regime's economic policy; the more pro-regime activists became alarmed that it would undercut party efforts to regain worker confidence and normalize life in general.

Against this background, the underground stepped up its dissemination of leaflets and acts of sabotage. Leaflets and rumors spoke of plans to escalate resistance activity this spring. The underground still sought, not unsuccessfully, to dissuade workers from joining the new trade unions, but there were growing signs that the activists hoped to exploit numerous deficiencies and low factory morale and generally make common cause with the workers. In response, party hardliners pressed Jaruzelski to take a tougher line against the underground, arguing that the measures applied thus far were proving increasingly less effective. The authorities did, in fact, intensify their mopping-up operations, large quantities of leaflets were seized, duplicating equipment was tracked down and confiscated, and underground activists were arrested. On March 3 the regime put five Solidarity officials on trial in Elblag (near Gdansk) on charges of rioting in an internment camp last August, and a former union activist in Katowice was sentenced to three years in jail for allegedly setting up a "criminal gang."

Even so, the tougher line seemed directed against less widely known activists while more prominent Solidarity figures got away with relative impunity. Thus, veteran free trade union activist Anna Walentynowicz received a suspended sentence; and the case against the five dissident KOR/KSS leaders, whose trial was supposed to have started in late March, was postponed. Lech Walesa, too, suffered only petty harassment after his call for "more visible demonstrations" against the government, though in late March he was denied entry to the trial of the Elblag five.

Demonstrations Resume. Relatively small-scale demonstrations took place March 12-14 in five Polish cities; no major incidents

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were reported. In Gdansk, hundreds of Solidarity supporters demonstrated on the 13th and 14th, but each day a heavy deployment of riot police effectively controlled the situation. Walesa, who had indicated his intention to participate, was prevented by the police from doing so on the 13th; the next day he stayed away, pleading concern about "provocations." Smaller protests occurred on the 13th in Warsaw and the western cities of Wroclaw and Kalisz, but police broke up those rallies with relative ease. The number of persons detained ranged from a few dozen to nearly 300 in Gdansk. In Krakow, a few hundred people confined their demonstration to a church courtyard and dispersed peacefully.

The authorities, who had advance information of the planned demonstrations, were well prepared. The riot police behaved in a relatively restrained fashion, as did the mostly youthful demonstrators. All rallies except the one on March 14 in Gdansk followed church services held to mark the 15th monthly anniversary of martial law. The demonstrators sang pro-Solidarity songs, taunted the police with shouts of "Gestapo," and demanded the release of Walentynowicz. Many of those attending the church services did not participate in the demonstrations, apparently in response to appeals from the priests. Father Jankowski, one of the few priests who had maintained close contact with Walesa since the latter's release from internment, went so far as to denounce the calls for demonstrations as a "provocation" by hardliners who opposed a papal visit this summer.

Pope Gets Official Invitation. State Council Chairman Jablonski on March 21 extended an official invitation to Pope John Paul II to visit Poland June 16-22. The invitation, which confirmed the understanding reached between Jaruzelski and Cardinal Glemp, announced on March 10 (the day before Glemp left for the Vatican), put the trip more firmly on track. Nevertheless, an official acceptance of the invitation by the Pope was still outstanding, as was agreement on some aspects of the papal itinerary.

The Polish church and the Vatican continued to press for at least a partial amnesty for political prisoners, while the regime evidently sought greater involvement of the Episcopate in maintaining social calm. The regime also pressed the church hierarchy to curb what appeared to be an increasing interaction between pro-Solidarity clergy, especially at the parish level, and the underground. Church premises and retreat houses were used more and more as staging grounds for pro-Solidarity elements, with local clergymen in many instances taking an active part in planning and coordinating resistance. But as the prospects for the visit improved, there were indications that the more activist priests, as well as more moderate Solidarity elements, were counseling moderation.

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Jaruzelski, too, moved carefully to avoid friction before the visit and to encourage more positive Western responses to his lenient stance. Polish officials abroad explored the possibility of reinstating Polish LOT airline flights to the US, to facilitate travel of Polish-Americans during the Pope's visit. Warsaw clearly hoped at the same time to placate Western sources of badly needed economic and financial assistance.

Meanwhile, in his report on the state of law and order in Poland, presented to the Sejm (parliament) on March 22-23, Interior Minister Kiszczak claimed that the situation was improving but was not yet good enough. He blamed the West for trying to subvert the Polish state. Kiszczak sounded an apprehensive note by predicting possible unrest in early May, noting that the anniversary of the 1982 street disturbances (which resulted in casualties) together with the upcoming papal visit would constitute key thresholds in the return to normalcy.

The Sejm session also approved four cabinet changes, all involving economic portfolios, and removed veteran hardliner Moczar as head of the watchdog Supreme Chamber of Control. Moczar and the minister of administration and local economy were replaced by longtime Jaruzelski proteges from the military. The changes represented a further strengthening of Jaruzelski's personal power, giving him added control over the day-to-day activities of the obstructionist and often incompetent bureaucracies.

No Breakthrough on Debt Rescheduling. In negotiations with Western bankers, Poland proposed a complete rescheduling of all principal and interest due through 1990. Many bankers viewed the proposal as a negotiating tactic and believed that the Poles would eventually settle for a more modest multi-year agreement covering 1983-85 debts.

(C) Czechoslovakia: Major Policy/Leadership Changes Impending?

The Husak leadership, like several other East European regimes, appears to have become more cautious in its policy moves since Andropov assumed power in the Soviet Union--yet personal and factional maneuvering within the Czechoslovak Party Presidium is said to have increased. Husak, who has led the Czechoslovak party since 1969, was more dependent upon, and closer to, Brezhnev than perhaps any other East European leader. His domestic opponents evidently believe this past closeness now makes him more vulnerable: the Husak-Andropov relationship has been described as cool--in part, perhaps, because Prague placed its bets on Chernenko and paid little heed to Andropov until he succeeded Brezhnev. Since then, however, the Husak leadership has adopted

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as its own Andropov's campaigns to instill worker discipline and combat corruption.

Czechoslovakia's 12-member Presidium has been the most stable of these bodies in Eastern Europe over the past decade. Nevertheless, its stability has been deceptive: a fragile balance between contending factions has made it virtually impossible to carry out long-overdue personnel changes. The deadlock has now reached the point where several members have remained on the Presidium even though they are said to be seriously ill (Premier Strougal is rumored to have cancer) or have been relieved of the functions which entitled them to Presidium membership. Prague is now looking to Moscow for direction because it cannot agree internally on major policy decisions.

Rumors that Husak will relinquish his party leadership position have increased lately. He reportedly has been attacked for failing to arrest the marked decline in economic performance and living standards. Although Andropov may have reservations about the Prague hierarchy, he is unlikely to force it to make personnel or policy changes, particularly if he has reason to believe that they would intensify factionalism or threaten the regime's stability. The sudden death of Presidium member Vaclav Hula (announced on April 1) may, however, force leadership changes in Prague that would have significant implications for policymaking. But given their dependence on Moscow, Czechoslovak leaders are unlikely to make any major personnel or policy moves until the Kremlin has cleared them.

(C) East Germany's Unofficial Peace Movement Gears Up

The unofficial East German peace movement--looking ahead to a new round of spring and summer peace protests--held its first countrywide coordinating meeting in an East Berlin Lutheran church on March 5-6. Some 130 people, representing 40 peace groups, met to exchange information and views. The Lutheran Church, which has generally eschewed organizational efforts that could provoke the state, evidently agreed to sponsor the gathering in order to preempt its being taken over by peace militants. Radical activists, unhappy with the meeting's lack of immediate results, intend to hold another gathering in a few months.

Despite the church's moderating influence, the coordinating session could be a substantial boost for the peace movement, which has been groping for ways to mobilize its sympathizers and expand its influence. The expected European peace protests, as the intermediate-range nuclear force (INF) deployment decision approaches, should provide additional stimulus for the East German activists. The Honecker regime, which is trying to establish a

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modus vivendi with the newly elected Kohl government in the Federal Republic of Germany, will now have even more difficulty trying to curb the movement. Any untoward actions against the peaceniks could jeopardize Honecker's recently announced intention to visit the FRG in 1983. It would also complicate Moscow's ability to use the German Democratic Republic in its European peace offensive--a subject that will no doubt be discussed when Honecker visits Moscow in early May for the first full-scale GDR-USSR summit since 1975.

(C/NF) Romania To Lose MFN Status in June

President Reagan announced on March 4 that Romania's most-favored-nation status and associated trade benefits would be terminated effective June 30, 1983, if Romania's emigration (education repayment) tax remained in force. The President acted in compliance with section 402 of the 1974 Trade Act--the Jackson-Vanik amendment. Bucharest had been forewarned of the decision during Deputy Foreign Minister Dolgu's visit to the US, February 28-March 1.

Romania responded publicly on March 5 with an Agerpres news release stating that the President's action contravened bilateral and international agreements and constituted "a form of US interference in the domestic affairs of Romania." The statement called on Washington to reconsider the action or face reciprocal sanctions against US exports. Despite the polemics and distortions in the Agerpres statement, Romanian officials reiterated privately that they hoped to limit damage to US-Romanian relations and wanted to move forward with political dialogue and economic cooperation. The Romanians have been especially insistent on the reinstatement of Export-Import Bank financing for part of their forthcoming CANDU nuclear reactor power project. Bucharest, however, now is hedging its bets on this issue and has begun discussions with General Electric (which is to supply the project's turbines) on alternative financing.

In the meantime, the Ceausescu regime apparently began to extend the emigration tax to two groups--Romanian Germans and Jews--who previously were exempted. The extension seemed designed to pressure the FRG and Israel to come to terms with Bucharest on renewing buy-out arrangements. The US has informed Bucharest that it should not expect Washington to provide either direct or indirect financial assistance as a quid pro quo for Romanian emigration to the US.

On the domestic political front, Ceausescu used a Central Committee plenum, March 23-24, to add two full members to the party's Political Executive Committee: Defense Minister Olteanu

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and former Prime Minister Manescu. Olteanu's appointment appears to be part of Ceausescu's intensified courting of the military in the wake of widely publicized coup rumors. The reemergence of Manescu from political limbo probably is aimed at keeping Prime Minister Dascalescu off guard. Ceausescu's game of political musical chairs continues.

(C) Apparent Soviet and Yugoslav Satisfaction With Tikhonov Visit

Soviet Premier Tikhonov's March 21-25 official visit to Yugoslavia--only the second by a Soviet leader since Tito's funeral in May 1980 (Foreign Minister Gromyko visited Belgrade in April 1982)--appears to have been a modest success from both the Soviet and the Yugoslav point of view.

Belgrade obtained Soviet agreement to increase oil deliveries to Yugoslavia by some 20 percent this year, as well as explicit mention in the joint communique that the 1955 and 1956 Belgrade and Moscow declarations formed the basis for Soviet-Yugoslav relations (mutual respect, independence, sovereignty, noninterference in internal affairs, territorial integrity, equality, etc.). In the past, Moscow often has resisted mention of these declarations in joint communiqués.

The Soviets apparently attained their objective of reducing strains in bilateral relations. In a March 24 toast, Tikhonov said that the CPSU Politburo wanted a more stable Soviet-Yugoslav relationship; the joint communique indicated an oblique Yugoslav commitment to tone down press treatment of the USSR and the CPSU. Yugoslav media treatment of the USSR has been a sore point with Moscow for many months and reportedly prompted several high-level protests.

Such contentious issues as Afghanistan, Cambodia, and Poland--areas in which Belgrade is sharply critical of Soviet policy--evidently were not raised. As a result, the talks, apparently devoted largely to economic affairs, produced no major surprises. According to the communique, they took place in an atmosphere of friendship and mutual respect. Although long suspicious of Soviet intentions, some Belgrade officials may feel that the new leadership is more willing to adopt a tactful approach toward Yugoslavia and its independent brand of communism.

(C/NF/NC) Yugoslavia/Hungary: Banks More Outgoing

The Yugoslav Government and Western commercial banks on March 25 agreed in principle to restructure Yugoslavia's 1983 maturities. The agreement was the product of several months of difficult negotiations, in which most of the major disagreements

occurred among the banks themselves. It was developed as part of a complex rescue package that included assistance from Western governments and loans from the Bank for International Settlements, the World Bank, and the International Monetary Fund.

The banks have agreed to provide Yugoslavia with about \$600 million in new money, to roll over \$1.2-1.5 billion in medium-term maturities, and to refinance approximately \$1 billion in short-term debt. The rolled-over loans will have a six-year maturity, with a three-year grace period. They will carry an interest rate of 1.875 percent over LIBOR or 1.75 over the US prime rate. The short-term debts are to be rolled over at six-month intervals at spreads of 1.375 over LIBOR or 1.25 over the US prime.

The primary issue dividing the banks had been whether government-guaranteed debts should be included in the base used to determine individual banks' shares of the new money. US banks wanted to include them; the Europeans, who held most of the guaranteed loans, were opposed. A compromise was worked out whereby these debts will be rescheduled separately under the same terms, while the total amount of new money was reduced from \$1 billion to \$600 million.

The agreement with the banks is to be implemented when the other parts of the rescue package fall into place. A major obstacle was overcome when French banks ended their resistance to waiving previous Yugoslav pledges not to use their gold as collateral. This opened the way for approval of a \$500 million BIS bridge loan. The 15 "Friends of Yugoslavia" governments have pledged \$1.4 billion in assistance, but some participants must obtain parliamentary approval before all or part of their pledges can be implemented. The IMF and World Bank components of the package should not pose any problems.

On March 29 Hungarian National Bank Vice President Janos Fekete reported the completion of a \$200 million loan led by Deutsche Bank. A less-than-enthusiastic response from the Western financial community had led some observers to predict that the effort would have to be abandoned short of the \$200 million goal. Hungary will need to borrow an additional \$150-300 million in Western credit markets during 1983.

Developments in Brief

--(S/NF) Soviet Defense Minister Ustinov made an unusual, less than one-day visit to Budapest on March 22 to confer with Hungarian party chief Kadar and other top party and defense leaders. Ustinov's entourage included Warsaw Pact

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Commander in Chief Kulikov, who apparently remained in Budapest (his departure was not publicized) after the Soviet Defense Minister returned to Moscow. The discussions ostensibly focused on bilateral relations, joint military cooperation, and international issues. As a follow-up to Kulikov's previous importunings, however, Ustinov may also have sought to bring personal pressure on the Hungarians to increase their defense spending (beyond the 4-percent increase announced by Hungary in December). The Hungarians' characterization of the talks as "comradely" and the Soviets' reference to them as an "exchange of opinions" suggest that the visit fell short of Moscow's expectations.

- (C) Soviet economist and CEMA expert Oleg Bogomolov, in a Hungarian press interview on March 11, strongly implied that continuing differences among CEMA member states were blocking agreement on an agenda for a CEMA "summit." Bogomolov stated candidly that member countries have yet to formulate "definitive proposals" on energy, production technology, standardization, agricultural foodstuffs, and ways to upgrade CEMA's monetary system. Regarding the monetary system, Bogomolov opined that the transferable ruble should have a "more genuine par value." Prospects for a summit before this fall seem dim.

- (U) Party secretaries for ideological affairs from all Warsaw Pact countries, Cuba, Laos, Mongolia, and Vietnam held a regularly scheduled conference in Moscow on ideological and international issues. The communique endorsed proposals in the Warsaw Pact declaration (January), especially that on a non-use of force agreement between the Pact and NATO. It also called for measures to counter efforts to launch an "anti-communist crusade" and paid almost perfunctory homage to Marx on the centenary of his death. The discussions were described as "businesslike and comradely," a shade cooler than the "unity and fraternal friendship" ascribed to the 1981 session. Unlike past sessions, which were addressed by the host country's party chief, Andropov apparently made only a brief appearance; his speech, if any, was not publicized. (CPSU Politburo member Chernenko opened the meeting.)

- (LOU) The second attack this year on a Turkish diplomat in Eastern Europe (the first was in Bulgaria) took place on March 9 in central Belgrade, where two Armenian terrorists assassinated the Turkish Ambassador to Yugoslavia. A Yugoslav student was killed while trying to prevent the attackers from escaping, and a retired Yugoslav Army colonel was seriously wounded in crossfire following the assault. Both terrorists were captured, one of them seriously wounded

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by the police. A group calling itself "Justice Commandos of the Armenian Genocide" claimed responsibility for the action in messages to news agencies in several cities. The two terrorists were said to be Armenians "based somewhere in the Middle East, most probably Lebanon." One of them was said to be in possession of a Lebanese passport.

--(C) International media continue to speculate about Bulgarian involvement in the plot to assassinate Pope John Paul II and a plot to assassinate Polish Solidarity leader Walesa. Nor have the Bulgarians let the charges or progress of investigations go without comment. The decision of the Rome "Freedom Tribunal" to deny a request to release accused papal assassination conspirator Sergei Antonov was met by a scathing March 24 Bulgarian attack which questioned the independence of the tribunal and implied CIA involvement in the decision. The Bulgarians are also preparing to refute whatever Antonov may eventually say himself by reporting that his health is failing, an obvious ploy for sympathy for a supposedly wronged and mistreated man.

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Chronology

March

- 1 (U) Poland's delegate to the Geneva-based UN Human Rights Commission attacked the Commission's report on the Polish situation as "illegal, invalid, politically harmful and morally double-faced."
- 2 (C) Romanian Foreign Minister Andrei concluded a three-day visit to Hungary which included a discussion of the status of the Hungarian minority in Romania.
- 2-4 (U) Polish Foreign Minister Stefan Olszowski visited Moscow.
- 4 (U) President Reagan announced that the US would terminate Romania's most-favored-nation (MFN) status as of June 30 if that country's education repayment emigration tax was still in force.
- 4 (U) Yugoslav media announced 25-percent price increases for coal and electricity as well as price increases for processed milk, meat, fish products, and butter.
- 5 (U) The Romanian news agency Agerpres attacked as "interference" President Reagan's MFN withdrawal announcement.
- 5 (U) Albania (alone among the East European countries) marked the 30th anniversary of the death of Joseph Stalin.
- 5-6 (C) Representatives from about 40 East German unofficial peace movement groups met in East Berlin under the auspices of the Lutheran Church.
- 8 (U) Students in Warsaw and Wroclaw took part in street demonstrations to mark the 15th anniversary of the 1968 student riots.
- 9 (U) The Turkish Ambassador to Yugoslavia was assassinated by two assailants who subsequently were captured in central Belgrade. Anonymous calls to news agencies said that Armenian terrorists were responsible.
- 10 (U) The Yugoslav Government protested to the Albanian Embassy in Belgrade Albania's issuance of

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March

postage stamps showing scenery in the Yugoslav province of Kosovo. The stamps were said to be "directed against the territorial integrity of Yugoslavia."

- 10 (U) Visiting Hungarian Culture Minister Kopeczi told the Austrian radio in Vienna that last month's fines imposed on Hungarian dissidents and the confiscation of samizdat material were necessitated primarily by foreign policy considerations. Hungarian dissidents allegedly had given support to Romania's ethnic Hungarians that went beyond purely domestic criticism and could not be tolerated.
- 10 (U) Lech Walesa, attending the trial of veteran free trade union activist Anna Walentynowicz in Grudiaz, Poland, called for "protests, hunger strikes, strikes" against judicial proceedings against former Solidarity activists. Meanwhile, Gdansk shipyards workers called for restoration of Solidarity in an open letter to the Polish Sejm (parliament).
- 11 (U) Poland's Cardinal Glemp met in Rome with Pope John Paul II, presumably to discuss the Pope's return trip to his homeland in June. (Prior to departing for Rome, Glemp met with Premier Jaruzelski on March 9.)
- 11 (U) Romanian Foreign Minister Andrei arrived in New Delhi for the nonaligned summit meeting.
- 11 (U) Yugoslav media reported that several disturbances took place in Kosovo on the second anniversary of the "first hostile counterrevolutionary demonstrations" by university students in Pristina. Police and security forces were said to have broken up groups of mainly ethnic Albanian youth. No injuries were reported.
- 12-13 (U) Cuban Premier Castro made a "working visit" to East Germany.
- 13 (U) East German leader Honecker publicly announced his intention to visit the Federal Republic of Germany in 1983; he indicated that the two countries should avoid contentious issues and deal only with those that can move the relationship "a bit forward."

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March

- 13-14 (C) More than 2,000 persons took to the streets of Gdansk to mark the 15-month anniversary of martial law and to demand the release of those still held for martial law violations. Smaller protests occurred in Wroclaw, Krakow, Warsaw, and Kalisz. The next day, crowds again gathered in Gdansk and were dispersed by police. Hundreds of protestors were detained.
- 14 (U) Four Bulgarians tried to hijack to Turkey a domestic Balkanair flight between Sofia and Varna. The attempt was foiled by security forces who killed one hijacker and took the others into custody.
- 14-15 (U) Party secretaries for ideological affairs from all Warsaw Pact countries, Cuba, Laos, Mongolia, and Vietnam participated in a regularly scheduled conference in Moscow on ideological and international issues.
- 15 (U) Warsaw raised prices for gas, oil products, cigarettes, and coffee, effective March 21. With the higher prices, rationing of cigarettes and coffee was to be lifted. Other rationing regulations were amended to facilitate shopping for the Easter holidays.
- 18 (U) Polish Minister of Religious Affairs Adam Lopatka met with papal nuncio Archbishop Luigi Poggi to discuss "the current state of state-church relations."
- 21 (U) Polish head of state Henryk Jablonski formally invited Pope John Paul II to visit Poland June 16-22.
- 21 (C) A group of Moroccan students occupied the Moroccan Embassy in Sofia for several hours to protest economic stringencies not adequately addressed by their government.
- 21-22 (U) Polish officials met in Warsaw with representatives of Western commercial banks to discuss rescheduling of the 1983 debt.
- 21-25 (U) Soviet Premier Tikhonov visited Yugoslavia.
- 22 (U) In a speech to the Polish Sejm, Interior Minister Kiszczak acknowledged that opposition

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- IV -

March

- forces continued to resist the new labor unions and to plan for demonstrations in May. He blamed Western intelligence services for encouraging them.
- 22 (U) Soviet Defense Minister Ustinov headed a delegation on a brief official visit to Hungary to discuss "timely issues of cooperation between the armies of the two countries."
- 22-23 (U) The Polish Sejm met to discuss the economy; approved personnel changes affecting the cabinet and the council of state.
- 23 (U) A statement by the five-member underground Solidarity leadership (TKK) said that the TKK would not support demonstrations during the June papal visit. But it called on Poles to "demonstrate their solidarity with the struggle of the Polish workers on May 1," as they had last year.
- 24 (U) A plenum of the Romanian party's Central Committee appointed Defense Minister Olteanu and former Prime Minister Manescu to the party's Political Executive Committee.
- 24 (U) The Bulgarian press attacked the Rome "Freedom Tribunal's" decision not to release detained papal assassination conspirator Sergei Antonov.
- 24-25 (U) Yugoslav officials and the representatives of Western banks agreed to restructure the country's commercial debt.
- 24-25 (C) A conference in Budapest on Hungarian-Soviet agricultural cooperation concluded that there were "untapped possibilities" for more widespread "transfer of Hungarian production systems to the Soviet Union." It also envisioned more "intensive participation" by Hungarian experts in the development of Soviet agricultural infrastructure.
- 26 (U) US Deputy Secretary of State Dam visited Hungary.
- 27 (U) Some 500 former Polish internees met in the Jasna Gora Monastery in Czestochowa and issued a seven-point appeal addressed to Jaruzelski. The appeal demanded, inter alia, lifting of martial law

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- V -

March

and an amnesty for all political prisoners prior to the papal visit. The gathering decided against demonstrations before and during the visit.

- 28 (U) The British Broadcasting Corporation announced that Poland had agreed to readmit one of the BBC correspondents expelled last January.
- 28 (U) Walesa told some 600 people who attended a mass at St. Brygida's church near the Lenin shipyards that the "time will come when we will be victorious." This was Walesa's largest audience since his release from internment last November.
- 29 (U) Hungarian police in Budapest raided five apartments belonging to dissidents, including the home of Laszlo Rajk. Rajk's apartment, which had served as a shop for unauthorized publications, was known as the "samizdat boutique." Six persons were detained overnight, and copies of unofficial publications were confiscated.
- 29 (U) Hungary succeeded in obtaining a \$200 million medium-term syndicated loan coordinated by the FRG's Deutsche Bank.
- 30 (U) Polish free trade union activist Anna Walentynowicz was sentenced to a year and three months in jail and was fined 16,000 zlotys (about \$185) for continuing Solidarity activities banned under martial law. The sentence was suspended for three years, with her detention since August 30, 1982, counting toward the imprisonment.
- 31 (U) Radio Solidarity broadcast in Warsaw for the first time since January. The program remained audible in parts of the city for several minutes despite heavy jamming.
- 31 (U) Walesa was prevented by court officials from attending a trial of five former internees in the port city of Elblag near Gdansk.

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(U) EAST EUROPEAN HIGHLIGHTS: APRIL-MAY 3, 1983

Summary

(C) Poland's underground opposition regained confidence following an impressive turnout of demonstrators on May 1 and 3. But the regime had had no problems in controlling the streets, despite clashes which produced a score of injured policemen and demonstrators and one casualty.

(C/NF) The Warsaw Pact Foreign Ministers meeting in Prague reaffirmed earlier security proposals, but did not produce the expected text of a Warsaw Pact-NATO non-use of military force treaty. A new meeting of deputy premiers and party secretaries again failed to agree on an agenda or date for a summit meeting of the Council for Mutual Economic Assistance (CEMA).

(S/NF) Romania has clearly irritated Moscow by its recent non-conformance in CEMA and the Warsaw Pact. At the same time, Bucharest has sought to pacify Western friends which it has upset lately.

(C) Inner-German relations deteriorated when Honecker cancelled his trip to the FRG following West German charges that GDR border guards had caused the deaths of two West German citizens.

(C/NF) Reports of impending leadership changes in Czechoslovakia proliferated following Premier Strougal's latest hospitalization.

(C) Hungary's enlarged Central Committee plenum session failed to come up with a new policy on economic reform or personnel changes.

(C/NF) Muslim nationalism raised its head in Yugoslavia, while Albanian national unrest continued in Kosovo province.

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Report 619-CA
May 13, 1983



BUREAU OF
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CURRENT
ANALYSES

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(C) Poland

Opposition Flexes Muscle. Poland's internal situation deteriorated amid signs of a hardening stand by the regime and growing pressure from a more assertive opposition. Low-key skirmishes between the two during April were followed on May 1 and 3 by the first serious clashes since martial law was suspended in December. Although the regime again proved that it could control the streets, the opposition made the point that it remained a factor which could be belittled but not ignored. The disturbances were not severe enough to derail the Pope's planned visit in June, but they recharged the atmosphere and complicated Cardinal Glemp's efforts to maintain a neutral stance between the regime and its opponents.

An estimated 100,000 Poles in at least 20 cities turned out on May Day in demonstrations rivaling those organized by the regime. Demonstrations by the opposition often ran parallel to the routes taken by official marches. Riot police used tear gas, water cannon, and truncheons in running battles with demonstrators. The most serious clashes occurred in Nowa Huta near Krakow, Gdansk, Warsaw, and Wroclaw.

In the southern industrial suburb of Nowa Huta, state-run television reported workers' battles with police and showed footage of protestors smashing windows of police vehicles and trampling red banners. One person was said to have died there, the first casualty since last August and the 16th since the imposition of martial law. A government spokesman admitted that about 1,000 protestors were detained by police throughout the country and that scores of people were injured, including dozens of policemen.

Lech Walesa attended a noon mass near his home in Gdansk, but stayed away from the downtown demonstration which attracted perhaps as many as 40,000 people, including thousands who had deserted the official rally nearby. Most of the Gdansk demonstrators later tried to march to Walesa's apartment, some three miles away, but were stopped short of their goal by riot police. Walesa, who had just been reinstated in his old job at the Lenin Shipyard, flashed the victory sign from his balcony to several thousand who got close enough to see him.

Commenting on the rallies, Walesa said that although the union's supporters had no chance against the armed police, the show of support throughout the country had exceeded his expectations. He again urged the authorities to start negotiations,

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adding that although the regime had the power to deny the people's legitimate aspirations it could not overcome the crisis without their support.

In a change of pace, Solidarity underground leaflets asked supporters not to take part in any kind of street marches on May 3 but to wear union badges and dress clothes to work. (The regime does not recognize May 3, the traditional constitution day, as a legal holiday.) Nevertheless, fresh street clashes erupted in at least five Polish cities. Security forces used tear gas and water cannon to scatter thousands of people as they marched peacefully after evening masses. The largest informal marches occurred in Warsaw and Gdansk, where about 15,000 people participated.

Regime Downplays Protests. The authorities sought to put the best face on the May Day events, dismissing the counterrallies as failed attempts by groups of Western-backed agitators. State television said the turnout for the official marches supported the government view that most Poles recognized the need for peace and hard work to pull the country out of its economic and social crisis. Speaking at the official parade in Warsaw, Premier Jaruzelski said martial law might be lifted if no disturbances occurred for several months. Although he acknowledged that there still were attempts at sowing chaos, he said that those involved represented "only a marginal fringe with no chance for success."

The authorities set the total number of participants in the official rallies throughout the country at about 6.5 million. Solidarity sources pointed out, however, that attendance at official parades was compulsory at all state-run establishments and was checked by party members, who made up a large portion of these rallies.

In fact, the regime had taken steps before May Day to discourage counterdemonstrations: a ban on the sale of alcohol from April 30 to midnight of May 3; searches of homes of shipyard workers; detention of pro-Solidarity workers; questioning of Walesa and his associates; a request to the Episcopate to postpone Sunday morning masses to the afternoon--which was firmly rejected; and deployment of large numbers of riot control police (ZOMO) in major cities. On April 29 an unjammed Warsaw radio station purporting to be Radio Solidarity called off the counterrallies in what appeared to be a fake message. The call followed an apparently genuine clandestine broadcast in Warsaw the previous evening: it reminded Solidarity supporters to demonstrate on May Day as called for by the underground and as endorsed, at least tacitly, by Walesa following his April 9-11 secret meeting with the underground leaders. This broadcast, however, was drowned out by strong pop music within a few minutes, as were underground broadcasts in Gdansk and some other cities earlier in April.

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In the latter part of April the regime also mounted a country-wide sweep against the underground, seizing a number of clandestine presses and thousands of leaflets, as well as arresting scores of underground activists. Following his secret meeting with the underground leaders, Walesa, his wife, and several of his aides repeatedly were detained by police. The regime's campaign of harassment seemed to backfire when Walesa vowed to meet the underground leaders again and gave a press conference for Western journalists in his apartment during which he invited the regime to hold talks to break the impasse.

Evidently piqued at Walesa's heightened publicity in the Western press and anxious to limit his contact with the underground, the authorities reversed themselves and allowed Walesa to resume his job as an electrician at the Lenin Shipyard. Regime leaders were also rankled by Walesa's implicit backing for the underground leaders' call for May Day counterdemonstrations, issued on April 14 following their meeting with Walesa.

In another bid to undercut the call for May Day rallies, the regime on April 19 announced that the joint church-state commission had reached an agreement on details of the papal itinerary. The announcement was coupled, however, with a pointed reminder that the visit could take place only if social calm prevailed.

The regime's attempt to use the prospective papal visit to discourage demonstrators was apparently finessed by the Pope himself when he delayed answering the official invitation sent him by Polish head of state Jablonski on March 19. High-ranking Polish church sources were quoted by the Western press as saying on April 29 that the Pope in a letter to Warsaw authorities had insisted that unless political prisoners were released before his visit he would "regretfully" have to deal with the issue in his sermons during the visit. The Pontiff's warning on political prisoners apparently was part of his reply to Warsaw's formal invitation, though his message was not acknowledged by the Polish Government until after the May Day demonstrations. On May 3, government spokesman Urban revealed that the Pope had accepted "with joy" the invitation--but Urban did not give the letter's date--adding that the Pope's request for an amnesty was not a condition for acceptance and that no amnesty would be granted. Urban had also rebuffed Walesa's offer for talks, branding him a "has-been as far as politics was concerned."

Pro-Solidarity Opposition on the Rebound. Despite the regime's efforts to dismiss the underground and treat Walesa as a "private citizen," the show of public support boosted the underground's self-confidence and undermined the regime's contention that Solidarity had lost popular backing. The regime evidently noted with some concern the fledgling coalescence between

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the underground and open wings of Solidarity led by Walesa. The resistance movement, which fell on hard times following its ill-considered strike call last November 10, already in late March was showing signs of a moderate revival. What it needed--and the May 1-3 demonstrations provided--was a display of sizable public support to counter claims that it had been reduced to a "handful of anti-socialist extremists and political gamblers."

The attitude of the Polish church remained one of ambivalence. Most of the unofficial demonstrations started after church services, and the authorities were concerned over the role parish priests had played in supporting Solidarity. The hierarchy saw its role, however, as more detached and long term. At the same time, the episcopate was anxious lest disturbances or incidents--such as the mysterious May 3 attack on a Warsaw convent housing Cardinal Glemp's office of aid for victims of martial law--put the Pope's visit into jeopardy.

Some Economic Progress. In the first quarter of 1983 Poland's economy continued to flounder as government planners tried to cope with inflationary pressures, shortages of key production inputs, and tight food supplies. Industrial production was up 11 percent from the first quarter of 1982, the initial period of martial law, and was 2 percent higher than in the fourth quarter. But output remained well below levels achieved in the late 1970s.

Supplies of food and consumer goods remained short, although they improved in March as the government released stocks for the Easter season. Meat supplies fell less than expected, because farmers continued to reduce their livestock inventories, but the quality of the meat continued to decline. Baked goods, dairy products, radios, TVs, paper products, and clothing were only occasionally available in state stores.

The "inflationary gap," an excess of zlotys relative to the amount of goods available at established prices, continued to undermine incentives. Because most staples remained rationed and few luxury goods were available for purchase at any price, there was little reason for better paid workers to increase their zloty incomes.

(C/NF) Warsaw Pact Foreign Ministers Meeting

The Warsaw Pact Foreign Ministers meeting in Prague, April 6-7, produced a strongly anti-US communique but broke no new ground on European security issues. Other than continuing Moscow's effort to derail deployment of intermediate-range nuclear forces (INF) by appealing to the population of Western Europe, the communique did little more than repeat earlier Soviet or Pact

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disarmament initiatives. The document characterized the meeting as occurring in an "atmosphere of comradely understanding," suggesting that there were disagreements and that the final communique represented something of a compromise.

The communique, inter alia:

- called for the reduction of medium-range nuclear systems in Europe on the basis of "equality and equal security," as outlined in the Soviet proposals of December 21, 1982;
- repeated the willingness of the Warsaw Pact to enter into negotiations on a mutual non-use of military force (NUF) treaty with NATO; and
- reaffirmed Pact support of the mutual and balanced force reduction (MBFR) talks.

Despite expectations that the session might produce the text of a proposed NUF treaty, the ministers evidently did not agree on one. According to a Yugoslav official, a Czechoslovak foreign ministry official said that a draft existed but that it would be "premature" to circulate it pending a NATO reply on the NUF proposal.

The foreign ministers' support of Romania's initiative on negotiating with NATO on freezing or reducing military spending and their endorsement of Bucharest as the site of the next review meeting in the CSCE process seemed to reflect the moderating role that Romania played at Prague. Among the issues that could have been raised but were not, probably because of Romania's dissent, were:

- positions on Afghanistan and China; Romania and other East European nations fought this at past Pact meetings;
- a statement that the Pact members would increase their military capabilities; both Soviet Defense Minister Ustinov and Pact Commander in Chief Kulikov recently urged such action;
- finally, and strangely, there was no mention of Poland in this document. The omission stands in sharp contrast to the January declaration, which stated: "Socialist Poland can always rely on the moral, political and economic support of the fraternal socialist countries."

The Warsaw Pact Military Council, an advisory body, convened in Bucharest on April 26-28. The communique characterized the talks as "businesslike, in the spirit of friendship and mutual understanding," a description a shade cooler than that of the previous session, which affirmed the "unity" of the fraternal armed

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forces. An article in Pravda on April 29 by Kulikov reiterated Soviet leader Andropov's emphasis at the November CPSU plenum on the need for all Pact states to "take care, serious care, to maintain defense capabilities"--codewords for increased defense spending. Kulikov reportedly stressed this theme during his intensive round of visits to Pact capitals in March.

(C/NF) The Elusive CEMA Summit

Persistent disagreements on an array of major economic policy issues caused yet another postponement of a summit of party chiefs from member countries of the Council for Mutual Economic Assistance. The USSR's latest attempt to hammer out an agenda and fix a date for the summit at a meeting of deputy prime ministers and party secretaries responsible for economic affairs apparently ended in failure.

The meeting, held in Moscow during the week of April 25, did not fare well, according to a Romanian diplomat. He said the issues proved so "intractable" that they "could not currently be resolved at the political level"; it was decided to have them referred to the expert level, "issue by issue." Soviet economist and CEMA expert Bogomolov, who recently was optimistic that a CEMA summit could be held soon enough to "react" to the economic summit at Williamsburg in May, has now admitted privately that it is unlikely that the former would occur before "early next year." It is expected, however, that Moscow will use the regularly held CEMA Council session at the prime ministers level in June (probably in East Berlin) to react to the West's economic summit, as was the case following last year's session at Versailles.

Most East European CEMA experts acknowledge that the issues facing CEMA are formidable: pricing and quantities of energy and raw materials to be delivered by the Soviet Union; the method by which commodity prices are formulated within CEMA; adjustment of exchange rates to reflect more accurately the values of the various currencies; convertibility of the Hungarian forint; and coordination of the investment plans and economies of CEMA members.

The continual postponement of a CEMA summit has become something of an embarrassment to Moscow. The idea was first proposed by Romania in 1980; it was endorsed by Brezhnev at the 26th CPSU Congress in 1981 and subsequently by other party chiefs. By 1983, East Europeans seeking quick relief from burdensome problems probably favored an early convocation, while the Soviets, whose objectives were more ideological than economic, reportedly were inclined toward a later date.

Andropov's concern over the issues and timing involved probably was reflected by CPSU Central Committee secretary Ryzhov's

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stopovers in Budapest (April 13-14) and Bucharest (April 14-16) after representing the USSR at the United Nations Economic Commission for Europe meeting in Geneva. Ryzhov may well have attempted to reconcile differences with the Hungarians and Romanians, who apparently want greater assurances that a summit agenda will reflect their special concerns about agricultural commodity pricing and Soviet deliveries of energy and raw materials.

(S/NF) Romania: Strains With Moscow: New Approaches to the West

President Ceausescu, who has maneuvered Romania into an increasingly isolated international position lately, has begun to have second thoughts about what he has wrought. His reconsideration has come at a time when Moscow appears to be growing less tolerant of Romanian deviations from bloc norms. A Yugoslav official, speaking to a US diplomat, expressed Belgrade's concern that in a more troubled Romanian-Soviet relationship, Moscow might try to undermine Ceausescu and thus upset the Balkan power balance. (Yugoslav party chief Ribicic had an opportunity to assess the state of play more directly when he visited Ceausescu on April 18-19.)

That the Soviets might be toying with a pressure campaign against Ceausescu was suggested by a Novoye Vremya (April 15) attack on a theoretical article in the Romanian weekly Contemporanul (March 5, 1982). The Soviet author, a leading ideologue/publicist, lashed out at a Romanian academic's arguments for sublimating "class" (i.e., Soviet Marxist) criteria for social analysis in a more complex framework stressing national characteristics and non-ideological international conditions. While the Romanian theses were not new, the direct Soviet attack was.

Given Romania's continuing problems with Moscow and the ongoing economic morass, Ceausescu showed signs of trying to mend fences with the West.

- Romanian officials made clear to the US that as far as Ceausescu was concerned, Romania's imminent loss of most-favored-nation status might be avoided through the negotiation of an economic "deal" with Washington that would somehow negate the emigration (education repayment) tax issue controversy.
- Ceausescu received French Foreign Minister Cheysson (April 21-22) in what seemed to be a mutual effort to put the relationship back on track following last year's "Tanase affair" (the defection of a Romanian security agent and Ceausescu's efforts to eliminate his defector critics living in France) and mounting French criticism of Ceausescu's human rights practices.

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--Romanian Foreign Minister Andrei met with FRG Foreign Minister Genscher in Bavaria, while Andrei's second in command met in London with Foreign Secretary Pym.

The fact that the mercurial Ceausescu is trying to rejuvenate his Western connections suggests that at least for the moment his flirtation with isolationistic bombast is giving way to the more traditional Romanian balancing act designed to counter Moscow.

(C) East Germany: Problems East and West

Inner-German relations suffered their worst setback since the Polish crisis when the GDR on April 28 informed the FRG that Chairman Honecker would not make an expected visit in 1983. The cancellation followed several weeks of East-West German polemics in the aftermath of the deaths, on two separate occasions, of FRG citizens being interrogated by East German border guards about alleged violations of tariff and transit regulations.

FRG Chancellor Kohl, in a protest against the first incident (April 10), refused to meet with visiting GDR party secretary and economic czar Guenter Mittag. Kohl was also provoked by East German denials that Honecker had promised him a complete investigation and clarification of the matter--a point that Kohl's press spokesman had made in light of a Kohl-Honecker telephone conversation. As a result, Mittag's visit (April 17-18) proved a failure and set the stage for Honecker's cancellation of his own visit.

East Germany claimed that the first person who died, Rudolf Burkert--a former boxer, lately a truck driver--suffered bodily injuries during a fall caused by a fatal heart attack. Most FRG opinion rejected this story and charged foul play, noting that a West German autopsy cast doubt on the possibility that his wounds could have been caused by one fall. The incident (reinforced by a second "heart attack" death later in the month) was soon caught in the cross-fire of West German politics, with Christian Social Union chief Strauss and Economics Minister Lambsdorff (Free Democratic Party) engaged in acrimonious charges and countercharges on how tough the government should be with the GDR.

The GDR seized on the squabbles to unleash a propaganda barrage that included a Neues Deutschland attack on Strauss and others as "rabble rousers" and chastised Kohl for not disowning "the impudent, insulting, hostile" charges. The East German news agency ADN joined in with a statement warning that the 1971 agreement regulating travel between the FRG and Berlin should not be taken for granted. In the end, the affair reached a level of vitriol that threw a new political chill into the FRG-GDR relationship.

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On another front, the East German leadership was embarrassed by the low-level representation at the much-touted GDR international conference (April 11-15) to mark the 100-year anniversary of Karl Marx's death. The East German party had hoped to have Andropov attend, would have been pleased with CPSU Politburo member Chernenko, but wound up with Leningrad party leader Romanov heading the Soviet delegation (and he did not even address the conference--CPSU party secretary Zimyanin did). The rest of the Warsaw Pact sent equivalent delegations; the only head of state in attendance was Mozambique's Machel. The Kremlin apparently found it advisable to inflate the occasion, while the GDR's erstwhile Third World friends apparently were unwilling to listen to a week of speeches about Marx.

(C/NF) Czechoslovakia: Soviet Factor in Impending Leadership Changes

The absence of Czechoslovak Party Presidium member and Premier Strougal from official functions (including the April 8 funeral of Presidium member Vaclav Hula) and the reported cancellation of his trips to Japan and India planned for the end of April have increased speculation that he is seriously ill. Replacing Strougal probably would force the leadership to make major changes in the party-government hierarchy, perhaps the most significant ones since Husak replaced Dubcek as party leader in April 1969.

Strougal's departure would intensify personal and factional maneuvering within the Presidium, the top policymaking body, where impasses over proposed replacements have blocked changes for years. Factionalism has also precluded agreement on major policy issues (e.g., meaningful reforms to cope with the deteriorating economy). Unable to act on its own, Prague undoubtedly would seek Moscow's advice and approval for leadership changes, particularly those involving Husak, Strougal, ideologist Vasil Bilak, Presidium member Milos Jakes (a leading contender to replace Husak as party leader), and Minister of Interior Jaromir Obzina (a leading contender to replace Strougal).

Aware of widespread rumors in the diplomatic community concerning Strougal's illness (said to be cancer of the colon) and changes in the hierarchy, some Czechoslovak leaders have sought to play down the severity of Strougal's condition, although admitting privately that he recently had two operations. Attempts have also been made to refute speculation that Husak might be forced to surrender his position as party General Secretary (e.g., to Jakes or some other Czech leader) while remaining President of the Republic. Separation of the two positions would, it is claimed, be more in line with the precedent Andropov has established in Moscow, where he is party leader but not head of state (unlike Brezhnev, who was both). Husak's opponents reportedly have charged that he has accumulated

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excessive power by holding both positions and that, as a consequence, they should not be combined in one person. Such charges have surfaced particularly among the Czechs, who complain that the minority Slovaks now exercise undue influence and power in Czechoslovakia.

(C) Hungary: Party Conclave Sidesteps Hard Decisions

The Central Committee of the Hungarian Communist Party (HSWP) convened on April 12 for a two-day session, attended by an unusually large number of lower level central and district party and state functionaries, cabinet members, trade union officials, and leading members of cultural institutions and the press. In effect, the meeting amounted to an unofficial party conference held midway between congresses to assess the party's work and set tasks for the future. Just prior to the plenum there were rumors of major personnel changes (including the possibility of a Kadar resignation) and of pending tough decisions involving new economic reform measures that had been the subject of intense debate within the establishment for some time. Neither of these expectations materialized, or if so, neither was made public. The lengthy resolution published on April 16 was a somewhat anodyne document containing no indication of major policy shifts.

Although the plenum, judging from the resolution, broke no new ground, it gave a rather frank assessment of the Kadar regime's accomplishments and shortcomings since the April 1980 party congress. It underscored the need for party activists to explain the reasons for the country's economic difficulties, to improve the party's ideological work among youth, and to combat "bourgeois nationalism." The plenum issued yet another warning against dissident activities, calling for greater ideological vigilance against the spread of "incorrect" and "hostile" views.

Concerning a solution for the country's economic woes, the resolution suggested that the leadership was not yet ready to take some of the hard decisions (e.g., wage and tax reform) advocated by the more radical reformists in the establishment. Instead of reform (the word does not even appear in the resolution), the leadership evidently decided to stick to its slow, gradual approach, with emphasis on refining and improving the present economic mechanism. The reason behind this go-slow approach may have been--as hinted at but never spelled out in the resolution--the financial bind that has confronted the regime this year. As a result of near insolvency last year, the government apparently advanced from 1985 to this year the date to begin repaying Hungary's substantial hard-currency debt. This decision has necessitated a number of corollary actions involving:

--cutbacks in imports affecting consumers and enterprises alike;

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--reductions in investments; and

--a drop in real income.

Although these measures have staved off the threat of insolvency and restored the country's internal economic equilibrium, they have done so at the cost of a fall in living standards that was not envisaged by the party's program. The regime may decide to bite the bullet later this year, but it now appears that the politically risky economic reform measures (e.g., wage and income differentiation, price and tax reform) may once more be postponed.

(C/NF) Yugoslavia: Nationalism Persists

Since Tito's death in May 1980, nationality problems increasingly have concerned the Yugoslav leadership. Involved is not only "Albanian nationalism and irredentism, Greater Serb hegemonism, Croatian separatism and Ustashi terrorism," but also--most recently--"Muslim nationalism and Islamic clericalism."

Eleven Muslim activists, including two imams, were arrested in Bosnia on April 8 on charges of hostile propaganda and links with reactionary circles abroad. The arrests coincided with a series of press attacks by Bosnian party and government officials against Muslim nationalism--previously a generally taboo theme. The arrests were announced the same day that 1) Bosnian leader Mikulic "had a long talk" with the head of the Islamic community in Yugoslavia and 2) the Bosnian party Presidium met to discuss, inter alia, "activities of hostile elements from positions of national chauvinism." The Presidium concluded that, although groups of Muslim, Serbian, and Croatian nationalists were being "increasingly and successfully unmasked," certain individuals and groups continued to act from "clericalist and nationalist positions."

Some Bosnian press articles charged that the arrested activists propagated "greater Muslim nationalism, Islamic clericalism, and pan-Islamism"; sought to undermine Yugoslavia's "brotherhood and unity"; and wanted to establish an "ethically pure" Muslim state in Bosnia, in cooperation with the "most reactionary circles abroad." The group was also said to include members of the "Young Muslims terrorist organization" (which existed in the immediate post-World War II period), "certain religious employees of the Islamic community," and others who had been prosecuted for past nationalist activities.

High-level Yugoslavs privately told US Embassy officers that the 11 Muslims had recently returned from Tehran and were in possession of a large quantity of subversive pan-Islamic literature (although it did not directly attack Yugoslavia). The group maintained close and active ties with the Iranians, who wanted to

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create a European Muslim state in Bosnia which ultimately would be united in a World Muslim Federation. Although centered in Bosnia, these pan-Islamic elements were said to have links with small groups of Albanian Muslims in Macedonia and Kosovo. Some reportedly called for killing Serbs and expelling Croats living in Bosnia to Croatia.

In Kosovo, various incidents during the month attested to the continuing unrest there and the persistence of Albanian "nationalism and irredentism":

- On April 11-12, some 600 workers struck at several sites of a construction combine in Pristina and Podejevo. A combine official said the strikers had some grievances over pay, but that many had been "misled by demagogic slogans and hostile propaganda." Party and security officials immediately began investigations of the strikes, said to be the largest since spring 1981. The officials threatened a "merciless purge" of those responsible and of those communists who stood by and did nothing to prevent them.
- On April 14, a bomb exploded in Pristina, the capital of Kosovo province, causing some damage but no casualties. The bomb was similar to three others recently exploded there.
- On April 15, security forces reportedly prevented small groups of Albanian youths from staging nationalist demonstrations in Pristina and other Kosovo towns. The demonstrations were to coincide with ceremonies in Pristina marking the Federal Youth Relay Baton, which is held annually throughout Yugoslavia as a symbol of national unity.

In Macedonia, at least two trials involved Albanians charged with membership in "hostile Albanian emigré organizations"; the defendants were sentenced for, inter alia, participating in anti-Yugoslav demonstrations while in Western Europe. In Croatia, two separate trials concluded on April 12: a 34-year-old defendant was sentenced to death by firing squad for bombings in Croatia in behalf of "Ustashi terrorists." The bombs caused material damage but no casualties. Two Zagreb students were sentenced to 2 1/2 and 4 years, respectively, for provoking "nationalist and religious hatred, discord, and intolerance" and for singing nationalist songs at a student hostel.

(C) Developments in Brief

- Albania and the People's Republic of China on March 25 signed a \$100 million trade agreement in Tirana, according to the Japanese press of April 15. Chinese officials acknowledged on April 7 that trade delegations had been recently exchanged,

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but offered no more information. Albania will most likely exchange chrome and petroleum for Chinese machinery and spare parts for previously imported Chinese equipment. The visits and agreement mark a significant shift not only in Albanian-PRC relations (diplomatic relations were never formally broken, but they had been merely pro forma since 1978), but also in Tirana's tentative reaching out for economic contacts.

--Reports reaching Embassy East Berlin confirmed a serious peace protest, March 18, in the town of Jena--which is becoming something of a center for East Germany's more militant unofficial peace activists. Some 80 peace protestors infiltrated a state-sponsored rally commemorating the allied bombing of Jena in 1945 and managed to unfurl signs with such peace movement slogans as "Swords into Plowshares" and "Make Peace Without Weapons." The demonstration took the security forces by surprise and led to a confrontation in which the activists resorted to passive resistance, thereby creating more commotion.

This was the first major public clash between East German peaceniks and the authorities, an indication that at least some militants have broken away from the Lutheran Church's moderating influence. In so doing, they threaten to fragment the relatively small peace movement, but at the same time they may help to divert the state's attention from the "mainstream" peace protestors.

--Palestine Liberation Organization leader Arafat made a whirlwind tour of Eastern Europe in mid-April, visiting Bulgaria (April 15), Czechoslovakia (April 18-19), Hungary (April 19-20), and Romania (April 20), with a quick return trip to Tunis on April 16 and 17 in connection with preparations for a PLO Executive Committee meeting. Little of substance emerged from the public comment on the high-level meetings, but presumably political support and arms supplies and payments were at the top of the list of discussion topics. Toasts, communiques, and press conferences presented standard harangues against US imperialist involvement in the Middle East and the heightening of international tensions.

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Chronology

April

- 1 (U) The Czechoslovak regime announced the "sudden death" of party Presidium member and Deputy Premier Vaclav Hula.

- 1-2 (U) The Warsaw office of UPI and the Washington bureau of the Polish PAP agency reopened; they had been closed in the wake of the Polish expulsion of UPI correspondent Ruth Gruber in January.

- 5 (C) Fifteen Hungarian tourists arrived in the People's Republic of China, the first such group to travel there from a Warsaw Pact country since Beijing's ideological split with Moscow two decades ago.

- 5-7 (U) Soviet Defense Minister Ustinov visited the German Democratic Republic and conferred with top political and defense officials, stressing the need to strengthen further "mutual defense capabilities of the USSR and the GDR and of the entire socialist community."

- 6-7 (C) The Warsaw Pact Foreign Ministers meeting in Prague reaffirmed support of the Pact summit declaration but did not produce the expected draft of a non-use of force treaty between the Pact and NATO.

- 6-11 (U) Hungarian Deputy Premier Marjai visited the UK.

- 7 (U) Harvard alumni invited Lech Walesa to be the commencement speaker this June, but Walesa declined. He said he could not be sure that he would be allowed to return.

- 7 (U) Vatican Radio reported that the head of the Franciscan order sent a telegram to Czechoslovak President and party leader Husak protesting the arrest of 20 Franciscans and the house searches carried out by the police during Holy Week in different parts of the country.

- 7 (C) Chinese officials in Beijing acknowledged that a trade delegation had been sent to Albania, the first since 1978. Although no official rationale for the trip was offered, Albania presumably wanted spare parts for its Chinese-manufactured machinery while China may have hoped to resume economic ties in general.

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April

- 7 (C) One of Hungary's prominent dissidents, Laszlo Rajk, and another dissident, Gabor Demsky, were picked up by police for questioning. The police move was one of several made against members of the dissident community during the month in an attempt to curtail the dissemination of unofficial publications.
- 8 (U) A Yugoslav district public prosecutor in Sarajevo announced that 11 persons had been arrested on suspicion of carrying out "hostile propaganda" against Yugoslavia "from positions of Muslim nationalism." They were also suspected of having links with "reactionary circles abroad."
- 8 (U) Hungary announced a 3-percent devaluation of the forint to facilitate exports.
- 8-13 (U) Polish Foreign Minister Olszowski visited Nigeria, Benin, and Angola.
- 9-11 (U) Walesa conferred with key underground Solidarity leaders for the first time since his release from internment last November. In a widely publicized announcement, Walesa said that they had discussed "the country's present situation and coordinated their stands."
- 9-22 (C) Some 1,200 Jewish delegates from East and West, including Israel, attended official ceremonies in Warsaw and other Polish cities in commemoration of the 40th anniversary of the Warsaw ghetto uprising. The heads of delegation were received by Premier Jaruzelski and other senior government officials.
- 10-13 (C) The first British Cabinet member to visit Bulgaria in the postwar period, Lady Young, the Lord Privy Seal, received red-carpet treatment, but the visit produced little of substance.
- 11 (U) A senior Polish official told a Wall Street Journal correspondent that Poland was holding up agreement on US Ambassador-designate Scanlan until the US made some sort of "positive gesture" to indicate willingness to normalize relations.
- 11-12 (U) Some 600 Yugoslav construction workers in Pristina and Podujevo, Kosovo, went on strike. The regime charged that the organizers sought to "destabilize the economic and political situation" at their work sites.

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April

- 11-15 (U) East Germany's international conference commemorating the 100th anniversary of the death of Karl Marx failed to draw high-level representation from abroad; the Soviet delegation was headed by Leningrad party chief Romanov.
- 12 (U) A Yugoslav district court in Croatia sentenced a 34-year-old Croat to death by firing squad for having carried out "terrorist actions" in behalf of the Ustashi emigré organization. The defendant allegedly had planted bombs that caused "heavy material damages" but no casualties. In another trial, two Croatian students were sentenced to 4 and 2 1/2 years' imprisonment, respectively, for "provoking nationalist incidents" and spreading "religious and nationalist hatred and intolerance."
- 12-13 (U) The Hungarian party Central Committee held an expanded plenum, amounting to an unofficial party conference, which reviewed domestic and foreign policy developments since the April 1980 party congress and set out future tasks for the party. No policy shifts were announced.
- 13 (C) Romanian Foreign Minister Andrei met with FRG Foreign Minister Genscher in Bavaria--probably to discuss Romania's emigration tax and its impact on prospective German-Romanian emigrants.
- 13 (U) Walesa was detained by police for several hours the day after he announced that he had met with members of the Solidarity underground coordinating committee. During the following five days he, along with his wife and driver, were detained for questioning; on the 18th, he and Father Jankowski, Walesa's confessor, were prevented from traveling to Warsaw to attend an unofficial commemoration of the Warsaw ghetto uprising.
- 13-14 (U) Warsaw Pact Commander in Chief Kulikov conferred with Jaruzelski in Warsaw on joint military cooperation with the USSR and other Pact states.
- 13-14 (U) CPSU secretary Ryzhkov led a delegation to Hungary to discuss "timely questions" about future bilateral economic cooperation.
- 14 (U) The Solidarity underground coordinating committee issued a communique calling for nationwide counter-demonstrations on May 1.

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April

- 14 (U) Romanian President Ceausescu received a CPSU delegation headed by party secretary Ryzhkov for a discussion that apparently dealt with the forthcoming summit meeting of the Council for Mutual Economic Assistance (CEMA).
- 14 (U) A bomb exploded in Pristina, capital of Kosovo. The explosion, similar to three others during recent months, caused damage but no casualties.
- 14 (U) Bulgarian court officials found two Italians guilty of military espionage and sentenced them to 10 1/2 and 3 years, respectively.
- 15 (C) The Yugoslav Government raised prices of petroleum products by an average of 27 percent. The latest round of price increases followed increases in March on electricity, rents, and food prices and were in line with the recent International Monetary Fund agreement calling for a domestic price structure realistically aligned with costs, market factors, and world prices.
- 15 (U) Gyula Illyes, one of Hungary's greatest poets and men of letters, died of cancer at the age of 80. In his later years he also became something of a gadfly by espousing the cause of ethnic Hungarians in neighboring countries. As such, he became the spiritual father of the "populist" wing of the broader dissident movement.
- 15 (U) The Japanese press reported that China and Albania had signed a \$100 million trade agreement in Tirana on March 25.
- 15-20 (U) Palestine Liberation Organization leader Arafat visited Bulgaria (15), Czechoslovakia (18-19), Hungary (19-20), and Romania (20).
- 16 (U) Polish authorities announced the arrest of several Solidarity activists.
- 17 (U) Cardinal Glemp met with Walesa in Gdansk prior to the consecration of an auxiliary bishop. During the sermon, Glemp called on the authorities for concrete actions, not words, to achieve genuine reconciliation.
- 17 (U) Polish security forces broke up an unofficial demonstration commemorating the Jewish ghetto uprising in Warsaw. The crowd had been allowed to lay wreaths

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April

and sing songs, but the police promptly dispersed the gathering to prevent it from marching to the ghetto monument.

- 17-18 (C) East German economic chief Mittag's visit to the Federal Republic of Germany to boost relations with the Kohl government was marred when Kohl refused to receive him as a protest over the April 10 death of an FRG citizen during interrogation by East German border guards.
- 17-22 (U) Hungarian Deputy Premier Marjai paid an official visit to France.
- 18 (U) Hungary obtained a \$200 million syndicated loan.
- 18-19 (U) Yugoslav party leader Ribicic met with Ceausescu in Bucharest for discussions of bilateral relations and international issues.
- 18-22 (U) Yugoslav Defense Secretary Mamula led a military delegation on an official visit to Czechoslovakia.
- 19 (C) Marjai met with European Community commissioner Haverkamp in Brussels to explore the possibility of developing closer mutual links.
- 19 (C) Polish authorities arrested former Solidarity spokesman Janusz Onysiewicz on charges of participating in the underground and preparing for the May demonstrations.
- 20 (U) Walesa appealed for talks with the government at a news conference held in his Gdansk home.
- 20-27 (C) The Polish Government redeployed the army's Special Operations Groups (SOGs) both in the cities and in rural areas, ostensibly to inspect local administrations. More likely the redeployment related to potential trouble spots prior to the May Day counter-demonstrations called by the underground.
- 21 (LOU) The Polish Government suspended the Polish Artists' Union for two months, one day before the union was to hold its scheduled congress. The union had refused government demands to rescind some of its resolutions that were critical of the government.

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April

- 21 (U) East German chief Honecker opened the reconstructed Wartburg castle--the first in a series of church-state events to mark the 500th anniversary of Martin Luther's birth.
- 21 (U) A Yugoslav Foreign Secretariat press spokesman announced that Yugoslavia was completing preliminary work on its share of the planned Titograd-Skadar (Albania) railway. He denied Albanian press reports that political reasons were holding up the Yugoslav contribution, attributing the delay to Belgrade's economic difficulties.
- 21-22 (C) French Foreign Minister Cheysson visited Romania, met with Ceausescu in an effort to revive bilateral relations in the aftermath of last year's "Tanase affair" (the defection of a Romanian agent and publicity regarding Ceausescu's plans to eliminate Romanian critics living in France).
- 24 (U) Polish authorities arrested Jozef Pinior, a member of the five-man Solidarity underground temporary coordinating committee and a key organizer for the militant Wroclaw underground.
- 25-27 (U) Greek President Karamanlis visited Bulgaria.
- 26-28 (C) The Warsaw Pact Military Council, chaired by Kulikov, met in Bucharest and discussed "current activities of the joint armed forces" in a "business-like atmosphere, in the spirit of friendship and mutual understanding." This wording was a shade cooler than that of last year's communique, which stressed "unity."
- 27 (U) The Constitutional Accountability Commission of the Polish Parliament decided after a long delay to press charges against former Premier Jaroszewicz and his deputies Pyka, Szydlak, and Wrzaszczyk. The accused lost their positions during 1980.
- 27 (C/NF) Hungarian party chief Kadar received US Ambassador Bergold for a wide-ranging, candid discussion on Hungarian domestic, East-West, and intrabloc issues. The meeting, which lasted nearly three hours, was given prominent publicity in Hungarian media.
- 27 (U) Walesa was allowed to resume work as an electrician at the Lenin Shipyard, Gdansk, in what appeared to

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April

be an attempt by the authorities to keep him under closer watch and preoccupied. Meanwhile, Deputy Premier Rakowski implicitly rejected Walesa's earlier appeal for talks with the government.

- 28 (U) East Germany informed the FRG that Honecker would not be visiting West Germany this year because of the currently negative atmosphere.
- 29 (C) Hungary's Kadar said in a rare and somewhat apologetic interview on Hungarian television that the economic reforms made the country more efficient and democratic, but that they did not mean a return to capitalism. He said erroneous views of Hungary's experiment propagated in the West "were no great problem, but it was a bigger problem when such reports got around in the socialist world."
- 29 (U) The Polish Government imposed a four-day ban on the sale of alcohol, from April 30 to midnight May 3, as part of its preparations for May Day developments.
- 29 (LOU) A senior Polish church official disclosed that the Pope had written to Jaruzelski, asking him to declare an amnesty for all political prisoners prior to the June 16-22 papal visit. The letter, which was confirmed by a Vatican spokesman, reportedly warned that the Pope would speak out more strongly during his visit if there were no amnesty.
- 29 (LOU) The Polish Episcopate firmly rejected a government request to postpone May 1 Sunday morning masses until afternoon. The regime evidently hoped thereby to limit participation in the planned popular demonstrations.
- 29 (U) Polish police searched the homes of numerous shipyard workers in Gdansk, detained several of them, and repeatedly questioned several of Walesa's aides.
- 29 (C) A broadcast purporting to come from the clandestine Radio Solidarity in Warsaw called off the underground-sponsored rallies; the move appeared to be a ploy of the security police to sow confusion.
- 28-May 2 (C) Poland formally protested to the US over what Warsaw called slanderous broadcasts by the Voice of America and Radio Free Europe aimed at the

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- VIII -

April

destabilization of the country. It demanded that the US Embassy in Warsaw cease its popular film and TV showings and other activities of the Embassy library. On May 2 the police prevented prospective attendees from viewing a US film.

- 30 (U) At an awards ceremony, Czechoslovak Party Presidium member Hoffmann announced that Premier Strougal was ill and would not deliver the "gala speech." This was the first public reference to Strougal's illness.

May

- 1 (C) Tens of thousands of Solidarity supporters staged May Day rallies across Poland in what was the strongest show of opposition to the Jaruzelski regime since the disturbances of August 31, 1982.
- 2 (C) Hungarian police were investigating six leading members of the country's dissident movement associated with the production and dissemination of uncensored literature, according to dissident Budapest sources.
- 3 (U) More than 10,000 demonstrators went to the streets in Warsaw and Gdansk on the occasion of Poland's prewar national day. They were dispersed by police using truncheons and water cannon.
- 3 (U) Honecker arrived in Moscow for the first full-scale USSR-GDR summit since 1975 and the first major Soviet-East European bilateral conclave under Soviet Premier Andropov.
- 3 (U) The Polish Government rejected an appeal from the Pope to free political prisoners prior to his visit and rebuffed Walesa's call for talks.
- 3 (U) The convent housing Cardinal Glemp's committee for aiding victims of repression in Warsaw was vandalized by a gang of "hooligans" who, according to Western reports, roughed up members of the staff and damaged furniture.

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OBSERVATIONS OF AMBASSADOR DAVID B. FUNDERBURK

MAY 18, 1983

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In order to protect the President's position and U.S. interests and keeping in mind Romania's failure to live up to 1982 assurances regarding emigration and human rights improvements, I recommend consideration and inclusion where possible of the following concerns, before the signing of Presidential letters and a side letter of Romanian Ambassador Mircea Malitza:

Regarding the education decree and emigration, we should make clear that the U.S. "strongly" supports free emigration; the President cannot "actively" support continuation of MFN in view of non-adherence to last year's promises without real evidence of changes currently (including non-implementation of the education decree for emigrants to all countries) and specific, detailed, written assurances for the future. In 1982 the Romanians gave assurances to Senators Helms and Jackson and Assistant Secretary Elliott Abrams that emigration procedures including processing time and harassment would be improved significantly (Malitza agreed to reduce processing time to 9 months the first year and six months thereafter). This has not been done and harassment has continued. Emigration numbers have remained adequate with the flow (monthly numbers) improved, but in the past several months under the decree only a handful of educated and skilled emigrants have been permitted to leave. Specific written pledges should be required now. Also some explicit guarantees need to be given by Romania that no further barriers (in addition to economic or procedural) will be put in the way of emigrants. Romania needs therefore to state a specific period of time (preferably 3 years or less) that may be imposed as work/job service for Romanian's higher education, which otherwise could be used to restrict emigration.

Mention should be made of Romania's need to facilitate emigration of U.S. representational lists of applicants, and to improve human rights conditions.

Inclusion of the above concerns are important for the President's credibility and future leverage in the wake of his declaration regarding withdrawal of MFN without such ^{improvements in} emigration procedures; for many congressional concerns of the summer of 1982 which have not been met; and for our future word in sticking by U.S. values, principles and holding them to past promises made.

DECLASSIFIED

NLRR M452/2 #153833
BY RW NARA DATE 11/14/16

Recognizing that an MFN agreement with Romania is important to U.S. commercial, agricultural and perhaps even political interests, it is equally important that this not be done at any cost including our credibility, values and principles. The U.S. cannot change its system of Congressional press and other review (and scrutiny) for MFN for Romania, and should not support policies of restricting the emigration of highly skilled and educated persons. Until clear evidence of emigration procedural improvements and human rights advances takes place, the President should not recommend multi-year MFN.

- * Romania has been criticized by the Soviets for its differences with Moscow, but it remains a loyal member of the Warsaw Pact. Also the Romanian Government which has not lived up to many of its promises to the U.S. is one of the most repressive and unpopular in all of Europe. The Romanian people like Americans but (excluding high government officials) do not understand U.S. support of the tyrannical Ceausescu.

Hope to see you both in August.
Best wishes.

[Handwritten signature]