United States Policy Toward Poland

A Conference Report

A. Ross Johnson, Chair
Barbara Kliszewski, Rapporteur
United States Policy Toward Poland

A Conference Report

A. Ross Johnson, Chair
Barbara Kiszewski, Rapporteur

April 1987

Supported by a grant from
The Ford Foundation

RAND
The research described in this report was supported by The Ford Foundation under Grant No. 875-0181.

ISBN: 0-8330-0858-7

The RAND Publication Series: The Report is the principal publication documenting and transmitting RAND's major research findings and final research results. The RAND Note reports other outputs of sponsored research for general distribution. Publications of The RAND Corporation do not necessarily reflect the opinions or policies of the sponsors of RAND research.

Published by The RAND Corporation
1700 Main Street, P.O. Box 2138, Santa Monica, CA 90406-2138
PREFACE

Supported by a grant from The Ford Foundation, The RAND Corporation convened a workshop conference on U.S. policy toward Poland in Washington, D.C., on January 14–15, 1987. The purpose of the workshop was to assemble a group of academic specialists on Poland, present and former government officials, and representatives of the Polish emigration to assess the Polish domestic situation and to consider premises and objectives of future policy toward Poland.

This report, prepared by the workshop chair and rapporteur, summarizes the initial presentations and the ensuing discussions for each of the five workshop sessions. Points made in the discussion that enjoyed active or passive consensus are stated descriptively. Where significant differences of view emerged, they are duly reported. Although the views expressed are not attributed to specific participants, they should be regarded as personal and not necessarily representing the policies of any government or private organization. A list of workshop participants and their affiliations is provided in the Appendix.
CONTENTS

PREFACE .............................................. iii

Session I:
THE OPPOSITION AND THE CHURCH IN POLAND .... 1
Summary of Presentations .......................... 1
Discussion ........................................ 4

Session II:
POLAND'S INTERNATIONAL POSITION ............. 8
Summary of Presentation ........................... 8
Discussion ....................................... 10

Session III:
THE POLISH ECONOMY AND THE WEST .......... 13
Summary of Presentation .......................... 13
Discussion ....................................... 16

Session IV:
PAST POLICY TOWARD POLAND .................. 19
Summary of Presentation .......................... 19
Discussion ....................................... 20

Session V:
PREMISES OF FUTURE POLICY TOWARD POLAND .... 24
Summary of Presentations .......................... 24
Discussion ....................................... 28

Appendix: WORKSHOP PARTICIPANTS .............. 33
Session I

THE OPPOSITION AND THE CHURCH IN POLAND

SUMMARY OF PRESENTATIONS
The Opposition

Since the imposition of martial law in Poland in December 1981, the internal security service has failed to eradicate the underground network of Solidarity, and nothing indicates that it will be able to do so in the foreseeable future. Several factors contribute to the survival of the underground movement in Poland: its spontaneous, grass-roots character; its massive proportions; its highly decentralized structure; and its support by a very significant segment of the population.

Solidarity has suffered setbacks as a political force. Its skeletal organization of clandestine free trade union cells is strong in parts of the country—in the largest plants such as the Warsaw and Nowa Huta steel mills, the Baltic ports dockyards, and Silesia—and weak elsewhere. Its efforts to promote well-publicized strikes and demonstrations have been thwarted by the authorities and have produced some major setbacks for the movement. These setbacks led to a new strategy called "the long march" and to the formation of an "alternative society" with its own media, literature, and cultural and educational activities.

The Polish opposition has produced a wealth of underground papers and publishing houses. In 1986 alone, 20 new titles appeared. There are about 600 underground papers at present, 400 of which have been issued continuously since 1982. Approximately 20,000 people are involved in distributing the underground press. Twelve major underground publishing houses have formed a syndicate. An underground bank pays advances for books, and an underground insurance company pays compensations in case of arrest or confiscation of equipment. There is also a network of clandestine lending libraries. Radio Solidarity can be heard in various parts of the country on frequencies of the official radio and television. Use of audio and especially video cassettes has revolutionized the underground media. The number of video recorders in the country rose from zero in 1983 to 350,000 in 1986.
The underground has also produced over 400 satellite television antennas to date.

Nonofficial Councils for Education, Culture, and Science (OKNO) sponsor independent educational and cultural activities, which are held in churches, studios, and private galleries.

Solidarity has preserved its nonviolent character despite constant provocations by the authorities. New forms of passive resistance have developed, such as the pacifist Freedom and Peace group, which was organized in December 1984 and quickly spread.

After the imposition of martial law, underground Solidarity prevented Jaruzelski from turning the clock back to the early 1950s. It became the first line of defense for the Church, which preserved most of the gains it had made in 1980–81, and its boycott of regime-sponsored social organizations proved effective and successful. Since the birth of Solidarity, the total membership of the Communist party has declined by one-third; only 2 percent of Poland’s student population belongs to the Communist Youth Organization; the number of party members professing to believe in God has risen by 23 percent. The social base of Jaruzelski’s regime has been limited to the state and party bureaucracy, security forces, and the military. Solidarity has failed to force the authorities to reopen a genuine dialogue with the opposition, but the regime has come to realize that Poland’s mounting social, economic, and ecological problems cannot be solved by force alone.

The amnesty of September 1986 was the first significant attempt by the Polish leadership to break the stalemate by political means. Jaruzelski looked for renewed respectability in the West, the lifting of the remaining sanctions, and the granting of International Monetary Fund (IMF) and World Bank credits. The amnesty was also a clever tactical maneuver that polarized the three main orientations within the opposition: the people at one extreme who believe that compromise and cooperation with the authorities is the only way out of present difficulties, the people in the middle who feel that both underground and aboveground activities are essential and should complement each other, and the people at the other extreme who will accept no compromise and are interested only in political struggle against the regime. In spite of the conflicts that erupted following the spontaneous and uncontrolled surfacing of the clandestine Solidarity network upon the declaration of amnesty, Solidarity did not disintegrate, and the “alternative society” has not been affected.

Union pluralism and dialogue with the opposition have been firmly rejected by Jaruzelski. His freedom of maneuver is limited to unilateral concessions and a display of remarkable restraint. The opposition
is harassed, but its leaders make public pronouncements, hold meetings, and publish in the underground press and in the West under their own names. Criminal proceedings have been replaced by 48-hour detentions, fines, confiscation of property, and administrative penalties or arrests of up to three months.

The Church

There has been a fundamental reorientation of the role of the Church in Polish politics since 1980. The Church had never before sought to promote its interests through outside activities, but the emergence of Solidarity and other independent groups in 1980 fundamentally changed the situation. The Church became a mediator between the state and organized society.

Following the imposition of martial law, the Church was again forced to change its methods. Two factors influenced its activities: (1) the realization that the authorities sought to recapture control over all organized social activity, including the Church, and (2) the emergence of the Church as the only institution with which people could associate following the destruction of the various groups that had provided outlets for political and social activism. The Church now encompassed not only the clergy and the faithful, but also people who may not have identified themselves as Catholics or religious but who did look to the Church as a place to meet and talk freely. The Church responded to this need.

The Church had some difficulty defining its role under the new circumstances. There was differentiation within the Church itself between those who felt a prime responsibility for its survival, among them top Church leaders, and members of the clergy who felt more responsibility for ordinary parishioners and others repressed by the authorities. Initially these interests appeared to be mutually contradictory, because survival of the institution required caution, whereas support of the oppressed required decisive action against the authorities.

Actions by the government had the effect of reducing this divergence, as the authorities mounted a campaign against the individuals within the Church whom they regarded as revolutionary. The ensuing murder by police officials of a Warsaw priest, Father Jerzy Popiełuszko, was a turning point in the attitude of the Church vis-à-vis politics and its own internal situation. This made it clear to all Church members that the religious institution was not immune to public repression.

Since 1984, the Church has undertaken two significant initiatives intended to help protect it against such repression. The first was the
expansion of its so-called pastoral activities, which now involve the Church in the day-to-day activities of various social communities. The second consisted of proposals by Church leaders to establish lay organizations associated loosely with the Church and autonomous from the state. These proposals were presented not as a challenge to the regime, but rather as a means of resolving problems Church leaders believed the government was incapable of resolving by itself; networks of public groups, including students, workers, intellectuals, and peasants, would contribute to solidifying society as a whole. Both initiatives are obviously contrary to the overriding concern of the government to maintain its authority over all aspects of social activity. As such, they led to a deadlock. Both Church and government may be looking to the forthcoming visit of the Pope (scheduled for June 1987) as an event that will allow them to resolve this deadlock. The Church hopes that the Pope will contribute to the strengthening of its own positions and initiatives, while the government hopes to persuade the Pope to influence Church leaders and the public alike to accept its authority.

DISCUSSION

A problem of terminology arises in discussing the opposition in Poland. The term “opposition” is generally used (and will be used throughout this report), but it does not strictly apply. There is in fact no political group, with the possible exception of the Confederation for an Independent Poland, that officially announces its pursuit of power. The term “democratic opposition” is also inappropriate because it implies the existence of some nondemocratic opposition. The term “independent forces” is sometimes used.

The Polish opposition is broader than its most important component, Solidarity. Solidarity was and is both an organization and a set of ideals, an ethos; the relationship between these two faces has been ambiguous from the outset. The ideal emerged spontaneously in 1980; the organization followed. The ethos of Solidarity was essentially anti-institutional; during its 16 months of legal, overt activity, Solidarity did not find an organizational form in which it could feel comfortable. It was a social movement, integrated by internal values and the actions of the regime, which was capable from time to time of formulating national demands. Different mentalities developed, in part based on generational differences. The most active intellectuals involved with Solidarity were of the 1968 generation. Students engaged themselves very late. Most of the workers were from the gen-
eration of the 1970s; Solidarity leaders Zbigniew Bujak, Bogdan Lis, and Władysław Frasyniuk were all about 30 years old in 1980.

In the immediate wake of the imposition of martial law in December 1981, Solidarity maintained its same organizational structure and was therefore very quickly defeated by the authorities. The organization has since adapted in the underground. Today, the majority of the membership of the Provisional Coordinating Commission (Solidarity's supreme organ of 1981) have emigrated, and new leaders have emerged. There are now three centers of Solidarity authority: Walesa and his advisers, the Provisional Solidarity Council (the aboveground body established in September 1986), and the Provisional Coordinating Commission (the underground leadership).

The task of analyzing the two faces of Solidarity—organization and ethos—is hampered by the fact that both Western media and the underground media tend to concentrate on the organization, which barely exists in some regions, and to underestimate the strength of the Solidarity spirit, which is very much alive in parts of the country that are less accessible to outsiders.

Solidarity survives as an organization because it is different from the organization that existed seven years ago. There are divisions within Solidarity. The tendency to surface, to renounce most underground activities originated in Warsaw and among Solidarity's intellectual advisers rather than its activists. This tendency provoked a strong counterreaction from the regional Solidarity organizations, many of which are stronger than Warsaw's. The organization in the Warsaw region is visible and has some of the most vocal spokesmen; it is thus the best known, to foreign journalists especially, but it is in fact one of the weakest organizations in Poland in terms of size and activism. The Solidarity organization of the Huta Warszawa (the large foundry in Warsaw) has a different political view than the Warsaw regional commission. The Solidarity organization in Lower Silesia is the strongest regional organization in Poland. It is the only region where the number of dues-paying members is increasing, and its leader, Władysław Frasyniuk, is the most charismatic. On the other hand, there are regions in northeastern Poland where Solidarity barely exists in the organizational sense. These geographic differences make it very difficult to gauge how strongly the spirit of Solidarity survives. We generally tend to underestimate the strength of that spirit in the Polish provinces, and the situation in Warsaw tends to obscure the real situation in the country. It is important to recall that in 1956, 1970, and 1980, Polish unrest did not start in Warsaw. Warsaw may be the center of political ideas, but it is not the main center of political action.
One workshop participant argued that, overall, the Solidarity organization seems to be shrinking, as evidenced by a decreasing number of publications. Solidarity as an ethos, however, seems to be developing; the so-called Weeks of Christian Culture, organized in the spirit of Solidarity, have spread around Poland to encompass small towns. But the organization has to be preserved to give the ethos a better chance of survival.

The organizational development of Solidarity since 1981 has led to a divergence between workers and intellectuals. The intellectuals have created independent associations for culture, science, and education outside official Solidarity structures. Workers are seeking self-management opportunities in structures that are recognized or tolerated by the authorities, such as the new trade unions.

There has been a proliferation of other oppositional groupings since 1981, which has resulted in a new politicization—the development of a variety of liberal, conservative, and nationalist ideologies. Organizations such as the pacifist Freedom and Peace group have emerged, whose objective is to use the Western popularity of pacifist demands to exact political liberties.

Given the organizational problems of post-1981 Solidarity and the political skill shown by General Jaruzelski and his team, it could be argued (as some workshop participants stressed) that Solidarity today has less influence and impact on political developments. The younger generation, in particular, experienced Solidarity only tangentially. They feel very alienated, and their concerns are different from those of Solidarity. For another segment of the population, the lessons of the post-1981 period are that involvement in opposition activities does not lead to dramatic change in society, that political opposition should not be carried beyond an intellectual level, and that what is important is individual survival. There is much greater concern for the ordinary day-to-day need to make ends meet, prices, inflation, jobs, and so on.

Yet, other workshop participants stressed, in the past, those in Poland who said they were alienated were the ones who got involved. Sociological studies of the late 1970s revealed that the generation which later created Solidarity did not care much about public affairs at that time. What people say they will do is not necessarily what they actually do when the situation changes.

The proper point of reference for assessing the strength of the opposition today is the period prior to 1980. Solidarity was a means for various forces and tendencies in Poland in the late 1970s to exert their influence on the government and on the course of events. A relatively small opposition with large numbers of neutral sympathizers was able to mobilize a substantial mass-based organization in a short period of
time. There is now a core of tens of thousands of activists—an authentic cultural, political, and intellectual elite unprecedented in Communist countries. Given this great increase in the core opposition, the prospects of mobilizing mass activity in a future crisis are good.

Another consequence of more than five years of underground Solidarity activity is the pluralism that now exists in semiofficial and official spheres. The competition from underground publications has caused the official media to become more open and censorship less stringent.

The regime’s heavy-handed attacks on the Church were moderated following the Popieluszko murder, as the authorities realized that their attempts to weaken the Church by trying to split it only caused the Church to close ranks. The Church has displayed a consistently positive attitude toward the spirit of Solidarity, whereas its relations with the organization have been more ambiguous. Although the Church and the Solidarity-based opposition are mutually reinforcing, there are tensions between them. Before Solidarity, the Church had few lay organizations. The new lay Catholic organizations are the product of Solidarity. The institutional infrastructure the Church provides for the Solidarity spirit to express itself may be the vehicle for the development of an incipient liberalism. Some Church leaders remain suspicious of the lay organizations, which they interpret to be anticlerical.

However, one evaluates the record of the activities of Solidarity and the Church since 1981, there has been an unprecedented proliferation of diversity, pluralization, and fragmentation of political life, society, and culture in Poland. This represents an extraordinary evolution of the East European Communist system. The evolution may be sustainable precisely because it has not taken the form of an alternative political system and because it is not uniform, monolithic, or unidirectional in character. Can the Polish regime and the Soviet Union live, for example, with the loss of the party/Leninist monopoly over the Polish media? If, as the evidence seems to show, this is a possibility, then “more of the same” would be a remarkable achievement.

Developments in the Soviet Union will influence the turn of events in Poland. Successes or failures of the Gorbachev experiment will affect political activities there, but some Polish opposition leaders are unrealistic in their expectations that change in the Soviet Union may permit institutional pluralism in Poland (beyond that already associated with the position of the Church).
Session II

POLAND'S INTERNATIONAL POSITION

SUMMARY OF PRESENTATION

Official relations between Moscow and Warsaw appear better in 1987 than they have been at any time in the past 25 years. The three previous Soviet leaders—Brezhnev, Andropov, Chernenko—were hostile to or at least suspicious of Jaruzelski. There were indications that the relationship was changing under Gorbachev in 1985, when Jaruzelski undertook steps that, in the past, would have raised eyebrows in Moscow. He replaced his putative “hardline” political contenders—former foreign minister Olszowski, former Party secretary for security Milewski, and former ambassador to Moscow Kociolek—who had been closely identified with the Moscow line. He strengthened his control over the security services, improved relations with the Church, reemphasized economic reform, and sought membership in the IMF. Soviet-Polish relations warmed visibly in 1986, as expressed in statements made at the 27th Soviet Communist Party (CPSU) Congress in March 1986 and the 10th Polish United Workers’ Party (PUWP) Congress in June 1986. Gorbachev made a point of expressing his open approval of Jaruzelski, possibly because he concluded that Jaruzelski is the only person capable of maintaining at least some control in Poland. Also, Jaruzelski has been more supportive of the Soviet position internationally than some other Soviet bloc leaders.

The relationships between Poland and individual East European countries have not deviated much from traditional patterns. Hungary is still the favorite; the Poles have a good deal of admiration for its ability to recover from 1956, for its reforms, and for its commitment to a reasonable standard of living for its population without sacrificing too many individual freedoms. Although Yugoslavia is also looked upon with official sympathy, its model is less attractive for Poland to emulate, so opportunities for meaningful cooperation in the future are minimal. Poland's relations with East Germany have been strained. The suspicion expressed by East Berlin about domestic developments in Poland has been reciprocated by both official and unofficial Warsaw. Historical antipathies are compounded by the realization that Poland has been replaced by East Germany as Moscow's key ally and the
linchpin of the Warsaw Pact. There is also a lingering fear of a “deal” involving both German states and the Soviet Union at the expense of Poland.

Romania is viewed with contempt as a major embarrassment for the Soviet bloc. Bulgaria is not particularly important, and Albania is even less so. Poland’s relationship with Czechoslovakia has traditionally been unfriendly. Logically, both countries should cooperate economically, but chances for improvement in the superficially correct but tense relationship are slim. Despite Jaruzelski’s efforts, there is no evidence of significant improvement in the general atmosphere or of a major enhancement of Poland’s image in the region.

In the past few years, the Jaruzelski government has made a concerted effort to improve its relations with selected West European countries and to rebuild the bridges that were destroyed after 1980–81. The minimum objective is to return to the status quo of the summer of 1980, when Poland occupied a preferred position within the Warsaw alliance and Gierék played the role of an interlocutor between the Soviet Union and Western Europe. Jaruzelski’s bridge-building initiative in Western Europe may have Moscow’s approval and may well be part of a continuing attempt to decouple European members of NATO from the United States. The Federal Republic of Germany (FRG) is the key country from Warsaw’s standpoint, and an uninterrupted courtship of Bonn over the past six years has been manifested by many high-level visits, academic and cultural exchanges, and other activities. Despite irritants on both sides, Warsaw must view its relations with West Germany with some satisfaction.

Poland’s relations with Italy have also improved. The Vatican is a problem, but from Jaruzelski’s standpoint, the Pope has done well for Poland and will continue to do so. France has been a disappointment, for the French attitude following the imposition of martial law resembled that of the United States more than that of West Germany. Poland’s relations with Great Britain have yet to improve substantially. Japanese Prime Minister Nakasone visited Warsaw in January 1987, indicating the growing acceptability of the regime not only in Western Europe but also in Japan. On balance, Jaruzelski has every reason to be pleased with Poland’s West European connection, considering that in December 1981 official Poland was virtually ostracized in Western Europe and given little chance of being soon reaccepted.

The contrast between Poland’s attitude toward Western Europe and its attitude toward the United States is striking. There is largely anecdotal evidence that Jaruzelski’s personal hostility toward the United States was primarily responsible for putting U.S.-Polish relations on ice. Warsaw has had a number of complaints against the United
States, including lack of understanding of the complexity of Poland’s domestic and international position; granting moral and material encouragement to the opposition to destabilize the highly precarious domestic situation; causing economic and political harm by maintaining economic sanctions; nonfulfillment of promises to remove sanctions in response to the lifting of martial law, the release of political prisoners, and the initiation of “national reconciliation”; pressuring U.S. allies in Europe to maintain a hostile attitude toward Poland; and pushing Poland into the arms of the Soviet Union and its allies.

The deeply held official view of Poland being singled out as a sole victim of American persecution in Eastern Europe was increasingly shared by segments of the Polish population, regardless of their political persuasion. The sense of being a scapegoat, of being victimized by foreigners, has a long history in Poland, and this has been skillfully exploited by the regime.

DISCUSSION

After several years of international passivity, Poland is again trying to have a foreign policy. In the 1960s and 1970s, Poland was an important country in the Council for Mutual Economic Assistance (CMEA) and the Warsaw Pact because of its size, economy, and military contribution. Poland aspired to a role exceeding its physical size and military might, but economic problems in the late 1970s and political problems in the early 1980s resulted in the loss of Poland’s status, first inside CMEA then inside the Warsaw Pact.

Soviet perceptions of Poland under Gorbachev have shifted. Gorbachev appears to be less concerned about the ideological nature of the Polish regime and more about Jaruzelski keeping the lid on. As long as Jaruzelski is able to maintain some sort of stability, Gorbachev seems to be willing to take a more flexible approach to Poland than did his predecessors. Jaruzelski’s seemingly cordial relations with Gorbachev are in contrast to the latter’s rather strained relations with every other East European leader except Kadar. This relationship has enabled Jaruzelski to consolidate his personal position, to effect the prisoner release, and to be the first East European leader to go to China.

Some workshop participants maintained that Poland had improved its standing in the Soviet bloc through an enhanced military contribution to the Warsaw Pact in the past few years. In this view, Poland has increased its military participation and has considerably expanded its military budget. It successfully protected its military industry from
the economic and political crisis. Other participants dissented, how-
over, arguing that in terms of modern weapons systems, the Polish mil-
itary is falling further behind, and its budget is not increasing. Polish
military spending declined in 1981–82 and has been largely static since.
In real terms, Polish military spending has increased an average of
only 1 percent per year since 1979.

While improving its standing in the East, Poland is now trying to
break out of its isolation in the West and gain some freedom of
maneuver. This strategy is helped by current Soviet policy. The
Soviets are moving into a more active phase in their policy toward
Western Europe, and Poland is important in this regard. We may be
witnessing a revival of Poland’s traditional importance in Soviet
diplomacy toward Western Europe. Poland has been nominated by the
Warsaw Pact to put forward a new conventional arms proposal at the
Vienna Conference on Security and Cooperation in Europe (CSCE)
review conference, thus assuming its traditional responsibility in a
NATO/Warsaw Pact forum. There is no conflict between Poland’s
attraction to the West and its attraction to the East. The Polish
government wants to recover its favored role within the bloc and
within East European diplomacy toward the West for its own reasons,
and it realizes that the only way it can do this is to work with the
Soviet Union and not against it. Gorbachev has been willing to give all
the East Europeans more freedom of maneuver, and a certain division
of labor is emerging. The Polish leadership has tried to exploit this
freedom on the margins. It is a mistake to see Jaruzelski simply as a
stalking horse for the Soviets; there is a coincidence of interests.

Many of those within the establishment in Poland do not want to
see Poland move further into the arms of the Soviet Union; they want
some restoration of flexibility in Polish foreign policy, and they want
to maintain ties to the West. These elements have, in fact, tried to
exploit the Soviet-sponsored “Europe for Europeans” campaign to
further their ends. Poland’s enhanced freedom of maneuver has been
reflected in Jaruzelski’s visit to China, the opening up of an interest
section in Tel-Aviv, pursuit of the West European connection,
Jaruzelski’s visit to the Vatican, and movement in relations with the
United States.

West Germany is at least as important for Poland as is the United
States, but West German attitudes toward Poland and its priorities
have changed from the early 1970s, when reconciliation for historical
reasons was a key objective. West Germany is going to give first priori-
ty to its relations with East Germany, then to those with the Soviet
Union, then to those with Hungary, and Poland may even possibly find
itself relegated to a position behind Bulgaria.
Jaruzelski is becoming more realistic about the importance of ties with the United States. He wants the European connection, in part for its own sake, but at least as much to put pressure on the United States. Relations with the United States have a special significance for Poland, because some kind of normalization with the United States would set the seal on international reacceptance.
Session III

THE POLISH ECONOMY AND THE WEST

SUMMARY OF PRESENTATION

To understand the Polish economy today, it is necessary to understand the depth of the recession that existed in 1981–82. At the end of 1982, output was two-thirds the 1978 level. No other industrial country has experienced a recession of this magnitude since World War II. Even the adjustments made by Mexico and Brazil to their debt problems have not been close to what happened in Poland.

What economic policies led to a recession of such depth? First, a balance-of-payments adjustment process. In the 1970s and in 1980–81, the government dealt with its balance-of-payments problems by cutting back imports and trying to increase exports. This led to shortages of raw materials; moreover, the available raw materials were not allocated to the most efficient uses. As a result, production fell, exports fell, and imports had to fall, further intensifying the downward cycle.

In 1981 the government granted nominal wage increases and froze prices, which led to the disappearance of goods from the market. Poland’s economic problems are sometimes attributed to disruption by Solidarity, but Polish government statistics show that in 1981 only one workday per person was lost because of strikes. However, the goods shortage in 1981 caused many people to take time off from work to stand in line for food and consumer goods, and this was a serious problem.

In 1982, a second recession was induced by martial law. Official statistics show that the fourth quarter of 1981 saw a small increase in production, particularly in coal output. In 1982, the government put its political priorities before economic needs. Martial law cut off communications and transportation. There was a sharp drop in output in the first quarter of 1982, but changes in economic policy did lead to recovery. The large price increases of February 1982 improved market equilibrium, as people chose to stay at work rather than stand in line. To some degree, martial law finally made planners put their priorities in order so that they could start allocating scarce imports and intermediate goods to those areas that were most important. Longer work weeks in the mines increased coal production.
The economic recovery begun in 1982 has proceeded slowly but steadily, at an average rate of 5 percent per year. Poland has achieved a hard-currency trade surplus, but it is still unable to pay the interest on its debt.

The 1982 decision to go ahead with what the Polish government calls economic reform resulted in a significant change in the economic system. Plan targets were replaced with a system that supposedly rewards enterprise managers for increases in profits and value added rather than increases in output. Enterprise managers were also supposed to be rewarded for increased profits, they had to placate ministry or association heads to get the necessary intermediate goods or raw materials to keep production going. Therefore, the structure of Polish industry has remained frozen, and there has been very little shift away from loss-making industries and into export industries.

But there have been some notable economic successes, especially in agriculture. In the late 1970s, agricultural output was poor even though Poland had access to imported grain and fertilizer. But since 1980, agricultural output has risen steadily. The private sector has also done very well, doubling its share of output in the Polish economy over this period. There have been some significant productivity increases in industry, as well. The beginning of 1987 has seen a slow rise in output but very little improvement on the current account.

A number of actors within the Polish government participate in making economic policy choices, beginning with Jaruzelski and the military representatives in the Polish government. Jaruzelski does not appear to have a clear economic policy in mind. He seems to be against the restoration of the old system of centrally planned targets, which was so bankrupt in the 1970s that a formal reversion to it would be very difficult. He has been very explicit about his opposition to pluralism, so he cannot be expected to be much of a market socialist. He seems to waffle somewhere between the two models. His primary function is that of arbiter. He makes final decisions on price rises and on the degree to which the economy will be recentralized or decentralized. Prime Minister Zbigniew Messner has now assumed direct responsibility for such decisions.

A second interest group is the PUWP. The Secretariat and the Central Committee reflect the debate within the elites about economic policy, and there are representatives of all points of view. The lower-
level party apparatchiks have a generally populist point of view of the
government trying to step in to defend the consumer. They are
opposed to reform and to price rises and have very little understanding
of or desire to use markets.

The third interest group could be called the reformers, who are
largely located in the Central Bank and in the Ministry of Finance.
The prime exponent of this viewpoint is Wladyslaw Baka, formerly
minister for the reform and now head of the Central Bank. The
reformers seem to have some appreciation for the use of markets to
allocate resources and are the one force in the government that contin-
ues to push for decentralization and liberalization.

Another group are the so-called "metal eaters" represented by Vice-
Premier Zbigniew Szalajda, the Ministry of Mining and Power, and the
Ministry of Metallurgy and Engineering. This group consumed much
of the investment that occurred in Poland in the 1970s. Their position
depends on their control of large factories. They are interested in the
continued flow of investments to heavy industry. Since they do not
represent very profitable industries, the only way they can maintain
the flow of investment is by a decentralization of decisionmaking
authority and by maintaining their clout within the government.

Another group is made up of the government unions. This group
has adopted a populist approach, which makes the unions, in some
respects, opposed to reform. They want continued price controls on
consumer goods and across-the-board wage increases, without regard to
enterprise profitability. They generally oppose greater use of markets
and broader enterprise autonomy.

The last group is the Ministry of Foreign Trade, the one group that
is very concerned about the balance-of-payments problems. It tends to
be pro-reform, promoting an increase in exports through greater effi-
ciency and greater incentives for exporting.

The conflicting policy goals of these various groups have led to an
impasse in Polish economic policy. Two of Jaruzelski's primary policy
goals—the suppression of Solidarity and a return to economic
growth—have been achieved to some extent. But a whole series of sec-
ondary economic goals exist which conflict in some respects:

- Attaining single-digit levels of inflation.
- Attaining market equilibrium.
- Maintaining real wages among politically sensitive groups.
- Preventing unemployment.
• Increasing investment.
• Servicing the debt.

DISCUSSION

Workshop participants were not agreed on Poland’s economic prospects. Discussants assessed agricultural prospects both more and less favorably than did the initial presentation. In one view, the favorable results in agriculture in the 1980s have been attributable more to good weather than to increased efficiency. Polish analyses note continuing agricultural problems due to losses from grain harvesting, poor marketing practices, unavailability of improved machinery for private agricultural production, and insufficient production of fertilizer. There has been little private-sector investment in improving the land, since the Polish farmers do not feel secure about long-term government policies.

A more optimistic view of Polish agriculture argues that for the first time in ten years, there are prospects for an agricultural surplus, because Polish farmers have begun to respond to economic incentives and the Polish government has eliminated some of its restrictive regulations on private agriculture.

The private sector outside agriculture—the one area where the government has some leeway to improve resource allocation—has also shown some results. The Polonia firms (partnerships between Polish enterprises and foreign companies funded by the Polish emigration) are one example of private-sector success.

Some workshop participants viewed the general economic situation in Poland as being worse now than it was in 1981, since the debt is bigger and the reserves in machinery, equipment and raw materials, and the natural environment have been depleted. Virtually all essential economic changes—the restructuring of industry, the reallocation of resources, permitting the establishment of the Agricultural Foundation (which was to support private agricultural development with funds raised in the West), the granting of licenses to private enterprises—have been subordinated to political goals. Today the low rate of investment, inefficient use of existing investment, and lack of convertible currency are all constraints on Polish economic growth. Poland lacks commitment to an effective economic system. In a situation where the government is dominated by fear of domestic upheaval, there is no organization or system that runs the economy.

Other workshop participants argued that although economic difficulties are severe and economic reform is unlikely, significant improvements in economic performance could be achieved by changing some
current policies, e.g., making more appropriate use of investments; adjusting the domestic macroeconomic balance, with its politically difficult issues of price increases and wage controls; and providing greater incentives for hard-currency exports.

Workshop participants discussed the role of Solidarity in improving or aggravating the Polish economic situation. In one view, Solidarity would oppose any reform program that could improve Poland’s economic situation, since this would require further worker austerity. Other discussants argued that the main impediment to economic reform on the human side is the apathy of the workers and the lack of any psychological investment or economic commitment on their part. The Polish government has a credibility problem in trying to persuade workers to accept an economic austerity program and reduce their living standards. The workers fear that the government will squander the sacrifices they make. At its congress in 1981, after some initial resistance, Solidarity did adopt two ideas reconciling the need for reform with the interest of the union. One was the formation of a council on the national economy, which would monitor government economic policies and persuade unions to go along with them if they were sound; the other was worker self-management.

Poland’s biggest economic problem is in fact political. Poland needs a political leadership that is capable of and willing to make decisions, rather than just letting things drift, a leadership that will work toward, if not reconciliation, then greater communication, understanding, and agreement with society.

Economic relations with the USSR may compound Poland’s economic difficulties in the near future. Poland is still favored economically by Moscow, being the only East European country not required to repay its ruble debts in the current five-year plan, but it is supposed to balance trade over the five-year period. To balance trade with an overall 31 percent increase in Polish-Soviet trade in both directions, Poland would have to increase its exports to the Soviet Union (in real terms) 45 percent over the 1981–85 level in exchange for a 17 percent increase in Soviet exports to Poland. Moreover, the USSR is a major force behind the investment priorities that have already been set for the 1986–90 plan period and that involve completing some of the heavy industrial projects temporarily abandoned after 1980. Most Polish economists realize that this leaves virtually no resources for the kind of modernization and industrial restructuring that are necessary for real reform and greater efficiency. The Soviets seem to have a stake in backing the kinds of investment mistakes Poland has made since the 1960s.
There was agreement among workshop participants that Poland cannot meet its 1987 debt-repayment obligation. It owes Western creditors $6 billion in 1987 according to previous rescheduling agreements, and it will have about a $1.6 billion current account surplus, so there will be a $4.4 billion shortfall in 1987 alone. Poland is losing the race between its ability to earn foreign exchange and its ability to service the debt. The $8 billion that has been added to the total debt since 1981 in the form of lack of interest payments on government loans does not represent new money, because it is not something Poland can spend.

With respect to its external debt, Poland shares the problems of many middle-income, heavily indebted countries. Like Brazil and Mexico, Poland has a fundamental incompatibility between maintaining or reestablishing a politically acceptable growth rate and reestablishing international creditworthiness. In order to achieve creditworthiness, 3 to 7 percent of Poland’s GNP must be devoted to debt-service obligations. The remaining domestic sources are not sufficient to finance investments needed to promote economic growth, given the inefficiencies of the investment system.
Session IV

PAST POLICY TOWARD POLAND

SUMMARY OF PRESENTATION

Past American policy toward Poland falls into three periods: the 1970s; 1980-81, when Solidarity was on the ascendancy; and the post-1981 period of martial law and sanctions.

In the 1970s, the United States tried to reinforce the process of liberalization in Poland. In retrospect, the objective was correct, but the policy mix was not optimal. Western economic transfers to Poland were excessive and wasted. Some in the American government were overly impressed by Gierek, and by the regime generally, and they overestimated Poland's prospects for positive change. The United States may have been too enchanted with the political establishment in Warsaw and too worried about offending the Russians. The U.S. government was probably overly shy about supporting the opposition, as reflected in U.S. government pressure on Radio Free Europe to limit critical commentary.

American policy during the 1980-81 period deserves higher marks. The United States recognized the importance of the developments taking place in Poland but understood that its leverage was limited. There was more euphoria in the American academic community than in the U.S. government. At various points, American officials counseled restraint when addressing Solidarity, but they did not try to interfere with and sometimes encouraged private support to Solidarity extended by the AFL-CIO and other organizations. While advocates of a "massive aid package" did not see their ideas implemented, neither did advocates of "the worse the better."

Solidarity was suppressed in December 1981, but American policy did try to avert this, in contrast to its passivity toward Hungary in 1956 and Czechoslovakia in 1986. In a departure from the handling of previous crises, both the Carter and Reagan administrations released information about Soviet preparations for intervention despite the risk of Moscow detecting something new about U.S. intelligence-gathering techniques. If there was a failure, it was the failure to fully prepare NATO and ourselves for an internal crackdown.

Most assessments of post-1981 Western policy revolve around the issue of economic sanctions. Sanctions were necessary and inevitable,
given the high expectations in the United States about Poland and given our values. But the wisdom or effectiveness of the specific sanctions applied is another matter. The conditions posed at the outset for the lifting of sanctions—the ending of martial law, the release of political prisoners, and the restoration of Solidarity—were unrealistic and too specific; they amounted in effect to a demand that Jaruzelski abdicate. The U.S. rhetoric was sometimes excessive, as for example in the U.S. Information Agency (USIA) television program "Let Poland Be Poland" and in Defense Secretary Weinberger's characterization of Jaruzelski as "a Russian general wearing a Polish uniform." This rhetoric created a false impression about how much say the United States had in Poland's future and raised false expectations in Poland itself.

The implementation of sanctions can also be criticized. To have lifted the sanctions toward the Soviet Union so early but not to have lifted them toward Poland was hypocritical. Once the Polish sanctions existed, their lifting was inevitably a difficult process, but it had to be done if the United States was to deal with the regime, and it probably should have been done sooner, sometime after the 1984 amnesty.

DISCUSSION

American policy toward Eastern Europe in general and Poland in particular has not been subject to radical fluctuation on the scale of that in U.S. policy toward the USSR. Policy toward Eastern Europe since 1956 has been relatively modest, the expectations indeterminate. The goal has been to encourage gradual change. The policy of "bridge building" has worked rather well.

There was more consistency in the policy itself than in its perception by many in Eastern Europe. Changes that did occur were dictated by events in the region itself. For example, banks and governments loaned heavily to the region in the 1970s, in part because the presence of a "Soviet umbrella" had not yet been disproven. Similarly, policy was oriented toward the governments rather than the societies. The United States responded in the 1970s to real changes of policy on the part of the Polish government. In retrospect, it is easy to dismiss Gierek as incompetent, but in the early 1970s, he did seem to promise some reforms, and this led to a positive response from both the Nixon and Ford administrations. There was an expanding educational exchange program and an expanding scientific and technological exchange program, the "closed areas" were abolished, and commercial exchanges and credits proliferated. Nonetheless, Gierek had an exaggerated influence on U.S. policy.
At the same time, the policy was government-oriented because there was little "civil society" with which to engage. There were contacts with what became the opposition in Poland, but that opposition was new and small, and the West was uncertain what the government would permit. A network of nongovernmental ties with various levels of society throughout Poland was fostered by private American foundations, 4-H Clubs, and other organizations. Nonetheless, by the late 1970s, there was an overemphasis on change from above. The United States placed too much confidence in Gierek's ability to reform the economy and change the system.

In particular, economic instruments were used indiscriminately. Poland was loaned too much money with too few strings attached, which led to a squandering of resources—although given Gierek's naive belief in increasing performance without real structural economic reform, conditionality was perhaps not achievable in any case.

In 1980–81, the basic objective of American policy toward Poland was to keep the Soviets out. It was assumed that if that was possible, and the situation was allowed to stabilize, Solidarity might be able to expand its scope for maneuver and gain some of its demands over the long run. Thus $630 million of Commodity Credit Corporation (CCC) credits were extended. Moreover, throughout the postwar period in Eastern Europe, Soviet intervention had to be taken more seriously than an internal crackdown, given the possibilities for spillover accidents that could be caused by hot pursuit, and unpredictable international consequences. The American aims in publicizing the evident Soviet military preparations in 1980 and 1981 were to deprive the Soviets of the element of surprise, to increase the costs of any intervention, to maximize the chance of complications for the Soviets, and to generate public-opinion pressure. Whether American policy actually contributed to Soviet self-restraint is uncertain.

Although Washington and other Western capitals did not dismiss the possibility of an internal crackdown, this was viewed as a lesser danger. It was assumed that an internal crackdown would be difficult, it would probably be unsuccessful, and it would then trigger a Soviet intervention. Thus NATO prepared contingency plans for a Soviet intervention.

It is not the case, as the Polish regime claimed, that in the fall of 1981 the U.S. government knew concretely of the plans to impose martial law and chose to do nothing. Indicators of planning for martial law were ambiguous; in retrospect, more attention should have been paid to the buildup of the ZOMO (the paramilitary internal security forces that were used, with military backup, to impose martial law). More attention should also have been paid to the lack of preparations...
for underground activity within Solidarity. Prior to December 1981, it was generally assumed that an internal crackdown, if attempted, would not be successful because the Polish regime lacked the necessary specialized internal security forces and because a crackdown attempt would face passive resistance, like that which occurred in Gdansk in 1970, on a national scale. In 1985, a key Solidarity adviser, Karol Modzelewski, asked what difference it would have made if Solidarity had known a few weeks in advance of the martial-law crackdown. His answer was that it would have made little or no difference, because Solidarity was not prepared to organize underground resistance.1

Following the imposition of martial law, American sanctions expressed the outrage of U.S. public opinion. The sanctions were symbolic and punitive, and at the time, few argued that they were excessive. In Poland, Church leaders opposed sanctions, but Solidarity was very positive initially; later its attitude became more ambiguous. The Polish government dramatized the detrimental economic effects on the Polish economy.

The sanctions also provided a framework within which the United States attempted to influence developments in Poland. The Polish government did try to get the United States to lift the sanctions unilaterally in 1984, by granting partial amnesty to political prisoners, but the course of events—especially the murder of Father Popieluszko—aborted any serious consideration of ending sanctions. Maintaining the sanctions did help to get the Polish government to release all political prisoners and showed that the West could successfully demand more political relaxation in Poland than in other East European countries.

Advocates of sanctions sometimes overstate their benefits and understate their costs. One cost was the moratorium the Polish government enjoyed on interest payments on its government-backed loans. Private banks did not wait, as is normal practice, for governmental agreements and thus did receive payment of interest during this period.

Sanctions were also intended to promote internal dialogue within Poland. The third condition for lifting them—the restoration of Solidarity’s rights—was later redefined to call for internal relaxation as events unfolded within Poland. Whether this condition was satisfied

---

1“Solidarnosc w przededniu wojny,” Obecność, Wrocław, No. 12, 1985. Raporter’s note: A former member of the Polish military martial-law planning staff has argued that publicizing martial-law preparations would have hastened and complicated the imposition of martial law, requiring use of Soviet forces and leading to bloodshed and repression like that in Hungary in 1956. (Interview with Ryszard Jerzy Kuklinski, Kultura, April 1987, pp. 2-6.)
at any moment was inherently ambiguous to both the Polish and U.S. governments. Unlike the first and second conditions, which involved discrete actions, the third condition referred to a process that was in the Western interest to foster.

But the Polish case confirmed the blunt character of economic sanctions as an instrument of foreign policy. Sanctions challenge a government's authority; they affect bilateral relations across the board; when removed under ambiguous conditions they suggest that the state imposing the sanctions has made concessions. Sanctions are easy to apply but very difficult to remove.2

2Rapporteur's note: In mid-January 1987, Deputy Secretary of State John Whitehead visited Poland for talks with government, Church, and opposition leaders. On February 20, 1987, President Reagan lifted the remaining economic sanctions against Poland.
Session V

PREMISES OF FUTURE POLICY TOWARD POLAND

SUMMARY OF PRESENTATIONS

Overall Policy

It is important to consider the assumptions and principles that could and should guide Western and especially American policy toward Poland in the late 1980s and 1990s. What do we seek? How do we intend to go about it? How do we justify it? Do we conclude from the recent past that we should forget about Poland? Do we try to take up where we left off prior to 1981? How much commonality of interest can we postulate among the various key actors—the U.S. government, constituencies in the United States, West European governments, Polonia, the Polish opposition, and elements of the Polish government?

Several contextual factors must be kept in mind. Poland is important to the United States in the context of a competitive relationship with the Soviet Union. It is more important in that context than any other East European country, because of its size, population, and geographic position, because it has the third largest army in Europe, and because of the potential for developments in Poland to spark military conflict. History and domestic political constituencies have contributed to strong concern in the United States for the Polish nation and people. Poland demonstrated a unique swelling of pressure from below, a remarkable sustaining of the opposition. The regime or political establishment may not be reformable, but it is clearly susceptible to influences from below and from outside, and in that sense it is permeable. The establishment has not tried to turn radically to the East, despite the expression of such a notion in some official treatises. Finally, American policy objectives seemed to suffer a sharp reversal in Poland in 1981. Since this is unlikely to be the last reversal, what can we learn from the experience of the recent past?

Within this context, we can sketch several alternative policy frameworks:

1. The worse the better. This approach would seek to foster Polish unrest of any kind for its own sake, to actively raise the
costs of Soviet empire. In its extreme forms ("fighting Soviets to the last Pole"), such a policy is unsustainable in the West.

2. Peace in Europe. This framework assumes that the policy focus should be not on domestic developments in Poland, but on Poland's relationship with the Soviet Union. Its proponents are preoccupied with the danger of nuclear war and convinced that strong social assertiveness in Eastern Europe would bring such a war closer. This tendency is usually combined with belief in "reform from above."

3. Neglect. This rationale implies that we do not like what happened in Poland in the early 1980s, but that we are not sure what lessons to draw or what we can do about it, so we will do as little as possible. This framework minimizes the importance of Poland in East-West relations, the reality of Western influence in Poland, and the strong possibility of a new crisis that will somehow involve the West.

4. Preservation of Polish national identity. This alternative is prominent in the writings of Poles and Polonia. In this view, there is a danger that the Polish nation and society that survived the Partitions and the Nazis will perish in Peoples' Poland because of the consequences of "real socialism." It is a minimalist approach which constitutes a holding action.

5. Promotion of evolutionary change. There is broad agreement in the United States and the West generally on the validity of this objective, but considerable disagreement about how to implement it, especially about what the emphasis should be in dealing with the regime and the political establishment vs. dealing with the opposition and other nonregime forces.

Three variants of this last approach may be envisioned. The first variant emphasizes pressure from below—maintaining ties with Solidarity and focusing on the alternative society, the Church, and private economic activity. Its premise is that Poland is the freest "barracks" in Eastern Europe because of pressure from below and the weakness of the regime. This variant seeks proliferation of ties and information inputs at the subregime, subelite levels. It is prepared to deal with the regime only to the extent that such dealings can facilitate transactions with Polish society.2

---

2This emphasis is found in Jerzy Milewski (head of Solidarity's organization outside Poland), Krzysztof Pomian, and Jan Zielonka, "Poland: Four Years After," Foreign Affairs, Winter 1985–86.
The second variant of fostering peaceful evolution emphasizes enlightened reform from above. Such an approach is thinkable elsewhere in Eastern Europe, especially in Hungary. Applied to Poland, it assumes that the Jaruzelski leadership is able and willing to pursue national renewal and reconciliation. Reform from above is a Western policy framework; as articulated in Western Europe in particular, it treats pressure from below as counterproductive, increasing regime insecurities and therefore postponing the day when a more self-confident, consolidated regime can afford to introduce necessary reforms. In this view, the experience of Hungary and Kadar indicates that a leader can undergo a metamorphosis, changing from a Soviet stooge to a moderate national leader.

The third variant of promoting peaceful change combines elements of the first two variants, but with the emphasis on change from below. As such, it is the preferred variant. It reflects skepticism that in present-day Poland the key regime institutions can reform themselves and doubts that Jaruzelski can emulate Kadar. It assumes that periods of de facto liberalization as a concomitant of party weakness are more likely than institutionalized liberalization or pluralization of Polish politics directed from above. Thus, the emphasis of this variant differs from the emphasis on peaceful change that was common in the 1970s, stressing reform from above, fostering stability, and fearful of Soviet reactions.

However, this policy variant does not view relations with the regime and establishment solely in terms of obtaining a kind of semi-license to deal with the real objective, society. It postulates that the regime and establishment are permeable, capable of being influenced. It rejects the notion that Jaruzelski is a Soviet stooge, and it does not view the Polish army as simply a detachment of a Soviet-run army without interests of its own. It does not want to exclude the Polish government from the “Europeanization” of Eastern Europe. It would encourage the Polish regime’s self-identification not just as a Soviet ally but as a medium-sized European power. It strives to diffuse the official Polish regime’s anti-German campaign of the past few years. It would encourage market-oriented economic reform to the limited extent possible.

Consideration of these and other policy frameworks should take into account the “lessons” of the recent past. First, we should neither overstate nor underestimate the impact of external, Western influences on Poland. The Poles will determine what happens in Poland, but European détente of the 1970s had a powerful impact in Eastern Europe, even though the nature and consequences of that impact were rather
different from what many assumed: Western influence in Poland proved destabilizing.

Second, we should expect new crises in Poland. Crises can be dangerous, they can get out of control, but they can also be useful in galvanizing policy change.

Third, linear projections of any kind for Poland should be avoided. Too many discontinuities loom. Some are likely to involve crackdowns and repression, but this need not and probably will not involve restoration of the status quo.

Fourth, economic instruments have limited utility. A “Marshall Plan for Poland” was probably not possible or even desirable in 1980–81. Economic sanctions after 1981 had more symbolic and political than economic impact. We should avoid the temptation to reach for economic instruments or to overrate their importance for good or evil just because they seem to be the only available policy instruments.

**Western Economic Policy**

Western economic policy should seek to foster repayment of debts to Western creditors and encourage greater use of markets in the Polish economy. These aims are not contradictory; a more efficient Polish economy would be better able to service its debts and would leave more for consumption by the population. Economic liberalization weakens the power of the PUWP and provides more scope for different interest groups, thus making the economy more pluralistic.

A review of Western economic policy instruments applicable to the specific Polish context indicates the current limits on potential economic leverage.

**Financial policies.** Western banks and governments or the IMF can refinance or advance loans to Poland, thereby reducing principal or interest payments due in any one year, but increasing the debt burden in the long term. Polish perceptions of the availability of new loans may be a source of leverage, yet in fact such funds will be limited. There are legal restrictions on the uses of Hermes guarantees for additional West German loans, and the Export-Import Bank is limited in extending new loans, since Poland has not serviced its past debts.

**Trade-related policies.** Western governments can lower barriers to trade, easing the entry of Polish goods on Western markets and thereby facilitating greater gains from trade for Poland. Poland can derive some benefits from restoration of most-favored-nation (MFN) status, but these will be limited initially to about $100 million yearly, a small percentage of total Polish exports.
Economic-rights or property-rights-related policies. Western governments can advance commercially beneficial economic rights such as access to fishing grounds, landing rights, etc. The foreseeable economic significance of such measures is slight.

Policies related to technology flow and restrictions that Western governments and the United States impose. Restrictions on the flow of technologies to Poland may be eased, thereby enabling increases in economic efficiency. But controls on technology provide little leverage, because Poland has very little money to spend on new technology.

DISCUSSION

Discussions of future policy toward Poland must address several questions: Why do we want change in Poland? What type of change do we seek, in the domestic system or in foreign policy? How much change do we seek, from maximalist to minimalist? Should we emphasize change from below or change from above?

It is also necessary to place the question of policy toward Poland in context. Poland is not a "vital" American interest. Historically, Poland was important to the great powers in terms of competition among them, and this situation has continued in the postwar period. For the United States, this importance has geostrategic but also normative idealistic elements. Poland is important in terms of its size and population and because it found partially effective means of resisting the imposition of the Soviet model. Developments in Poland challenged Soviet interests in Europe and contributed to the collapse of the international Communist movement.

Policy toward Poland should be approached in the context of policy toward Eastern Europe as a region, with the looming problems of leadership succession, a misfit between the Soviet system and the East European nations, and mounting economic problems. Developments in Poland will be determined by the Poles themselves and the Soviets. Western policy can make a difference only at the margin, except in special situations.

Three specific goals should guide future Western policy toward Poland. The first is to consolidate the new political conditions in the country, i.e., the existence in a Communist-ruled state of the first quasi-self-sustaining and open opposition, the eradication of which would be difficult and costly for the regime. Western policy should encourage evolution of the regime's present angry and reluctant toleration of the opposition into a more permanent condition. The present
phase is one of unilateral regime concessions, not real dialogue with the opposition, but a dialogue may develop.

The second objective is to foster economic reform, so that a reformed economy will merge with and refine the new political situation.

The third objective is the subsequent gradual transformation of the manner in which power is wielded and exercised. These goals can be reinforced by better relations between the United States and the USSR, by West European political and economic involvement, and (according to one viewpoint) by eventual military disengagement in Europe.

Western policy cannot deal with the Polish people without dealing with the regime. Western governments have required the acquiescence of the Polish government in extending "nongovernmental" humanitarian aid to Poland in the immediate post-martial-law period. The optimal policy mix is gradual recognition of the Jaruzelski regime as an acceptable international partner, together with a great deal of contact below the regime level, involving groups that are unpalatable to but accepted by both the Polish government and the Soviet Union. This signifies legitimization of the regime, but in circumstances quite different from those obtaining in the past, given the diverse and fermenting Polish society that is remarkably open to outside contact.

Objectively, Jaruzelski is a Soviet ally; subjectively, he probably has few illusions about the Soviet Union. Western policy should encourage the regime to inch away from Moscow, while encouraging the people to also press their regime in that direction. The aim of this policy should be to promote greater diversity, more "yeast" in the development of Eastern Europe, to reduce the crushing Soviet grip, and—given the "transmission belt" from Eastern Europe to the USSR—to influence the evolution of the USSR itself. Ten years ago, this situation and policy aim might have been regarded as unfeasible, but today they are realistic.

The immediate policy objective should be the reestablishment of Western and specifically American presence in Poland to the fullest extent possible. The policy instruments are familiar—exchanges, training programs, economic relations, information programs. But there is a danger that Polish society will have unrealistic expectations about what American policy can achieve and that disappointments may follow.

At the nongovernmental level, programs of the AFL-CIO, the National Endowment for Democracy, and other organizations can reach Solidarity and other oppositional forces. The independent pub-
lishing houses can be supported. The private foundations can play a key role in reaching the subelites.

Western economic policy toward Poland will remain an important factor. The debt crisis began with Poland, but Poland was then eclipsed by Latin America and Mexico. The unguaranteed exposure of U.S. banks in Poland declined from $1.3 billion in 1982 to about $0.5 billion in 1986. Poland is much less a threat to the world monetary system or the banks than it was. No precedents on debt renegotiation will be established in the Polish case, for fear that the larger international debtors will follow suit.

Economic instruments at the disposal of the U.S. government are limited. The two major accounts Poland drew on in the past are the CCC and the Export-Import Bank. By statute, these programs are not foreign-assistance but commercial programs. It would be difficult for the U.S. government to approve a CCC or Ex-Im loan to Poland, knowing that the repayments would be thrown into rescheduling arrangements for the earlier debt.

Substantial IMF loans to Poland could complicate the IMF’s own financing efforts. IMF credits would normally first involve a standby credit, and the IMF would expect a reduction in Polish economic subsidies. Beyond this, the IMF has long been undecided about whether and how to promote reform of centrally planned economies. While Poland’s IMF quota is about $800 million and in theory IMF members can borrow up to four times that amount, in practice IMF loans to Poland are unlikely to exceed twice the quota amount and unlikely to exceed $350 million during the first year of a standby program. The World Bank is another potential source of new loans, but World Bank loans are project-specific and usually require a lead time of about 18 months.

The new Polish joint-venture law does provide some prospect for additional Western financing to Poland in the form of equity investment, although this would assume Polish government guarantees, perhaps through bilateral investment treaties. The gains to the Polish economy from restoration of Poland’s MFN status may initially constitute only $50 million yearly.

In view of these economic facts, workshop participants were divided on the feasibility and utility of Western economic relations with Poland. Large-scale Western economic inputs are unavailable and would not in and of themselves revive the Polish economy. Could new loans of some sort contribute to economic amelioration and reform? One view held that they could not, since economic disaster looms in Poland, past efforts by Western banks to encourage conditionality have proven unsuccessful, and any new loans would have to be included in
existing agreements to reschedule the past Polish debt and thus would not constitute "new money" for the domestic Polish economy. In this view, if Poland cannot manage the current foreign debt of $32 billion, it can hardly manage an increased debt.

In another view, which assumes economic stagnation but not catastrophe in Poland, some new credits could play an important role in developing the Polish export sector. The squandering of past Western credits does not automatically imply that future credits would be similarly squandered. But strict conditions on the use of new credits would have to be ensured (the abortive private Agricultural Fund is clear evidence that political constraints cannot be wished away), including changes in Polish investment priorities, and new credits would have to be separated from repayment agreements for old debts. No precedents will be established in the Polish case, but if the major Third World debtors succeed in establishing a precedent—given the discussion of converting debt into equity or writing some of it off—similar terms could be extended to Poland. Even modest external credits could strengthen the hand of economic reformers. In any case, economic improvement requires an increase in labor productivity, and that, in the Polish context, requires reconciliation between state and society.

Competition for influence between the Soviet Union and Western countries in Eastern Europe assumed a strongly economic coloration in the 1970s. The Soviets extended various economic subsidies to Eastern Europe, and the West extended loans. This economic competition was, at one level, fairly neutral politically. Now both sides have seen a radical diminution of the kinds of economic resources available for such competition (although Poland is presently the third largest recipient of Soviet subsidies). Hence the instrumentalities of future Soviet-American competition will be more overtly political.

There is a temptation on the part of both the Soviets and Jaruzelski to interpret the end of American sanctions and the normalization of relations with the Polish government as a victory. There is a desire for revenge, for personal reasons in the case of Jaruzelski and also for power-political reasons, in an effort to demonstrate that European détente is incompatible with the 1980–81 Western policies of encouraging Solidarity. We cannot expect gratitude or graceful behavior from the Polish government. Its official line is that it recognizes the necessity of national reconciliation and that dialogue and relations with the West have nothing to do with that recognition. On the other hand, at a less public level, the regime may prefer to appear to make concessions to external pressure rather than admit the strength of the internal opposition. Hence the degree of restraint the regime displays toward Polish society is related to its perception of what it has to gain or lose from its relations with Western states.
Appendix

WORKSHOP PARTICIPANTS

Nicholas G. Andrews, Washington, D.C.
Jeremy Azrael, The RAND Corporation
Paul Balaran, The Ford Foundation
Dennis Bennett, CIA
Barry Blufer, CIA
Jean Boone, Congressional Research Service
James F. Brown, Oxford University
Zbigniew Brzezinski, Center for Strategic and International Studies
Keith Crane, The RAND Corporation
Jane Leftwich Curry, Santa Clara University
Jan De Weydenthal, Radio Free Europe
Edward J. Derwinski, U.S. Department of State
Paula Dobrianski, National Security Council
Gabriel Eichler, Bank of America
Charles Gati, Union College/Columbia University
William E. Griffith, MIT
John P. Hardt, Congressional Research Service
Dale R. Herspring, U.S. Department of State
Arnold L. Horelick, The RAND Corporation
Robert L. Hutings, CIA
A. Ross Johnson (Chair), The RAND Corporation
John Kachold, U.S. Department of Defense
Adrian Karatnycky, AFL-CIO
Barbara Kliszewski (Rapporteur), The RAND Corporation
George Kolt, CIA
Andrzej Korbonski, UCLA
F. Stephen Larrabee, Institute for East-West Security Studies
Nelson Ledsky, U.S. Department of State
Susanne S. Lotarski, International Trade Administration
Paul Marer, Indiana University
John Maresca, U.S. Department of Defense
Zdzislaw Najder, Radio Free Europe
Jan Nowak, Polish-American Congress
Robert M. Perito, U.S. Department of State
Walter Reymond, National Security Council
Harvey Shapiro, U.S. Department of the Treasury
Thomas W. Simons, U.S. Department of State
Aleksander Smolar, Aneks
Helmut Sonnenfeldt, Brookings Institution
Sarah Terry, Tufts University
John Van Oudenaren, U.S. Department of State
Fred Vogel, U.S. Department of Defense