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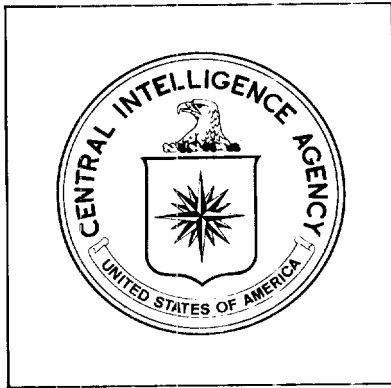
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STAFF NOTES:

Soviet Union Eastern Europe

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November 4, 1975
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[REDACTED]
Domestic Situation in Poland

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12) [REDACTED] the Gierek regime has taken effective steps to reduce both public tensions and short-term economic strains. Nevertheless, public anxiety over food shortages, prospective price rises, and possible belt-tightening measures persists.

12) The wave of arson rumors apparently peaked about mid-October, but others continue to crop up. There are, for example, unconfirmed reports of bomb hoaxes in public buildings in Warsaw, including the discovery of explosive devices at the site of one of the suspicious fires in early October. Responsible Polish officials have described stories of a self-immolation and of kidnappings by "Arabs" or "Germans" as "sheer idiocy." Another wild rumor says that a student took a potshot at Gierek somewhere in Warsaw in mid-October.

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12) Reports of worker dissatisfaction in the Warsaw area and on the Baltic coast have also circulated, but the situation generally appears calm. West European and US officials have noted no unusual military activity in those areas.

The approach of the party congress in December has sparked reports of efforts to unseat Gierek.

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12) [REDACTED] an unspecified group within the top leadership advocates a policy adjustment to slow the pace of economic development. Gierek, however, appears firmly in control and in recent weeks has projected a renewed sense of direction and self-confidence.

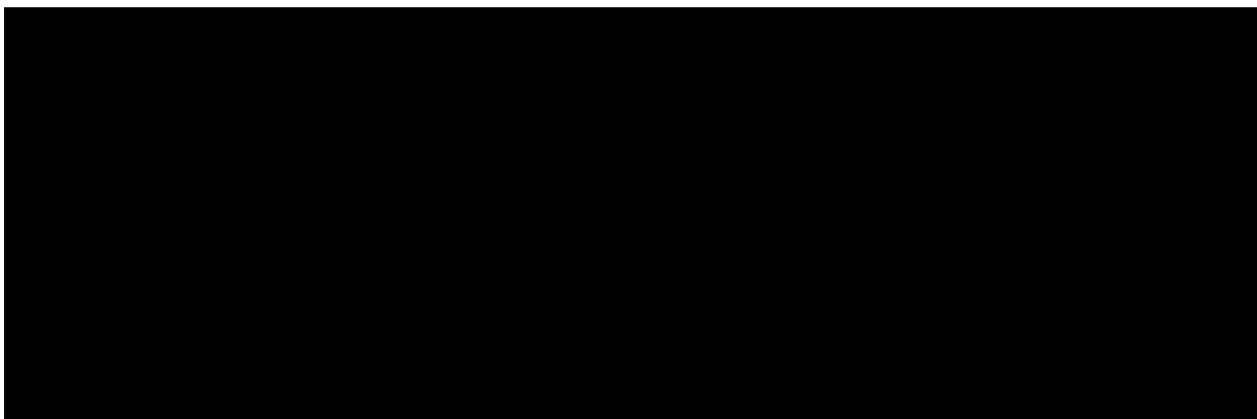
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Meanwhile, the Gierek team has moved to increase market supplies to meet expanded consumer

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demand during the coming holiday period. The regime is trying to shift some of the blame for shortages to inefficient economic enterprises. Nevertheless, the leadership does not seem to have decided how and when to reveal to the public its answer to the fundamental question underlying much public concern--the future wage-price structure. Until it does, public uneasiness will continue. (CONFIDENTIAL NOFORN/ORCON)



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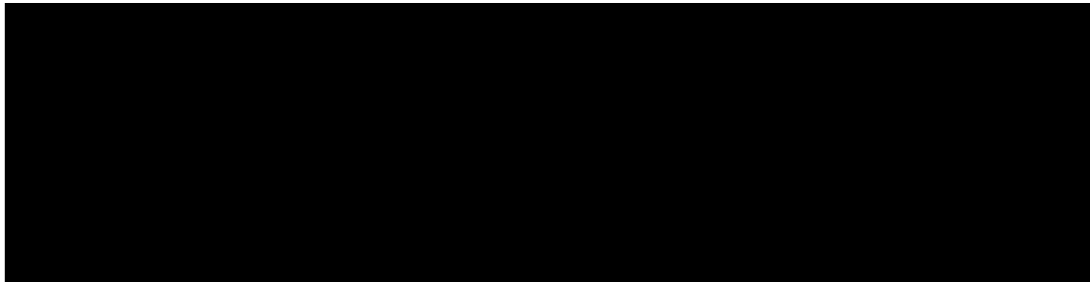
Poles Reassure Moscow on Western Ties

1 2) Soviet concern over Poland's expanding economic ties with the West has evidently led Warsaw to give increasing publicity to its commercial links with the bloc.

1 2) Party leader Gierek and Prime Minister Jaroszewicz have recently lavished attention on Poland's trade relations with the Soviet Union and other CEMA members. In some cases, they have even dropped their standard references to detente as the green light for closer economic ties with Western countries. Warsaw has also given wide coverage in Polish news media to a session of the Main Board of the Polish-Soviet Friendship Society and to the recent visit of Soviet Deputy Premier Ivan Arkhipov.

1 2) The current Polish rhetoric is almost certainly aimed at calming Moscow's apprehension. A knowledgeable Polish journalist recently told a US diplomat that the Soviets are unhappy with Poland's success in pursuing a "neo-Romanian" course in economic policy, and Soviet Premier Kosygin reportedly criticized Poland's "overly Western" economic policies during his August visit.

1 2) There are no indications, however, that Poland intends to abandon the difficult task of seeking an acceptable balance between greater economic integration with CEMA and expanded economic ties with the West. A Polish journalist recently said that the link with CEMA provides stability while the one with the West offers progress. (CONFIDENTIAL)



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Yugoslavs Press Independent Party
Views on European Communist Conference

Belgrade is again strongly emphasizing the unity of views among the independent European Communist parties who most actively oppose Soviet pretensions to a leadership role in the communist movement (*Staff Notes*, October 31, 1975).

Belgrade Tanjug on Tuesday broadcast a long review of a recent plenum of the Italian party Central Committee that had approved a report by the leadership on preparations for the European Communist Party Conference. According to Tanjug, Giancarlo Pajetta, secretary for interparty relations, presented conditions for Italian attendance that dovetail with the Yugoslav stand. Pajetta's view is that the conference "could be held" late this year or early next, but that many problems remain unsolved.

The Italians insisted that "it is necessary explicitly to confirm that a single center or a leading party cannot exist" and to reject "the importation of a foreign model of socialism." Moreover, Pajetta asserted that "all forms of organizational ties" with overtones of obligations must be rejected. Tanjug said the report stressed that the final conference document must be acceptable in toto to all parties, but quoted Pajetta as warning that it should not attempt to gloss over irreconcilable differences and thereby lead to ideological confusion. Belgrade's leading spokesman on inter-party matters last week repeated almost all of the Italian demands.

The Italian party has also introduced a new issue that the Soviets and their loyalist supporters will hotly contest. It wants any statement on European economic trends to stress that Eastern and Western economies are troubled by the same problems. This position clashes with Soviet propaganda that

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3 asserts the CEMA countries, thanks to their superior systems and beneficial economic links with Moscow, are better able than the West to resist economic shocks. Such a frank discussion of Eastern problems at a relatively open Communist forum would be political dynamite for many East European regimes, not to mention the Kremlin, and there is virtually no chance that Moscow will accede to this demand.

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3 In addition to publicizing the Italian party's stand, the Belgrade party weekly *Kommunist* this week carried a long interview with Santiago Carrillo, the secretary general of the independent Spanish party. Carrillo stressed his party's admiration of Yugoslavia's successful break with Moscow in 1948 and stressed his party's independence from any foreign pressures. Carrillo, fresh from talks with Romania's Ceausescu, also restated his intention to pursue a role for his Communist party in a multi-party system in the post-Franco era. (CONFIDENTIAL)



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USSR: Kama Truck Plant

The USSR's Kama Truck Plant will not operate at full capacity before 1980, according to a recent statement by a high Kama official. At capacity the plant will build 150,000 heavy trucks and 250,000 diesel engines a year. This latest Soviet estimate was given to two US embassy officials who spent three days touring the plant in October.

The visitors also learned that the engine plant, the most nearly complete of the five unfinished production units, will turn out some engines by the opening of the 25th Party Congress in February. Three other units--forging, pressing, and assembly--will probably be ready for operation by mid-1976.

The foundry, troubled from the start, continues to be the major bottleneck. Foundry equipment, manufactured mainly in the US, is ready for installation, but Soviet engineers still are working to repair foundations of the large iron foundry that sank after building construction was finished last year. Kama officials expect to have the foundry operating in about 12 months, in time to meet the current goal of token production of trucks by the end of 1976.

Construction at Kama is running two years behind the original plan, which called for the plant to start building trucks in late 1974. (CONFIDENTIAL)

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