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SITUATION REPORTS

POLAND

The Kania regime has again caved in to Solidarity's demands, and its handling of the current situation probably will encourage other Poles to press demands, cause further problems in the party, and deeply disturb Poland's Warsaw Pact allies.

The party leadership has once again demonstrated that it will bow under pressure, which will further demoralize the rank and file in the party and probably increase the chances that Kania's opponents in the Politburo and Secretariat will seek to replace him.

Kania also will now find it more difficult to convince Moscow and the critical Warsaw Pact countries that he is capable of restoring party control. Although the regime has avoided an immediate crisis, it has not improved its position within the country or vis-a-vis Poland's neighbors.

By releasing the two men arrested for leaking and reproducing a classified document, the regime averted a general strike in Warsaw. Last night, strikers at the major Huta steel plant voted to return to work. Job actions continue, however, at several other factories in the capital.

Solidarity leaders in Warsaw apparently have not dropped their other far-reaching demands. Deputy Premier Jagielski, who negotiated the settlement of the strikes in Gdansk in August, began negotiations yesterday with the union leaders and offered to hold further consultations. He said he would have to talk with higher authorities before agreeing on what topics should be discussed.

The regime presumably decided to make concessions to the Warsaw chapter of Solidarity after the union's

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national leaders endorsed the strike and implicitly warned that they would call for larger scale strikes if the regime sought a confrontation.

One ray of hope for the party is that the national leaders also urged union members to refrain from making further wage demands and called for an end to wildcat strikes. The party will seek to exploit the differences between the moderates in the national union leadership and the more militant national and local leaders but probably will fail as long as the party remains divided.

East European Reaction

The Czechoslovak media on Wednesday attacked the strike Solidarity had planned in Warsaw as a deliberate effort to jeopardize the "security of Poland." The Czechoslovaks also publicly said that the crisis may present a threat to the security of the Warsaw Pact.

Yesterday the Czechoslovaks, in their party daily, again drew comparisons between what is happening now in Poland and what occurred in their country in 1968. They exhorted the Polish party to take a firm hand but hinted that if the current leadership does not do so there are others in Poland who might "step forward." Foreign Minister Chroupek presumably will make the same points when he talks with Polish leaders during his current visit to Warsaw.

The East Germans will be greatly alarmed at the new evidence of Solidarity's strength and the weakness of the regime. East German Foreign Minister Fischer reportedly confided [REDACTED] over a month ago that East Germany was prepared to intervene militarily to arrest the disintegration of Polish Communist Party control.

Fischer cited as his greatest concern the increasing independence of the trade union movement and the marked inability of the party to control events. He said that East Berlin could not tolerate any significant deviation from established patterns of authority in Poland.

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MOSCOW'S GROWING CONCERN

The Soviets have yet to comment on the most recent developments, but they probably regard them as further evidence that the situation in Poland is getting out of hand. The Soviet media signaled mounting concern on Wednesday by replaying Polish accusations that Warsaw has been favoring the new independent trade unions at the expense of the official labor organizations.

One Soviet ideologue has warned publicly that a "reformist approach," as taken in the past by Hungary and Czechoslovakia, is unacceptable. Soviet Ambassador Aelutov and his Soviet colleagues in Poland have lamented that the regime is "much too lenient" in dealing with the unions.

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