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SITUATION REPORTS

POLAND

Military exercise operations continue in Czechoslovakia and East Germany
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[REDACTED]

Five Czechoslovak divisions are continuing exercises begun on Monday. Components of three of the divisions are deployed in a training area some 25 kilometers south of the Polish border. Units of the two additional divisions are in another training area about 75 kilometers farther south. [REDACTED]

The temporary restricted areas imposed in East Germany bordering Poland lapsed yesterday evening. These areas were reportedly established for military exercises scheduled for 30 November - 9 December, but no exercise activity was detected there. US Embassy personnel traveled by car from Berlin to the Polish border through the restricted area yesterday but noted nothing unusual. [REDACTED]

Several exercises are also reportedly under way among Soviet forces in East Germany.
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Media Controversy

The Polish media yesterday continued to rebut the details of a TASS dispatch alleging "counterrevolutionary activities" in Kielce, and, according to an unconfirmed French press report, the Polish foreign ministry made a formal "demarche" to TASS about the dispatch. [REDACTED]

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Soviet newspapers failed to carry the TASS report although it was printed by the East German and Czechoslovak party dailies. Moscow apparently was taken aback by the swift and unprecedented Polish rebuttal and decided that standing by the story would only blow the dispute out of proportion. The East German and Czechoslovak reprints could be accidental or could be intended as an indirect reminder of Soviet concern to the Kania regime.

Meanwhile, Polish radio yesterday reported a case of "suspected sabotage" in a Silesian coal mine, thereby in effect conveying the TASS article's message that there is "destabilizing" activity in Poland. The Polish action seems intended to minimize any frictions with the Soviets over Polish rebuttals of the TASS item by showing that Warsaw, while committed to factual reporting, is not trying to put a gloss on the situation in Poland.

Domestic Situation

The situation in Poland remains relatively calm, but there apparently is a strong underlying current of anxiety in the country. The mass circulation daily, *Zygie Warszawy*, yesterday criticized the "unchecked" proliferation of rumors and called on Poles to "not allow ourselves to get heated up unnecessarily."

The joint government-church commission--established in early September soon after Kania came to power--met on Monday and discussed "the internal stabilization" of Poland. A communique of the meeting called for Poles "regardless of their politics" to unite to save the independence of Poland. This is the first time since the current crisis flared up in late November that the church has spoken out publicly in an effort to help ease the situation.

The Polish Army paper has carried two consecutive strongly worded articles underlining the military's concern about antistate activity and about actions that "undermine the country's defense system." The articles seem intended to reinforce pressure on Solidarity for moderation and to raise the threat of the possible employment of military force.

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Private farmers pressing for government approval of their own independent trade union have scheduled a meeting of their representatives in Warsaw on Sunday to decide on some form of protest action. Farmers' spokesmen reportedly are pledging to consult with Solidarity on any proposed actions.

The Polish Government reportedly has signed an agreement with university students demanding their own union, but a small number of students apparently are continuing a sit-in strike begun last Thursday to demand more autonomy for Poland's largest film academy.

Lech Walesa--in an interview released yesterday--has taken a pugnacious stance on several issues. He may alarm some moderates and provide ammunition to those interested in confrontation. Walesa reportedly defended his continuing association with dissident intellectuals.

East German Anxiety

At the Moscow summit, East German party chief Honecker was the only Warsaw Pact leader to argue forcefully for immediate intervention into Poland. Press attacks since last Friday's meeting indicate that East Germany is maintaining pressure on the Polish leadership to tighten its control.

A letter reportedly read by Honecker to all party functionaries two days before the summit reflected his concern over the implications for East Germany if the "counterrevolutionary forces" in Poland are not stopped.

The East German leader described the Kania regime as oblivious to its mistakes and said that nationalism and anti-Sovietism were growing daily. He also stated that anti - East German sentiment was so intense in Poland that all East German students had been recalled for their own safety. Of greatest concern to Honecker was the Polish party's alleged desire to adopt new methods of reforms similar to those in effect in Yugoslavia.

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Horecker reportedly said that the Polish regime would be given every assistance to put its house in order but concluded, "We cannot wait forever." [REDACTED]

Economic Situation

Two high-level Polish officials [REDACTED] this week that not all of the recently announced Soviet loan to Poland is in hard currency, as claimed by the Polish press. [REDACTED] said that it also includes short- and medium-term credits, deposits, and the re-scheduling of some Polish debt to the USSR. [REDACTED] said that Warsaw is expected to use all of the credit by the first quarter of 1981. [REDACTED]

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Soviet Ambassador Semyenov responded on Monday to West German Foreign Minister Genscher's reading of the EC Declaration on Poland by attacking West Germany's stand on TNF and denouncing "counterrevolutionary" forces acting in Poland. Semyenov's remarks contrast sharply with the moderate line Soviet officials have been taking on Poland in conversations with other Westerners. [REDACTED]

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