

MUN 105 22 DEC 61
TO KAUFMANN
FM SCHNEIDER INFO BURKS SMITH

URGENT PLEASE PHONE RPT PHONE

221750.

REFERENCE MUNICH 101 OF TODAY.

THANKS TO SPEEDY COOPERATION BY POLISH BD THERE FOLLOWS THE ENGLISH TRANSLATION OF THE PROPOSED PROGRAM ON US-POLISH AID WHICH WAS REFERRED TO IN MY EARLIER MESSAGE. HOPE YOU CAN OBTAIN QUICK APPROVAL.
THANKS AND REGARDS.

" ON THE EVENING OF DEC 15 THERE WAS SIGNED IN WASHINGTON AN AGREEMENT ON FURTHER US CREDITS FOR POLAND. THE TOTAL VALUE OF THE CREDITS AMOUNTS TO NEARLY 245 MILLION.

HOW WAS THE PEOPLE IN THE HOMELAND INFORMED ABOUT THIS AMERICAN LOAN? WE DO NOT KNOW YET HOW THIS NEWS WAS REPORTED BY THE PROVINCIAL PRESS.

BUT BOTH THE TRYBUNA LUDU AND THE ZYCIE WARSZAWY PUBLISHED A BRIEF MENTION ON THIS SUBJECT, ACROSS ONE COLUMN, SOMEWHERE AT THE BOTTOM OF THE FIRST PAGE. TWICE AS MUCH ROOM WAS DEVOTED TO INFORMATION ABOUT THE COLD WAVE IN POLAND AND THROUGHOUT EUROPE.

THIS BELITTLING OF THE AMERICAN LOAN BY THE HOMELAND PRESS APPLIES NOT ONLY TO THE FORM OF INFORMATION BUT ABOVE ALL TO ITS CONTENT. ALREADY THE TITLE REALLY MISLEADS THE READER. IN IT THERE IS MENTION OF THE SALE OF AGRICULTURAL SURPLUSES, AND NOT OF A LOAN OR OF CREDITS. IN THE ENTIRE THIRTY-LINE NOTICE ONLY ONCE WERE THE WORDS "ON CREDIT TERMS" USED. THE AVERAGE READER CANNOT REALISE THAT IT IS A QUESTION OF A LONG-TERM LOAN, OF APPRECIABLE AID FOR THE POLISH ECONOMY AND OF CREDITS GRANTED ON EXCEPTIONALLY FAVOURABLE TERMS.

WE HAVE SPOKEN ABOUT THIS MANY TIMES BUT EVIDENTLY WE MUST RETURN TO THIS MATTER ONCE AGAIN. SUPPLIES OF GRAIN FROM THE US ARE OF BASIC IMPORTANCE FOR THE POLISH ECONOMY. AS GOMULKA HIMSELF STRESSED MANY TIMES, THE LIQUIDATION OF THE GRAIN DEFICIT IS NOT POSSIBLE AT THIS MOMENT. AND SO THE IMPORT OF GRAIN IS ESSENTIAL. WE RECEIVE AMERICAN SUPPLIES ON LONG-TERM CREDIT TERMS. NEITHER RUSSIA NOR OTHER SUPPLIERS OF GRAIN IN EUROPE OR IN CANADA WANT OR ARE ABLE TO GRANT THESE LONG-TERM CREDITS. AND SO IF IT WERE NOT FOR AMERICAN CREDITS IT WOULD BE NECESSARY TO BUY THIS GRAIN IN WORLD MARKET, AND BUY IT FOR CASH, FOR FOREIGN CURRENCY. IN THIS WAY, OF COURSE, THE DIFFICULTIES OF THE POLISH BALANCE OF PAYMENTS WOULD BE GREATLY INCREASE.

GRAIN FROM THE US MUST, OF COURSE, BE ALSO PAID FOR SOMETIME IN THE FUTURE. BUT THE AMERICAN LOAN IS PAYABLE, AS WE KNOW, IN POLISH ZLOTYS, WHICH IS NOT ONLY THE MOST CONVENIENT FORM, BUT IN PRACTICE IT REALLY MEANS A GIFT.

THE FACT THAT AMERICAN CREDITS ARE PAYABLE IN HOMELAND CURRENCY IS, FROM THE ECONOMIC POINT OF VIEW, EXTREMELY IMPORTANT. BUT THE INFORMATION SUPPLIED BY THE HOMELAND PRESS SEEMS TO SLIDE OVER THIS BASIC PROBLEM AS IF BASHFULLY. IT IS SIMPLY SAID THAT "DECISIONS CONCERNING THE CONVERSION METHODS ARE IDENTICAL" TO THOSE IN PREVIOUS AGREEMENTS WITH THE US. AND SO AGAIN THERE IS AVOIDED THE STRESSING OF THAT WHICH INDICATES THE FRIENDLY ATTITUDE OF THE US, AND WHICH GIVES AMERICAN CREDITS THE CHARACTER OF ECONOMIC AID.

THIS WITHHOLDING OF INFORMATION AND RETICENCES ARE UNDOUBTEDLY AN EXPRESSION OF A PREMEDITATED POLICY OF BELITTling THE IMPORTANCE OF AMERICAN ECONOMIC AID TO POLAND. IT DOES NOT SEEM TO US THAT THIS POLICY IS A SENSIBLE ONE FROM THE POLISH POINT OF VIEW. UNDOUBTEDLY THE FORM IN WHICH THE AMERICAN LOAN WAS REPORTED TO THE PUBLIC WILL BE NOTED IN WASHINGTON AND WILL ONLY STRENGTHEN THE POSITION OF THE OPPONENTS OF ECONOMIC AID TO POLAND, OF WHOM, AS WE HAVE ALREADY EXPLAINED, THERE IS NO LACK IN AMERICAN. IT WILL ALSO MAKE MORE DIFFICULT THE SITUATION OF THOSE AMERICAN OFFICIALS WHO WANT TO HELP THE POLISH PEOPLE. THE FORM AND CONTENT OF THE INFORMATION ABOUT THE AMERICAN LOAN IS NOT PERHAPS THE MOST IMPORTANT PROBLEM, BUT JUST AS THE UNNECESSARY AGGRESSIVENESS OF PARTY BODIES DURING THE BERLIN CRISIS, JUST AS THE ANTI-AMERICAN DEMONSTRATIONS STAGE-MANAGED BY THE REGIME, THE STONING OF THE AMERICAN CONSULATE, JUST AS THE ADVERTISING OF ECONOMIC AID FOR CUBA, IT WILL UNDOUBTEDLY HAVE A NEGATIVE RESPONSE IN AMERICAN PUBLIC OPINION.

ONE CAN HARDLY WONDER THAT WITH THIS KIND OF ATTITUDE ON THE PART OF THE PARTY AUTHORITIES IN THE HOMELAND, THE AMERICAN SIDE LONG PONDERED THE GRANTING OF A NEW LOAN, AND ONE CAN ALSO HARDLY WONDER THAT THIS YEAR'S CREDITS ARE THE SMALLEST OF ALL THE LOANS GRANTED TO POLAND SINCE 1957.

END MSG