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1. Poland and the FRG Define Starting Positions

In the forthcoming talks, the FRG government will not be ready to grant Poland an 'unconditional recognition' (vorbehaltlose Anerkennung) of the Oder-Neisse frontier, the Sueddeutsche Zeitung (February 4) reported from Bonn. But Bonn is willing to sign an agreement on the renunciation of force, in which the FRG would assume the obligation neither to change nor to attempt to change the present western frontier of Poland either by force or by a threat of force.

The paper also reported that Foreign Office State Secretary Georg Ferdinand Duckwitz, whose first business meeting with Foreign Vice-Minister Jozef Winiewicz is slated for February 5, will tell his Polish partner that he has been charged not only with the opening of the talks, but also with their conclusion, 'even should the talks drag on for years.' The fact that Duckwitz will be pensioned off soon will not interfere with his Polish assignment, Foreign Minister Walter Scheel explained during a briefing of parliamentary faction leaders on February 3. This last point is important because Duckwitz is much respected by the Poles. In the past, when he was West German ambassador to Denmark and later to India, Duckwitz was an intermediary in unofficial Polish-West German contacts.

Two days before the opening of the talks in Warsaw, Ryszard Wojna, deputy editor-in-chief of Zycie Warszawy, who has become a semi-official spokesman of the

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Polish government, redefined the Polish position as follows:

... The frontier on the Oder and Neisse should be recognized also by the other German state, still in the lifetime of that generation which knows both its price and what this frontier stands for....

It is up to West German society and the policy of its government to analyze the cause-and-result relation between aggression and the crimes of German fascism and the necessity to recognize the final character of the frontier on the Oder and the Neisse.

If the Poles are beginning these talks now, Wojna explained, it is not because they may be worried about the stability of their western frontier. The latter is guaranteed by the might of the USSR and of the Warsaw Pact. It is the problem of peace which the Poles are concerned with, Wojna stressed. One thing is certain, he concluded, the present talks 'may end either in recognition of the Oder-Neisse frontier by the German Federal Republic or the continuation of the present situation.'

Commenting on the Wojna article, FRG government spokesman Conrad Ahlers stressed the difficult task of Duckwitz. DPA (February 3) quoted Ahlers as saying that the results of the talks are uncertain, particularly because there are political forces in Warsaw, as well as in East Berlin, which are not interested in an understanding between Poland and the FRG.

2. Polish-West German Economic Talks Adjourned

The Polish-West German economic talks in Bonn have been adjourned for a few days and the Polish delegation leader has returned to Warsaw to get new instructions from his government, an RFE Special reported from Bonn on February 3, quoting West German Foreign Office sources. According to these sources, good progress has been made so far, with agreement on major points, but 'differences of opinion could not be eliminated on a number of other questions.' Other Bonn government departments involved in the negotiations were quoted by the Special as saying that the difficulties concerned the question of a long-term co-operation agreement and the credit problem which is linked with it.

The Special elaborated further on West German apprehensions about the main Polish demands, one of them being that German loans for the building of new factories in Poland are to be repaid by goods produced at these factories; another Polish request concerns abolition of all remaining quota restrictions on Polish industrial exports to West Germany; finally, Poland demanded a credit charge of six and a half per cent, taking as an example the rate of 6.25 per cent obtained recently by the Soviets for their pipeline deal. The Special quoted Bonn sources as saying that perhaps, after all, a way will be found to arrive at a mutually acceptable solution for the credit problem. (For more information on Polish-West German economic talks, cf. Polish Situation Report/3, Radio Free Europe Research, 14 January 1970).

3. Economic Results of 1969

The report of the Main Statistical Office on the fulfillment of the national economic plan for 1969 appeared in the January 31 issue of Trybuna Ludu. Below are the main points of the report.

In 1969, national income increased by about 3.5 per cent as compared with 1968, as against a planned increase of 5 per cent.

Gross industrial output in the socialized sector rose by 8.9 per cent over 1968, the planned increase having been 8.2 per cent; output of means of production increased by 9.9 per cent and of consumption goods by 6.9 per cent. The industrial production plan has been 101.2 per cent fulfilled.

The over-all value of agricultural production decreased as compared with 1968 by 4.7 per cent (planned decrease 1.7 per cent). The decrease of agricultural production is explained by particularly unfavorable weather conditions.

Investment outlays in the socialized sector amounted to 174,600,000,000 zloty, an increase of 8.2 per cent over 1968; the national plan in this sector having been 97 per cent fulfilled. Of the over-all outlays in this sector, 45.4 per cent went to industry.

The building construction plan has been 98.3 per cent fulfilled.

Polish railways fulfilled 94.8 per cent of the plan for transport of goods and 99.9 per cent of that for passengers.

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Foreign trade turnover in 1969 (in current prices) increased by 11.3 per cent over 1968; imports by 12.5 per cent, exports by 10 per cent (while an almost 10 per cent increase had been planned for both imports and exports). Invisible exports (services) brought in a surplus of 679 million exchange zlotys.

On 31 December 1969, the population of the country totalled 32.7 million, of which 51.5 per cent were urban dwellers. The number of employed increased by 314,000 over 1968, that is, by 3.4 per cent, the planned increase having been 3.3 per cent. The personal wage fund increased by 7.3 per cent; average minimal monthly pay amounted in 1969 to 2,117 zloty, an increase of 3 per cent over 1968, while the cost of living rose by about 2 per cent; thus the average real pay in the socialized sector rose by one per cent.

In 1969, the expenditure for education, health and culture rose by 6.3 per cent as compared with 1968.

A commentary in Trybuna Ludu's issue of the same day called the economic situation of the country in 1969 'on the whole' favorable, apart from setbacks in agriculture. A rather subdued assessment.

The paper explained the nonfulfillment of the planned increase in the national economy by last summer's drought, followed by a considerable decrease of agricultural production.

The paper rated the situation in industry as better than in agriculture and stressed the considerable increases in production in some important branches of industry, such as the means of transport and the electromechanical and chemical industries.

As for foreign trade, the commentary stressed that while the structure of trade with the 'socialist' countries was favorable in 1969, there existed increasing difficulties in trade with the capitalist countries, where exports could not cover the costs of continuously growing imports, the latter being absolutely necessary to cover the needs of the national economy.

The commentary also listed various shortcomings hampering the proper development of the national economy, such as: instances of extensive methods of economy; high cost of investment; insufficient reduction of production costs; slow introduction of technical progress; delays in commissioning important industrial plants while exceeding planned investment outlays; insufficient growth of labor productivity, accompanied by excessive increase in employment.

In conclusion, the commentary said that the lesson to be drawn from perusing the Main Statistical Office's

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communiqué is, in the first place, the necessity to intensify production and supporting work in the scientific and technical fields, leading to a transition from an extensive to an intensive economy.

called analysis of the 1969 results will be made in a separate paper.

4. Economic Relations with Foreign Countries

A. Italy. The Polish-Italian trade negotiations were concluded on February 3 in Warsaw with the initialing of a new long-term agreement on trade and economic relations in 1970-1974 and a trade protocol for 1970, Radio Warsaw reported on the same day. The signing of the agreement by the foreign trade ministers of both countries will take place on or about February 15 in Rome, reported the broadcast.

The new agreement projects a further dynamic increase in Polish-Italian trade exchanges based on principles of the most-favored-nation clause of GATT, of which both countries are members, Radio Warsaw reported.

In the words of the Italian representative, Ugo Morabito, the minister plenipotentiary who initialed the agreement for Italy, as quoted by Radio Warsaw, Italy has opened up considerable possibilities for exports of Polish investment goods; furthermore, it is also expected that exchanges resulting from Italo-Polish industrial co-operation will increase, thus leading to an expansion of co-operation on third markets. In addition, the Italian representative has been quoted as stressing that, during the last five-year period, Polish-Italian trade exchanges rose by about 80 per cent.

The Polish-Italian negotiations on the new trade agreement started last November in Rome and were resumed on January 30 in Warsaw.

In a dispatch preceeding the Warsaw negotiations, PAP (January 28) stressed the rapid development of Polish-Italian trade, which during the years 1958-1969 enjoyed a five-fold increase. Italy rates third among Poland's capitalist trade partners (after Great Britain and West Germany) while Poland takes second place (after the Soviet Union) among the Comecon countries as far as the value of trade exchanges with Italy is concerned.

B. East Germany. A two-day meeting of the chairmen of Polish and East German Committees for Economic, Scientific and Technical Co-operation, Vice-Premier Eugeniusz Szyr and East German Deputy Premier Kurt Fichtner, ended in Berlin on January 25.

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In an interview with PAP's East Berlin correspondent (Trybuna Ludu, January 26), Szyr said that one of the main purposes of the meeting was to discuss problems connected with the preparation of an agreement on a 'transit' gasline from the Soviet Union to East Germany leading through Polish territory. (For previous information on the proposed gasline, cf. Polish SR/49, RFER, 18 June 1969).

C. USSR. 'Every fifth ship sailing under the Soviet flag has been built in Poland,' reported a Radio Warsaw commentator (January 21) on the occasion of the 20th anniversary of Polish ship exports to the USSR. During the last 20 years, Polish shipyards have delivered to the Soviet Union 514 ships, or a total of 2.6 million tons.

The commentator mentioned on this occasion that Poland now rates 10th in the world as the producer of sea-going vessels and seventh as their exporter. As a producer of fishing vessels, Poland now takes first place in the world, ahead of Japan.

D. Holland. Budimex, the Polish foreign trade enterprise, has signed a contract with the Dutch firm Continental Engineering, which represents a new form in the development of Polish-Dutch economic relations, Trybuna Ludu reported on January 20. The two firms are to realize jointly the construction in Czechoslovakia of a chemical factory producing urea, which is scheduled to be completed within 18 months, said the paper.

5. Miscellaneous

A. Polish-French Talks took place in Warsaw on February 2 and 3, as planned (cf. Polish SR/7, RFER, 28 January 1970). The French delegation was led by Jacques de Beaumarchais, director general of the political affairs section of the French Foreign Ministry, and included Jacques Andreani, deputy director of the East European affairs section. Their Polish discussion partners were Vice-Minister Adam Willman and Stefan Staniszewski, director of the West European department. Needless to say, both ambassadors -- Arnaud Wapler and Tadeusz Olechowski -- were also members of the respective delegations.

Radio Warsaw (February 3) reported that an 'exchange of views' had taken place on 'the problems of world politics, and particularly on European problems and on the European conference on security and co-operation.' Bilateral relations were also discussed, the broadcast said.

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Quoting 'French officials,' UPI reported from Warsaw (on February 3) that Polish Foreign Minister Stefan Jedrychowski will be paying a visit to Paris in March or April and that French Premier Jacques Chaban-Delmas is expected to visit Poland later this year. The next day, UPI reported ('according to authoritative sources') that Beaumarchais was told that, in their talks with Bonn, the Poles 'would be most firm on the border issue and there is no chance of diplomatic relations in the near future.'

B. British Snub to Poland. Although initially the visit of Andrzej Giersz, the Polish Minister of Construction and the Building Materials Industry, was not marred by the expulsion of diplomats (cf. Polish SR/7, RFE, 28 January 1970), the British found a way of demonstrating their displeasure by the conspicuous absence from two receptions of Foreign Office officials. The bone of contention was that, while the British dealt with their expulsion order of Polish diplomats in a most discreet way, the Poles made their retaliatory 'persona non grata' measure public property on January 28.

No Foreign Office official showed up at a government reception for Giersz on January 28, and two days later, none appeared at a Polish embassy reception. (An RFE Special from London reported on January 31 that a Polish embassy spokesman earlier confirmed that Foreign Office officials had been invited.)

C. Gomulka at Workers' Meeting. First Party Secretary Wladyslaw Gomulka attended a meeting of what is known as the Conference of the Workers' Self-Government at the Zeran (car) factory on February 3. The meeting was devoted to the 'technical economic plan' of the factory in 1970. As reported by Radio Warsaw on February 4, Gomulka devoted part of his speech to international problems. Among other things, he stated that the forthcoming Polish-West German 'exchange of views' on political subjects 'is connected with the preparations for the European security conference.' In the present tense international situation, Gomulka explained, the purpose of such a conference is 'the strengthening of the feeling of order and peaceful coexistence in Europe.'

(Only very small parts of the Gomulka speech are yet available. If the fuller version contains items of importance, it will be returned to in a subsequent SR.)

D. Delegation to French Party Congress. The Polish Party delegation to the Nineteenth Congress of the French CP, starting February 4, is headed by Politburo member and CC Secretary Jozef Tejchma, and includes CC foreign department head Jozef Czesak.