

2. Advisory Board

RADIO FREE EUROPE
MUNICH

INCOMING CIPHER MESSAGE

TO: 5

MAY 24

20:46

EYES ONLY

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NYC 155 24 MAY 66
TO WALTER INFO COLLINS COOK REYMAN KINGSLEY
FM E. SCHNEIDER INFO FISCHER PETZALL ROWSON
0118PM

EYES ONLY

REFERENCE MUN 120 OF 24 MAY REGARDING BEN "LE MONDE" ARTICLE ON GRONOUSKI. CHECKING HERE HAS PRODUCED CONTRADICTORY INFORMATION REGARDING YOUR QUERY. WHILE UNABLE SPECIFICALLY TO CONFIRM BEN ASSERTION THAT GRONOUSKI WOULD OFFER MORATORIUM TO POLAND, [REDACTED] LEARNED THAT [REDACTED] IS SOMEWHAT RECEPTIVE TO WORKING OUT SOME ALLEVIATION OF THE PROBLEM OF POLISH PAYMENTS OF DEBTS ACCRUED UNDER PL 480. THIS SUBJECT WAS SAID TO BE BEING HANDLED ON A VERY HIGH LEVEL. FOREGOING INFORMATION STRICTLY FOR OUR BACKGROUND INFORMATION AND NOT FOR BROADCAST. IN MEANTIME RUSS HILL MADE HIS OWN INQUIRIES WITH OFFICIAL SOURCES AND FILED THE STORY WHICH IS INCLUDED AT THE END OF THIS MESSAGE. RFEB 10 OF 23 MAY FROM MCGILL TO PETZALL REQUESTED A DIPCORR ON THIS SUBJECT FROM HILL. AS YOU WILL NOTE, SOURCES WITH WHOM HE SPOKE REFUSED TO CONFIRM THE BEN STORY AND SAID THAT IT WOULD BE CRAZY FOR THE U.S. TO MAKE A TREMENDOUS CONCESSION ON DEBTS. UNDER CIRCUMSTANCES IT SEEMS CLEAR THAT WE SHOULD NOT DO ANYTHING ON THIS SUBJECT. HILL STORY FOLLOWS:

(MORE)

PAGE TWO - NYC 155 - EYES ONLY

P--GRONOUSKI'S RETURN

WASHINGTON MAY 24 /RFE SPECIAL HILL/ AMBASSADOR JOHN GRONOUSKI HAS RETURNED TO THE POLISH CAPITAL AT A TIME WHEN POLISH -AMERICAN RELATIONS ARE IN A TROUBLED STATE DESPITE THE HIGH ESTEEM IN WHICH HE PERSONALLY IS HELD IN WARSAW.

THE ROOT OF THE TROUBLE IS THE VIETNAM WAR, WHICH MAKES IT DIFFICULT TO CARRY OUT THE OFFICIAL POLICY OF "BRIDGE BUILDING." POLAND'S ATTITUDE IS CHARACTERIZED BY ITS OUTSPOKEN RESENTMENT OF THE UNITED STATES BOMBING OF A "FRATERNAL SOCIALIST COUNTRY."

MR GRONOUSKI WAS INTERESTED IN STIMULATING EAST WEST TRADE, BUT FOUND HERE THAT THIS WAS PRETTY MUCH OF A DEAD ISSUE. THE EAST WEST TRADE BILL WAS SENT TO CONGRESS AND PROMPTLY PIGEON HOLED IN THE HOUSE WAYS AND MEANS COMMITTEE. IT WOULD NOT HAVE AFFECTED POLAND DIRECTLY BUT WOULD HAVE SERVED AS EVIDENCE OF AMERICAN GOOD WILL. THAT GOOD WILL DOES NOT EXIST IN GREAT MEASURE IN CONGRESS, HOWEVER,

AND THIS ATTITUDE IS ALSO TRACEABLE TO THE VIETNAM WAR, AND RESENTMENT AT THE SUPPORT WARSAW IS GIVING THE HANOI REGIME.

AGAINST THIS BACKGROUND, OFFICIALS ARE FLABBERGASTED AT A PRESS REPORT THAT THE AMBASSADOR IS TAKING BACK WITH HIM AN OFFER OF A MORATORIUM ON POLAND'S DOLLAR DEBTS, WHICH START COMING DUE NEXT YEAR,

IN GRATITUDE FOR POLAND'S DIPLOMATIC EFFORTS DESIGNED TO PERSUADE THE HANOI LEADERS TO COME TO THE NEGOTIATING TABLE.

THE STORY IS THAT THE POLES SENT A TOP FOREIGN OFFICE MAN, MICHALOWSKI, TO HANOI IN RESPONSE TO A REQUEST MADE BY AMBASSADOR AVERELL HARRIMAN WHEN HE WAS IN WARSAW AT THE TIME OF THE BOMBING PAUSE AT THE END OF DECEMBER.

(MORE)

PAGE THREE - NYC 155 - E Y E S O N L Y

THIS MUCH IS CONFIRMED BY OFFICIAL SOURCES HERE. "THE POLES MADE AN HONEST EFFORT TO BE HELPFUL," THEY SAY. BUT THEY ADD THAT AT A TIME WHEN "THE ATMOSPHERE IS NOT THE BEST," IT WOULD BE "CRAZY" FOR THE US TO MAKE WHAT THEY CALL "A TREMENDOUS CONCESSION" ON THE DEBTS.

THESE DEBTS RESULT FROM SALES OF SURPLUS FOOD TO POLAND UNDER AGREEMENTS THAT WERE SIGNED EVERY YEAR FROM 1957 THROUGH 1964. THESE WERE PART OF THE PUBLIC LAW 480 OR "FOOD FOR PEACE" PROGRAM, UNDER WHICH US FARM PRODUCTS HAVE BEEN SOLD FOR LOCAL "SOFT" CURRENCIES TO UNDERDEVELOPED COUNTRIES.

IN THE CASE OF POLAND, AND ONLY POLAND, THE AGREEMENTS PROVIDED THAT THE LOCAL CURRENCY --ZLOTYS-- WOULD BE REDEEMED FOR DOLLARS OVER A 30 YEAR PERIOD STARTING 10 YEARS FROM THE TIME WHEN EACH AGREEMENT WAS SIGNED. THIS MEANS THAT THE FIRST DOLLAR REPAYMENTS WOULD BE DUE IN 1967 UNLESS THE US AGREED TO A POSTPONEMENT.

IT IS UNDERSTOOD THAT THE POLISH GOVERNMENT WOULD WELCOME SUCH A MORATORIUM, BUT THERE IS OBVIOUSLY NO INCLINATION IN WASHINGTON TO AGREE TO IT AT THIS TIME, AND CERTAINLY IT WOULD NOT BE LINKED WITH THE POLISH DIPLOMATIC EFFORTS IN HANOI, EVEN THOUGH THESE WERE "APPRECIATED" HERE, ACCORDING TO THE SOURCES.

THE RECENT INCIDENTS RESULTING IN THE MUTUAL EXPULSION OF THREE MILITARY ATTACHES ARE NOT EXPECTED TO HAVE ANY IMPORTANT EFFECT ON POLISH AMERICAN RELATIONS. US DIPLOMATS ARE CERTAINLY ANNOYED WHEN THE POLES "ROUGH UP OUR ATTACHES," AS THEY PUT IT, BUT THEY TEND TO MAKE A DISTINCTION BETWEEN THE POLISH SECURITY ORGANS THAT ARE RESPONSIBLE FOR SUCH THINGS AND THE PEOPLE IN THE GOVERNMENT WITH WHOM THE US HAS DIPLOMATIC DEALINGS.

IT IS THEREFORE EXPECTED THAT THIS WILL BE A ONE DAY PRESS SENSATION WITHOUT ANY LASTING REPERCUSSIONS.

AMBASSADOR GRONOUSKI SPENT A GOOD DEAL OF HIS TIME HERE ON DISCUSSIONS PREPARATORY FOR WEDNESDAY'S SESSION IN WARSAW WITH THE COMMUNIST CHINESE AMBASSADOR.

(MORE)

PAGE FOUR - NYC 155 - E Y E S O N L Y

THE SUBSTANCE OF THESE TALKS IS NEVER DISCLOSED, BUT PRESIDENT JOHNSON HAS ALREADY INDICATED THAT A NEW EFFORT WILL BE MADE TO SOUND OUT THE CHINESE ON THE POSSIBILITY OF A CONFERENCE TO END THE VIETNAM WAR.

HOPES THAT ANYTHING WILL COME OF THIS CANNOT BE VERY HIGH. THE POLITICAL TURMOIL IN SOUTH VIETNAM MUST HAVE REVIVED COMMUNIST EXPECTATIONS THAT SOUTH VIETNAM WILL FALL INTO THEIR LAP IF THEY JUST PURSUE THEIR PRESENT COURSE. A NEW INITIATIVE BY THE US COULD BE INTERPRETED AS A SIGN OF WEAKNESS UNDER PRESENT CIRCUMSTANCES, BUT PRESIDENT JOHNSON IS APPARENTLY WILLING TO TAKE THAT RISK IN ORDER TO DEMONSTRATE ANEW TO PUBLIC OPINION HERE AND ABROAD HIS CONTINUED WILINGNESS TO NEGOTIATE AN END TO THE WAR.

END MSG

EYES ONLY