

(MUNICH, 19.4.63 TARA/POLISH UNIT)- ECONOMIC DISCONTENT IN POLAND CAUSED BY THE GOVERNMENT'S DECISION AT THE END OF MARCH TO DOUBLE THE PRICES OF COAL, GAS AND ELECTRICITY HAS CAUSED GOMULKA HIMSELF TO TRY TO BOTH PACIFY AND TO WARN THE POPULATION. HE TRIED TO PACIFY THEM BY AIMING TO SHOW THAT THE PRICES INCREASES WERE BOTH NECESSARY AND FAIR, BUT AT THE SAME TIME WARNED THEM THAT THEY COULD EXPECT NO SILVER LINING THIS YEAR.

GOMULKA SPOKE TO A MEETING OF PARTY AKTIVISTS IN WARSAW YESTERDAY AND HIS SPEECH WAS CARRIED BY BOTH RADIO AND TELEVISION.

THE GOVERNMENT'S UNPOPULAR MEASURES WERE FIRST ANNOUNCED BY PREMIER CYRANKIEWICZ TO THE POLISH PARLIAMENT ON MARCH 28. THEY WERE ACCOMPANIED BY A 50 ZOLTY PER MONTH INCREASE IN THE MINIMUM WAGES, BRINGING IT TO 750 ZOLTYS, INCOME TAX REBATES AND CONCESSIONS TO OLD AGE PENSIONERS DESIGNED TO MITIGATE OF COMPENSATE THE FINANCIAL BURDEN CAUSED BY THE FUEL INCREASES. CYRANKIEWICZ EXPLAINED THE NECESSITY OF THE MEASURES BY POINTING MAINLY TO THE RUN ON COAL STOCKS CAUSED BY THE SEVERE WINTER AND THE RAPID INCREASE IN COAL CONSUMPTION WITH WHICH PRODUCTION WAS FINDING IT DIFFICULT TO KEEP PACE.

WITHOUT ANY PRETENSIONS TO MUCH ECONOMIC SOPHISTICATION, HE COVERED HIS DRAB MESSAGE BY IMPRESSIVE APPEALS FOR NATIONAL SOLIDARITY TO FACE THE DIFFICULT ECONOMIC PERIOD THROUGH WHICH POLAND WAS PASSING.

THE PREMIER'S APPEALS, HOWEVER, WERE NOT IMPRESSIVE ENOUGH. LESS THAN 48 HOURS AFTER HE SPOKE, THERE WAS A SMALL DEMONSTRATION OF NURSES IN WARSAW WHICH WAS REPEATED ON A LARGER SCALE ON APRIL 2. REPORTS FROM THE POLISH CAPITAL AT THE TIME SUGGESTED THAT DISCONTENT WAS NOT CONFINED TO THE NURSES AND THESE SEEM TO HAVE BEEN AMPLY BORNE OUT BY REPORTS OF A DEMONSTRATION OF WORKERS AT THE LARGE "CIGIELSKI" LOCOMOTIVE AND ENGINE WORKS IN POZNAN ON APRIL 6 AND APRIL 8.

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IT WAS ALSO AMPLY BORNE OUT BY GOMULKA HIMSELF. THE VERY FACT THAT HE FOUND IT NECESSARY TO SPEAK SHOWS HOW SERIOUSLY THE REGIME IS TAKING THE PEOPLE'S MOOD AND, IN THE COURSE OF A LONG AND VERY DISORGANIZED ADDRESS, HE OPENLY ADMITTED THAT THE POPULATION HAD REACTED TO THE GOVERNMENT'S DECISION "WITH DIS-ORIENTATION AND DISSATISFACTION". WORKERS IN THE FACTORIES HAD, SAID GOMULKA, BEEN ASKING WHAT THE TRADE UNIONS WERE DOING ABOUT THE MATTER AND WHY THE CENTRAL COUNCIL OF TRADE UNIONS HAD ALLOWED SUCH A THING TO TAKE PLACE. EVEN MEMBERS OF THE PARTY HAD BEEN QUERYING THE GOVERNMENT'S MOVES.

THE REASON WHY "HONEST PEOPLE" WERE DISCONTENT OR JUST BEWILDERED WAS, ACCORDING TO GOMULKA, PARTLY BECAUSE PARTY ACTIVISTS HAD NOT EXPLAINED THE MEASURES ADEQUATELY OR CLEARLY ENOUGH. IN THIS CONNECTION HE MAY ALSO HAVE INTENDED A NEAT LITTLE BACK HANDER AT CYRANKIEWICZ, WHO HAD "FAIRLY EXTENSIVELY PRESENTED" THE PROBLEM IN PARLIAMENT, BUT WHOSE EFFORTS HAD NOT "FULLY FOUND PROPER UNDERSTANDING AMONG A PART OF THE COMMUNITY" AND AMONG WORKERS WHO WILL NOT IN FULL BE COMPENSATED FOR THE INCREASED EXPENDITURE ON FUEL AND ELECTRIC POWER".

BUT, WHEREAS THE REGIME PROPAGANDISTS HAD FAILED IN THEIR DUTY, ENEMY PROPAGANDISTS HAD BEEN NOTABLY SUCCESSFUL IN THEIRS. THESE ENEMIES WERE BOTH INSIDE AND OUTSIDE POLAND. THE DOMESTIC VARIETY CONSISTED OF UPPER CLASS REMNANTS WHO HAD "NOT YET DIED OUT"-- FORMER LANDOWNERS, BIG SUBINNESSMEN AND THE LIKE. THESE WERE AIDED BY "BLOCKHEADS" OR BY "PETTY BOURGEOIS GANGS" WHO USED TO BATTEN OFF THE UPPER CLASSES IN THE OLD DAYS AND WHO STILL FOLLOWED THEIR LEAD. THE INTELLECTUAL AMMUNITION FOR THESE INTERNAL ENEMIES -- THERE WERE "NOT A FEW OF THEM"-- WAS SUPPLIED BY "CAPITALIST RADIO STATIONS" WHO "BARKED IMPERIALIST (MORE) KES/H APRIL 18 1718



PROPAGANDA". THESE STATIONS -- AND GOMULKA WAS OBVIOUSLY REFERRING, ALTHOUGH NOT SPECIFICALLY, TO RADIO FREE EUROPE-- CONSTANTLY EXAGGERATED AND MISREPRESENTED POLAND'S ECONOMIC DIFFICULTIES AND, IN THE CASE OF THE FUEL PRICE INCREASES, THEIR ALLEGATIONS THAT THE GOVERNMENT WAS DECEIVING THE PEOPLE WAS TAKEN UP "BY A CHORUS AT HOME" AND FOUND A RESPONSE AMONG THOSE WHO ACTUALLY WOULD LOSE UNDER THE NEW MEASURES SINCE THE COMPENSATION THEY WOULD RECEIVE WOULD NOT COVER THE LOSSES INCURRED BY THE HIGHER PRICES.

AT NO TIME DID GOMULKA GIVE A HINT THAT THE REGIME'S PLANNERS MIGHT HAVE BEEN WRONG AND EVEN NOVOTNY IN NEIGHBORING CZECHOSLOVAKIA HAS HAD THE CONFIDENCE TO DO THAT. HE PLAYED BACK THE STANDARD REGIME DEFENSE, PUTTING THE BLAME ON THE WEATHER, THE POOR CROPS, THE TREMENDOUS INCREASES IN FUEL CONSUMPTION OVER THE PAST FEW YEARS ETC. HE REPEATED AGAIN AND AGAIN THAT THE PRICE INCREASES WERE FULLY JUSTIFIED, THAT THE COMPENSATION WHICH THE GOVERNMENT HAD ORDERED WAS, IN FINANCIAL TERMS, HIGHER THAN THE LOSSES INVOLVED BY THE PRICE INCREASES, AT LEAST FOR THE MAJORITY OF WORKERS IN THE SOCIALIST SECTOR, THAT, THOUGH SOME PEOPLE HAD GAINED AND SOME HAD LOST, THE GOVERNMENT HAD WISELY SEEN TO IT THAT MOST OF THOSE WHO LOST WERE THE ONES WHO COULD AFFORD IT. HE ACCOMPANIED HIS ARGUMENTS BY A MASS OF UNDIGESTABLE FIGURES. SOME WERE CONVINCING, SOME SELF CONTRADICTORY, SOME DISINGENUOUS AND PRACTICALLY ALL VERY DIFFICULT FOR THE MAN IN THE STREET TO FOLLOW. GOMULKA ALTERNATED BETWEEN PASSAGES OF STATISTICAL FRENZY AND SNATCHES OF HOMESPUN CHIDING AND FINGER WAGGING.

KES/E APR 18 1724

ALL IN ALL IT COULD BE TERMED AN ANGRY AND EMBARRASSING SPEECH BY AN ANGRY AND EMBARRASSED MAN, HAVING TO FACE THE DISCONTENT OF A WORKING CLASS WHICH IN 1956 HAD ACCLAIMED HIM AND SEEING POLAND'S ECONOMIC DEVELOPMENT, WHICH TO HIM HAS TOPMOST PRIORITY, IN SERIOUS JEOPARDY. PROBABLY ADDING TO HIS EMBARRASSMENT WAS THE FACT THAT HE COULD OFFER THEM NOTHING EXCEPT A WAGE FREEZE. THERE WERE TO BE NO WAGE INCREASES UNTIL THE END OF 1963. THUS HE NOT ONLY FAILED TO EXPLAIN CLEARLY THE REASONS FOR AUSTERITY BUT HE REFUSED TO GIVE ANY RELIEF FROM IT.

THIS WILL BE AN INTERESTING AND PERHAPS CRUCIAL TEST OF GOMULKA'S PRESTIGE IN THE COUNTRY. HE OBVIOUSLY THOUGHT THE SITUATION WARRANTED THE BRINGING INTO PLAY OF HIS OWN WEIGHT AND AUTHORITY. IT IS BY NO MEANS A DANGEROUS SITUATION, BUT IT COULD BE DANGEROUS TO HIS OWN STANDING, WHICH HAS BEEN STEADILY DETERIORATING SINCE THE HEADY DAYS OF 1956 AND 1957.

KES/H APRIL 18 1727