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SESSION OF THE CPSU CC POLITBURO

26 March 1981

Cde. K. U. CHERNENKO presiding.

Also taking part: Cdes. Yu. V. Andropov, M. S. Gorbachev, V. V. Grishin,
A. A. Gromyko, A. P. Kirilenko, D. F. Ustinov,
P. N. Demichev, V. V. Kuznetsov, B. N. Ponomarev,
I. V. Kapitonov, V. I. Dolgikh, M. V. Zimyanin

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5. On the Results of Negotiations with a Delegation from the Polish People's Republic

CHERNENKO. Cdes. Baibakov, Garbuzov, Arkhipov, and Alkhimov held negotiations with the PPR Deputy Prime Minister, Cde. Jagielski.¹ The Polish side put forth a request for deliveries of raw materials for light industry and for additional deliveries of oil, metal, cellulose, and other goods. A recommendation is made to agree to provide the PPR with additional supplies in 1981 of chrome ore, woodchip slabs, asbestos, and other materials, and also a certain quantity of cotton and barley.²

ARKHIPOV. We're giving Poland a limited quantity of raw materials, because we're simply unable to give a larger quantity. In particular, we're not yet able to give a positive response about the processing of Soviet raw materials in Poland.

With regard to the economic situation in Poland, Cde. Jagielski informed us that the plan for 1981 will be some 20 percent lower than the plan for the preceding year, 1980. The Poles are having particular difficulties with coal production. Coal, as you know, is designated for export and is a means of earning hard currency. Instead of 180 million tons, as envisaged in the plan, they will produce at best 170 million tons.³ The

¹ Translator's Note: On Jagielski's visit to Moscow, see "Protokol Nr. 83 z posiedzenia Biura Politycznego KC PZPR 27 marca 1981 r.," 27 March 1981 (Secret), in Wlodek, ed., *Tajne dokumenty Biura Politycznego*, pp. 317-321, esp. 321.

² Translator's Note: Specific agreements providing for extra shipments of these products were signed by Polish and Soviet officials later in the year. In the case of cotton, for example, the Soviet Union agreed to supply 6,000 tons in addition to the 105,000 already planned. The increased Soviet supplies of cotton were needed to offset a sharp reduction in Poland's import of cotton from the United States. Similar arrangements applied to the other products mentioned.

³ Translator's Note: The actual level of Polish coal production in 1981 was 163 million metric tons of anthracite and bituminous coal and 35.6 million metric tons of brown coal and lignite. See U.S. Central Intelligence Agency, *Handbook of Economic Statistics*, 1983, CPAS-83-10006, September 1983, pp. 123-

production of meat is falling by 25 percent, and sugar by 1.5 times. Instead of 1.5 million tons, they'll end up with a maximum of 950 thousand tons.⁴

Right now in Poland a question has arisen about setting rates for supplies of bread and flour.

With regard to the financial situation, the indebtedness of Poland, particularly to capitalist countries, is 23 billion dollars, of which 9 billion was received through guarantees from the states involved. The remaining credits were provided to the Poles by private banks. All told there are 400 banks involved. Right now the Poles are faced with a situation in which they have to purchase different goods abroad for roughly 9.5 billion dollars. All of this will have to be done on credit. Exports will come to a total of 8.5 billion. Western countries are doing all they can to put off a decision on whether to extend new credits to Poland. Right now the Poles need to pay off 1.5 billion dollars. This applies mainly to interest on previous debts. They're requesting 700 million dollars from us. Of course we can't possibly come up with such a sum. Without any delay, however, we are now providing Poland with oil, natural gas, iron ore, etc.

During the discussion, the Polish friends asked whether they should abide by a moratorium on credits or enter the International Monetary Fund and request additional credits from Western countries.⁵ Of course in either case it will be a concession to the Western countries and will not provide any sort of economic boost. The Poles themselves are divided on this matter. They're asking us to give them additional cotton and artificial fiber.⁶

GROMYKO. The Polish comrades emphasized how serious the situation is with imported goods, because they suffer from being so dependent on these goods. But it's worth noting that they don't attach much importance to the supplies of raw materials from the Soviet Union. They consider that question to be merely a trifle. Whereas in fact what they're receiving, the cotton, should be ours, and the ore is also ours, and the oil.⁷

124. Presumably, Arkhipov's forecast referred only to hard coal production (i.e., anthracite and bituminous coal).

⁴ Translator's Note: The actual drop in Poland's meat production in 1981 was around 18.5 percent (from 3.148 million metric tons to 2.561 million metric tons); see CIA, *Handbook of Economic Statistics, 1983*, p. 186. Contrary to Arkhipov's assertion, sugar production in Poland rose by 50 percent in 1981 (though it had declined sharply in both 1979 and 1980, so the output for 1981 was still well below the levels of the mid- to late 1970s). See *ibid.*, p. 182.

⁵ Translator's Note: Poland was one of the founding members of the International Monetary Fund in July 1944 and remained a member until 1950, when it abruptly left at Moscow's behest. After the Polish "renewal" in October 1956, the question of rejoining the IMF was raised, and it came up again numerous times — though without concrete results — in the 1960s and especially the 1970s. During the 1980-81 crisis, Polish officials began actively considering reentry into the IMF, if only in the hope of obtaining new hard-currency loans. Soviet leaders made clear throughout the crisis that they were opposed to such a step. In early November 1981, however, the Polish authorities formally decided to seek renewed membership in the IMF, and talks on the matter commenced soon thereafter.

⁶ Translator's Note: See the second annotation in this document, pertaining to Soviet cotton shipments.

⁷ Translator's Note: Gromyko's comments here reflect a general frustration in Moscow that Soviet economic leverage was unable to produce changes in Polish policy. Soviet leaders were well aware that a

ARKHIPOV. We are supplying 13 million tons of oil to Poland at 90 rubles a ton. If you bear in mind that the world price for a ton is 170 rubles, that means we are subsidizing the Poles at 80 rubles for every ton.⁸ We could have sold all this oil for hard currency, and our earnings would have been enormous.

On this matter, Cdes. Andropov, Ustinov, Kirilenko, and Grishin also spoke.

A decree is adopted.

[Source: *TsKhSD, F. 89, Op. 42, D. 38*]

full-fledged attempt to use economic coercion would merely exacerbate the situation in Poland and perhaps spark social unrest.

⁸ Translator's Note: The price given here for a "ton of oil"—170 rubles—is presumably the average of the prices cited earlier by the Soviet state planning director, Nikolai Baibakov (see Transcript of the CPSU Politburo Session, 29 October 1980), for a ton of oil (150 rubles) and a ton of gasoline or diesel fuel (190 rubles). Alternatively, it may just be that Arkhipov's figure reflected the growth in world prices between October 1980 and March 1981.