

Polish cataclysm will destroy the 'New Yalta'

by Webster Tarpley

On Oct. 11, the Polish Communist General Secretary Mieczyslaw Rakowski met in the Kremlin for three and one-half hours with Soviet party boss Mikhail Gorbachov. At the close of the meeting, Rakowski told reporters that Gorbachov, whom he described as a "great friend of Poland," had expressed approval for the process of economic reform now being carried out in Poland. In addition, Gorbachov optimistically ascribed to himself a further year of longevity for his "reform" programs.

With that, the Soviet leader has formally and officially endorsed his own death warrant. No amount of intrigue at the Dec. 2-3 Malta "lifeboat" summit of the two superpowers will change anything in this picture.

This Kremlin meeting is symbolic of the tragedy that is now stalking Poland, Europe, and the world. For unless something changes radically in the current economic, political, and strategic constellation, Poland is not going to make it. Poland, that gallant, long-suffering, and much-betrayed nation, that front-line bastion of Latin Christianity and Western civilization against barbarism, is now being impelled toward a deadly physical collapse in economic activity, with the inevitable concomitants of popular insurrection and revolution, with the likely intervention of the Soviet Red Army, massacres, and civil war.

There is still perhaps a small chance that this could be avoided by a radical and rapid change in the policies of the French and Federal German governments; in addition, we must not desist from our attempts to compel a policy change on the part of the United States, even at this late hour. Our urgency flows from our admiration for the Polish people and their magnificent courage. It also flows from our historical memory of what the Bush administration ignores: that World War II began in Europe as a conflict involving Poland. That conflict has never been resolved, and now threatens to be-

come the detonator for the third world conflagration of this century.

But if nothing changes radically and quickly, Poland will be destroyed. The coming destruction of Poland will be a direct product of the policies of the New York-London-Moscow "Trust" faction of usurious financiers and Communist commissars. The great historical irony is that the coming bloody explosion in Poland is sure to destroy the U.S.-British-Soviet condominium, the "New Yalta" of superpower agreements and crisis management which, in the opinion of its beneficiaries, is the final *terminus ad quem* of human civilization.

The Polish crisis will inevitably destroy the superpower condominium, quite independently of all the other lethal crises that guarantee the final collapse of 500 years of Muscovite empire. It will do so because Poland is the nation where the concentrated predatory insanity of the Trust is playing out with the most devastating effect. The Polish explosion will bring down Gorbachov—if nothing else already has—by forcing the hand of the dozen or so groups now preparing putsches against him in the Soviet *Nomenklatura*. A massacre of Poles by the Red Army will also make the political position of New Yalta proponents in the Western world untenable, and thus break off the condominium itself.

Gorbachov's economic stupidity

The most pronounced trait of Gorbachov and his group is an aggressive, militant ignorance of real economic theory, and an arrogant disregard of economics as natural law. In this, he is not original; his abysmal economic stupidity is cast in the mold of his predecessors, Nikolai Bukharin and Nikita Khrushchov, whose economic failures are legendary. Indeed, Bukharin, Khrushchov, and Gorbachov, along with Yuri Andropov, Otto Kuusinen, Eugen Varga, Leon Trot-

LaRouche rips Sachs's fascist recipe for Poland

Lyndon LaRouche, candidate for Congress in Virginia's 10th Congressional District, issued this statement on Oct. 29.

The Sunday, Oct. 29 issue of the *Washington Post* contains a feature by Harvard so-called economist Jeffrey Sachs on the subject of Poland. After the sickening experience of reading through the entire article, one realizes that Sachs is a fascist in the tradition of John Maynard Keynes. This is no mere characterization. It is key to understanding the crucial strategic flaw in what appears to be the present U.S. policy toward Poland.

It should be recalled that in 1936, John Maynard Keynes published the first edition of his *The General Theory of Employment, Interest, and Money* in a German-language edition. This edition had a special forward in which Keynes stated that he thought the host country for this publication, Nazi Germany, was among those best suited for the application of his economic theories.

So says Jeffrey Sachs in the *Washington Post* "Outlook" section on Poland. He states that his measures would probably not be easily applied in a country such as the United States, but might be in Poland because the repressive apparatus exists intact, independent of and mobilized outside the ranks of the governing party, Solidarnosc. What he proposes essentially is genocide. It's also insanity. And as I've indicated earlier, there's another implication to this.

This Polish experiment, if the Sachs version were allowed to proceed, would be, over the course of the winter, one of the most hideous and most genocidal experiences Poland has known since the Nazi occupation, maybe worse than the Nazi occupation in some respects, in what it leads to. Thus by the end of winter, if not earlier, this experiment in Poland would become the basis for probably the overthrow of Gorbachov, or at least of Gorbachov as he is presently viewed. This experiment in Poland could ruin everything and could bring us more rapidly toward the brink of Soviet military attack on the world outside, sometime perhaps between the years 1991 and 1992.

Jeffrey Sachs must be reined in. And only sane people, not fascists from Harvard, must lead in helping the Polish opportunity, somehow, to succeed.

sky, and many more are typical of the cosmopolitan or internationalist school of Kremlin leaders. Gorbachov, like his predecessors in this school, typically argues that in order to thrive, Holy Mother Russia must pragmatically adapt to the rules of the game in the gambling casino that is the world of Western finance. The Gorbachov school aims at getting economic and technological assistance from the West to pull the Soviet Empire through its periodic bouts of exhaustion. In order to do this, they propose that Russia make concessions to what they (with some empirical justification) understand to be the essence of Western economics—usury, monetarism, and rapine.

The Russian cosmopolitan school is distinguished in this regard from the fanatics of Moscow the Third Rome and the apocalyptic destiny of the Great Russian Master Race for world conquest, of whom the archetype is of course Josef Stalin. This latter group is the inspiration for today's fascist Pamyat (Memory) movement and for other political expressions in Russia. For the Third Rome Great Russian school, the Western Trust financiers and monetarists are to be cultivated, primarily because their looting practices contribute to the more rapid rotting away of the putrid West, in contrast to the opposite effect of industrial capitalists and production managers. But at the same time, the Third Rome school is

painfully aware that the Western users are committed to the rape and plunder of Holy Mother Russia as well. There the Third Romers draw the line, as in such typical moments as 1927-28, when Stalin ousted Bukharin and abruptly terminated the foreign concessions to Western imperialists that had been permitted under the New Economic Policy (NEP).

One feature of Stalin's victory over Bukharin deserves to be mentioned today because it bears upon the irreversible process that is now leading to the overthrow of Gorbachov within the next six to seven months, at the hands of rivals who will necessarily turn out to be closer to the Third Rome School: A decisive contributing factor for Stalin's ascendancy was the incipient breakdown crisis of Western economy, finance, and banking leading up to the crisis of 1929-33. An economic depression undermines the ability of the Western Trust financiers to deliver the economic goods, and also makes their demands increase in rapacity. Today's breakdown crisis in the West is thus another nail in Gorbachov's coffin.

For Lord Victor Rothschild, Armand Hammer, Dwayne Andreas, Henry Kissinger, David Rockefeller, and the rest of the Western branches of the Trust, the positive aspects of Gorbachov and his fellow Russian cosmopolitans are to be found precisely in their willingness to make concessions to

Western usurious financial practices. The Western Trust exponents are prevented by their own obsessive ideology from realizing that it is precisely the pro-usury side of a Gorbachov which, when superimposed on a communist primitive accumulation war economy already deep in its own lethal breakdown crisis, constitutes the most deadly economic poison known to man. The Western Trust financiers are absolutely purblind to the fact that what they like most about Gorbachov are exactly those policies that doom him to an early and probably violent demise. For the Western Trust and Gorbachov both worship at the altar of the god of usury, and Armand Hammer and Lord Victor simply cannot understand why that should suddenly become such a heresy for a Russian politician. But Holy Mother Russia will not tolerate their god of usury; she tolerates no gods but herself.

A nation betrayed

Poland is the advanced march of Western civilization, the cockpit of Europe, and fronts on the fault line of demarcation between Latin West and Byzantine East. The Poles were partitioned in the 18th century, brutally repressed in the 19th century, repeatedly rolled over and crushed when they tried to assert their independence in the 20th century. The Poles have been betrayed by the West, and it is no good saying that the Poles are responsible for their own problems. Polish losses in World War II were proportionally greater than those of any other nation; Warsaw was razed to the ground and 1 million residents, virtually the entire population, slaughtered. The crisis of the Polish economy today has two basic causes. The first is that since 1945, Poland, the largest and most populous of the Eastern European nations enslaved by the Soviets in World War II, has been mercilessly squeezed by the Soviet war economy. The looting of Poland began the moment the Red Army crossed the border, and has only increased over the years, with a very notable turn of the screw coming in 1982-83, when Gen. Wojciech Jaruzelski was given new delivery quotas dictated by Marshal Nikolai Ogarkov's war buildup.

Origins of the current economic crisis

The second looting of Poland began especially during the 1970s, when the government of Edward Gierek attempted to procure capital goods on credit from the West. To modernize the economy, Poland went into debt. Whatever Gierek's problems were, he cannot be blamed for two oil shocks, the Volcker interest rate crunch, the black market hemorrhaging of Poland's currency, the zloty, and unfavorable terms of trade on Polish raw materials exports like coal, and their sequelae. These were the handiwork of the Western Trust financiers. But the result was that Poland was soon being bled dry to service almost \$40 billion of hard-currency debt, especially to the deutschemark area.

According to a statement made in February 1989 by Andrzej Wroblewski, the finance minister in the Rakowski "re-



Solidarnosc, Communist chief Rakowski, and Mikhail Gorbachov are all backing an austerity program that will mean disaster for Poland. Shown here is a Solidarnosc election poster in Krakow, next to a poster for Communist-backed candidates in the August election.

form communist" government in power at that time, Poland's foreign debt is \$39 billion, of which \$9 billion is owed to the foreign commercial banks assembled in the so-called London Club. According to Wroblewski, this debt was being regularly serviced under an agreement with the London Club. The Polish debt to the Paris Club, which represents the interests of state-to-state and government-guaranteed credits, was pegged at \$24 billion. During most of 1987 and 1988, Poland was in almost total default on the debt owed to the Paris Club, having paid only certain fees to the amount of \$140 million. In addition, Poland has a hard currency debt to the U.S.S.R., as well as to the CMEA (Comecon) banking system and other East bloc institutions. There are also debts to countries which are not members of the Paris Club.

If Poland were fully to service all this debt, the yearly interest charges alone would be in excess of \$3 billion. As of February, Poland was paying at a yearly rate of interest of \$1.702 billion. (In mid-October, Warsaw television reported that Poland would be forced to default on \$500 million owed to Western commercial banks due at mid-December. Poland was offering to pay 15% and then reschedule the rest, and the banks seemed to be agreeing. Some countries, including notably the Federal Republic of Germany and Austria, have granted Poland various kinds of debt forgiveness.)

But against this \$1.7 billion of debt service stand total export earnings that were running at only \$1 billion per year in early 1989. Whatever ameliorations may have been granted to the post-communist government, it is very likely that Poland, just like Ibero-America, is experiencing a negative net resource transfer toward the Western banks. A comprehensive debt moratorium on all interest and principal owed by Poland is thus mandatory in the name of Western civilization itself.

Paying this debt is pointless for Poland in any case: No matter what is paid, the country is denied normal international commercial credit. Poland is forced to pay cash. According to Rakowski's Minister of Industry, Mieczyslaw Wilczek, speaking at a February 1989 symposium for the foreign press: "For several years we have been buying only for cash. I do not have to explain to you how cumbersome it has been. The whole world is thriving and is made to go 'round by credits." Has the enlightened West changed this policy under the new government?

Structural weakness

The structural weakness of the Polish economy goes back to the Stalinist period under party boss Boleslaw Bierut. As Zbigniew M. Fallenbuchl told the Joint Economic Committee of the U.S. Congress some years ago, the main features of the modern Polish economy were dictated by Stalinist war planning: "The stress was on coal mining, the iron and steel metallurgy, heavy machinery and metal constructions and on the so-called 'heavy' chemical industry. All 'modern' branches, such as electronics, synthetic fibers, plastics and other sections of the petrochemical industry were neglected, together with agriculture, infrastructure, and the production of all consumption goods industries." The resulting economy could produce "a very large number of manufactured consumption and, above all, producer goods, on a small scale, at a high unit cost, with a relatively backward technology and low quality, as it was impossible to expand research and development in all these fields to a significant extent."

Agriculture was collectivized on the Russian model until the Poznan riots of 1956, when it was mercifully rescinded, but this left a repeatedly subdivided crazy-quilt of small holdings. (Smaller tractors would be appropriate for these parcels, but all governments up to now have insisted on buying the licenses to produce only the largest Western tractors at the Ursus and other tractor factories.)

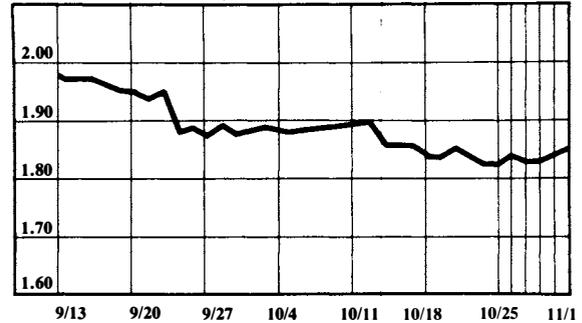
The 1956 Poznan riots brought in Wladyslaw Gomulka, who tried a "selective growth strategy" which led to the Gdansk riots of 1970, which ushered Gomulka out and brought Gierek in. Gierek's policy of going into debt for development imports was overtaken by the first oil shock, in 1973, which deprived the country of foreign exchange and caused the bureaucracy to abort many half-finished projects to save hard currency. A large number of unfinished investments from that period continue to rust away in various corners of Poland. Under Stanislaw Kania, General Jaruzelski, and the December 1981 martial law, U.S. sanctions forced the country to retool more and more towards Comecon. After 1985, Poland was caught in a crunch between declining dollar prices for exports like coal, and a more expensive deutschemark, needed to pay large portions of the foreign debt. The worst conditions prevailed in agriculture, where no significant new investments have been made since the 1940s.

To be continued.

Currency Rates

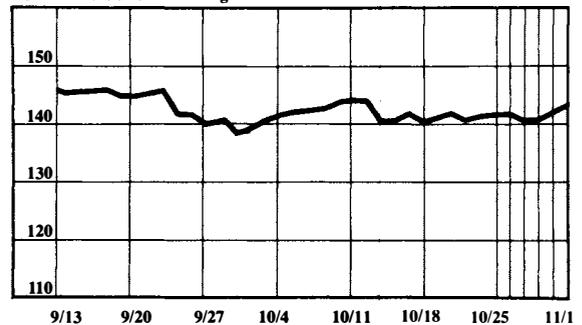
The dollar in deutschemarks

New York late afternoon fixing



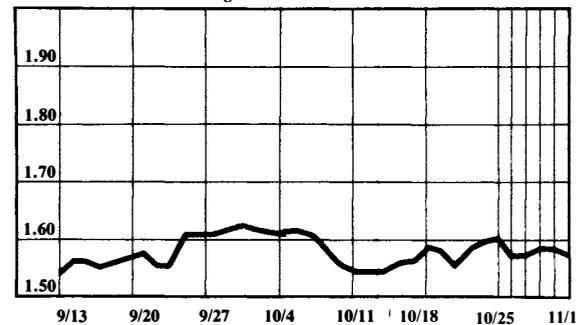
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

