

Promising opposition to IMF policies could spark 'new Polish revolution'

by Frank Hahn

Three years after the defeat of communism in eastern Europe, disappointment, bitterness, aggression, and apathy characterize the situation in eastern Germany, Poland, the soon-to-disappear Czechoslovakia, Hungary, and the former Soviet republics. Already three years ago, *EIR* warned that the application of the monetarist doctrine of the "free market," or, more precisely, of "rampant capitalism," would lead in short order to even greater misery and economic ravages than communism had cause in its 40-70-year reign. But most refused to heed those warnings.

Today's gruesome reality has proven us right: In eastern Germany, 50-80% of all jobs have disappeared, without any prospect in view of creating new ones. Poland and Russia are experiencing an economic collapse which dwarfs that of 1931-32. Over the past two years, we spoke repeatedly about the betrayed revolution in the East, and repeatedly emphasized that a second revolution was urgently needed—this time against Anglo-American liberalism and the genocidal usury policy of the International Monetary Fund (IMF)—so that a new and just economic order could be established between North and South, based on the sovereignty of nations and individuals in keeping with the order of Creation.

The time has come, when a new spark of revolutionary courage, a new striving for truth, is being kindled—and just as in 1980, it is coming from Poland first.

When we consider that the struggle of the Solidarnosc trade union was what set events into motion in 1980, leading ultimately to the fall of the Berlin Wall in 1989 and the collapse of the Soviet Empire in 1991, then current developments in Poland represent a great hope for all Europe and the world. Nevertheless, Poland is only beginning the process. It is therefore all the more important to make the Polish freedom struggle into the cause of all civilized mankind, and to unite it with the freedom movement and presidential campaign of Lyndon LaRouche in the United States. With that intent, we present the following report which reflects the situation in Poland in early July 1992.

Since August 1989, Poland has had three governments which came out of the Solidarnosc movement, and the fourth one—under Prime Minister Hanna Suchocka—is just now setting up shop. This interval has seen an unparalleled collapse in living standards. Under the infamous Finance Minister Leszek Balcerowicz, Poles' buying power was cut literally in half overnight, back in January 1990. Behind this "shock

therapy program" was Harvard professor Jeffrey Sachs and the IMF and the World Bank, who have overseen Poland's fulfillment of details of this horror scenario of poverty, disease, and economic denudation.

Despite all the promises to break with this merciless plundering, there was no change in course even under the government of former Prime Minister Jan Olszewski—and Suchocka has already indicated her readiness to enforce the IMF conditions. But the patience of the Polish people has reached its limit. Solidarnosc leader Lech Walesa and his people have become just as hated as were the communists who preceded him. The political and economic failure of the Solidarnosc governments—the circus-like, infantile squabbling, intrigues, and personal frictions in the Sejm (the Polish Parliament)—have soiled its revolutionary reputation. Ever since it became known that Solidarnosc had received \$1 billion from questionable American sources, while rumors of Walesa's activities on behalf of the intelligence service of the former East German regime continue to gain strength, many political observers in Warsaw have come to believe that the days of Walesa and his entire Solidarnosc movement are numbered.

Deindustrialization and depopulation

In an interview with this reporter, Professor Balcerek of the Warsaw College for Statistics and Planning laid out an extraordinarily precise and caustic analysis of the current situation. We quote from his comments here:

"Sometime in the next six months there will be a social explosion in Poland. The IMF rules the country, and has done so since 1971. That was when [President Eduard] Gierek brought the IMF to Poland, and locked it into the vicious cycle of indebtedness, high interest rates, and foreign dependence. The last communist government, that of [Prime Minister Mieczyslaw] Rakowski, put an even sharper edge on this policy, and all the non-communist governments since [Prime Minister Tadeusz] Mazowiecki have simply continued this subjugation to the IMF dictatorship. In reality, therefore, we see a continuity of policy from the communists through their successors: At a certain point, primitive communism was no longer in keeping with the times, and so they simply changed the label.

"What is the IMF's goal? It says it wants to promote the restructuring of industry. Now I'm for restructuring, too, but here we're seeing industry being entirely dismantled. The IMF

has a malthusian program—it wants to reduce Poland’s population by two-thirds, from 40 million today down to 15 million. You can calculate it yourself: Out of the 14 million employees in industry, the IMF wants to keep only about 3-4 million, while in the farming sector, out of the current 4 million, only 500,000 to 1 million are to remain employed. The political parties currently governing Poland have one task alone: to oversee and implement this dismantling of our economy.

“Please consider that most of these parties cannot finance themselves on the basis of regular membership dues payments: Most of them only have about 2,000-3,000 members. Thus they are financed from abroad. And so you cannot expect any policy change to come from the government or the Parliament. We are told by the West, that we must de-monopolize our economy. But just to mention one example from the chemical sector: In one range of products we used to have 14,000 employees working in eight different plants; but now all this has been taken over by *one* western firm. While the cartellization becomes ever greater in the West—just look at Fiat or GM—we are supposed to look on as our industry is destroyed under the slogan ‘de-monopolize.’

“Over the past year this dismantling has led to drastic disruption of the national budget. Since over 80% of tax revenues used to come from state-owned factories, the collapse of these plants resulted in a deficit of 70 trillion zlotys [about \$5.4 billion]. And then the experts from the IMF tell us: ‘You have to balance the budget; you’re spending too much for education and health.’ What nonsense! The problem is not the high expenditures, but rather the low revenues as a result of the dismantling policy. And against that 70 trillion zloty deficit, in 1991 some 40-60 trillion zlotys fled the country, thanks to investors who transferred their profits abroad. This year both the deficit and capital flight figures will be somewhat higher.

“Foreign investors have invested up to 70% of their funds into Poland’s *service sector*, i.e., paper circulation and speculation, in league with dirty money, are sucking the Polish economy dry. The remaining 30% of ostensibly productive investments in many cases goes merely to buy up the looted hulks of once viable firms at bargain prices, in order to put Polish workers, at starvation wages, onto the extended workbenches of western firms—something which has nothing to do with true economic development.”

Balcerek’s bitter summation: If there is no drastic change very soon in present economic policy, then Poland will face a far worse fate than it did in 1795 after it was partitioned for a third time. The Polish state ceased to exist then, whereas now the state’s economy is being eliminated. The inevitable outcome will be a social collapse which would take a very long time to reverse.

The resistance gets itself organized

Balcerek sees a social revolution as the only way out of this predicament. But how realistic are the chances of this

happening? The storm warnings are already here: The weeks-long street blockades and protest actions by Polish farmers, and their occupation of the Agriculture Ministry, and the Upper Silesian miners’ fight against the shutdown of their mines, are harbingers of the coming social ferment and unrest. The long-term success of such movements, and a revolution in the sense of establishing a just world economic order, however, are dependent on the quality of moral and intellectual leadership which puts itself at the head of these strike and protest movements.

At the moment, two organizations have been assuming this leadership role: the “Solidarity 80” and “Agricultural Self-Defense” movements. The great hope for Poland and for Europe consists in the fact that both these movements are profoundly different from all the other European trade union and political movements, in that they have been explicitly directing their fight against the IMF and the World Bank. Thus we now see in Poland the emergence of Europe’s first mass movement against the IMF.

But they go one step further. Their attacks against population reduction policies strike at the very core of the Anglo-American “new world order.” To quote from the Declaration of Principles issued by Agricultural Self-Defense (in Polish: *Samoobrona*):

“It is necessary to defend our fatherland, and indeed with reason, conscience, and love! . . . We are open to international cooperation, but we do not want Poland to be subordinated to supranational interests which are leading to the impoverishment of our nation and to the collapse of our identity. Among other things, we will defend ourselves against the dictatorship of the World Bank and the International Monetary Fund. . . .

“We will not tolerate the utter bankruptcy of our industry and the destruction of Polish agriculture. We do not want a ‘flea market economy’ which condemns Poland to being flooded with shoddy foreign products and relegates Poland to the role Europe’s garbage dump, the only place where you can still draw on a reservoir of cheap labor. We do not agree with the use of *primitive folklore* as a substitute for true culture . . . nor with the sapping of our physical strength, which will lead to a considerable reduction in our population—on the basis of the idea of depopulation which is being promulgated with ever increasing brazenness.”

The declaration states that capitalism and the market economy are not ends in themselves. At the center of all economic activity must stand the human being, and thus the principle of scientific and technological progress.

Similarly, the Solidarity 80 movement’s economic philosophy is oriented toward Friedrich List and toward Catholic social doctrine. This trade union split-off from the original Solidarnosc because it refused to go along with the IMF policy under Balcerowicz. This high level of political thinking in a mass movement is unique in recent history. While the danger of corruption is real, there is potential here for an

revolution against the IMF.

On the strike front, the Samoobrona farmers are focusing on a just solution to the debt problem, in order to save productive farms from going bankrupt. In 1990, many farmers took up the government's offer to take on loans for the modernization and expansion of their farms. That occurred at a point when the interest rates were 30%—relatively low by Polish standards. As a sweetener, the government promised to lower the interest rate to 12% in the near future. But the contrary occurred: One year later, interest rates skyrocketed to 90%. The countryside was swept by a wave of forced-bankruptcy auctions; families and entire villages suffered indescribable human tragedies; many farmers committed suicide.

Samoobrona sought to prevent these forced-bankruptcy auctions from taking place, and in one year built up a powerful organization of about 100,000 farmers.

Meanwhile, the situation has been worsened by the flood of cheap food imports from abroad, so that the most modern farms are now working only at 20% capacity. Already in April, farmers occupied the Agriculture Ministry to highlight their demands for debt restructuring, import barriers, parity prices, etc.

In mid-June, farmers began blocking major highways in and out of Warsaw. Despite police intervention, every major intersection around Warsaw had about 200 farmers who remained at the side of the road with their vehicles, as a warning should negotiations with the police and the government fail. Then, on July 9-10, police moved with extreme brutality against these remaining partisans. At least 100 people were temporarily jailed. The next day, 500 farmers marched on the Parliament in protest.

The farmers' actions have been increasingly coordinated with railway workers, teachers, nurses, unemployed, and miners. Indeed, the plight of the miners around Katowice is the next flash-point. Under the leadership of Solidarity 80, hundreds of workers have been occupying the state mining administrative building in Katowice since July 1, demanding that the Upper Silesian mining district not be dissolved as planned. The World Bank has demanded that Poland shut down 51 of the 70 coal mines in Katowice, which would mean that out of 364,000 workers, 302,000 would become unemployed—without any prospects for alternate employment.

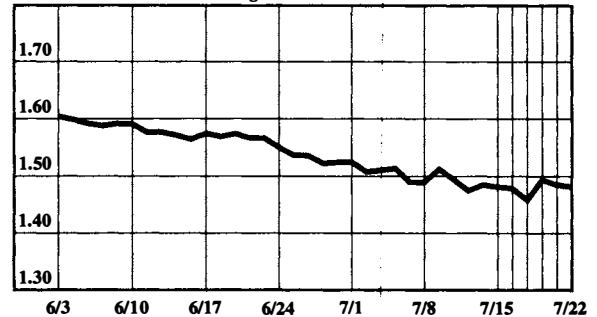
Put another way: Poland, which in 1984 was still exporting 43 million tons of high-quality anthracite coal, is slated to become a net coal importer during this decade, so that by the year 2010 it will be importing 27 million tons of coal each year. The state has already imposed export and production limits to that end.

The demands of the workers' protest committee include: revocation of the export limits, debt moratorium for the mines, that various "punitive taxes" which have been discouraging new investment be abolished, blocking the transformation of mines into stock corporations owned by single individuals, and higher wages and pensions.

Currency Rates

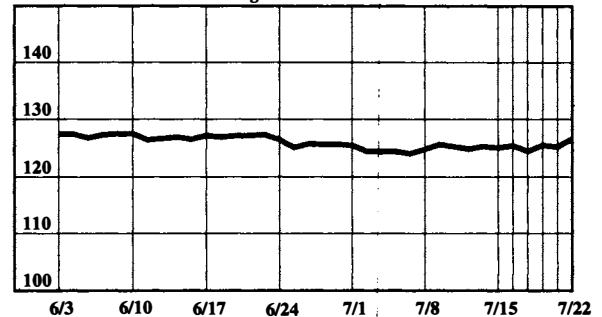
The dollar in deutschemarks

New York late afternoon fixing



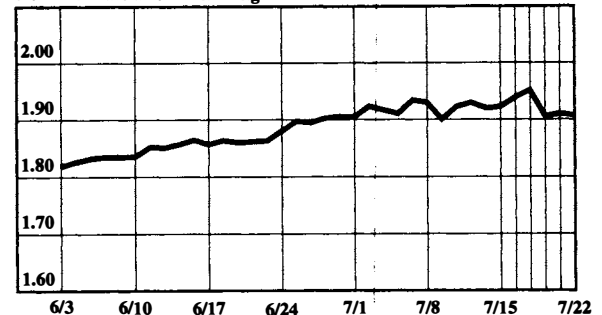
The dollar in yen

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

