

Poland's free market 'Lent' must come to an end

by Anna Kaczor Wei

. . . And suddenly a swarm of petty lords
Descended on us like the Tartar hordes,
And God and our forefathers' faith abused,
Our laws and customs, e'en the clothes we used.
'Twas sad to hear the pale-faced puppies drawl
Through noses—if they had a nose at all,
Stuffed with all kinds of pamphlets and gazettes,
Proclaiming new religions, laws, toilettes.
A mighty influence on our minds they had,
For God, they say, first makes a nation mad,
When he sends punishment upon a land.
The wiser sort dared not the fops withstand,
The people feared them like a pestilence,
The germs of which they could already sense.
They cried against the dandies, none the less
They changed their faith and laws, their speech and
dress.
It was a Carnival of knavery,
Soon followed by a Lent of slavery. . . .¹

During the last eight years, the madness of the free market, globalization, and the New Age has taken its toll in Poland. After the collapse of the communist government in 1989, the 20th-century "Tartar hordes," in the form of British-deployed speculator George Soros, International Monetary Fund (IMF) delegations, and Michael Novak's cronies, descended on the country, preaching moral relativism. So-called shock therapy, applied in 1990 by then (and current) Finance Minister Leszek Balcerowicz, started the collapse of Polish science, industry, and agriculture (see *EIR*, Aug. 4, 1995, pp. 9-12; Jan. 19, 1996, pp. 33-36; and Aug. 8, 1997, pp. 6-7). Now, in the wake of the disintegration of the global financial system, the anti-free-market resistance movement in Poland is expanding its ranks, and studying closely Lyndon LaRouche's international campaign for a New Bretton Woods System.

1. Adam Mickiewicz, excerpts from "Pan Tadeusz," translated by Kenneth R. Mackenzie, The Polish Cultural Foundation, London, 1990. Mickiewicz was born in Lithuania, which for centuries had been a part of the Polish-Lithuanian Union.

The events of the last three months look like a triumphant comeback of the old Soros team, which started free-market reforms in Poland in 1990. After the victory of the Solidarity Electoral Action (AWS) in parliamentary elections in September 1997, the trade union-dominated coalition made a rather astonishing move: It formed a government with the Freedom Union (UW, now the third-largest party in the parliament), which has always promoted neo-liberal economics and mass privatizations, which policies have given rise to a lot of criticism and discontent from labor. The decision was explained as necessary to counter the influence of the Social Democratic Alliance (SLD), the so-called post-communist party, which ended up as the second-largest party in the parliament.

In a new government led by the AWS's Jerzy Buzek (a chemist by profession, and a Solidarity activist who is little known to the public but close to Marian Krzaklewski, the chairman of the Solidarity union), not only has Balcerowicz become finance minister again, but also, two more of Soros's associates and UW members got ministerial positions: Bronislaw Geremek, Ministry of Foreign Affairs; and Hanna Suchocka, Justice Ministry. Both are on the board of Soros's Batory Foundation in Poland.

Sacrifice for the IMF

Just after his nomination in November, Balcerowicz announced that the Polish economy is overheated, which, according to him, is reflected in the huge trade deficit, which has been more than \$12 billion annually during the last two years. As a solution, he proposed to decrease the purchasing power of the average salary; increase taxes on telephone services, tobacco, and alcohol; free up the price of central heating for the population; and limit access to credit, which is commonly used to purchase consumer goods. To further please the IMF, he declared that the budget deficit will be lowered to 1.5% in 1998, to be accomplished in part by speeding up privatizations of the remaining state-owned companies, such as Polish Telecommunication and Polish Copper. This, of course, may be compared to "increasing" one's income by selling one's furniture.

However, Balcerowicz's offensive is meeting very strong

resistance on the part of those who take seriously the idea of social justice, as reflected in the words of Deputy Witold Nieduszynski of the AWS (see interview). Similar sentiments were expressed by the participants in numerous seminars and meetings organized in Poland by the LaRouche-founded Schiller Institute last November. Their openness to the idea of a new, just economic order has made it clear that the financial-monetary crises in many Asian countries, leading to an ever-stronger voice against the policies of the IMF around the world, has sparked in Poland new hopes for a true freedom, resembling those described by the Polish poet Adam Mickiewicz, who in 1832 recalled the battle for the independence of the Polish Republic at the beginning of the 19th century:

. . . O year of years! and to have seen thee there!
The people call thee still the harvest year,
The soldiers year of war; the old men long
To tell of thee, and poets dream in song.
By heavenly signs thou wast long heralded,
And rumor vague among the people spread;
The hearts of Lithuanians in that Lent
Were filled with strange presentiment,
As though the ending of the world were nigh,
With joy and yearning and expectancy. . . .²

Interview: Witold Nieduszynski

Poland needs a sound economic program

Mr. Nieduszynski is a deputy of the Sejm (Polish Parliament) from Solidarity Electoral Action, AWS. He was interviewed in Warsaw, on Nov. 22, 1997, by Anna Kaczor Wei and Frank Hahn.

EIR: The whole world is now watching the financial collapse in many Asian countries, which is a symptom of a global crisis, that Lyndon LaRouche forecast already many years ago. How is this crisis perceived in Poland, and what kind of dangers does it present to the Polish economy?

Nieduszynski: Of course, here in Poland we are following very closely the events in Asia, and similar difficult situations in the world. It is very important for us, due to the fact that, after 1989, our economy has become integrated into the world system. At that time, only one solution was proposed, based

2. Ibid.

on liberal economics and free trade; this is why now the Polish economic system is intertwined with economic processes, mainly in Europe, but also in the United States and other countries. Because of that, every shift in the world conjuncture, every crisis in the world, has an impact on the Polish economy, which is still, for obvious reasons, very weak, and cannot defend itself against such crises.

EIR: Since last autumn, there has been a new government and parliament in Poland. In the parliamentary elections in September, a new generation of politicians, who refer to the idea of solidarity, social justice, and state responsibility for economic development, won a number of seats. But at the same time, Finance Minister Leszek Balcerowicz [who, as finance minister in 1990, started free market reforms based on International Monetary Fund conditionalities] has a strong position again, and he is threatening to go with the second phase of shock therapy. He uses the image of an overheated economy, and proposes lowering wages, and the standard of living of the population. Would you agree that this kind of dualism may lead to a conflict, and very soon, in the government, and in the society?

Nieduszynski: Such a possibility exists; it is a very real danger. Living in Poland, I am aware what kind of direction Balcerowicz may take in his policies. He is a monetarist, and his attitude, one could describe in the following way: For him, numbers on paper are important, rather than economic reality, or the circumstances of Polish citizens and families. Myself, I am not fascinated by the money itself, it is only a tool, which is used to fulfill certain social goals, and meet the needs of the society.

Going back to the present coalition: It is indeed a source of a certain dualism; an attempt to match two programs of the development of Poland, which are in reality very different. One of them, represented by Balcerowicz, wants to preserve the status quo, that is, the policy commenced in 1989, and then continued by the coalition of the SLD [Social Democracy Alliance] and the PSL [Polish Peasant Party].

EIR: Could you remind our readers what kind of policy that was?

Nieduszynski: So-called shock therapy. It meant, for example, cutting the flow of money to the market in order to suffocate inflation, which indeed was raging in Poland at that time. But this is not very imaginative; a first-year student of economics might use such a trick to fight inflation. A really great strategist has to make a decision on which branches of economy must be stimulated in order to induce a general economic growth.

Our situation at that time was not typical, given the fact that the state owned and ran the whole economy. Balcerowicz tried to steer certain processes, but certain things were beyond his control. For example, privatization, especially of big enterprises, was not exactly a success. Many privatized compa-