Time is short for West to help Poland's economy

by Susan Welsh

As Poland's first non-Communist government in 45 years struggles to steer its way to survival between the twin threats of economic catastrophe and Soviet invasion, Western countries have been strangely reluctant to provide any significant assistance. Instead, they have deployed "experts" in free-market economics to Poland, to offer "advice" on how Poland should be placed under the control of multinational corporations.

Polish leaders, underlining the urgent need for economic investment, point out that the new government, headed by Prime Minister Tadeusz Mazowiecki of the Solidarnosc movement, has six months to a year to reach a solution. Some experts are less optimistic.

Prime Minister Mazowiecki, upon accepting his new post on Aug. 24, warned that "Poland's friends should not stand by while Poland is sinking. Assistance to Poland will serve all of Europe. Europe is one, from east to west." Speaking of Poland's debt—which has reached nearly $40 billion—he said, "Debts have to be paid back, but debts contain an element of injustice in international affairs. . . . Efforts should be made in international relations, so that debts do not become something strangling the economic development of debtor countries." He said he would seek a postponement of Poland's debt repayments.

Mazowiecki's views are undoubtedly shaped in part by those of Pope John Paul II. The new prime minister is a Catholic, and the Pope is well known for his outspoken attacks on the usury which is choking the international financial system, condemning nations to backwardness.

Solidarnosc leader Lech Walesa, in an interview with the West German daily *Süddeutsche Zeitung* published on Aug. 31, took the Western countries to task for dragging their feet in providing help, and warned them of the consequences if the new government fails. Walesa is scheduled to visit West Germany during the first week of September.

Poland "cannot overcome the crisis without foreign support," he said. "If Poland fails now, then that means that not only has Poland failed, but you too have failed. . . . If you don't help Poland and do business with it, then not only are we the losers, but you too will be the losers." Walesa appealed for a $10 billion aid package, stressing that Poland neither wants nor needs cash handouts, but rather for Western firms to invest in industrial and infrastructure projects.

He attacked Western arguments against investing in Poland on the basis of Poland not having enough infrastructure, saying: "Precisely because we don't have this, is why you should invest." The goal of the investment-based aid program, of mutual benefit to the Polish economy and the Western firms participating, would be for "Poland to join Europe," he said.

Walesa emphasized that Poland must tread a very careful path in its relations with the Soviet Union. "Today Poland cannot simply leave the Warsaw Pact. We can't even entertain the thought. . . . Let us develop step by step. We really have other gigantic problems. Leave the Pact? Nice words! What would happen if Mazowiecki declared that, that we leave the Pact! What would that bring? Nothing!"

LaRouche's recommendations

Lyndon LaRouche, the economist, political prisoner, and current congressional candidate, issued a statement on Aug. 31 which scored the do-nothing attitude of Western governments, pointing to the superpower deals which appear to be sacrificing Poland to the wolves.

"The West has so far shown no sign of sanity on the subject of Poland," he charged. "We have a new government in Poland which is the greatest opportunity which we've had in a long time to do something positive in the East bloc. But it's an opportunity which will run out fast, in two weeks to a month, unless we stop doing what we seem to be doing—or not doing—during the present period. . . .

"We must take seriously the warnings of Lech Walesa and others, that unless the West acts immediately to get some lines of credit into Poland, under which infrastructural, manufacturing, and agricultural development programs combined go to work to increase the physical output of Poles per acre and per capita, Poland hasn't got much of a chance. Nor, in the long run, have we.

"Last October, speaking in West Berlin at the Bristol Hotel, I proposed that the United States and West Germany, among others, take an initiative which is aimed in the long run at the reunification of Germany, under which the United States, with leading on-the-ground help from West Germany, would undertake the economic reconstruction of Poland. This would not be, as Walesa emphasized, a handout for Poland, but would simply provide Poland with the material which it needs in the form of infrastructural, agricultural, and manufacturing work, to get the Polish economy on an even keel. That would be a real step toward peace and long-term stability.

"But what seems to be the case is, the United States is sacrificing Poland in order to give subsidies to the Soviet Union under this understanding which is supposed to be reached between Secretary of State Baker and the Soviet Foreign Minister Shevardnadze in an upcoming Wyoming meeting." (See article, page 60.)

Third World economic conditions

The fall of Poland's Communist government was precipitated by the disastrous economic situation, and the government's utter inability to provide even the most basic consumer goods to an increasingly enraged population. On Aug. 1, in a desperate bid to carry out the austerity demands of the International Monetary Fund (IMF), the government ended meat rationing after seven years, and raised food prices by as much as 500%. Bread prices doubled, and milk prices increased fourfold. Boneless beef, which cost the equivalent of $.33 a pound the day before, was raised to $1.68 a pound—and the average monthly wage for a Polish worker is $128. But at these or any prices, the food was generally not available.

Official figures for inflation reached a 236% annual rate, and were expected to hit 315% by year's end.

Predictably, the result was a new wave of strikes and political unrest, threatening coal exports—the country's main source of foreign exchange to pay the debt.

On Aug. 16, the Solidarnosc-dominated Polish parliament voted down the government's proposed budget, triggering the crisis that led to Mazowiecki's election on Aug. 24, by an overwhelming vote of parliament.

The following figures will give an idea of the situation the new government has inherited:

- Radio Warsaw reported on Aug. 14 that in the industrial city of Lodz, with a population of 850,000, meat had long since disappeared, and there is now no rice available, no kasha—the main cereal staple for the population—no sugar, and no flour.
- The London *Financial Times* on Aug. 17 reported that the mood among Polish consumers was "approaching panic" because of the food shortages. A directive went out from the Communist authorities for citizens to supply themselves by driving into the countryside for produce.
- The *Financial Times* further reported rumors circulating in Warsaw that elderly food shoppers have died on food queues, and that others have stepped over their dead bodies, because they are fearful of otherwise losing their places on line. In Katowice, one small grocery was serving 120,000 people.

West offers 'free market' advice

Instead of the kind of assistance Mazowiecki and Walesa are requesting, the West is offering the typical IMF "solutions" that have ruined countless other economies worldwide. Since Poland joined the IMF in 1985, its situation has grown steadily worse, as it faithfully sought to follow the IMF's recipe: raising export levels (without increasing production) and cutting living standards. (The Soviets, naturally, continued to demand their own tribute, forcing a five-year trade agreement down Poland's throat in 1985 which mandated a 50% increase in trade—but with Soviet exports rising only 3%.)

Now, the house organ of the City of London, the *Economist* magazine, has issued an editorial call in its Aug. 26 issue for Poland to agree to a "debt-for-equity" plan: "Some of the Western holders of this debt could sell it, cheap, to Western companies. These companies could then offer to swap their chunk of the debt for the share in the equity of a Polish state firm. At the right price, this could start a revitalizing privatization of Poland's rusting state industries." This type of scheme, propagandized by Henry Kissinger, is intended to strip developing countries of their national sovereignty, putting them under the thumb of the multinational corporations.

Also full of "helpful solutions" for Poland is Jeffrey Sachs, the Harvard-trained economist whose radical shock therapy threw two-thirds of the Bolivian industrial workforce out of work. Sachs is currently on his fourth visit to Poland since May. The *Financial Times* reports that "he is now treated as Solidarity's main economic guide," and has submitted proposals to the government which include: "the sweeping away of all barriers to free trade, the creation of a capital market . . . elimination of exchange controls, and unification of the exchange rate." "The new government should take the shock now: it can deal with the political realities later," he says. "It must show it has the will to act." Sachs is telling Solidarnosc that in return for implementing his savage austerity program, the IMF will cough up $100 million for Poland over the next three years.