# The hope and great danger facing Poland

by Susan Welsh

When Poland formed its first non-communist government since World War II, on Aug. 24, 1989, under Solidarnosc leader Tadeusz Mazowiecki, *EIR* published an evaluation by Lyndon LaRouche of the prospects facing that brave nation, and what it would take to save Poland from otherwise certain disaster. The success of Solidarnosc, LaRouche wrote, depends upon the ability of the new coalition government to address effectively the economic crisis. The possibility of doing that, in turn, depends upon the approach taken by forces in Poland themselves, and also upon the kind of cooperation received internationally—especially from the United States and the United Kingdom. Unless the Bush administration abandons its condominium deal with the Soviet Union, Poland will be sacrificed to that corrupt *realpolitik,* just as it was in the Yalta agreement of 1945.

When the Mazowiecki government took power, its spokesmen warned on every possible occasion that time was of the essence. Six months to a year was the most that the new regime had to demonstrate its viability to a desperate and deprived citizenry. The communists, knowing that and betting that the gamble would fail and play back into their hands, lifted food price subsidies three weeks before the new government was formed, leading to 500% price increases.

Today, four months after the formation of the Solidarnosc-led government, the challenge posed by LaRouche is still hanging in the balance. The revolutionary developments occurring throughout Eastern Europe drew their inspiration from the courageous fight in Poland. The intervention of Pope John Paul II, in particular, kindled that hope among Poles which made the current experiment possible. The Federal Republic of Germany and France are making laudable efforts to generate the aid and trade agreements to Poland and East Germany that could help to prevent a politically disastrous economic collapse. Plans are moving forward to construct high-speed rail links from Paris to Berlin to Warsaw, providing the essential underpinning for European integration. Talks are under way for joint ventures between Polish and West German firms to produce 200 freight cars for the high-speed trains, and for Poland to build the locomotives.

But these measures are far from adequate. The economic crisis, far from being on the way to being solved, has come under the control of the International Monetary Fund (IMF) and its deadly austerity programs. The United States and Britain, far from supporting an "American System" approach to reviving Polish industry and agriculture, as LaRouche insisted they must, have stuck by the failed recipes of Adam Smith and Hitler's economics minister, Hjalmar Schacht. President Bush visited Poland in August, but no significant aid has been forthcoming—just a few hundred million divided between Poland and Hungary, spread over the next several years. Instead, Poland was provided with the good services of such as Harvard economist Jeffrey Sachs to advise the Solidarnosc officials—the same Sachs who turned the bankrupt Bolivian economy into a plantation for the cocaine cartels, as *EIR* has documented. Even the spokesman for the West German chancellor's office pointed out that Poland would be better served by receiving concrete help, than so many economists to advise it on what to cut.

And now, time is running out. The economists of the Anglo-American establishment are puffing on their pipes and observing that the Polish experiment will probably fail, as winter sets in without adequate food and fuel. Alan Stoga, the chief international economist for the consulting firm Kissinger Associates, Inc., was quoted in the *Los Angeles Times* on Dec. 6 saying the problem "is not how you convert a socialist economy to a market economy, it's how you convert a *collapsed* socialist economy. I'm pretty pessimistic." And Eugenio Lari, the top Polish expert for the World Bank, said: "This government has a limited life. They must provide positive results, or they will be pushed out."

## A Schachtian policy

As the New Year begins, teams from the IMF are making the trek to Poland (IMF director Michel Camdessus went there himself on Dec. 9), negotiating how to chop off the "pound of flesh" that will make the country "credible" to the international financial community. According to a report in the London *Financial Times* from Warsaw, the essential points of the IMF's program include: a 25% drop in real incomes during 1990; a *fivefold* rise in coal prices; a doubling of consumer prices in the first quarter of 1990; a sharp devaluation of the national currency, the zloty; a fall of industrial output by at least 5%; and an increase in the foreign debt burden by almost 10%. Another report from Warsaw is that 400,000 jobs will be lost during the coming year.

At a conference on Dec. 13 at the London School of Economics, Prof. Stanislaw Gomulka, an adviser to chief Solidarity economist Tadeusz Balczerowicz, predicted that the immediate effects of the IMF austerity package, if it is accepted, would be a rise in inflation in Poland between 50% and 60% *per month*, until it would level off at some point in the spring. He said that nominal interest rates could rise to 130% a month, starting in January.

Speaking before a meeting of the "Group of 24" on Dec. 13 that was discussing aid to Poland and Hungary, Polish Foreign Minister Skubiszewski said, "Unemployment is about to return to Poland." The highest priority for the country must be food aid, he emphasized, and added that the European Community food-aid package for Poland was being poorly coordinated. Despite the reality of acute food shortages, Skubiszewski said that Poland would continue to export lamb and other meat products, because the country requires foreign currency to repay loans.

The London *Independent* reported on Dec. 14 that queues for meat have disappeared, since no one can afford meat anyway.

### Demands for emergency action

Although the Bush and Thatcher governments are fully committed to the IMF program, this desperate economic situation has received some increasing recognition in Great Britain, following a visit there by Lech Walesa at the end of November 1989. Conservative Member of Parliament Sir Bernard Braine called in Parliament on Dec. 1 for an emergency airlift of food and medical supplies to Poland, saying that the European Community must act immediately to prevent *starvation* there. "Britain owes a very special debt of honor to Poland, which so far has not been repaid," he said. "At the end of our common struggle in war against unspeakable tyranny, Poland was betrayed. Now by their own efforts the Poles are throwing off 45 years of Soviet occupation and communist government. The opportunity is there for Britain to repay that debt. I hope we shall not fail to rise to the occasion and do it quickly."

Conservative MP Timothy Boswell rose and said, "It is no good being a free Pole this winter if one is also a dead Pole."

In a debate in the House of Lords on Dec. 13, Baronness Cox reported that the problems there were catastrophic and required urgent help—on the scale of the Marshall Plan—from Britain. Having recently visited a hospital in Poland, she said Polish parents and nurses are seeing children dying before their eyes, who could be saved if basic supplies were available. "These months are critical to democratic change," she said. "Unless the Polish people can be helped as a matter of urgency, people who are at the end of their tether may give up the struggle for reform and sink back into darkness and despair. Massive and appropriately directed aid is needed for the pump priming of the Polish economy."

When Lech Walesa addressed a joint session of the U.S. Congress in November 1989, he noted that there has been an abundance of rhetoric in support of Poland coming from the Western countries, but that the market value of fine words is falling, since action has not followed them. There is precious little time in which the United States and its allies can still act to shore up the most significant setback to world communism since the Bolshevik Revolution.

# Gorbachov's red star fell in East Germany

by Rainer Apel

For more than four decades, Soviet rule over Eastern Europe was secured by a crucial element of power: the existence of the Stalinist one-party state of the Socialist Unity Party (SED) in the eastern part of Germany, the state with the misleading name "German Democratic Republic" (G.D.R.). Without the staunch pro-Moscow ally in East Berlin, the Soviets would not have been able to keep intact the Iron Curtain dividing Europe since 1945.

Moreover, postwar Soviet policy toward the West was based on the one fundamental assumption that of all the satellite states Moscow controlled in Eastern Europe, the SED state was, and would always be, the most reliable one. It simply had to be reliable, because no fewer than 400,000 soldiers of the so-called "Western Group of Soviet Armed Forces," to a large extent elite units, depended on East Germany as their main bridgehead for an eventual invasion of Western Europe.

Stability of Soviet rule in the G.D.R. also was the main precondition for the "Gorbymania" hoax targeting the minds of the West German population. And, as the outbursts of mass-based "Gorbymania" during Gorbachov's visit to West Germany in mid-June 1989 seemed to indicate, Gorbachov's public relations ploy was a success story. What was overlooked by most Soviet Union experts then, was the fact that Gorbachov had very few fans in East Germany—and it was from there, that the Soviet leader's star began to fall.

### Tiananmen was the trigger

It began with the bloody massacre in Beijing's Tiananmen Square in June; this was the trigger for everything that has developed since July-August in East Germany. The refugee wave of way over 200,000 East Germans, mostly aged 18 to 25, could not be explained but by the fear that a Tiananmen-style crackdown was also possible in East Germany. After all, SED party leaders like Egon Krenz had openly supported the bloody crackdown on the Chinese students.

This, and the immediate result of the summer refugee wave—namely, a loss of 2-5% of the work force, mostly young workers, in critical sectors of the economy—unleashed public mass protest in the East German population. With so many people leaving the G.D.R., most of them through the newly opened Hungarian borders with Austria after Sept. 11, the days of the SED state were evidently numbered. The ghastly perspective of an entire population