

## Sachs mania runs wild in Poland: a tragic lesson

by Konstantin George

The Polish economic crisis, caused by the government's adherence to the "shock" austerity policies of Harvard economist Jeffrey Sachs and the International Monetary Fund (IMF), has turned a fatal corner with the bankruptcy, announced July 22, of the giant Ursus tractor plant, the largest producer of tractors in eastern Europe and the largest employer in the Warsaw area. On July 30, the fate of Ursus was sealed with a Polish government announcement laying off 9,000 of the 15,000 workers in the Warsaw main plant, and a further 3,000 at the Ursus plant in Lublin, in southeast Poland. Ursus employed more than 20,000 as of two years ago.

An accompanying statement underlined that no subsidies would be provided to allow the continued operation of what is left of the plant. Ursus is incapable of paying part of the salaries for the month of June and for all of July, because all revenues from tractor sales were taken by Finance Minister Leszek Balcerowicz to pay the firm's old debt—the equivalent of about \$83 million—dating from the communist period.

Thus, by sometime in August, all of Ursus, which does not even have enough money to stop a shutoff of its electricity on Aug. 4, will close down. The toll of jobless, including as a result of many plants and firms dependent on the Ursus complex, will reach 80,000-100,000. Many of these are skilled operatives.

The Sachs policies have already resulted in 1.6 million unemployed in the country. There are at least 1,600 industrial enterprises which are in the same category of bankruptcy or near-bankruptcy as the Ursus complex, all facing either massive work force reductions or closure.

Poland is facing the twin evils of mass disorders and chaos and the real threat of President Lech Walesa imposing some form of dictatorial rule. The point is quickly being

reached where the ever-tougher austerity mandated by Sachs and the IMF are politically unenforceable by non-dictatorial means.

Who inside Poland is to blame for this catastrophe? At the top of the list is the executor in the Polish government for Sachs's policies and the IMF austerity conditionalities, Finance Minister Balcerowicz. Callous as always to the human suffering in Poland, he has turned down management requests that the government provide a bridge loan equivalent to \$35-55 million to keep the plant operating. Pursuing IMF "guidelines," oblivious to Poland's national interest and welfare, Balcerowicz and the government of Prime Minister Jan Bielecki have killed Ursus, and thus set a precedent for an across-the-board demolition of Polish industrial giants.

Prime Minister Bielecki himself visited the plant on July 22 and told the press that he was deeply shocked at what he had seen: "There are cases here of grave incompetence, economic incompetence to an extent that justifies even speaking of sabotage. . . . If this is the result of our reforms, one may pose the question what these reforms are good for at all."

While such words are well and good, the policy has not changed since he spoke them. After a round of crisis consultations, Bielecki decided on July 23 to fire part of the Ursus management. Yet one of the chief culprits, Balcerowicz, is being kept in office—at least for the time being.

The enormity of the crime committed by the Sachs maniacs extends far beyond the borders of Poland. The developing sector, wracked by hunger, has been deprived of even the possibility of receiving desperately needed agricultural equipment from the largest source for such equipment in eastern Europe.

## Political crisis builds

The Ursus closure has triggered what threatens to become the worst social and political crisis in Poland since the 1980-81 mass strike wave. How close Poland has come to the abyss was revealed in a report to the cabinet, July 30, by Labor Minister Michael Boni. He called Ursus, where mass sitdown strikes are expected to begin in the first days of August, just the start of a coming wave of social unrest. Boni warned that "dramatic developments in the neighboring U.S.S.R." could be "accompanied by outbreaks of riots" in Poland and other eastern European countries. He noted the absurd situation caused by the government's austerity policies, where the average industrial worker is "better off" being unemployed than working. Unemployed industrial workers receive 700,000 zlotys per month (roughly \$61.50) from the state, while many industrial workers in the capital goods sector earn only 600,000 zlotys (\$53) per month. "All of these things lead to a loss of the citizens' feeling of security," said Boni. "Nobody knows where the limit to social stress is. The map of labor strikes for economic motives documents that this state is coming close to the limits."

Ample warnings to this effect appeared in the Polish press in the last days of July. Opinion polls conducted by the Center for Opinion Research showed that 72% see the economic situation as "very bad," only 6% see it as "good," and 91% see a mood of unrest in the population. Seventy-five percent of those polled expect that popular dissatisfaction will lead to mass unrest, and 52% stated that they would take part in coming mass protests.

The July 30 cabinet proceedings show that the Bielecki government has responded to the crisis by inflaming it in the most provocative and arrogant manner possible. Its decision to kill Ursus was accompanied by replacing Industry Minister Andrzej Zamislak with Henryka Bochniarz, a Sachs devotee, who has achieved notoriety as what Poles call a "crash privatizer." Mrs. Bochniarz is the chairman of Nikom Consulting, Inc., which in July had just finished a study calling for the "rapid privatization" of 400 select companies in Poland's state sector industry. Her background includes three years (1985-87) as guest lecturer at the University of Minnesota.

## Toward a dictatorship

The tragedy of Poland provides a lesson for leaders and citizens around the world. It proves that Sachs-IMF economics and Bolshevism are twin evils. The imposition of either one on a nation subjects that nation to ruin. The former communist bosses of Poland responded to the ruin of Poland they had caused by imposing martial law in December 1981, as the only means by which they could continue to rule. The Sachs mafia is now contemplating exactly the same "solution" as the means to continue looting Poland.

The martial law "solution" to enforce further IMF looting of Poland is being promoted by the Bush administration. It was first publicly mooted the week of July 22, after talks in

Washington, by the state secretary in Walesa's Presidential Office, Maciej Zaleski. He remarked that to continue with the policies, if not with the actual person of Finance Minister Balcerowicz, it may be necessary to dump the Bielecki government and establish an emergency regime.

Zaleski was in Washington on a secret visit to sound out IMF and Bush administration reactions to imposing emergency rule in Poland. These talks were scheduled to continue at the end of July and first days of August, when an IMF delegation was to arrive in Warsaw. Right after the Zaleski-IMF meetings, President Walesa himself warned on July 24: "If I have to deal with anarchy, with a large strike wave. . . . I will use force to save the country." He stressed that he would have "no fear" to "impose martial law," and rule Poland, "not as a dictator but as a regulator."

By July 30, in a move perfectly timed with the callous and arrogant behavior of the Bielecki cabinet, Walesa went into a frontal offensive against the government, starting what he called a "meet the people" campaign, "to get Poland moving." Holding a press conference at the gardens of the Belvedere Presidential Palace, Walesa denounced the government for having "lost touch with the people."

A sweeping broadside against the government's economic policies appeared in an interview the same day in the leading daily *Zycie Warszawy*, by Jaroslaw Kaczynski, head of the pro-Walesa political party, the Center Alliance: "We do not agree with the current state of our country. We do not agree with the economic policy which is leading the country toward destruction. With the agricultural policy, thanks to which millions of farmers cannot sell their harvest. With the domestic policy, with the attacks on the Church and values dear to us."

Parliamentary elections, the first totally free ones in postwar Polish history, are scheduled for October. This is certainly one reason why the Walesa camp, whose popularity has suffered immensely because of the disastrous economic policies, has now begun to attack these policies, at least in words. If past experience is any guide, the Walesa camp will escalate these attacks and move toward dumping the Bielecki government. Walesa has done this kind of maneuver once before, when last year he broke with the government of Tadeusz Mazowiecki, correctly denouncing it for its economic policies, but only to continue these policies through the Bielecki government.

This time around, the scope of crisis will mean not merely an exchange of governments, but some form of authoritarian presidential rule by decree. What Walesa chooses to do at that juncture will be decisive in determining how history will judge him. Walesa can choose to implement by decree the next chapters of Polish economic ruin, dictated by the IMF and the Sachs maniacs, or he can employ his presidential powers to issue decrees that protect and build up Polish industry and agriculture, to act wisely in the spirit of a Charles de Gaulle, to reverse the decline of Poland. The decision will have enormous repercussions for all of Europe for many years to come.