

Poland's elites fear social upheaval, as IMF austerity takes its toll

by Frank Hahn

In November 1997, after the election victory of Solidarnosc in Poland, a certain euphoria prevailed. This included an element of naiveté about the impact of the global financial crisis on Poland, as well as about the evil intentions of Finance Minister and Vice Prime Minister Leszek Balcerowicz, the darling of the International Monetary Fund (IMF) and the international banks. Now, six months later, Poland faces the prospect of severe social conflicts as a result of Balcerowicz's Plan II. The euphoria is beginning to give way, in the face of an increasingly grim reality. From this standpoint, the political-psychological climate in Poland has become healthier.

Just look at what has happened since Jan. 1, 1998. Balcerowicz, who says he wants to combat "conjunctural overheating" (inflation), uses the usual monetarist formulas: Since the beginning of the year, rents and prices for electricity and heating have gone up about 20%, as have taxes on alcohol and tobacco. While the latter might have a beneficial effect on the health of the population, the rise in rents has already had a dramatic impact: A wave of evictions turned desperate, homeless people out into the streets. On April 14, the Warsaw Main Train Station was occupied by homeless people, whose slogan was: "Today, us; tomorrow, you!"

A new round of privatizations

Another component of Balcerowicz's general attack on the Polish economy is a new wave of privatization of big state-owned enterprises, which means closing down factories and mass layoffs. The fate of the famous Ursus tractor factory in Warsaw is now completely up in the air. As for coal and steel, the World Bank and the European Union are demanding that, out of the 70 Silesian coal mines, 54 either be closed down or their production drastically reduced—this means the layoff of at least 70,000, or perhaps as many as 120,000 workers from the mining sector. The steel industry is scheduled to be shrunk by 40,000 employees. These sectors are the core of Poland's industry, and have already been hard hit by more than a decade of IMF austerity conditionalities.

In response, the trade union Solidarnosc has recommended to the coal miners who are threatened with unemployment, that they leave the mining sector and become independent businessmen. What a mockery! How many pizza parlors, boutiques, messenger services, and independent "tradesmen" can a country sustain?

The international financial institutions rave about the fact that, nine years after the end of communism in Poland, over 50% of the labor force is employed in the private sector. Official government statistics, however, give a shocking picture of what this really means: 78% of them are working in small businesses which employ fewer than six people. As much as 80% of the turnover of those small ventures comes under the rubric of buying and selling in the so-called "open-air market." What we are dealing with here is a bazaar economy, while physical production has collapsed. The long-term survivability of a society is threatened, if the necessary rates of scientific and technological progress are constantly being undermined. And this has been the case in Poland for a long time, as the radical monetarist model of shock therapy has gone a long way toward eliminating the industrial base of the nation.

The privatization of Poland's industry, ordered by George Soros and the IMF, has had the following destructive effects: The state enterprises have sold their plant and equipment at one-fiftieth of what it is worth, while the classical industrial sectors, such as steel, machine-building, and electronics, have been "discontinued," while \$10 billion of foreign investment went into the production of cigarettes, beverages, food processing, cosmetics, and paper. Only then comes the investment into auto and truck production, as the only real industry in which Western companies have invested. Now the international raw materials cartel has naturally moved in to grab up Poland's rich raw materials (copper, silver). Thievery is too moderate a word for such a policy.

A cultural wrecking operation

But the deindustrialization doesn't stop there. In just eight years, the so-called educational reform has deformed Poland's school system in a way that took the West 20-25 years to accomplish. Of course, the cleverest burglars generally wait until the occupant of a house is away or asleep, before committing their crimes. In this sense, the most dangerous "burglar" worldwide, multibillionaire speculator George Soros, took advantage of the fact that Poland was "asleep," to rob the country blind. Not only did he steal the country's material wealth, but he also took the education and culture of its people.

Television, advertising, videos, all tell Poland's young

people: Get rich quick! Drive an expensive car, so that you can be like they are in the West (especially, of course, America).

Soros has played an important role in this, since he not only founded newspapers and private radio and television stations, but he and his supporters are also pushing the educational “reform” in Poland. The concept for this reform was elaborated by Anna Radziwill of the Polish branch of the Soros Foundation, known as the Batory Foundation. She is a high-ranking official of the Education Ministry, who has survived all the various changes in government, and works with the Vienna Institute for Humanist Studies, which is affiliated with Soros. The basic points of the reform are to reduce the number of school years by a year (*gymnasium* would only last three years), and to replace the classical fields of history, mathematics, languages, and science, with sociology, psychology, and other “ologies.” Jerzy Oledzki, the former Deputy Education Minister under the Suchocka regime, put it this way: “Creative thinking will no longer be required; students will only be required to learn how to handle an automobile, but not how to build a new one. Students themselves will decide which fundamental values they want to follow. The school is not allowed to convey any fundamental beliefs concerning man and his role in society” (see accompanying interview). Meanwhile, the drug problem in Polish schools is almost as bad as it is in the West—and here, too, one should not forget George Soros’s role, as one of the chief initiators of a worldwide campaign for drug legalization.

There is a vicious cycle here: The IMF, Soros, and the big international banks have, by shock therapy and privatization, destroyed Poland’s economy, creating a sense of uprootedness or a Darwinist frame of mind on the part of the youth, accentuated by Soros’s influence in the media, the universities, and the schools; then, in the second phase of shock therapy, many young people no longer even know what has hit them, in the virtual world of post-industrialism.

Reality strikes

But, we began by saying there was a healthier political-psychological climate. How can Poland break out of this vicious cycle?

Certain circles in Poland seem to understand very well, that the clock has struck for George Soros. Every serious representative of politics, the Church, economic life, and the trade unions is now talking about the danger of a financial crash—globally and also in Poland. Primate Glemp, soon after Easter, spoke of the growing danger of such a crash. And a high-ranking member of the Budget Research Committee of the Sejm (Parliament), Dr. Witold Rutkowski, was very concrete about what is in store for Poland (see interview). He expects a collapse of the currency, the zloty, comparable to the currency crises of Southeast Asia, in two to three months, at the latest. The background to this is a

massive flow of international “hot money” into the Polish financial markets, where one can get 25-30% interest rates for short-term investments. “The time is approaching,” said Dr. Rutkowski, “at which this money will be pulled out, and then the zloty will fall through the floor.” In the recent period, \$8 billion of such hot money has fled Poland, and this tendency can be expected to increase exponentially, up to the point of a crash.

One gets an impression that the real elites of the country are preparing for a crash, with the idea that they will then take measures to restore sovereignty to their nation.

Interview: Jerzy Oledzki

Education must foster the human person

Mr. Oledzki, Poland’s former Deputy Minister of Education (1992-93), is presently a professor at the Warsaw Polytechnical School. He has been a member of the Solidarnosc trade union since 1980. He spoke with Anna Kaczor Wei on May 5.

EIR: The subject of education is being discussed right now all over Europe. The debate seems to be between those who want to base education on a humanist Christian concept of man, in the tradition of the Renaissance, and those who, like Lord William Rees-Mogg, see education as nothing but a utilitarian tool to spread information. Lord Rees-Mogg once wrote that, in the Information Age, only 5% of society will need a good education. How do you see those debates here in Poland?

Oledzki: These kinds of discussions have been going on for centuries, which is an inevitable consequence of man’s existence on Earth. These kinds of questions are asked all the time: Where are we heading?

Here in Poland, the dispute is also going on. I do not know whether former Education Minister Stelmachowski has read Lord Rees-Mogg’s words, but in one discussion, he said that the basic task of the school is to teach the student how to write, read, speak a foreign language (primary level), operate a computer, and drive a car. These are the basic things, he said, and the rest is not so important. If the school manages to deal with that, one can choose the rest, depending on one’s life’s pursuit.

This is a provocative statement, provoking disputes about the basis of the education system, and I do not agree with it. I think that education has to include elements that foster the development of a human person. If we reduce education to those elementary stages—connected to acquiring the skills to