
Interview: Jozef Fraczek



The free market will not revive Polish agriculture

Mr. Fraczek is a member of the Senate of Poland, and chairman of the Senate Agricultural Committee, from the Solidarity Electoral Action (AWS) party. He was interviewed by Anna Kaczor Wei in November.

EIR: Please tell us what Polish agriculture looks like after eight years of International Monetary Fund (IMF) shock therapy?

Fraczek: Let's start from 1989, from the shock therapy which we got thanks to Mr. [Leszek] Balcerowicz. We have done a detailed analysis of each sector of agriculture. It reflects what has happened in Poland. For many people the results of this analysis are surprising, and that is because certain facts and information have not been reaching the public. The mass media are not interested in telling the truth, and the reality is far from the big success that they are talking about.

From the data we have collected concerning 1988-96, it is clear that there has been an average 30% collapse in agricultural production in all areas, but there are some areas where the drop has reached 80%. An average consumer does not see this, and does not want to see, because due to more liberal import rules, the shelves in shops are full, often with imported goods. All our critical remarks about this matter are treated like the complaints of malcontents.

Which sectors have been most destroyed? Those which worked to supply the big processing industries, like the sugar industry, or the tobacco and spirit industries—traditional agricultural regions producing for those industries suffered most. Agriculture suffered not only because of Balcerowicz's reforms, but also because of the ideas of Minister of Privatization Jan Lewandowski, who was promoting mass privatization, which meant the sell-out of property to big supranational corporations. We see the results of this in the brewing industry. Poland has good conditions for hop and barley production. Today, although the production and consumption of beer in Poland is growing, foreign companies which have bought Polish breweries are doing very well, while domestic hop and barley production has almost died out. This happened because big corporations bring their own semi-products to produce beer, mainly from Germany. Meanwhile, the typical agricultural regions of Poland, for example, east of the Vistula River, where there are good climate and soil for hop and barley, are in a deep crisis.

We also see another worrisome phenomenon. Most of those supranational foreign corporations (the daily *Polityka* published a list of the 500 biggest corporations active in Poland) show losses on their books. Although their production in Poland is growing, as well as income, yet, they keep declaring losses—also after the last year. How is this possible? Food-processing enterprises are often buying semi-finished products from their own branches, say, somewhere in Africa, and in this way they transfer overseas the profit made in Poland. We have no possibility of controlling the transfer of capital organized in such a way, but the robust prices for those semi-finished products or raw materials suggest that this is a way to transfer capital out of Poland and avoid paying taxes.

Balcerowicz's policy is definitely contributing to this poor state of agriculture. His shock therapy has its impact on producers also today, because he is obsessed, as Finance Minister, with anti-inflation policies, and does not hesitate to introduce imported goods on the Polish market, at dumping prices, below production costs, in order to show that prices are declining.

Prices for sugar and other foodstuffs are declining, but at the same time food-processing companies are losing their capability to accumulate capital. They do not invest, and we see the disintegration of production potential in agriculture, in whole branches, say, the sugar industry or fruit-processing industry. Poland used to be a big exporter of strawberries to western Europe. Today, strawberry production has been almost brought to a halt, even though the processing industry had good technology, and was experimenting [with new techniques]. Today, the formerly two biggest fruit-processing corporations, Hortex and Alinia, in Rzeszow, are doing something completely different.

There is also another very shocking parameter concerning agriculture, namely, the area lying fallow is growing. Land is an unwanted commodity in Poland nowadays. In 1988-96, the area fallow increased between 36 to 50 times, in various parts of the country. In the Rzeszow province, where I come from, the parameter is the lowest, and it is 36 times more. In 1988, it was 1,000 hectares; today, 36,000 hectares. The worst situation is in the western provinces, where there used to be a lot of big state farms.

This year we saw a lot of protests organized by farmers against cheap grain imports, mainly from the Hungarian

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Plain. They have very good climate conditions for this kind of production there, and the cost of production is 50% lower than in Poland. It is not only a matter of climate. Energy and fuel prices are very high in Poland [for example, 5¢ per kilowatt-hour as compared to 2¢ in the United States]. It is also very difficult to get credit, both for investment and turnover, and it is very expensive. So, the costs of production are high. If you let cheap grain from the Hungarian Plain into the Polish market, Polish farmers will discontinue production, they will think it does not make sense. If the cost of production in Poland is 51 zlotys per hundredweight [roughly, \$14.60 per 100 pounds], and the grain which reaches Polish borders is from 18 to 30 zlotys per hundredweight, how can you even start to balance that difference? Should we perhaps just tell farmers to stop growing grains, because that’s what the free market demands from them?

Such a situation leads to the degradation of the productive potential in Poland, and it is tragic, that most of the press describes the present situation as a success because they only look at the prices in shops, which are kept artificially low by cheap food imports. But this will not continue forever. We will see a tragic end of this, when domestic production collapses, when infrastructure collapses, there will be problems with unemployed people: Where are they going to go? To fill up slums around the big cities? And, I do not believe that this cheap food is going to flow into Poland forever.

EIR: There seems to be a growing number of people in Poland openly criticizing the policies of the IMF, the World Bank, and the European Union—just to mention Deputy Jan Lopuszanski’s speech during a November budget debate in the Sejm (lower house of Parliament) [see last week’s *EIR*]. Does this mean that there is a chance that at least some elements of Lyndon LaRouche’s proposal for national economies, which he outlined in his paper “What Each Among All Nations Must Do Now” [see *EIR*, Oct. 9], could also be used in Poland, as has happened in Malaysia to a certain extent?

Fraczek: There is a very important debate going on in Poland right now, first of all, about so-called liberal economic reforms. The debate has focussed everybody’s attention on the relationship between a national community, and wealth, which is necessary to achieve certain economic goals. This is an important debate, because IMF directives to privatize everything—and this kind of privatization means that prop-

erty is sold to supranational, foreign corporations—can be suicidal in our circumstances. There is a lot of pressure on us to privatize our whole energy system. Supranational corporations propose that we abandon coal, and base our entire energy system on gas imported from the Yamal Peninsula, which will lead to the collapse of coal mining, and all the industries supplying coal mining, which employ more people than the coal mining itself. All the engineers specializing in this field will become useless, while we should be working on new technologies for coal extraction and processing.

Concerning LaRouche’s program and his proposals in the area of national finances and budget, I can say that I agree with him, but is it possible to implement such a program in Poland now? It seems to me that it would not be possible—not yet, not at the moment; however, there is a growing understanding of these kinds of matters and the necessity to change economic policies, because, since 1989, nothing has been done in terms of infrastructure building. When it comes to infrastructure, everything we have today in Poland was built during the time of [First Secretary of the Polish Communist Party, 1970-80, Edward] Gierek, that is, in the 1970s; even the highways they want to build now, were designed at that time. So, these are also old ideas, and as of today, they have not found the financial resources with which to construct them, because during the intervening years, the discussion about these kinds of projects has been accompanied by a strong belief that the “Invisible Hand” of the market will take care of that. So, we sold cement factories, and the state budget does not include any means for such investments for today or tomorrow. The authors of the budget wait for the Invisible Hand of the market!

The situation is tragic, for example, in the area of river regulation and water management. There is no money allocated to regulate the Oder River, to build dikes and levees, and this is why we have such damaging floods. Because of the influence of ecological demagoguery, there has been a decision made that the Oder is to be a freely flowing, muddy river—while the Germans are building a canal for transportation purposes. If we want to help our coal miners, we should regulate the Oder, but again, there is supposedly no money for this.

The situation in big cities is also catastrophic because of the lack of infrastructure, but Finance Minister Balcerowicz is trying to eliminate the budget deficit, so he claims that there are no means to build infrastructure.

This is why I think that not everybody is aware that it is a necessity to go back to national economic policies, which were applied in Poland for a certain time between the two world wars, and which now Mr. LaRouche proposes. But I do not think that we will have to wait for long to see a change that would make it possible. The necessity to invest in infrastructure is becoming more and more evident. One can import food from other countries, but not the whole road, not infrastructure! This has to be created by each country individually. This fact will trigger the change in the understanding of the economic reality.

EIR: The political movement working with Mr. LaRouche is trying to change the approach to economic policies inside the United States, which has been hit very hard by the global financial collapse. To induce such a change, we have started an international campaign to seek support for an Appeal to President Clinton, calling on the American President to appoint LaRouche as an economic adviser to his administration. What do you think about the idea that the Clinton administration should implement LaRouche's economic program, or that President Clinton should appoint LaRouche as his adviser?

Fraczek: Here in Poland, we watch the situation in the United States from a certain distance. I think people here are following events mainly in two countries, the United States and Germany. All the decisions made by President Clinton, also in the field of economy—including to what extent he would, for example, accept LaRouche's program—are echoed in many countries of the world, including in Poland. We are also following German politics, and we can see a certain change in the attitude of the new Chancellor. While [Helmut] Kohl used to express his concern about everybody during his foreign trips—he would console everybody, etc.—now [Gerhard] Schröder says, that he lacks an imagination such that would allow him to forecast when Poland will join the European Union. This is a sign that everybody should start thinking realistically, and with a visionary approach. We have to end all this talk that everything will fall into place somehow, and this Invisible Hand of the market will fix everything. Every nation has to evaluate its real situation.

What will happen in the United States? It is difficult to judge from our perspective. If the solutions go in the positive direction, and LaRouche's program is accepted by President Clinton, or at least some elements of his program, this will definitely have an effect on our country, on the way people evaluate things. Because today, all the globalists point to the United States as a country where great economic success was possible thanks to the free market—free and unbridled market. This is how it is seen—although this knowledge may come from nothing other than movies, about a brave cowboy or a farmer who fights Indians on the prairies, and the government is only creating obstacles for him.

Pope issues appeal on World Day of Peace

The following are excerpts from the "Message of His Holiness Pope John Paul II for the Celebration of the World Day of Peace," Jan. 1, 1999. Footnotes have been omitted. The full text was released by the Vatican Information Service.

1. Respect for human rights: the secret of true peace

In my first Encyclical, *Redemptor Hominis*, addressed almost twenty years ago to all men and women of good will, I stressed the importance of respect for human rights. Peace flourishes when these rights are fully respected, but when they are violated what comes is war, which causes other still graver violations.

At the beginning of a new year, the last before the Great Jubilee, I would like to dwell once more on this crucially important theme with all of you, the men and women of every part of the world, with you, the political leaders and religious guides of peoples, with you, who love peace and wish to consolidate it in the world.

Looking towards the World Day of Peace, let me state the conviction which I very much want to share with you: When the promotion of the dignity of the person is the guiding principle, and when the search for the common good is the overriding commitment, then solid and lasting foundations for building peace are laid. But when human rights are ignored or scorned, and when the pursuit of individual interests unjustly prevails over the common good, then the seeds of instability, rebellion and violence are inevitably sown.

2. Respect for human dignity, the heritage of humanity

The dignity of the human person is a transcendent value, always recognized as such by those who sincerely search for the truth. Indeed, the whole of human history should be interpreted in the light of this certainty. Every person, created in the image and likeness of God (cf. Gen 1:26-28) and therefore radically oriented towards the Creator, is constantly in relationship with those possessed of the same dignity. To promote the good of the individual is thus to serve the common good, which is that point where rights and duties converge and reinforce one another.

The history of our time has shown in a tragic way the danger which results from forgetting the truth about the human person. Before our eyes we have the results of ideologies such as Marxism, Nazism and Fascism, and also of myths like racial superiority, nationalism and ethnic exclusivism. No