

Globalization threatens Poland's survival

by Frank Hahn

If it can be counted as “Western style” to have interminable traffic jams, postmodern office doors à la Potsdam Square in Berlin, a high density of mobile telephones, expensive yuppie restaurants with dubious menus, and extravagant elegance in the latest clothing fashions, then Warsaw has made it into the big leagues among Western capital cities. Polish youth celebrate the arrival of the world of glamour in the formerly austere East with frenetic parties, and they believe in democracy, globalization, and liberalism.

But this glittering scene may quickly prove to be nothing but a Potemkin village. Not only are pessimism, drug consumption, and similar symptoms of the oft-cited Western collapse of values spreading, but also, behind the colorful shopping windows in Warsaw or Krakow, the economic crisis is threatening to boil over. Poland finds itself caught up in the world economic crisis, and hit by the crisis in Russian in particular, while it is being squeezed by the International Monetary Fund (IMF) and the European Union (EU) in equal measure.

To give a few examples: 120,000 miners will be laid off by 2002, and in the steel sector, one-third of 74,000 employees will lose their jobs over the next three years. The Polish railway PKP plans drastic cuts (60,000 layoffs out of 204,000 employees). In the health sector, the “great reform” has been in effect since the beginning of the year, and has resulted in layoffs of two-thirds of the doctors and nurses, and a severe deterioration of health care for all of those patients who cannot afford private physicians.

All of the “reforms” and privatizations are the prerequisites for Poland's membership in the EU. And, the European Commission is making new demands for accelerated layoffs. The Brussels Commission has rejected the original plan for reducing steel production from 15 million tons to 13.5 million tons, and is insisting on a reduction to 9 million tons—which would be less than one-third of Poland's steel production in 1990! No wonder that, under these circumstances, 54% of all Poles are now against entry into the EU.

It would be foolish to assume that anyone really intends to increase the productivity of firms with layoffs of these magnitudes. The simple fact is that layoffs result from a radical policy of deindustrialization—as the rest of Europe already knows. The Polish rail system, for example, is to be reduced from its current 22,000 kilometers to 16,000, and the number of passengers transported annually is to drop from

386 million to 212 million. One wonders whether people are supposed to switch to bicycles or airplanes. A car would be a precarious alternative, given the current state of the roads. Maybe the idea is that the people should just stay home, since they have contact with the rest of the world through the Internet anyway.

The railways were once the pride of the Polish nation, efficient and punctual, and they were also the largest employer. Now they are an example of the results of globalization and shock therapy. Industries—steel and coal, especially—have paid no rail fees for several years now, and so, the debt-spiral has been shifted from one sector of the economy to the other. According to testimony by PKP president Krzysztof Celinski, no bank is willing to give credits to the railway, and so the problems become more severe, to the point where the railway is now no longer able to pay pensions and health insurance for its employees.

The newspaper of the railway trade union, *Wolna Droga* (*Free Ride*), reported these conditions under the title, “To Be or Not To Be,” and called on the Pope, who repeatedly has warned against “wild capitalism,” in which “human beings are treated not as creative beings but as simple tools of production,” for help.

Political conflicts amidst crisis

The symbol of this “wild capitalism” is Finance Minister Leszek Balcerowicz, in office for ten years now, who supports the radical-liberal policies of IMF shock therapy. An active cadre of the communists and a lecturer on Marxist theory up to 1989, his campaigns against his opponents have recently come to resemble the hysterical features of a political purge: the chairman of the Committee for Agriculture in the Polish Sejm (Parliament), Gabriel Janowski, as well as the Minister for the Environment, were abruptly fired from their posts after criticizing Balcerowicz's policies. And also, the chairman of the Finance Committee, Henryk Goryszewski, promptly found himself tied up in a tax-scandal when he criticized Balcerowicz. There is a tense and repressive atmosphere in the country's political circles.

Since late October, however, Minister Without Portfolio Jerzy Kropiwnicki, Balcerowicz's nemesis in the cabinet, and head of the Government Center for Strategic Studies, has gone on the offensive. In a press conference on Oct. 27, he painted a realistic picture of the current situation, including the alarming figures on unemployment, the trade deficit, and inflation, and wryly observed that the policy of “cooling off” the economy (Balcerowicz's favorite slogan) had not achieved the expected results.

In fact, the statistics are rather embarrassing: Balcerowicz's prognosis at the beginning of the year and the current reality diverge considerably. Instead of 9.5% unemployment, the reality is 12.5%. Industrial production did not increase by the projected 8%, but instead, it stagnated at 0.9%. Exports collapsed as a consequence of the global and Russian crises



The real story of Poland's financial "reforms": A woman is reduced to begging, on the streets of a small town near Warsaw, 1999.

by approximately 7%, instead of rising at the forecast rate of 14%.

There was an immediate uproar in the ranks of the liberals following Kropiwniki's press conference. Kropiwniki had painted "a black picture," according to *Gazeta Wyborcza*, the neo-liberal propaganda sheet for Solidarnosc circles. Representatives of the National Bank were banging the drums of hysteria because the Polish currency, the zloty, fell 1% within three minutes after Kropiwniki's press conference had ended; they called for shutting him up, so that such things would not be said in public.

Balcerowicz promptly demanded that Kropiwniki resign, and Prime Minister Jerzy Buzek decided to send the target of the criticism on a vacation. Political observers in Warsaw see this as more of a Pyrrhic victory for Balcerowicz, and the beginning of Kropiwniki's political come-back.

People around Kropiwniki are optimistic: They are counting on a new international agreement for solving the global financial crisis in 2000, and in this context, Poland would take the lead in creating new instruments of credit for investments in infrastructure, and new technologies, including in space research. These circles are talking about criteria of physical economy, and about how human beings are created in the image of God to subdue the Earth. This reflects the continuing process of discussion around the ideas of Lyndon LaRouche and the Schiller Institute in parts of the Polish government.

Debate on globalization

These ideas are being discussed widely in other quarters as well. The most recent issue the magazine *Wies i Panstwo*, the theoretical journal of the Polish farmers' party PSL, which was in the government from 1993 to 1997, and for a time even had one of its own members as Prime Minister, reports in detail on LaRouche's economic theoretical work. Prof. Tadeusz Przewozniak authored an article on the history of ideas about the social market economy, and, rather unusually, in his treatment of the 19th century, he discussed the opponents of radical liberalism: Alexander Hamilton, Friedrich List, and Henry Carey. In the chapter on the history of economic thinking since 1971, two pages are devoted to LaRouche and his theory of physical economy. Professor Przewozniak notes the origins of LaRouche's economic ideas in the work of Leibniz (particularly "Society and Economy"), and he mentions that LaRouche's book, *So, You Wish To Learn All About Economics?* is also available in Polish.

The basic ideas of LaRouche and his wife, Helga Zepp-LaRouche, are summarized in two theses:

1. The world financial system, which has generated an immense speculative financial bubble, in which only 2% of the daily financial turnover on the financial markets has anything to do with the exchange of real goods, is threatening to disintegrate.

2. The massive issuance of credit for productive projects in infrastructure and industry, particularly the development of infrastructure corridors from Europe to China, is a necessity.

This article is important because a heated debate broke out recently in the PSL, and also in scientific circles otherwise, on globalization. The recent translation into Polish of *The Globalization Trap*, a book by Hans-Peter Martin and Harald Schumann, which was originally published in Germany in 1995, unleashed considerable turmoil. It was a shock to read that 80% of the population is viewed as superfluous in the eyes of the proponents of globalization, and that their only fate is unemployment and poverty. Some professors and political activists of the "anti-Balcerowicz camp" do not shy away from comparisons between globalization and the policies of Hitler or Stalin, or even calling globalization planned genocide. That is characteristic of the atmosphere in which the Schiller Institute's new study, "Neo-Liberalism Kills" (*EIR*, Nov. 5, 1999), is being met with great interest even in advance of its publication in Polish.

Representatives of the Schiller Institute were invited by the anti-Balcerowicz camp for a number of discussions inside and outside of the Sejm, and many expressed joy at hearing about the progress of Lyndon LaRouche's Presidential campaign, since LaRouche is seen as at the center of resistance against globalization.

The condition of trade unions

As far as the trade unions are concerned, the disastrous economic conditions are having their impact. There is talk

about large demonstrations and a “pre-revolutionary situation” in the country. That is surely an exaggeration, because, for all of the criticism of the social consequences of the drastic budget cuts (in which the trade unions resemble their German counterparts), there is still no criticism of the system itself. The majority of the population is dissatisfied with the policies of the Solidarnosc-led government, but it is still far from rejecting the system of globalization and neo-liberalism. The trade union movement outside of the now radical-liberal Solidarnosc is fragmented, and often limits its focus to representing particularist interests. That was why the long-announced grand demonstration of four different trade unions in Warsaw on Sept. 24 was a disappointment: Instead of the expected 100,000 people, only 30,000 showed up, and they won’t be seen on the streets again very soon in that formation.

One of the few trade union leaders who has a real program, and who wants to expand the political vision of his members, is Daniel Podrzycki, the chairman of the mining union “August 80,” whose base is primarily in Upper Silesia. He publicly supports the program for the Eurasian Land-Bridge, and his articles on the Schiller Institute and LaRouche appear regularly in the union’s weekly newspaper, *Kurier Zwiazkowy*. That is why the radical-liberal *Gazeta Wyborcza* recently unleashed a tirade against the Schiller Institute, claiming that “August 80” is “financed by the Schiller Institute.”

The Schiller Institute and “August 80” held a joint press conference in Katowice on Oct. 25 to counter these reports. Podrzycki ridiculed the press reports about the Schiller’s Institute’s alleged financing of “August 80,” and said that it would be the equivalent of Uganda financing the United States.

Anna Kaczor-Wei, the chairman of the Polish Schiller Institute, emphasized that the Schiller Institute does not cultivate official cooperation with any institution in Poland, but it does have an intense exchange of ideas with various political, social, and scientific institutions. She astonished the assembled journalists with a competent analysis of the global financial crisis, and the consequences of globalization and free trade, and elaborated in detail on the necessity for a New Bretton Woods global financial system, on behalf of which LaRouche is campaigning for President in the United States.

Two newspapers from the region of Katowice, including *Trybuna*, have publicly clarified that the Schiller Institute does not finance “August 80.”

Among the so-called “elder statesmen” in Poland, the idea of a new political leadership, engaged in a Socratic dialogue with the population, as LaRouche epitomizes this, is being met with great sympathy. One of the most important political advisers behind the scenes said that, without the philosophical foundation of politics in the sense of Socrates or Leibniz, civilization would destroy itself. The discussion about the quality of political leadership in the coming century has, in any case, already begun in Poland.

Interview: Janusz Dobrosz

Poland needs an end to free-market insanity

Mr. Dobrosz is the chairman of the Polish Peasant Party (PSL) Club in the Sejm (Polish Parliament). He was interviewed by Anna Kaczor-Wei in Warsaw on Nov. 5.



In his interview, he discusses Poland’s relationship to the European Union. Warsaw has signed a preliminary agreement regarding association with the EU, and in three years, it may become a full member. But the European Commission is demanding that the Polish government satisfy certain austerity conditionalities now, even before becoming a member.

EIR: For ten years, Poland has been implementing free-market reforms according to the International Monetary Fund’s (IMF) conditionalities; additionally, for a few years now, this country has been adapting to the European Union, which, from what I know, has had a rather bad impact on the Polish economy. Because of that, social support for Poland’s membership in the Union is decreasing. What effects do Brussels’ directives have on Polish agriculture?

Dobrosz: As a political formation, we have a clear conscience, because, since 1990, we have been warning against all the dangers and obstacles accompanying the decision to adopt everything that Brussels and the IMF dictate, without any alternative. There are many groups which are now suddenly waking up, when the situation is already dangerous, and one can clearly see the consequences of their policies.

Politics is mainly about forecasting. We have forecast that there will be problems, if Poland abruptly gives up everything that the developed countries maintained, during the period of their dynamic growth, when they stuck to state interventionism and took care about their economic progress in the framework of their national economy. We were labelled as irresponsible, conservative, or post-communists. We were told that if we want an economy with state intervention, we must be pro-Russian. But today, anybody can see the fatal consequences of the European Union’s policies toward us.