
Poland

Selling the nation to pay the debt

by Tadeusz Rejtan: Part III of a series

Poland's huge foreign debt—over \$31 billion—continues to be one of the determining factors that shape the course of internal political events as well as the country's relation to the outside world. Recently, however, Poland's debt has become an instrument in the hands of Gorbachov and his Polish allies: a means to impose a new version of Lenin's New Economic Policy (NEP) program, and its international correlative, a "New Yalta" world order.

In itself, it is intriguing that General Jaruzelski's government should choose to release a report on the state of the Polish foreign debt drafted by two authoritative economic institutes. The findings of this report confirm the hopelessness of the country's situation. Some facts will illustrate the point:

Poland, with a per capita debt of \$836, and a debt to export ratio of over 5:1, belongs to the same category of debtor countries as Argentina, Mexico, or Brazil. If one considers only the debt to Western governments, less than half of total indebtedness, the compromise reached between the Polish government and the "Club of Paris" government creditors cartel sets yearly debt service, 1986-89, at some \$3 billion. This compares with a planned balance of trade surplus of \$1.5 billion, a goal which the authorities admit they cannot reach in 1986. And then there is the debt owed to commercial banks, which is constantly being rolled over to avoid an open default.

The above-mentioned report presents two scenarios, the optimistic one not being worth mentioning, for it is but a fairyland construction. According to the "more realistic" scenario (3% yearly GNP growth, 4% exports growth), the debt will reach \$40 billion in 1990, \$55.7 billion in the year 2000 and \$65 billion in 2008. For the first eight months of 1986, exports have decreased by 6% compared to last year, and within the present parameters there is no hope for improvement.

Now, why are the rulers of the Polish province of the Soviet empire sending such a clear "we cannot pay" message to Western banks and governments?

The answer is probably to be found in the praise for Lenin's New Economic Policy recently published by *Pravda*. As we shall see, Gorbachov's NEP theme has been endorsed and elaborated in the Polish press. It was in the years of the

NEP, where the Soviet Union was opened for Western capital, that Armand Hammer and others made their fortunes and established their networks, in joint ventures with Lenin's Russia. A series of recent articles published in the Polish press makes the Polish part of the NEP program more concrete:

On Oct. 31, Henry Chadzynski wrote in the semi-official daily *Zycie Warszawy*: "Unless there is an acceleration in the growth of exports (and this is linked to an increase in productivity, a more efficient organization and a tighter work discipline), not only will it be impossible to meet debt repayment obligations, but also to acquire the means to import supplies. This, in turn, is what production for the market, technological progress, and more generally, growth, depend on."

In clear text: export or die. Coming from the Polish government, that, as such, is not new. But, how to increase exports to repay the debt? Here we have something very new indeed.

A little earlier in October, the "Export-Import" economic supplement of *Polityka* published an article by Stanislaw Gruzewski which said: "The possibility of increasing exports of those goods we now produce is insignificant. We need new products that are in demand on the world market, and that our industry is presently unable to supply. . . . *without opening our industry on a large scale to foreign capital, we will not solve this problem.*" (emphasis added)

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And the same *Polityka*, a weekly closely associated with the present ruling clique, added: "Our balance of payments can also be improved through so-called foreign currency transfers, among other things, by making it easier for our specialists to work abroad, by creating a favorable social and economic climate for foreign corporations operating in Poland. . . . At the same time, we have to continue discussing with our Western creditors, not only to postpone repayment, but also to increase the direct participation of our partners in the solution of the Polish economy's developmental problems."

So Jaruzelski is offering Western capital a cheap labor pool within Poland, and, Polish guest workers en masse: Not satisfied with ruling a Soviet satrapy, he and his Party want to turn Poland into a colonial plantation. Any Western trade-unionist will recognize the meaning of "tighter work discipline" and a "more favorable social and financial climate."

But there is more to this scheme. Beyond the economic offer that is now being made, the strategic significance of these openings should not be missed: Poland—or, to be more precise, the prospect of billions of dollars of secured debt repayments through "opening up Polish industry to foreign capital on a large scale"—is the bait the Russian Empire is offering the West to get it deeply entangled in the nets of the New Yalta that both the Soviet and Western oligarchs are negotiating.