Poland rejects 'Marshall Plan'; Hungary gets new austerity leaders

by Konstantin George

Moscow, via an official statement by its Polish satellite, has nixed the schemes of Western financiers for a "New Marshall Plan" for Eastern Europe. The death notice for the intended Marshall Plan—a notion especially pushed by Carlo De Benedetti of Olivetti—was delivered in the May 22 edition of the Polish Communist Party newspaper, *Trybuna Ludu*. The paper rebuffed flat-out Western proposals, which, under the guise of "aid," would increase Poland's indebtedness and, as a consequence, the looting of that country by Western creditors.

Trybuna Ludu declared that the proposals "seek to create . . . a new dependency, under the wrappings of a new Marshall Plan," and that they were being rejected for the same reasons that (on Moscow's orders) Poland and other Eastern European countries said no to the 1947 Marshall Plan: "The aim is the same as always: to change the power alignment in Europe." Such designs are based on "false conclusions drawn from the structural transformations now taking place in the socialist states. . . . We are not, and never will be prepared to sell out the most vital Polish interests."

Poland's rejection was foreshadowed by Moscow in the April 24 *Pravda*, which excoriated Western use of "economic levers" to undermine Poland in particular and Eastern Europe in general. The "Marshall Plan" balloon was being punctured even before it got airborne.

Illusions, however, can tend to die hard. The latest craze among the Western media trumpeters of "liberalization" in the East bloc is a totally unwarranted flood of commentaries praising a "stunning victory of the reformers" in the May 20-22 Hungarian Party Conference, which deposed Janos Kadar, 76, Hungary's ruler since he was installed by Soviet tanks, crushing the 1956 Hungarian Revolution.

Hungary's leadership: fact and fiction

The Hungarian leadership changes that occurred at the special Party Conference appear to have been major, if one looks at the raw numbers in the turnover. Eight of 13 Politburo members and 31 of 108 Central Committee members were removed. The widely published analysis that the personnel changes were perfect for the desires of Western financial circles masked the fact that Moscow got what it had wanted. The illusions arise because the overriding Soviet *policy* considerations behind personnel changes are ignored or forgotten.

Hungary's policy is, and will be even more so under the new leadership, austerity. The personnel changes reflected the Soviet concerns to have in Hungary the leadership team best able to steer a vicious austerity program and, at the same time, stave off—at least for the present—a social explosion which has been brewing for months. Moscow staged, on this occasion, its version of what Western financiers almost always do under similar circumstances, on their side of the Yalta divide: They bring the radical Social Democratic types into the government, to better enforce austerity against the work force. Therefore the Hungarian equivalent of "radical, anti-Establishment" Social Democrats was coopted onto the Politburo.

Thus, people known as liberals, such as Reszoe Nyers and Imre Pozsgay, were promoted to the Politburo. Nyers is the "father" of the 1968 liberal economic reform, which opened Hungary to Western looting, which led to its $18 billion foreign debt, the highest per capita indebtedness in the East bloc. Pozsgay is an advocate of a "multi-party" system. Similar additions were made to the Central Committee, including former Prime Minister Jeno Fock (1965-75), who had been expelled from the Central Committee in the late 1970s.

These appointments were the payment for—and what a cheap price to pay—the $350 million International Monetary Fund standby credit and $70 million World Bank credit Hungary was granted just days before the Party Conference. The standby credit prevents an immediate collapse in Hungarian debt repayments, which are now eating up some 75% of hard currency export earnings.

As to who will actually run Hungary, Moscow got the leadership core it wanted. The eight deposed from the Politburo were either close protégés of Kadar or the two 70-year-olds, Gyorgy Aczel and the discredited head of the trade unions, Sandor Gaspar, where a "fresh face" was urgently required to stop the flood of workers quitting the government trade unions. The Kadar protégés were weaklings, intolerable to Moscow at a time when Hungary is experiencing its worst crisis since 1956. "Strong men" to do Moscow's bidding were required, and Russia now has them.

The reins in Hungary are now held by two men, Karoly Grosz, 58, the new general secretary, and Janos Berecz, 57, the boss of the powerful Central Committee Secretariat, nicknamed "Hungary's Ligachov." Both are referred to inside

Hungary, with full justification, as "Moscow's men."

Berecz, a notorious hardliner, was brought onto the Politburo in 1985, under the same considerations by which the Russian Nomenklatura brought Yegor Ligachov and KGB boss Viktor Chebrikov onto the Politburo in the Soviet Union. Karoly Grosz will continue until about the end of this year also as prime minister, the post he was given in June 1987 to direct the current austerity program. Grosz's rapid rise and the hand of his Muscovite benefactor were revealed in April 1987, when Yegor Ligachov, during his stay in Budapest, singled out the relatively unknown Grosz for effusive praise.

Behind the scenes management

The Party Conference was skillfully managed by Grosz and Berecz to create the appearance of "sweeping change," while they actually tightened their grip over the party machinery. The secret behind this bit of Magyar magic lies in the crucial institution in which *no* sweeping changes took place, the Central Committee Secretariat.

Here, Berecz finalized his control over the body by expelling Kadar's young protégé, Miklos Ovari, from both the Politburo and the Secretariat, where he had run Kadar's office.

The post, too, was abolished, thus reducing the Secretariat's membership from seven to six. Of the six new additions to the Politburo, whose membership has been trimmed from 13 to 11, two of them, Janos Lukacs (responsible for youth affairs) and Miklos Nemeth (responsible for foreign policy), came from the Central Committee Secretariat.

Added to the five Politburo members retained, that makes a core of at least seven, around Grosz and Berecz. It is they who will, on behalf of Moscow, rule. The liberal types now ornamenting the Politburo will have all the power of mannequins in a store window.

How long it will take for this reality to dawn on Western financiers and illusion-ridden governments is another matter.

Gorbachov economic aide tells of woes

by Luba George

The Soviet Union's population is now seething with discontent, as the spillover effects of the economic catastrophe in Eastern Europe have dropped Soviet living standards down to the level of the 1960s, if not worse. On top of the large-scale national unrest in the Caucasus and the Baltic, there is another pattern of unrest now brewing: strikes, protesting the wage reductions and abysmal supply situation effected under the "reforms."

Pravda of May 22 reported that bus drivers in the Lithuanian port of Klaipeda (Memel) had gone on strike for one day during April, protesting the "reforms" which now link wages to "productivity," and, in their case, wiped out their bonuses. The strike only ended after the city promised to restore the old wage system. Recently, the Soviet press has also belatedly admitted at least two strikes last year by Leningrad shipyard workers.

The forced tempo of the post-1982 Soviet war economy program, codenamed *perestroika* since 1985, has been accomplished, *inter alia*, by a prolonged neglect of Soviet light and consumer industry. That neglect was bridged by ever-increasing Soviet looting of Eastern Europe, to sustain the Soviet civilian economy. Plundering Eastern Europe, however, together with allowing expanded Western looting of the same Eastern European nations during the 1980s, has caused a near physical breakdown of the captive nations' economies. The result is the worst supply situation in the Soviet Union in decades.

Aganbegyan spills the beans

The gravity of the economic crisis was spelled out in detail by Gorbachov's economic adviser, Abel Aganbegyan, at a seminar in Moscow in February on the theme "Problems of Radical Change in Economic Management." Aganbegyan's speech was published in the March edition of the magazine *Nauka i Zhizn* (*Science and Life*).

The investment neglect was dramatically illustrated: "For a long time, we obviously underestimated the production of mass consumer goods. Judge for yourselves: Although this branch of industry accounts for 37% of all income generated, it has received only 8% of all investments."

Soviet light industry was characterized as nothing less than a junk heap of obsolete plant and equipment. "Light industry is still operating unsatisfactorily. In 1986 its production rose by only 2%, and last year by only 1.4%. The reasons for this are rather deep: Equipping light industry with new machinery has not been done for *decades*, 40% of the plant and equipment passed its point of amortization long ago. It's urgent to promote a basic renewal of plant and equipment, but the production of plant and equipment in the U.S.S.R. is not functioning properly."

Aganbegyan candidly documented the collapse of Soviet living standards—never high to begin with—under the last three years of *perestroika*, noting that the average Soviet