

Poland's Bielecki defends Sachs plan

by William Jones

Polish Prime Minister Jan Bielecki, on a short visit to the United States early this month, tried to put a "good face" on the tremendous economic and social costs of attempting to implement the "free market" policies of Harvard economist Jeffrey Sachs. While admitting that Sachs's austerity regime had caused hardship, he nevertheless insisted that "phase one" of the plan had been a "miraculous success."

Bielecki, a 39-year-old liberal economist, became prime minister of Poland in January of this year, on the basis of an understanding that he would continue and accelerate the "shock therapy" program of Sachs. Under this program, Polish living standards have plummeted, there are 1.6 million unemployed, and the giant Ursus tractor plant, the largest tractor producer in eastern Europe, has gone into bankruptcy—along with many other industrial enterprises.

Clearly, Bielecki was looking for some international financial angels to help him out. During his visit to the United States he met with, among others, Treasury Secretary Nicholas Brady and International Monetary Fund (IMF) Managing Director Michel Camdessus.

The clock is ticking

At a meeting of the Atlantic Council in Washington, D.C. on Sept. 10, Bielecki admitted the difficulties facing Poland, observing that one of the "fundamental truths" about the process his country was undergoing was that the implementation of the harsh austerity measures demanded by the international banks required "a mandate from the people to accept the hardship." Bielecki admitted further that "the amount of time given by the people to achieve economic success is limited." The Bielecki government had itself threatened to step down this month, when the Sejm (the Parliament) rejected its request for emergency powers, but also rejected the resignation.

Poland's creditors are clearly worried about the possibility of a social explosion, or a shift away from the Sachs program. A representative of the World Bank, for example, sought from Bielecki reassurances that Poland would not leave the path of "radical reforms." Bielecki tried to reassure him that the "general direction" of Polish policy would be

constant, although warning that "international institutions" might have to make slight deviations from the Sachs plan in order to maintain social calm.

Although claiming that "phase one" of the Sachs plan had been a "miraculous success," assuring Poland a stable exchange rate for nearly two years (at the cost of 80-100,000 laid-off workers), Bielecki said that "phase two," the restructuring of the Polish banking system, had been an abysmal failure, claiming, incredibly, that the fault lay with the fact that Poland never had a banking system and lacked "enterprise managers." The solution—undoubtedly dictated by the representatives he had met with that day—was to send Polish entrepreneurs to the United States to learn the supposed virtues of the free market, and to open up Poland to an influx of Polish-speaking managers already trained in the West. This, coupled with the privatization of the banks, offered, according to Bielecki, the solution to Poland's problems.

Relations with the new Union

Responding to a question from *EIR*, the premier also admitted that the "Polish model" was not exactly one which other east European countries or the former Soviet republics were anxious to follow, although he had advised Gorbachov and the Baltic states that the most important item for them was the stabilization of their currencies. "And besides," he said, "there is no other way." Bielecki warned that there were risks in trying to implement the "Polish model" in the new Union of Sovereign States. "The Soviet Union faced 70 years of communism and has been much more isolated than Poland ever was. The problems there will be on a scale almost unimaginable," he said.

He was very concerned about the possibility of another coup attempt, if similar economic turmoil occurred there. "We are hopeful, but we are apprehensive," said Bielecki. "In some ways the uncertainty of the situation makes our security more important than ever." He said that Poland would foster relations with the new Union along with the four new republics that border Poland. Stressing the common cultural heritage of western and eastern Europe, Bielecki called for Polish membership in the European Community. He also called for extending the NATO umbrella to include the countries of central and eastern Europe, and stressed that the Polish government would try to accelerate the withdrawal of Soviet troops by the end of 1992.

Bielecki is quite wrong when he says there is "no other way" but to accept the Sachs policy. Indeed, he privately commented on the strong political support in Poland for the LaRouche "Productive Triangle" alternative. He politely told a representative of the Schiller Institute in Washington that he wished the LaRouche forces success in implementing the Triangle program. But a total shift in policy, away from the free market nostrums and to an "American System" policy of high-technology development, is needed to save Poland.