to halt "the recession."

Although the new government's program remains vague, talking generally of the need to stimulate production and exports through more credit creation, its mere announcement that the task is to proceed first against "the recession," has already elicited strong counterreactions from the "IMF faction" in the political elites.

Finance Minister Karol Lutkowski tendered his resignation on Feb. 17, immediately following the announcement of the new program, with the explanation that revving up the economy would only lead to inflation. In an interview with Polish state radio, reported by Reuters, Lutkowski said he believed the plan's accent on anti-recessionary measures would only worsen the country's budgetary problems. "I have many basic reservations which prevent me from identifying myself with some of the economic proposals contained in the program," he said. "My most serious reservations, however, concern what I believe to be the basis of the program, that is, an emphasis on the need to create money at a rate faster than inflation and faster than the possible growth in national output."

But other forces, too, are ready to put boulders in the government's path. The Liberal Democratic Congress of former prime minister Bielecki, as well as parts of the Center Alliance, the party to which Olszewski belongs, invited Harvard guru Jeffrey Sachs back to Warsaw on Feb. 8, in order to jointly plot intrigues against Olszewski and to get the circles of Bielecki and his former finance minister, Leszek Balcerowicz, back into the government. They have been harping on the agreements made by Poland last year with the so-called Club of Paris. According to that agreement, Poland was promised a reduction of its foreign debt (all incurred by the communists), on the condition that for three years—until 1994—it would submit unconditionally to the IMF's regime. Every initiative in economic policy, e.g., expanded credit availability or additional budgeted expenditures, had to be approved by the IMF beforehand.

It is therefore quite clear that Olszewski will have to go much further than he is doing now with his vague economic program. A strategic initiative is now necessary if Olszewski is to survive politically, and his country physically. This strategic mooring must contain the following components:

1) The agreement with the IMF must be declared incompatible with the Polish Constitution, and therefore declared null and void.

2) The Polish National Bank must be put under the dictates of government policy, and must be made into an instrument of sovereign, productive credit creation.

3) On this basis, targeted investment could be guided into industry, agriculture, and infrastructure.

Olszewski is assured of public support if he proceeds along these lines, and he can succeed, despite Poland's vulnerable position, provided he coordinates his policy with Czechoslovakia, Hungary, the Baltic nations, Ukraine, and Russia.

Currency Rates