Poland: Slanders Aim At LaRouche's Influence

by Anna Kaczor

In its third issue of 2003, the Polish edition of *Newsweek* published a bizarre article about the work of the Schiller Institute in Poland. Igor Ryciak, who interviewed Lyndon LaRouche, said that his article was prompted by the growing influence of the Institute, and by the fact that many who are opponents of Poland joining the European Union under present conditions, quote Lyndon LaRouche's publications for their arguments. What Ryciak wrote was merely a cynical fallacy of composition, but his writing nevertheless revealed what those who commissioned it fear: LaRouche's economic program and his leadership qualities. Ryciak wrote, "LaRouche proposes to rebuild a state based on central government and to issue credits from central national banks to build roads, railroads, pipelines, mines and power stations. State investments are supposed to eliminate unemployment and poverty. . . . According to the Institute, the budget should not cut spending, the NBP [Polish National Bank] should open credit lines for the development of infrastructure, and foreign trade should be directed towards Southeast Asia."

Prof. Cezary Jozefiak, an economist and a member of the Council on Monetary Policy, admitted to Ryciak that in today's "recession," the influence of the Schiller Institute is bigger than ever. Sejm (parliament) Deputy Gabriel Janowski, a big opponent of mass privatization of state enterprises said that he reads the Schiller Institute publication *Nowa Solidarnosc*, and "yes, I participate in the meetings. Two years ago I was in the United States and I attended a meeting with Mr. LaRouche. It is difficult to disagree with his views. Everybody knows that the World Bank is a bloodsucker." Regardless of what the *Newsweek* article is trying to do, to discredit LaRouche and the Schiller Institute—and there have been a number of major slanders in Poland within the past few years—the ranks of those who see that LaRouche has been right, and want to use his ideas, will continue to grow, especially given the Polish government's lack of a comprehensive economic recovery plan.

'Free-Market' Vise

Apparently Prime Minister Leszek Miller thinks the best way to deal with the crisis gripping the country is to occasionally reshuffle his government, with three ministers leaving in the past few weeks. Finance Minister Marek Belka resigned in December; in mid-January, Treasury Minister Wieslaw Kaczmarek was dismissed; and Health Minister Mariusz Lapinski had to leave his post.

Further, the government and its advisers are seeking credit or subsidies from some foreign entity. Apart from "the usual suspects" like the World Bank, they are looking with great hope at the European Union, which during 2004-2006 is supposed to allocate 11.4 billion euros to develop Polish infrastructure and to help job creation efforts, and develop Poland's poorer regions and some of its industry. But, 25% of the EU investment is supposed to be matched by Poland's central or local governments, and under current "free market"-oriented institutions, there is no way Poland will come up with this money. So, Poland expects to borrow its "share" from the European Investment Bank or the association of private banks. The "irrational religion" of balancing the budget and cutting spending prevents decision-makers from even considering deploying public resources. Local governments, except for a few big cities, scarcely have enough money to even maintain schools and roads, while many private enterprises are utterly unable to raise 25% of any investment. The chairman of the Polish Fishing Association pointed out, that fishing companies will have difficulty getting any money from banks, and will not be able to use the EU funds.

There is also a brouhaha over $9.8 billion in so-called "offset money" that Poland will get from Lockheed Martin company as a part of a contract for 48 military airplanes. The money will be invested mainly in Polish military industry, which has been on the verge of bankruptcy for years. It could have easily been saved from its dismal condition, if the governments over the 12 years since the collapse of communism, had issued credit for modernization and some conversion to civilian use.

What is wrong with this picture, is that there is no government debate about Hamiltonian national banking. The current Polish constitution does not allow even public credit creation. Using public credit is also discouraged under the EU's Maastricht Treaty. And, although occasionally there is a debate about curtailing the independence of the Central Bank, and using national banking methods to stimulate the economy, so far the supporters of state credit creation have lost the battle. As a result, even building highways, which do not require expensive technology, presents a big problem, and the few new ones have such high tolls that many drivers bypass them.

High Social Cost of 'Reforms'

Meanwhile, the collapse of the real economy has led to growing problems in obtaining the most basic services for the population. Since the beginning of 2003, the daily news is dominated by reports about Poland's disintegrating healthcare system. Since its "reform" a few years ago, along the lines of the infamous American "health maintenance organizations" (HMOs), the bulk of hospitals' and health clinics' revenues come from regional health insurance companies. Polish "HMOs" are demanding health-care providers sign contracts this year with reimbursements as much as 30% less then 2002. Care-givers are unable to provide basic care; patients wait longer for tests, hospitalization, and surgery; rehabilitation centers are closing. In Silesia, the formerly industrial powerhouse in the South, recent mass protests were organized by the Silesia Solidarity trade union, demanding their "HMO" provide the same level of coverage as last year. With talks going nowhere, Solidarity is now considering calling for a general strike in health care.

But the immense suffering caused by underfunding is becoming daily fare in news reports: On Jan. 13, a 76-year-old man from Czestochowa, died in an ambulance, after nine emergency rooms had to turned him away, because they lacked the necessary equipment. A children's hospital in Walbrzych, unable to pay for heating fuel, was about to evacuate the pediatric patients to another city, when a the Health Ministry stepped in at the last minute. Nurses in small towns have not been paid for two or three months, but continue to work, because they cannot find employment anywhere else—unless they have foreign-language skills that allow them find jobs abroad.

Funding for social programs and unemployment benefits is dropping steadily, and poverty has reached unprecedented levels. In Gdansk, home of the famous Baltic shipyards, nearly 100 unemployed people have been occupying a local garbage dump, where they used scrounge for items to sell. After one was killed by a truck, the management tried to close the site. The situation there soon revealed that in every city, digging through refuse to find some marketable something has become a way of life for thousands with no other income.

Not long ago, four teenagers were hit and killed by a train, as they gleaned coal alongside the tracks; it was revealed, that in many Silesian cities, those who cannot afford heating fuel, "hire" kids to collect the coal that drops from trains—and that this is a crucial source of income for the youngsters' their families crucial. Similarly, desperate former coal miners are digging coal from the "poverty shafts" to support their families, which is not only illegal, but also life-threatening.

Poverty, strikes, and protests continue to hit towns that once earned their livelihood by industrial production. In Ozarow, near Warsaw, former employees have been blockading the cable factory, which was sold to a foreign investor and closed down; in Wloclawek, once famous for its paper industry, many former employees live by selling steel parts from abandoned factories. This is an example of what "a post-industrial society" really means.

Economic insecurity discourages young people from starting a family. According to a recent government report, every third young couple is not financially independent and survives on a joint income with somebody else. Between 1990 and 2000, the birth rate dropped from 2.04 to 1.34—below the replacement rate of society. Polish households spend less and less each year on food, furniture, clothes, and health care. In 2001, the income of 15% of Poland's people was below the social minimum; 9.5% of Poles earned below the existential minimum, up from 8% in 1999. The monthly existential minimum income, below which biological survival becomes impossible, is estimated at 344 zlotys ($75) for a single person, and 300 zlotys per person in a family of four.

Follow the Italian Example

How to solve the crisis in the health-care system or eliminate poverty? The Sejm (parliament) agreed to the government proposal to increase fees for health insurance to 8% of individual income; to raise taxes, even on toys; to levy a fee for driving one's personal car outside one's province. Again, no discussion about national banking and public credit. If the issue comes up at all, it is in the context of EU membership and a complete ban on using public money. Polish steel mills, for example, have been given nine months to "restructure"—cut production by 991,000 tons—and until 2006 to reduce employment by 7,000. A government spokesman warned that this will be the last time the EU will allow Poland to use public credit.

With the economy disintegrating, most officials admit, their priority is to prepare the population for the mid-year EU membership referendum. When Miller was asked whether the government plans to put off work on some bills—like "reform" of farmers' state pension funds and coal mining, the new rules on public money spending—rather than antagonize Polish voters against the EU before the referendum, his evasiveness confirmed everyone's fears.

The only bright spot in Warsaw is the proposal of Infrastructure Minister Marek Pol, made public to the German Industry Association in December 2002. Pol stressed the need to modernize infrastructure and coordinate infrastructure development among European and Asian governments, echoing the concept of the Eurasian Land-Bridge. He said that many things in the East would not work without the state, and the EU should think likewise.

Poland's EU referendum would make sense if it included the question: "Do you want to survive the global financial crisis? If yes, do you support the New Bretton Woods monetary system and Eurasian Land-Bridge?" This is really a "to be or not to be" question for all of Europe, which is perfectly understood by many. Italy's Chamber of Deputies, and some of Senators and Cabinet ministers, after meetings with Lyndon LaRouche, issued a call for a New Bretton Woods monetary system; the government has said that enlarging the EU should mean building infrastructure to reindustrialize the whole continent and move towards the East. As a future member, Poland should stop counting the money—which may never come—but demand changing the Maastricht Treaty, scrapping the Stability Pact. Why join a Pact which even EU Commission President Romano Prodi called "stupid"? Instead, that Poland follow the Italian lead, is obviously what the *Newsweek* free marketeers are afraid of.