Poland needs the 'Italian Model'

by Aleksandr Minak

We are pleased to print the following guest commentary submitted to us from Milan, Italy. It has been translated from the Italian original by the editors of EIR.

In its risky, precarious flight from the "socialist" economic system, Poland risks becoming ensnared in no better a condition: that of a tributary to transnational financial capitalism.

International usury already has in hand, the end of the solid rope by which Poland is bound. The country has a debt contracted with the foreign banks (mostly American) which is estimated at $37 billion. With an economy in disastrous condition, it is obliged to entrust its hopes for economic recovery and a better standard of living to further, future loans of foreign capital, to be invested in productive activities. For this reason—to maintain the confidence of the international banks—it must continue to pay interest on its previous debts.

Moreover, and tragically, Poland (out of inexperience or necessity) has been listening in these months to the "advice" which its usurers are generously serving up to it, masquerading as world experts. These people put the accent on the "need" for Poland to increase its exports; and the new Polish government is asking all those who are helping it, to form mixed companies, part Polish and part foreign, capable of producing sophisticated quality goods such as the world market requires: exportable goods with high valued added, which supply hard currency, to be destined, it is implied, to make interest payments on the debt.

That, manifestly, is in the creditors' interests. It is no accident that the Rockefeller family (Chase Manhattan Bank, one of the biggest creditor banks) created, for example, an institute to provide managerial assistance to Polish agriculture, one of the few sectors in which the country seems capable of producing exportable goods. Further, the transnational "advisers" identify the "competitive advantage" of Poland in the low cost of its manpower: Fiat, for example, envisages building automobiles in Poland, from parts that are made abroad. It is no surprise that the advisers applaud the speedy "integration" of the country into the "free world market," that they wish for a de facto integration of Poland and Hungary into the European Market, that they recommend resisting any "protectionist temptation," and that they suggest aiming at "interdependence." All of this corresponds point for point with the interests of those whom the Trilateral Commission Report (*The Crisis of International Cooperation*, New York, 1974) defined as "the international production of multinational integrated companies." In fact, "one-fifth of the industrial product of the countries with market economies is today controlled by corporations which plan their investments, their use of productive capacity, their sales policy, etc., on a transnational basis" (*ibid.*), "taking the raw materials in one group of countries, transforming them into salable goods with the workforce of other countries, and selling these to a third group of countries," to use the words of George Ball, founding member of the Trilateral and director of Lehman Brothers (ex-Kuhn Loeb) and all this, "according to the criterion of profit, the objective measure of efficiency."

From this perspective arises the "advice" of keeping the borders open to free trade. "The borders of national states are too narrow for the goals and activities of the modern corporation," George Ball goes on. But what is the right solution for Poland? The country already suffers, because of the miserable status of the national currency, accompanied by a de facto liberalization of currency regulations, from an acute dollarization of its economy.

The 'nouveaux riches' in Poland

Within the misery of Poland, a new class of rich people is prospering, speculators in commodities, and foreign currencies on the (tolerated) black market. It is feared that in repressing this class (but by what means, given that the present government cannot command the police, which remains in the hands of the party?) one would suffocate a future entrepreneurial class. The scarcity of business skills is all too real, and here is the Polish risk and illusion. On the one hand, an outside observer doubts that the new rich, with their pockets full of speculative dollars, might be turned into the missing business class: It is more likely that they are the core of a semi-criminal, parasitic class, similar to those that pervert the South American economies, which not accidentally are similarly dependent on foreign debt and on usurers' "advice." But the solution does not appear to be that of asking for a "loan" from the managers of the big international corporations, to obviate the penury of local managers. The IBM or Chase or Ford or Nabisco managers are essentially *financial specialists*, concerned with showing quarterly profits and thus keeping the interest of investors in the big world stock markets in the stocks of their corporations alive. Poland has no stock market (nor does it need one in this phase, never mind certain "advice") and it does have *needs*.

The contrast is, in fact, between a "sophisticated" economy of financial manipulation, and a *concrete* economy of needs. A healthy Polish neo-entrepreneurial class must arise from the realization that the Polish people have "needs," and must aim at satisfying such needs for consumer goods and food. These are extraordinarily evident needs, given the poverty of the country; there is no commodity, however humble, that cannot count on the demand of the domestic market. It is the demand of the domestic market that must be heeded. To produce above all for the internal market (and not for export) means to move toward the solution of many of the real problems of Poland's economy: to improve the standard of living, create jobs, train an incipient business class which one hopes tomorrow will be capable of competing on vaster markets.

But naturally in this first phase, "free marketism," the "opening of the borders" to foreign commodities is ruinous. The national production of goods, industry, and agriculture are too weak to compete with foreign goods. To keep the borders open means to keep Poland open to looting by the multinationals, for whom the only thing appetizing about Poland is its low-cost labor, and to open a potential "market" for Coca Cola, Sony televisions, and Nabisco crackers. The opening of the borders implies, for sure, the colonialist perpetuation of a condition of weakness and dependency, of which the clearest examples are Peru and Colombia.

On the contrary, despite the "mythology" spread by the multinationals' economists, the countries that have shown the most prodigious development—Japan and Korea—owe their development to *protectionism,* which is still enforced there despite international "advice" and "pressures." Even Western Europe owes its prosperity to a relative protectionism, adopted after World War II, and still partly in effect.

Behind the customs and protectionist barriers, in fact, Japan developed a national industry that *first* satisfied domestic needs, and only *afterwards*—as the result of its development and its growing sophistication, the result in turn of an experience acquired over time—did it dedicate itself to export. Few know that seven out of ten Japanese industries work even today *only* for the domestic market, and that the basic farm products (such as rice) have triple the price on the domestic market as they do on the world market. For Japan there never was a sudden passage from the ruins of war to the worldwide sale of electronic circuits and computers; much less will there be for Poland, a leap from backwardness to the capacity to compete on the world markets.

What Poland must demand

Like nature, the economy does not make leaps. Every economic rebirth must begin first of all with agriculture, the sector that satisfies the primary needs *even of capital*; and the enrichment of the farmers (in any case a relative enrichment) is what provides the first accumulation of national capital, the first nest-egg which makes the need to depend on foreign capital less urgent. Also on the debt issue Japan should be cited: The state went into debt but with its own citizens, *in their own currency,* not in dollars (the United States today, on the contrary, is the biggest world debtor vis-à-vis Japan, as a result of the anti-protectionist philosophies prevailing there.) The farmers are also the first "natural" businessmen. The example of Italy in the 1950s shows that it is the rural class that undertakes the passage to industry, often via the manufacture of modest products worked up in the home, with simple machines. The aim should be the creation of a fabric of small businesses, not the attraction of the multinationals' assembly plants.

What Poland should therefore demand from its international interlocutors is precisely the opposite of that which they are "advising": in the first place, a *suspension* of the already accumulated debt, such that the foreign currency earned with exports may remain in the country and serve national investments, rather than go to fatten foreign creditors; in the second place (but not in order of importance), to obtain the consensus to keep a *margin of protectionism,* to develop, under the shield of customs duties, one's own economy suited to satisfy internal needs, even if at higher costs than those of the world markets. In the third place, to seek forms of international aid to safeguard its own currency; such that, while undervalued abroad (which facilitates exports) it nonetheless earns the confidence of Poles internally. These are exigencies that a small country will find it hard to impose, given the power of its interlocutors, usurers, and "advisers": Such exigencies, moreover, contrast sharply with the greed and the designs that the speculators nourish in regard to the East undergoing "liberalization"; the multinationals see the East as a market for their products, while it ought to be the opposite: The wealthy West should be a market for the underdeveloped East.

The principal problem however—in the opinion of this writer—lies in Poland's apparent incapacity to formulate the right demands in its own national interest. As we are seeing, Poland is formulating the demands suggested to it *by others,* in *their* own interest.

The positive opportunity rather comes from the fact that Poland today can represent a "model" even for the U.S.S.R., which is surely watching the Warsaw experiment with suspicion but also with attention. The Soviet ruling class, too, suffers from the same inexperience, the same incapacity to discriminate between one and another "capitalist" project. The example of Poland—a Poland that makes "the right demands"—can help Russia to follow the same path, rather than the one "suggested" by the advisers they have in common. And the U.S.S.R. can pose the same questions with a completely different political weight. Paradoxically, a Soviet Union with clear ideas about its Western interlocutors can be a precious ally in the economic negotiations which Poland is conducting.