

Schiller Institute helps Poles plan to replace Bielecki

by Frank Hahn

The internationally celebrated leader of the Solidarnosc trade union, Lech Walesa, now that he has become President of Poland, has flabbergasted his longstanding supporters and friends by naming the 39-year-old free market liberal Jan Krzysztof Bielecki from Gdansk as his prime minister.

Who is this ductile Gdanskier, who graduated from the College of Economics in Zopot in 1973 with a doctoral thesis on "Great Britain's Ties to the Continent via the English Channel"? For ten years, from 1973 to 1982, i.e., under the communist government, Bielecki worked in the Manager Training Center of the Ministry for Trade and Machine Building. The anglophile Bielecki became Solidarnosc's economics expert in 1980. Because of his cooperation with the independent trade union, then outlawed, in 1982 he lost his job in the government and later became a private businessman. To be more exact, after managing a shipping business, in 1985 he founded a consulting firm, which was particularly concerned with privatizing state-owned enterprises. The delicate aspect of this affair was the close cooperation between Bielecki's firm and the World Bank. Certain scandals—for example, Bielecki's support for the effort to sell off the Gdansk Lenin Shipyard to the American Barbara Johnson under the most impossible conditions—are still very much in the awareness of Poles today.

The free market image already shines through clearly in these few biographical details, but what was his essential programmatic proposal at the time the government was sworn in on Jan. 5? Bielecki announced that his top priority would be "defending the stability which has been achieved." What he means is, obviously, the infamous shock program of Finance Minister Leszek Balcerowicz, whose "stability" has achieved a drop in Poles' buying power by 31% and in industrial production by 27% in 1990 alone. The retention of Balcerowicz in the Finance Ministry was the essential precondition for the formation of the government, and thus Bielecki praised the shock program and swore to continue on this path. His announcement that in the future, foreign investors

may transfer their entire profits from Poland to their home countries (instead of having to invest at least a part in Poland), as well as his primary focus on Poland's export capacity, make clear in what direction Poland will march under Bielecki: Like Ghana or Bolivia, Poland is to beg for crumbs from the International Monetary Fund (IMF), and watch as its resources are systematically plundered by foreign creditors and speculators. Gdansk shipbuilding professor Jerzy Doerffer put it this way: "Foreign investors want to make at least a 200-300% profit here. They behave like big-game hunters who hope to bring down a dozen wild beasts with a single shot—these Western investors are really carnivores!"

This is a bitter pill for all those who hoped that with the election of Walesa as President, the ill-famed Balcerowicz chapter in Polish history would end. Does Walesa not know what he is doing, or has he been so quickly corrupted by assuming high office? Many Poles are asking this question, inside and outside the country. Of course, there has been pressure on Poland, from the Americans and the IMF. The threat was, among other things, that credit would be cut off if Balcerowicz's program were not carried out. But even a Lech Walesa has yet to learn that no compromise or tactic works with these gangsters—only active opposition—since according to a recent communiqué from the Polish news agency, the IMF has delayed all further credits to Poland anyway, claiming that wages are still too high.

We cannot evade the tragic reality that the greatest hopes of the revolution in Eastern Europe—such as Walesa or Czechoslovakia's Vaclav Havel—had brilliantly and bravely faced down the communist dictatorships, but were not prepared for the task of leading a whole nation from the standpoint of true statecraft. In today's time of world economic crisis and danger of world war, this concept of statecraft belongs precisely to a Leibnizian conception of economic science.

Forming a new elite

What Poland now needs is not only a President who can make good on this assimilation of knowledge in a "crash course," so to speak, but also a broad layer of people from industry, labor, Church, and universities who will competently reject Balcerowicz and Bielecki's free market suicide program, and develop a scientific perspective for Poland. The Schiller Institute has become a decisive factor in Poland on this task of formation of an elite.

Thus, an informal meeting of managers of the shipbuilding industry from the Gdansk-Gdynia region took place with representatives of the Schiller Institute over one weekend in January in Gdansk. This group of managers sees itself as an organized opposition to Balcerowicz and Bielecki. They are proceeding on the assumption that with the right sort of active public relations, the Bielecki government will vanish in the parliamentary elections next spring. Schiller Institute proposals as an alternative to the Balcerowicz Plan were wel-

comed with gratitude. Especially helpful to the Poles was information on the catastrophic economic situation in the United States and the advice in this regard from the Schiller Institute: "Tell your government what a mess the American economy has become since the ideology of Jeffrey Sachs [the Harvard-trained mentor of Balcerowicz] was applied. Ask your government why they have to buy this crazy second-hand ideology like a used car that will break down after five miles."

One of the managers from a Gdansk shipyard said that this expressed exactly what he felt. "This week, I spoke to Bielecki for three hours," he said. "Then I realized that it was completely pointless, since this man understood nothing whatsoever about the economy, and I told him that." An example of Bielecki and Balcerowicz's total nonsense was then given: The government set an upper limit on wages at the shipyards in the Gdansk area. If the company on its own pays one zloty more, then it must immediately pay an additional five zlotys in taxes. This manager said, "I have enough money, and now pay my workers 1.5 million zlotys [approximately \$125] instead of 1.1 million. For that, I have to waste 2 million zlotys per man in additional taxes. But if I didn't give these wages, the people would stay away, since in some cases they earn 3 million zlotys at other firms. I could also pay 3 million or more in wages if I were willing to form a joint venture with a Western firm. For example, if a Western textile dealer opens a business here in Poland, he can offer his employees double pay and there aren't even any questions asked about eligibility. I call that modern slave trade!"

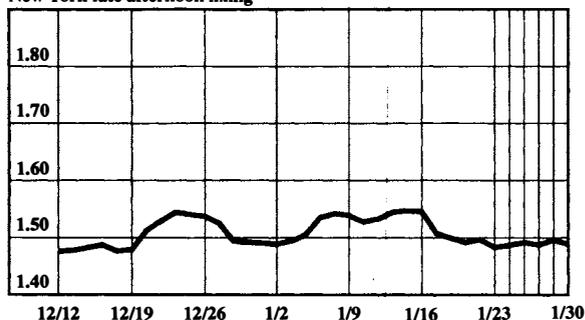
Where the strategy of joint ventures can lead, especially in industry, has just been graphically demonstrated to east coast shipyards in the case of the Norwegian firm Kvaerner SA. This company wanted to form a joint venture with the largest shipyard in Gdynia. The Polish shipyard had capital resources of \$145 million at the beginning of 1990. For an investment of \$22.5 million for a period of two years, the Norwegian firm, however, wanted to buy the position of general director and his assistant. Further, Kvaerner insisted that as a precondition for any negotiations, two contracts from France and England had to be immediately canceled and no further contracts to build ships accepted! And that, given a worldwide boom in shipbuilding in which the Polish shipyards can participate in an outstanding way!

Against this background, there was great interest and enthusiasm for intensive discussions of the Schiller Institute's program of the Paris-Berlin-Vienna Productive Triangle which, for the first time, advocates the necessary development of domestic productive capacities rather than depending on the world market. It was evident that the Poles are ready to fight for such a perspective and that thus, the old battle cry, "Poland is not lost yet," is still true, when the Gdansk manager made his confident closing remark: "We have already brought down so many governments in the last few years, we will topple Bielecki as well."

Currency Rates

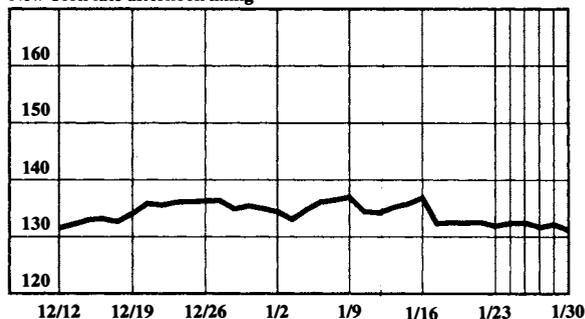
The dollar in deutschemarks

New York late afternoon fixing



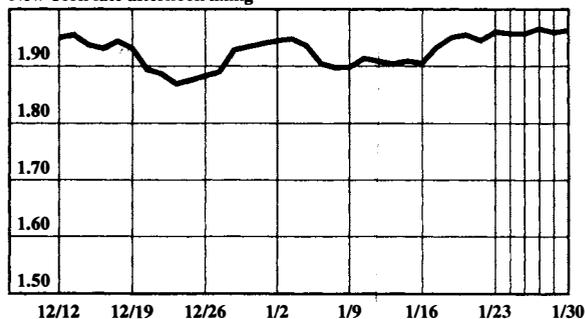
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

