
POLAND

Faceoff with Soviets over Warsaw debt?

by Rachel Douglas, Soviet Sector Editor

Despite mass protests in the streets and Soviet naval maneuvers offshore, there was no more momentous event for Poland in late July and early August than the rescheduling of its hard-currency commercial debt, agreed upon by creditor banks at a meeting in Zürich. With it came increased pressure on Poland to join the International Monetary Fund.

It was the American banks, Bankers Trust and Chase Manhattan the most prominent among them, which insisted that the rescheduling arrangement require the Poles to provide detailed information on their economic and financial resources and submit to inspection by a "technical adviser" from the West. This fell short of IMF membership, but the banks' pressure was sufficient to bolster a conviction in Moscow, expressed by Soviet sources, that the Polish crisis is a challenge to the entire Soviet system, orchestrated from the West. Polish sources insist that the pressure emanates not only from the banks, but also from the U.S. State Department.

The IMF's *World Economic Outlook*, issued July 19, reported that Poland already had a debt-service-to-exports ratio in excess of 100 percent and estimated that interest payments alone ate up 30 percent of its export earnings last year. If Poland were to secure emergency imports of food and machinery, necessitated by plummeting production during the past year of strikes, its debt had to be rescheduled. Foreign Trade official Zygmunt Krolak said in a July 28 Polish Press Agency interview that Poland might need as much as \$2 billion more over and above the rescheduling, in order to survive 1981. A credit for approximately one-quarter this amount is under negotiation with the West German Reconstruction Loan Corporation.

Poland's 1981 state debt payments were rescheduled in the spring, in negotiations spurred by the recently ousted French government of Valéry Giscard d'Estaing. The commercial debt negotiations, covering \$2.37 billion or nearly one-half the payments still due this year, involved volatile interest rates and the demand for conditionalities. They were more tortuous.

The "unanimous agreement" announced by the banks from Zürich on July 22 would reschedule 95 percent of the Poles' payments due in the last three quarters of 1981, until 1988, at 1¾ percent over the London interbank rate. This is the time-frame sought by the West German banks, although London banking sources say the Germans wanted to reschedule 100 percent of the payments. The remainder of the plan came directly from the Americans, although less than 10 percent of the loans at stake coming due were to American banks. "The U.S. line is the toughest," said a London banker, and the U.S. line meant asking Poland for detailed economic information on its reform plans as well as on its sources of financial aid—the U.S.S.R. among them.

On Aug. 4, Polish officials sought a meeting in Vienna with Western bankers to clarify the proposed rescheduling terms. The *Financial Times* of London spoke of "ominous signs" that the Polish response "may not be as favorable as seemed at first sight." Handlowy Bank was objecting both to the high interest rates and to the economic information demanded, according to the London banker, because "the Soviets would see that as a wedge into the Comecon" [the socialist bloc's economic community].

Enforcing austerity

Flora Lewis of the *New York Times*, in an Aug. 5 column, proposed that the best confidence-building step for Poland would be to join the IMF outright, opening up quick funds and putting some international authority behind a rigorous austerity program, which would make the population more likely to accept it. The banks, reported the *Daily Telegraph* of London, are pushing for this as well.

But the City of London and Wall Street creditors of Poland have another lever, short of exacting IMF membership, to enforce austerity: the present conduct of the Solidarity trade unions.

When Poles poured into the streets to protect rises in the price of meat, the Polish government appealed to Solidarity's farm affiliate, Rural Solidarity, to direct peasants to deliver more meat to the slaughterhouses. But Solidarity set preconditions: rescind cuts in the meat ration and pass economic reforms "including a plan for workers' co-management in industry."

This last Solidarity demand is exactly what the banks sought, a mechanism for the shrinkage of Polish industry, in this case warfare among autonomous, worker-controlled enterprises. Under such a regime, Poland would become the showcase for the drastic deindustrialization of advanced-sector economies favored by these international financial institutions.

A Solidarity adviser traveling abroad, a sociologist of the sort that instructs Solidarity's worker-leaders in

social theory, identified the dynamic working on behalf of such reform. "If joint pressure is exerted from Solidarity on the inside and the Western bankers on the outside," he said, "the Polish government will be forced to accept" the reforms.

This Solidarity adviser was equally enthusiastic about decentralization, already occurring through the "social enterprise" network of self-managed factories, and about Poland's joining the International Monetary Fund. IMF membership would be "useful," he thought.

Poland's sociologists, and eminently the ones counseling Solidarity, are products of training by Britain's Tavistock Institute through such agents as Jan Szczepanski, Tavistock associate and vice-president for sociology at the Polish Academy of Sciences. Jungle psychology of the sort studied and cultivated by Tavistock is rife in Poland today, as Solidarity fights the government, town blames country, and countryman suspects countryman in the matter of scarce food. For every allegation that authorities are withholding food in order to provoke a confrontation and legitimize a crackdown, there is a report that peasants are keeping their crops back from state stores, in anticipation of a better price on the skyrocketing open market.

Martial rule

Lord Bethell, the British intelligence specialist on Poland and Afghanistan, believes that Poland is "doomed" to chaos and disaster in the near term, according to sources in Europe. Some Polish sources, too, fear that the population at large would defy not only the government, but even appeals from Solidarity to maintain order. In the heat of confrontation over food prices, Poland came to the brink of new crippling strikes in major cities and in the mines of Silesia.

In the Baltic Sea, the maneuvering Soviet naval units staged a huge landing operation at Baltisk, Lithuania, not far from Solidarity's stronghold in the Polish port cities of Gdansk and Gdynia. As Soviet amphibious craft passed into the Baltic, Warsaw Pact Commander Marshal Viktor Kulikov arrived on his fourth visit to Poland this year. He conferred with General Wojciech Jaruzelski, who is both prime minister and defense minister, and he viewed Soviet-Polish-Czech units on maneuver in Silesia. Official notices spoke of protecting Poland's status in the Warsaw Pact.

Before direct Soviet military engagement, Polish sources suggest, Jaruzelski will take internal measures to keep order, even if this brings on martial law. The prime minister has named three other generals to his cabinet and has dispatched army units to confiscate goods from black marketeers in several cities. With the cabinet and a special civilian-military crisis team, Jaruzelski currently confers on "preventing planned demonstrations which threaten public order."

FRANCE

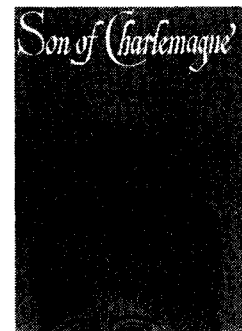
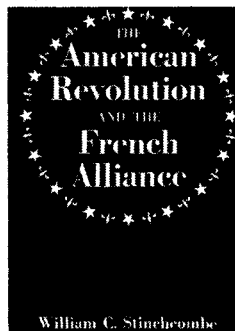
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