

# Eugeniusz Kwiatkowski: a Polish FDR

by Hanna Warnke

*Eugeniusz Kwiatkowski (1888-1974) was responsible for the economic policies of the Polish government for several years between the two world wars. He has been compared to Franklin Roosevelt by some Polish historians, because he thought that government must take responsibility for building basic infrastructure and guaranteeing conditions that would foster the development of every individual.*

*Kwiatkowski implemented his ideas in a situation even more difficult than the U.S. depression of 1929-31. But under conditions of peace and stability, the direction of development that he initiated would have brought prosperity. Tragically, the Versailles Treaty, which brought Poland back to life after over 120 years of occupation by foreign powers, created the conditions in Europe that inevitably led to the Second World War.*

*This article first appeared in the November 1995 issue of the Polish-language Nowa Solidarnosc, published by the Schiller Institute. It was intended to remind those who believe in Adam Smith's "invisible hand" of the "free market," that even the short-lived recovery which Poland experienced after 1918, was the result of conscious planning by those who were convinced that "Poland has a great future ahead of her." It was translated by Anna Kaczor Wei.*

After World War I, Eugeniusz Kwiatkowski, a young chemist and a graduate of Lvov Polytechnic School and the university in Munich, took over as manager of the Supply Department of the Army. Thanks to contacts with representatives of many enterprises, he got to know the structure of the Polish economy, especially industry. He came to the conclusion that the major problem of the Polish economy was its stratification after more than 120 years of division between three neighboring states, as well as backwardness in all areas of economic life. Kwiatkowski considered rapid development of industry and infrastructure as the only antidote to this backwardness, provided that the Polish nation would overcome a paralyzing disbelief in its own strength.

After a short period at the Warsaw Polytechnic School, in 1923, Kwiatkowski was nominated by Ignacy Moscicki to the post of deputy director of the State chemical factory in Chorzow. The experience he acquired while organizing and maintaining the production of fertilizers was summed

up in *Chemical Industry Against the Background of the Great War*. In this book, Kwiatkowski presented the first elements of a program aimed at fostering progress of Polish society. He stressed: 1) rebuilding agriculture and industry; 2) developing mining and processing industry on the basis of Polish resources; 3) improving the trade balance through development of ocean transportation; 4) establishing economic collaboration with Poland's neighbors which were "given to Poland by nature itself," that is, the U.S.S.R., Germany, and Czechoslovakia; 5) improving the health care delivery system and sanitation, especially in so-called Poland B [primarily eastern Poland], which was particularly underdeveloped; 6) developing industry which "serves death and destruction," but guarantees the security of the country.

## A chemist in charge of the economy

When, in 1929, Moscicki was elected President of the Polish Republic, Kwiatkowski accepted his nomination to the post of minister of economy and trade. Despite difficult circumstances, he managed to expand Polish industry (the State aerospace enterprise "Pal," State telecommunications and radiotechnology manufacture, the munitions factory "Pocisk," and the millinery factory in Warsaw; the automobile and chemical factories in Tarnow; and the synthetic ammoniac factory in Chorzow). During his term, there was significant progress in the development of a radiophone system, and air and rail transportation. In 1918, when Poland regained its independence, the state of railroads was pitiful. Poland had 16,000 km of railroads, all of which were in bad shape after the war and years of neglect: Most of the rolling stock had been destroyed, as well as 41% of rail bridges and 81% of water stations. On many routes, the speed limit was four miles per hour. Kwiatkowski contributed a lot to modernizing Polish railroads in his capacity as minister. Between the wars, Poland built 1,770 km of new railroads and upgraded old ones, established connections between Silesia and the Baltic coast, as well as eastern territories, and started electrification of railroads in the Warsaw region.

However, the area in which Kwiatkowski accomplished his most serious achievements was in ocean transportation and development of seaports. Already in 1923, the Sejm (parliament) passed a bill to build a harbor in the city of Gdynia, but it was Kwiatkowski who put the project into practice and started to develop a complex seaport infrastructure. At his initiative, the Bank of Home Economy worked out a program for construction of a commercial fleet. In 1922, Poland had only three ships with a total capacity of 5,400 tons, while in 1938, there were already 71 ships with a capacity of 100,000 tons. The majority of the ships were small, but altogether they constituted a significant fleet.

Kwiatkowski was convinced of the necessity to develop inland waterways and seaways as a cheap means of transportation. He once wrote that "the sea is a reliable debtor. It returns quickly every appropriate input with a usurious,

huge interest.”

As a member of the government, Kwiatkowski often expressed his concerns about burning social matters. He appealed to big capital and financiers to at least follow legal norms. He was an aggressive spokesman for the rights of workers against the representatives of employers, especially the so-called Leviathan group, which succeeded in increasing coal and iron prices, lengthening the workday, and lowering wages, and was also a support group for foreign capital in Poland. Kwiatkowski's interventions finally resulted in legislation regulating social affairs, implementing the eight-hour workday, paid vacations for workers, the right to strike, safety inspection of the workplace, and a wider range of social insurance, pension coverage, and other benefits. The new regulations were often violated; nevertheless, they constituted an important step forward.

In 1930, Kwiatkowski was removed from his ministerial position by Jozef Pilsudski. He came back to the government after Pilsudski's death, when President Moscicki nominated him deputy prime minister and treasury minister in 1935. The economy remained at the center of Kwiatkowski's interests during the five years he spent outside government. He published a few books, for example, *Disproportion*, devoted to an analysis of the gap between Poland's needs and the actual state of the economy. In this work, he argued that an economic rebirth of Poland would be a catalyst for a rebirth in other areas of social life. His main thesis was that to overcome the crises, one must present to citizens a vision of a strong country, in which people are faced with big and difficult challenges, because “the nation which does not fight and does not win will regress in its development.”

Kwiatkowski found inspiration in thorough study of the economic development of Poland (works of Staszic, Ostrog, Kalinka, Laski), as well as foreign models. He praised the Japanese, who, “without talking too much about their love of the Motherland, use in their everyday work iron principles of efficient work organization.” Kwiatkowski was also influenced by the United States, especially Abraham Lincoln, who was to him an example of an honest man, standing up for his principles, supporting internal stabilization and protection of an internal market. Roosevelt's New Deal was also an object of Kwiatkowski's studies. He considered it a case of an organic approach to economy, that starts from defining basic principles and directions for development, which is the responsibility of the State.

In *The Present Crisis and the Question of Rebuilding Economic Life* (1935), Kwiatkowski said that in a time of crisis, the State should play the role of “an executive board of a huge, disharmonious national economy,” commencing public works and reforming agricultural policy. Back in the government, he had a chance again to implement his ideas, as much as was possible, in the situation of an impending catastrophe. He was convinced that despite everything, “Poland had a great future to look forward to.” So, in 1936, he

initiated a program which would shape the Polish economy according to its strategic needs. The program was based solely on national resources, with the exception of a small loan from France, and concentrated on military industry and infrastructure, mainly railroads, power stations, and electrical grids. In the framework of the main plan, in the so-called Central Industrial Region (COP), situated in today's southeast Poland, a few big enterprises were completed: a steel mill and a power station in Stalowa Wola, a caoutchouc [rubber] factory in Debica, a car factory in Kielce, an airplane engine factory and machine tool factory in Rzeszow, a hydro-power station in Roznowiec, and more.

In 1938, Kwiatkowski proposed a system of long-term credits for small and medium-size farms. In the first tranche, the State budget was to allocate 30-50 million zloty for credit lines issued for 25 years at a 5% rate of interest. The same year, according to his principle that “money spent without a plan brings little results,” the deputy prime minister presented in the Sejm an ambitious 15-year plan for 1939-54, which included investments in waterways, highways, military industry, development of cities, the education system (especially for rural areas), modernization of agriculture, and general unification of economic infrastructure in Poland. Unfortunately, at that time, British manipulations had already brought the bitter fruits of Nazism, and the next war in Europe was inevitable.

## Postwar reconstruction

Kwiatkowski spent the tragic years of 1939-45 in internment in Romania, with other members of the Polish government. After the war, he accepted the proposal for a temporary government of national unity (controlled by Moscow), and he headed a special government commission for development of the seacoast. He was aware of the changed political conditions; nevertheless, he decided to come back to Poland and use his knowledge and experience for the benefit of the destroyed country. His plan of integrating the Polish seacoast with the potential of the interior, was financed with the help of so-called intervention credits issued by the national bank. At his initiative, Elblag harbor and a number of smaller ports were reconstructed. His projects for the future included regulating the Vistula River and its tributaries, construction of a canal connecting the Oder and Danube rivers, and a port for oil transport and refineries.

He abandoned his work in 1948, when the government closed down his commission. Because he was forbidden to reside on the seacoast or in Warsaw, he had to move to Krakow, and, during the difficult period of the Stalinist regime, he had no opportunity to publicly discuss Polish economic matters. Only in the early 1970s, when the decision was made to build a big harbor in Gdansk, was Kwiatkowski's role in developing the Baltic coast recognized. He received *honoris causa* from Gdansk University in 1974, a few days before his death.