

Southern Poland can be an economic powerhouse

The following statement, entitled “Make Silesia and Southern Poland the Most Modern Economic Region in Europe!” was released by the Schiller Institute in Poland and distributed to Sejm (parliament) deputies, trade unionists, and government agencies. Poles are overwhelmed by the extent of the disaster which has resulted from two weeks of heavy rains: About 1,000 villages and townships have been flooded, including two big cities, Wroclaw and Opole, and over 20% of the country will have to be rebuilt almost from scratch. The next danger the population faces is the threat of epidemics, because bodies of thousands of dead animals are floating in flood waters, and many sewerage systems have been destroyed. The \$750 million credit line which the National Bank of Poland opened for reconstruction, plus small amounts of credit from other sources, will almost certainly not be enough to rebuild, let alone to turn this tragedy into an economic success.

It is in the face of disastrous crises and catastrophes, that the willpower of a nation and its people to struggle for the common good is tested in the most direct way. The tragic death toll, which the flood of the century in southern Poland had taken, the thousands of homeless people, who lost everything except their lives — this must be a moral imperative for all of us to turn evil into good, as it is the only *human* answer to such a disaster. If we want to give meaning to the lives of those people who died in the flood, we have to finally reverse those fundamental shortcomings of the neo-liberal shock therapy approach of the last three years. The government asked the Parliament to approve a loan from the National Bank of \$750 million. It is important now that this money be properly spent.

We have to remind ourselves, that every great project to build or rebuild a national economy into full prosperity, was undertaken *against the free market forces and only on the basis of political-strategic decisions by governments to launch an economic recovery*. There are many examples for this — de Gaulle’s France after 1958, the Kennedy program in the United States, etc.

But let’s take an example, which can be a good comparison for the present situation in Poland. In 1923, Tokyo was destroyed totally by a disastrous earthquake. The debate arose, whether the city should be rebuilt or not. Finally, the Japanese government decided to build a modern Tokyo — with the most modern infrastructure and technical equipment — on the basis of a breathtaking generation of incredible sums of *credit!* This credit was created by the National Bank

of Japan. The official school of economic liberalism was in panic over the danger of “hyperinflation” that this huge sum of credit would create. But the effect of this operation was a deflationary stabilization of the Japanese currency, because the project to rebuild one of the greatest cities on earth, Tokyo, stimulated the greatest economic recovery Japan had ever seen. All branches of the economy — machine building, construction, electrical industry, steel, coal, auto production, etc. — participated in an unprecedented way in this recovery program.

With such a methodological approach, the present natural disaster in Poland must become the spark for transforming the whole southern part of our nation into the most prosperous region of Europe. If we decide to not simply “rebuild,” but actually build from scratch, the high-speed railways (including maglev trains), new highways, dams and water control systems, modern electricity plants (such as HTR reactors), entire new cities with modern, underground infrastructure, new scientific and cultural centers, a new industrial infrastructure for high-technology chemical and machine-building factories using the advantage of the traditional coal and steel mills in Upper Silesia, which must not be closed down — then we would instigate the greatest economic recovery period that Poland has ever lived through.

This is not a financial problem

Who will pay for it? This is not a financial problem, but only a political one. At stake is the national sovereignty of Poland. We have to recapture this sovereignty as a political principle, which must be expressed by a reform of the National Bank. The National Bank has the duty to generate — outside the budget — the necessary credit lines, which can be limited only by the availability of workers and material. The detailed technicalities of this credit generation must be worked out by a group of experts immediately. Whatever method of obligations they want to choose — state bonds or National Bank credit poured through the private banks — this must be decided from the standpoint of speed and effectiveness. The credits must be given *only* to the projects of the recovery plans and must be issued as long-term, low-interest credits. With such an approach, we will not only transform Silesia and Poland, but we will invite the neighboring Czech and Slovak Republics, which are also suffering from the flood, to cooperate, as well as other European countries that want to participate in the rebuilding efforts. By this, Poland could create a European-wide process of economic recovery. It should be added, that this whole rebuilding project should be seen as part of a broader perspective to rebuild the economies of the Eurasian continent along the infrastructure program of the Eurasian Land-Bridge, which is an imperative for the next century, if we do not want to fall backward into a Dark Age of misery, poverty, and war, through the prevailing dogmas of monetarism, where the speculative part of the economy has already largely destroyed the productive part.