

resistance on the part of those who take seriously the idea of social justice, as reflected in the words of Deputy Witold Nieduszynski of the AWS (see interview). Similar sentiments were expressed by the participants in numerous seminars and meetings organized in Poland by the LaRouche-founded Schiller Institute last November. Their openness to the idea of a new, just economic order has made it clear that the financial-monetary crises in many Asian countries, leading to an ever-stronger voice against the policies of the IMF around the world, has sparked in Poland new hopes for a true freedom, resembling those described by the Polish poet Adam Mickiewicz, who in 1832 recalled the battle for the independence of the Polish Republic at the beginning of the 19th century:

. . . O year of years! and to have seen thee there!
The people call thee still the harvest year,
The soldiers year of war; the old men long
To tell of thee, and poets dream in song.
By heavenly signs thou wast long heralded,
And rumor vague among the people spread;
The hearts of Lithuanians in that Lent
Were filled with strange presentiment,
As though the ending of the world were nigh,
With joy and yearning and expectancy. . . .²

Interview: Witold Nieduszynski

Poland needs a sound economic program

Mr. Nieduszynski is a deputy of the Sejm (Polish Parliament) from Solidarity Electoral Action, AWS. He was interviewed in Warsaw, on Nov. 22, 1997, by Anna Kaczor Wei and Frank Hahn.

EIR: The whole world is now watching the financial collapse in many Asian countries, which is a symptom of a global crisis, that Lyndon LaRouche forecast already many years ago. How is this crisis perceived in Poland, and what kind of dangers does it present to the Polish economy?

Nieduszynski: Of course, here in Poland we are following very closely the events in Asia, and similar difficult situations in the world. It is very important for us, due to the fact that, after 1989, our economy has become integrated into the world system. At that time, only one solution was proposed, based

2. Ibid.

on liberal economics and free trade; this is why now the Polish economic system is intertwined with economic processes, mainly in Europe, but also in the United States and other countries. Because of that, every shift in the world conjuncture, every crisis in the world, has an impact on the Polish economy, which is still, for obvious reasons, very weak, and cannot defend itself against such crises.

EIR: Since last autumn, there has been a new government and parliament in Poland. In the parliamentary elections in September, a new generation of politicians, who refer to the idea of solidarity, social justice, and state responsibility for economic development, won a number of seats. But at the same time, Finance Minister Leszek Balcerowicz [who, as finance minister in 1990, started free market reforms based on International Monetary Fund conditionalities] has a strong position again, and he is threatening to go with the second phase of shock therapy. He uses the image of an overheated economy, and proposes lowering wages, and the standard of living of the population. Would you agree that this kind of dualism may lead to a conflict, and very soon, in the government, and in the society?

Nieduszynski: Such a possibility exists; it is a very real danger. Living in Poland, I am aware what kind of direction Balcerowicz may take in his policies. He is a monetarist, and his attitude, one could describe in the following way: For him, numbers on paper are important, rather than economic reality, or the circumstances of Polish citizens and families. Myself, I am not fascinated by the money itself, it is only a tool, which is used to fulfill certain social goals, and meet the needs of the society.

Going back to the present coalition: It is indeed a source of a certain dualism; an attempt to match two programs of the development of Poland, which are in reality very different. One of them, represented by Balcerowicz, wants to preserve the status quo, that is, the policy commenced in 1989, and then continued by the coalition of the SLD [Social Democracy Alliance] and the PSL [Polish Peasant Party].

EIR: Could you remind our readers what kind of policy that was?

Nieduszynski: So-called shock therapy. It meant, for example, cutting the flow of money to the market in order to suffocate inflation, which indeed was raging in Poland at that time. But this is not very imaginative; a first-year student of economics might use such a trick to fight inflation. A really great strategist has to make a decision on which branches of economy must be stimulated in order to induce a general economic growth.

Our situation at that time was not typical, given the fact that the state owned and ran the whole economy. Balcerowicz tried to steer certain processes, but certain things were beyond his control. For example, privatization, especially of big enterprises, was not exactly a success. Many privatized compa-

nies have gotten into trouble. Only trade has developed rather quickly.

Now, the question is whether the second phase of the Balcerowicz shock therapy should be introduced in our country. In my opinion: No. Poland should go in the direction of economic growth through the creation of new jobs, rebuilding its state infrastructure, economic infrastructure. Every aspect of economic life in Poland is well behind the developed countries: roads, railroads, communication, banking system. There is a lot of work to be done, but, of course, the monetarists use their flagship argument that there is no money for anything, no capital. However, there are plenty of examples which show that the capital does not have to come from the outside. Those examples of credit creation for investment needs, and I stress, *productive investment*, one can find in Japanese history, in French and Polish history, between the two world wars, as well as in Germany, even under Hitler. Those countries created capital in order to invest; this kind of capital does not lead to inflation. France restructured its economy through credit creation, which was later serviced by production, and the wealth which was generated.

This is not what is happening in Poland today. Instead, we see an enormous transfer of property: that is, Polish state property is purchased by foreign capital. That in itself would not be something bad; however, certain reasonable proportions should have been maintained [by the state], since this process touches on the question of state sovereignty, which means being a host in one's own home.

EIR: In the process of rebuilding infrastructure, Poland will need collaboration with other countries. I think that the West has failed as a partner so far, but there is a new strategic reality shaping up, namely, the so-called Eurasian Land-Bridge, an economic program of infrastructure development from the Atlantic to the Pacific, which China and other countries are committed to building. How do you see this development, and how do you think Poland could participate in it?

Nieduszynski: I think that Poland's participation in such a project would be very appropriate. Our own infrastructure would be reconstructed. We say very clearly, in our AWS program, that the whole infrastructure in Poland has to be rebuilt and modernized. Not only roads and railroads, but also waterways. We talk, among other things, about regulating the Oder River to create conditions for transport of goods. There is also a program to build highways, which may be still modified, according to the direction of the Eurasian Land-Bridge, to make those two concepts consistent with each other. However, to join such a program we would also have to change our decision-making structures and state administration. Right now, it takes too much time to make a decision.

There is also another question. I am aware that such

global projects will encounter many obstacles among influential people, because developing infrastructure would mean the creation of many jobs, and the possibility to develop for many nations. Those forces in the world which want to reduce the world population, intervene not only in the developing sector, but also in developed countries, to slow down development. Their principle is the same as the thinking of one communist government representative who said in the 1980s: The government can always feed itself.

Of course, collaboration around a big project such as the Eurasian Land-Bridge has to be beneficial to all participating nations. If it would present a danger to the sovereignty of any nation, then it would meet many difficulties. But, if it is based on such principles as the European Union used to be, then it will fulfill all the conditions to bring benefits to all participating countries.

EIR: How could an industrial and scientific potential of Poland be used in this project?

Nieduszynski: I think that Polish scientific and engineering potential is enormous, but not sufficient yet. One would have to increase spending on science and education to improve this, since the most efficient investment in economy is the investment in so-called human capital. The best proof that Polish science is on a high level is the fact that many Poles do well abroad. I am not postulating now that all of them should come back, but we had such occurrences in the past. After Poland regained its independence in 1918, the Association of Polish Engineers in the United States moved back to Poland, and its members established a number of factories here. Those were engineers who had worked mainly in Cincinnati. They constructed, among other enterprises, a machine-building factory in Pruszkow near Warsaw, which then started to compete in the American market. It has been producing machine tools since then, and today also sends them to the United States.

Now, we have to increase spending on education, because this is where the shaping of human possibilities starts, which then leads to the development of science and new technologies. However, since 1989, expenditures on education and science have been decreasing.

EIR: The problem of the lack of funds for social needs came up again recently, when the chairman of the Solidarity trade union, Marian Krzaklewski, called for the restructuring of the Polish foreign debt. Is this the signal that it is high time to move away from monetarism? What was behind this call?

Nieduszynski: One would have to ask Mr. Krzaklewski about this. But I can say the following, as a coordinator of the program committees of the AWS: Our program stresses that we have to find money somewhere to meet all the social needs, like health care, education, the social net for the poorest, etc., although everybody knows that money is

scarce. Right now, the brakes have been put on the Polish economy, so to speak, while social needs are increasing. Our program stresses that we have to convince society that the sacrifices are necessary, but only if we have a functional program of economic development. We propose, for example, to create better conditions for small and middle-size businesses in Poland, by lowering taxes, to increase their production, and in this way, increase budget revenue.

Another problem is the exchange rate between the Polish currency [the zloty] and the dollar, which is one of the reasons for the huge trade deficit that Poland has. During the last four years, this deficit reached the level of the foreign indebtedness incurred under [Edward] Gierek [first secretary of the Workers Party in the 1970s], and now constitutes \$40 billion. This is a very heavy burden for the economy. Additionally, we have a high foreign debt, and an internal debt. This year [1997], we have to pay \$1 billion to service our foreign debt. I am aware of all the needs, and what Krzaklewski was talking about—that we need money for social spending, but if we do it without mobilizing the economy, the money will be consumed very quickly and the problem will stay with us.

I'd like to point to something else. The horrible misfortune which Poland experienced last summer, that is, the flood, has, on the other hand, created the possibility for the state to rebuild one-third of the country. After the flood, the AWS proposed to issue state "flood bonds" to raise money for reconstruction. They were supposed to have certain incentives to encourage private people and enterprises to buy them. The capital raised in this way would have allowed investments in infrastructure, mainly in the regions destroyed by the flood; also other parts of Poland would have been involved in this process. Polish companies would greatly benefit from this, because we do not have to import bricks, cement, or other construction materials. We also have enough labor force: The flooded areas suffer from unemployment.

The reconstruction effort would also slow down inflation, because buildings, bridges, and roads are tangible investments, nobody can eat them.

Unfortunately, our proposition was rejected by the previous government. Former Finance Minister Marek Belka said that such bonds would interfere with other state bonds he was trying to sell.

EIR: During our earlier conversation, you mentioned that we were confronted not only with a financial crisis, but with a crisis of civilization. This is what Lyndon LaRouche has been stressing for many years. He has devoted much of his work to developing the idea of the science of Christian economy, which stresses that man should be in the center of economy. It seems to me that your thinking is very close to this idea.

Nieduszynski: This kind of understanding of economy, and the role of man in it, is very close to mine. According to the neo-liberal concepts, the only criteria of development is the

growth of GNP, everything else is secondary, insignificant. I do not agree with such an approach. There is another concept which says that economy should aim at fulfilling human needs. I also stress the needs of the family, which is the basic cell of society.

During my election campaign, I was explaining the present economic system by saying that it gave highest priority to the growth of GNP, then the budget, and finally the conditions people lived in. I think that this order should be reversed. Because the family plays the fundamental role in the society, we underline the importance of improving conditions of life of Polish families. Our program proposes pro-family taxes, that is, all the income in a given household should be divided by the number of people in it, and this should be the basis to estimate taxes.

Of course, the Freedom Union [UW, a pro-free market party, which is now in the government coalition] and Balcerowicz [chairman of UW] do not accept this proposition, which is consistent with liberal economics, because from the point of view of the budget, only those citizens count who can bring in money, while in the case of a pro-family tax, one has to consider all the members of the family. Those two, different approaches bring to the fore the essence of liberalism, and Balcerowicz's policy. This is the reason why we have two completely different economic concepts.

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