Poland votes down IMF budget dictates

by Marcia Merry

On May 6, the Polish Parliament voted against a freeze on salary increases for 2.5 million public sector workers and employees, and against cuts in pensions, which had been part of a budget deal imposed by the International Monetary Fund (IMF) on the Warsaw government of Prime Minister Jan Bielecki, who was voted out of office at the end of last year. On Jan. 29, the Polish Supreme Court ruled that the income cap was "anti-constitutional," and on Feb. 12, the court ruled that the Bielecki government's pension cuts had to be invalidated or revised. The 165-94 vote upheld the anti-austerity court rulings.

Poland has been viewed by IMF officials as a "model" for its submission to the "shock therapy" policies of Harvard's Jeffrey Sachs, who has been a consultant to the government. A priority of the IMF has been to put the new republics of the former Soviet Union through that same shock therapy program. While such plans have been proceeding—the membership of Russia and 13 other republics of the former Soviet Union became official on April 27—the Polish action signals escalating resistance to IMF austerity demands.

The vote was taken during a special session called for this purpose by Polish Finance Minister Andrzej Olechowski, who resigned after the no vote. Olechowski had negotiated the salary freezes last summer with the IMF, and recently trekked to Washington, D.C. to confer with Fund officials. Olechowski is a former official of the World Bank, a cohort institution of the IMF.

The parliamentary no vote occurred despite massive outside pressure, including the presence in Warsaw of IMF Deputy Director for Europe Michel Deppler. The vote is symptomatic of growing opposition from practically all sections of Polish society against IMF conditionalities. Since its newfound independence in 1989, Poland has suffered soaring unemployment, now nearing 500,000; collapse of housing construction and basic services; and impoverishment in the farm sector—all on top of decades of Soviet looting.

Last year, the IMF dangled before the Polish government drawing rights on up to $1.6 billion, but then suspended the rights, on grounds that the government was "overspending" on its people and allowing its budget to exceed IMF-approved deficit levels.

Farmers' party says no

The vote against the IMF resulted from the decision by the farmers' party, the PSL, to vote against the other six parties of the government that have acquiesced to IMF dictates to date. Waldemar Pawlak, chairman of the PSL, said that on this fundamental issue, his party had no other choice than to vote for the interests of the people, and against the government.

The anti-IMF shift followed an April 6-7 conference in Warsaw which Polish Rural Solidarnosc had cosponsored. The conference was attended by economists, international political activists, and parliamentarians from 13 nations, who met to discuss Lyndon LaRouche's proposed alternative to murderous IMF "shock therapy": the science of Christian economy. Conference speakers took up LaRouche's Paris-Berlin-Vienna "Productive Triangle" proposal for major infrastructure projects to revitalize the economy of Europe.

Polish President Lech Walesa has vainly attempted to mediate among all parties. On May 8, he addressed the political and economic crisis in the country and denounced the Parliament, urging a constitutional reform and the creation of a "strong executive" centered around his person. After the vote, IMF officials conspicuously continued to meet with Prime Minister Jan Olszewski. Michel Deppler announced that his IMF mission in Warsaw would stay through to its pre-planned departure date of May 12. Moreover, the word was spread that IMF-approved Jan Olechowski, the spurned finance minister, would make a good prime minister in the near future. This is a direct counter to the powers of Parliament, which, at present, must approve the cabinet.

'We need a dictator'

On the day of Walesa's speech, the British establishment called for a dictator to bring the Polish situation under control, in an editorial in the London *Times*. The editorial attacked the Polish Parliament's "reckless vote for a $2 billion rise in public spending," which has caused a "political and economic impasse" in the country.

The *Times* said the vote underlines the crisis facing all eastern European countries: "How can they enforce the harsh measures demanded by market economic reform, without strong central governments with powers almost as sweeping as the hated dictatorships they have replaced? The backsliding in Poland now threatens to undo much of the progress over the past two years." In demanding the "harsh measures" needed for "the transition to a market economy," the *Times* noted that "elsewhere in the world, only strong governments, verging on the authoritarian, have the nerve and power to enforce such measures.

"Poles have to acknowledge that, however just might be the back payment of indexed pensions, the money simply is not there. President Walesa understands this. He also understands that only a strong government can force harsh medicine down the nation's throat."