The market for socialism stays strong in the new Poland

By John Feffer

FOLLOWING THEIR STUNNING LEAP INTO national government, Solidarity officials have filled the air with talk of markets and venture capital. Has Solidarity shucked its natural constituency and embraced raw capitalism? What's happened to trade unionism, social democracy, the Swedish example, worker self-management, privatization with a human face—a third way between centralized planning and the market?

To listen to the rhetoric of the new Solidarity politicians—from new "conservative" prime minister Tadeusz Mazowiecki to "leftie" Solidarity daily newspaper editor Adam Michnik—rapid marketization of the economy is the only solution to Poland's decade-old economic crisis. A nearly $40 billion foreign debt, spiraling inflation, outdated heavy industry, a stone-age telecommunications system, inefficient agriculture and costly food subsidies all contribute to a depressed standard of living that hasn't recovered to 1978 levels. These are the unavoidable problems—and it would seem neoconservative capitalism is the solution.

While it is true that the latest legal incarnation of Solidarity has been inching closer to economic conservatism, the "Polish solution" is not the Friedman/Hayak fantasy that it might seem to be. Several factors mitigate the neoconservatism.

Vague descriptions of free markets serve as a handy political substitute for the concrete program Solidarity is desperately trying to devise, one that should have been prepared before Solidarity ever began negotiating with the government last February. This rhetoric conceals equally strong commitments to key social democratic ideals that have carried over from the earlier Solidarity period of 1980-81. And since virtually all programs of economic reform require additional influxes of capital, Poles of all political stripes shape their appeal to meet the expectations of foreign corporations, Western governments and international lending institutions.

The old goals: Going into the round-table negotiations in February 1989, Solidarity had several clear-cut goals, including re-legalization, press freedom and progress toward political pluralism. Progress was indeed made: the political settlement calling for landmark elections and the recreation of the Senate took the opposition by surprise and overshadowed what should have been perhaps the most divisive issue in the discussions, namely the economy.

Although both government and opposition took the economic discussion seriously, neither side introduced a program of reform. After six weeks of round-table discussion the only real argument was on the indexation of prices and wages, eventually set at 80 percent. The communists had argued against the mechanism, citing, in typically Western fashion, the threat of inflation, while the official government trade union, OPZZ, took the populist position of 100 percent indexation. Solidarity, for its part, sought the middle ground and won. The discussants tepidly ratified the obvious: the debt should be dealt with, industry should be modernized, more competitive exports should be produced.

Eschewing issues: Given the scale and complexity of Poland's economic problems, reluctance to tackling the issue within the round-table format was understandable. For its part, the party had been presenting its version of an austerity program for years, with little popular support. Solidarity, meanwhile, was scrambling to assess the party's negotiating position and to quell dissension by striking workers and radical students while planning a strategy for the hastily scheduled June elections. "We don't have time to put together an economic platform," Solidarity activists said time and again. It will have to wait until after the elections.

Self-management: Of course, it wasn't simply a matter of time. Solidarity had rejected the government's austerity program. "Accepting a domestic economic program of 300 percent price increases and the closing of unprofitable businesses would be political suicide," according to opposition member of parliament Jan Maria Rokita. But Solidarity had no alternative program that could satisfy the various constituencies comprising the opposition.

In 1980-81, Solidarity looked to *samorzad* ("self-government"): worker-managed enterprises patterned on the Yugoslav example were to represent the third way. Although Solidarity activists had different interpretations of *samorzad*, the emphasis was common: workers could solve the problems of productivity only by wresting power away from the party-dominated system of managerial *nomenklatura*.

According to some Solidarity economists, martial law and the failure of the Yugoslav economy deep-sixed *samorzad*. Harsh realities, in other words, had dispatched the trade union dream of worker-owned and -operated enterprises. With *samorzad* kaput, the free marketeers rushed to fill the gap, citing efficiency studies of Thatcherite privatization, calling for a convertible zloty and devising their own austerity measures.

Stefan Kawalec is one of these new Solidarity economists. Active in KOR (Workers' Defense Committee) in the '70s, Kawalec is now a lecturer at the Central School of Planning and Statistics, once the home of Stalinist economics and now a hotbed of economic "radicalism." "There is no ideological conflict between Solidarity and a market economy," Kawalec says, predicting that the Polish trade union will abandon its previously confrontational role and cooperate with the government as its Swedish and West German counterparts do. Although a leading theorist of privatization, Kawalec does not employ the anti-union rhetoric of his neoconservative Anglo-American brethren. He would not, for instance, support a law preventing strikes. Nevertheless, Kawalec sees privatization and the public ownership of industry through a stock market as the answer.

It is difficult to evaluate how influential Kawalec and his colleagues are. True, Kawalec's "grassroots" privatization plan appeared recently in *Zmiany*, a newspaper devoted, according to its masthead, to *samorzad*. And Kawalec's market reforms are more palatable to Solidarity than those of Janusz Korwin-Mikke, a "liberal-conservative" candidate in the June elections whose views landed him outside Solidarity orthodoxy. "For socialists, the more equality the better. For me, I prefer inequality," he told a Polish newspaper during the elections. "Social justice simply doesn't exist!"

Still an option: Despite the proliferation of market theorizing, one thing is sure: *samorzad* is not dead. It just doesn't translate well into IMFspeak and therefore isn't emphasized in Western press. According to some indications, *samorzad* still reigns supreme among Solidarity enthusiasts. Theoretician Szymon Jakubowicz, writing in the independent monthly *Wiez*, explains that "the impulse toward *samorzad* is not uncommonly considered utopian." He disagrees, however. "Our hopes," Jakubowicz says, "are confirmed by the existence of independent self-managing enterprises that, despite great weaknesses and the weight of bureaucracy, manage to func-

through his own research maintains that 5 to 15 percent of Polish workers belong to between 600 and 1,500 self-managed enterprises (the range is a function of different definitions of *samorzad*). Solidarity economists are presently studying data gathered concerning the functioning of these enterprises.

Despite the different tendencies within Solidarity, there is agreement on certain principles. Such as the necessity for foreign aid. On the eve of George Bush's July trip to Poland, Solidarity asked for $10 billion in aid over three years. Did Solidarity really expect that Washington would enthusiastically endorse what would amount to a second Marshall Plan for Poland? Hardly?

The Polish government—regardless of composition—must demonstrate to foreign investors that it will not only improve on the record of its predecessors but also control the militant and well-organized Polish working class. "Wise" use of funds, according to the IMF, would entail creating (or, in some cases, recreating) industries that produce salable exports. Joint ventures that bring in technology employ workers but repatriate most profits are also to be encouraged. Debts can be rescheduled, but the IMF and Western banks ultimately want them back.

The result of austerity? Wages kept relatively low (to keep exports competitive), a proliferation of consumer goods that few consumers can afford (the path Hungary has already taken) and rising unemployment to keep inflation down and permit the restructuring of industry. This is what might be called the minimum negative effects of marketization. A worst-case scenario involving deteriorating health care, education, poverty, homelessness and other assorted supply-side ills might also take place.

If the Western left is naive about socialism as it exists in Poland, the Poles betray equal naiveté when it comes to capitalism.

Not only do Poles ignore the failures that lie at the heart of successful capitalism, they misunderstand the true misery caused by the unsuccessful variety as it is implemented especially in the Third World.

This naiveté conveniently obscures the austerity vs. social services dilemma. If Poland can fall no farther, then clearly social programs will not be dismantled. Social services are in fact almost taken as inalienable rights in Poland. Universal health care, pensioners' rights, job retraining and protection of wages from inflation aren't so much part of a Solidarity platform as the knee-jerk beliefs of the majority of Poles. Unless, or until, the now marginal "liberal-conservatives" in Poland establish a credible political presence, these elements of a welfare state will remain in place.

Which means that for the time being Solidarity can balance the brave new world of the market with the bad old world of centralized planning. "We want to take a lot from capitalism," Lech Walesa recently said. "But we also want to take what's good from socialism." ∎